



# CONSUMER MARKET STUDY ON THE FUNCTIONING OF THE **MARKET FOR SECOND-HAND CARS** FROM A CONSUMER PERSPECTIVE

Final Report

*Part 1: Synthesis Report*

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Justice and  
Consumers

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# 1 Executive summary

## Introduction: objectives and methodology

Since 2010, the European Commission has been carrying out the Consumer Market Monitoring Survey<sup>1</sup>, with the aim to monitor the functioning of the most important goods and services markets in the EU that account for approximately 60% of household expenditure. Of all goods markets assessed, the market for second-hand cars was the lowest performer in 2011, 2012 and 2013. This is due to particularly low scores in terms of consumer trust in dealers complying with consumer protection rules, comparability, consumer satisfaction and a relatively high proportion of problems.

Due to the poor performance of the market for second-hand cars from a consumer perspective, the Consumers, Health and Food Executive Agency (Chafea), former Executive Agency for Health and Consumers, acting on behalf of the European Commission (DG SANCO, Directorate of Consumer Affairs) commissioned a study to map consumer conditions in the market. The four main research issues that were identified and addressed by this study were:

1. Dealers' practices and compliance with the existing regulatory framework for selling second-hand cars;
2. Consumers and their search for a second-hand car - information sources and the decision-making process;
3. Problems, complaints, complaint handling and dispute resolution;
4. Market features – supply and demand structure, cross-border trade, prices.

The study was carried out by GfK Belgium, with support from Transport and Mobility Leuven, Significance, time.lex and COWI A/S. These organisations worked together to explore the market from multiple angles in order to address these four research issues – and all underlying research questions and objectives behind each issue. All fieldwork took place between December 2013 and April 2014.

The research methodologies implemented were:

- multi-stakeholder consultation: 63 in-depth interviews were carried out with EU and national-level stakeholders who are involved in the second-hand car market;
- desk research and literature review: desk research was carried out by the subject-matter experts, supplemented by documents provided by stakeholder respondents;
- consumer survey: over 25,000 online interviews, spread among the EU28, plus Iceland and Norway, were carried out with consumer respondents who had purchased a second hand car from a trade source<sup>2</sup> within the last three years;
- price collection: second-hand car pricing data was collected in the EU28, Iceland and Norway for nine specific cars (with a certain age and mileage) ;
- mystery shopping: throughout the EU28, plus Iceland and Norway, mystery shoppers contacted car traders (either by phone or via physical visits) and pretended to be consumers who wish to purchase a second-hand car.

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<sup>1</sup> [http://ec.europa.eu/consumers/archive/consumer\\_research/consumer\\_market\\_monitoring\\_survey\\_en.htm](http://ec.europa.eu/consumers/archive/consumer_research/consumer_market_monitoring_survey_en.htm)

<sup>2</sup> 'Trade source' means that the respondents had bought a second-hand car either from a dealer or auction and had not bought the car privately from another individual.

By combining all of these research approaches, all four research issues were thoroughly explored. The overall findings of the study – organised by issue – are presented below.

## **Issue 1: Dealers' practices and compliance with the existing regulatory framework for selling second-hand cars**

In order to understand the second-hand car market from a consumer perspective, it is important to first define the legal and trade context in which consumers make their decisions about their second-hand car purchase and the provisions in place when any post-purchase problems occur.

### **Legislative Context**

When considering the legislative context in which the second-hand car consumer operates, the study looked at legislation at both EU and National level<sup>3</sup>.

Considering legislation related to **consumer protection**, key EU-level legislation includes the 1993 Directive on Unfair Contract Terms, the 2005 Unfair Commercial Practices Directive and the 2011 Directive on Consumer Rights<sup>4</sup>. The 1999 Directive on the Sale of Consumer Goods and Associated Guarantees provides a minimum 2 year legal guarantee on the conformity of goods sold to consumers, however EU member States can allow parties to contractually limit the legal guarantee to 1 year for second-hand goods, as has been done by most EU member states.

Considering legislation related to vehicle **roadworthiness, registration and insurance**, key EU-level legislation includes the 1999 Directive on the Registration Documents for Vehicles, the 2009 Directive relating to Insurance against Civil Liability, the 2009 Directive on Roadworthiness Tests and the recently adopted (2014) Roadworthiness Package. The Roadworthiness Package consists of three Directives with the aim to better harmonise and regulate the required roadworthiness tests, roadside inspections and rules on the registration of motor vehicles.

Considering legislation related to the **transfer of vehicles, competition in the aftermarket and information on vehicle repair and maintenance**, key EU legislation includes the 2010 Block Exemption Regulation for Vertical Agreements and the 2011 Regulation on Vehicle Repair and Maintenance Information, whereas the Commission proposed in 2012 a Regulation with the aim to simplify vehicle transfer within the EU. At national level, there are considerable import/export taxation differences which impact heavily on cross-border sales prices.

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<sup>3</sup> Expanded in detail during the course of the report and in more depth in Appendix 2

<sup>4</sup> This Directive came into force in June 2014, after fieldwork for this study had been completed.



## Dealer Practices

Further to this legislative context, a key aspect of the study was to explore the industry context (i.e. the practices exerted by dealers which prospective buyers of second-hand cars face). Results of the study have notably highlighted that:

- When considering the pre-sales checks performed by the trader, dealers typically conduct a range of **pre-sales checks** on the car in order to ensure its quality. Based on stakeholder feedback, it appears that the extent to which dealers conduct such checks is dependent on dealership type (e.g. use of standardised checklists mostly by franchise dealers, mechanical checks carried out in presence of a garage), whether certain checks are obliged by law in their country and on the level of professionalism/attitude of dealers themselves. According to stakeholders surveyed, the most commonly checked items were the condition of the car interior / exterior, the mechanical condition of the car and the presence of all required documentation. Dealers were said to be least likely to conduct checks on the car's service history, history in terms of previous owners and history of accidents/repairs.
- In terms of **revealing the results of these pre-sales checks to the consumer**, stakeholders indicated that dealers were most likely to reveal checks on the car's documentation and condition of the car interior / exterior. They were least likely to reveal the results of checks on car history and mechanical condition.
- Based on the findings of both the consumer survey and the mystery shopping exercise, it is clear that the **information that traders provided to consumers most commonly** (either in the car advert or by traders themselves) was the car's price, age, mileage, engine size, transmission type and the condition of car's interior / exterior. These elements were usually available in the car's advert, especially if the car was advertised on an internet car portal. However, a **substantial proportion (21-27%) of consumer survey respondents did not receive information on CO<sub>2</sub> emissions, consumer rights to a 'legal guarantee', maintenance costs, the safety or security reputation of the car, car mileage checks to verify odometer accuracy and the car's accident history** and a **further 12-19% were unsure whether or not they had received this information**. These information items were only provided in a minority of the mystery shopping exercises (either in a car advert or unprompted by the dealer). When analyzing the results by socio-demographics, most of the information items were least commonly received by respondents aged 18-34, those with a low level of income and education and respondents who had bought their car at an auction.
- In terms of **information provision to prove odometer accuracy**, there were national differences in legislation in terms of whether the dealer had to give evidence to prove this (e.g. in Belgium, the Car-Pass is a compulsory certificate recording mileage every time a car is serviced/repaired). Approximately **34% of consumer survey respondents did not receive / did not know if they received information on car mileage checks** when buying their second-hand car. For those dealers who provided information about odometer accuracy to the mystery shoppers (amongst which only 21% did so unprompted), the most common methods of doing this were by showing the car's service history/logbook (33%) or an official certificate such as the Car-Pass (14%) and by offering verbal assurance (18%) or allowing consumers to visually check the odometer themselves (12%). However, the last

two methods don't enable a consumer to properly verify the accuracy of the mileage displayed on the car dashboard.

- Stakeholders felt that **legal guarantees** were poorly understood by both dealers and consumers and that dealers rarely informed consumers about their statutory rights. Based on the results of the consumer survey, **24% of respondents did not receive information on their consumer rights to a legal guarantee** as part of the purchase process, either in the car's advert or by being informed by the dealer, and a further **19% were unsure as to whether or not they had been informed of this**. Approximately half of consumer respondents living in the EU13<sup>5</sup> (51%), buying a car from an independent dealership (49%), an auction (47%) or from abroad (48%) said that they either did not receive this information or they did not know whether they had received it or not. In the mystery shopping task, only **5% of traders spontaneously provided information on consumer rights to a legal guarantee**.
- Based on the consumer survey findings, a **commercial guarantee** was offered by 62% of dealers – 47% for free and 15% at an additional cost. A commercial guarantee was much more common in franchise dealerships (75%) than independent dealerships (53%) and auction houses (42%) and much more common in the EU15 (66%) than in the EU13 (41%). When mystery shoppers prompted for more details, the most common duration of a commercial guarantee was one year (in approximately 50% of the cases) and it usually covered both spare parts and labour. **Less than a quarter of dealers conveyed to mystery shoppers that the coverage provided by the commercial guarantee on offer was in addition to the consumer's rights to a legal guarantee**.
- Only 15% of dealers informed mystery shoppers that they were members of a **trade association** and just 13% that they had a **quality label/code of conduct**. Membership of such associations/labels was more than twice as common in franchise dealerships as in independent dealerships.
- Dealers were found to regularly offer **additional services**. According to the consumer survey, approximately a third of dealers offered a free repair at their garage (39%), breakdown cover/roadside assistance (38%), insurance (36%) or a full tank of fuel (33%). Based on the results of the consumer survey and the mystery shopping exercise, these four additional services were most likely to be offered at a franchise dealership and least likely to be offered by an independent dealer.
- Overall, when **information was given by traders**, it was perceived by consumer respondents as being clear, trustworthy and useful, with over half of respondents giving a high score to these three elements (60% 'very clear', 58% 'very trustworthy' and 55% 'very useful'). However, ratings for these three elements were lower for men, 18-34 year olds, low income respondents, those who had imported their car or bought it at auction and EU13

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<sup>5</sup> 'EU15' refers to the 15 countries that became members of the EU prior to 2004. 'EU13' refers to the 13 countries that have joined the EU since 2004.

respondents. On the other hand, 14% of respondents stated that they felt under pressure during the purchase of a second-hand car.

## **Issue 2: Consumers and their search for a second-hand car - information sources and the decision-making process**

The consumer decision-making process, when searching for and buying a second-hand car, has several key elements to consider, namely:

- a) the search process;
- b) features taken into account when purchasing the car;
- c) checks conducted on the car;
- d) information sources used, with a particular focus on the increasingly important role of internet car portals;
- e) attitudes towards types of second-hand car traders;
- f) consumer confidence and knowledge in relation to second-hand cars.

### **The search process**

The consumer rationale for buying a second-hand car is a key factor in determining the search process. For example, if a consumer urgently needs to replace a car that has broken down or was stolen, then he/she will likely undertake a quicker search process than a consumer who is looking for a general upgrade on their current car. Results of the consumer survey revealed that **over half (55%) of consumer respondents reported that their main reason for buying a second-hand car was due to deficiencies with their previous car** (e.g. previous car broke down, was too small, was too costly to maintain etc.).

Considering the order of the purchase process, three quarters (73%) of respondents decided on a second-hand car first and chose the trader afterwards, whilst a quarter (23%) first chose a trader and then selected a second-hand car from this trader. The latter group of consumers will quite likely have a smaller choice set of cars and might find themselves being more vulnerable given that they put all their trust in a single dealer.

The more time that consumers spend on their car search, the more time they have to compare cars and the more information they can gather about a specific car. **Two thirds of respondents bought their car within one month of the search process and one third bought their car within two weeks of the beginning of their search.** Those respondents who chose the trader before choosing the car had a shorter average search time than those who looked for the car before the trader.

### **Features taken into account when purchasing the car**

When asked for the three main reasons why they bought their second-hand car, almost **two thirds (64%) of consumer respondents mentioned price.** Other important factors were car mileage (35%), car brand / manufacturer (27%), the car's mechanical condition (26%) and the car's age (26%). A significant 20% of survey respondents looked at fuel consumption, with respondents in the EU13 giving it a much higher emphasis.

### Checks conducted on the car

Conducting checks on a second-hand car is a key part of the purchase process. By conducting such checks, consumers can be reassured that they are purchasing a high quality second-hand car. Hence, results of the consumer survey showed that over eight out of ten consumer respondents checked the car's interior, exterior, tyres, documentation or took the car for a test drive prior to purchase. The majority of respondents found these checks to be very valuable in their purchase decision process. In particular, 83% of respondents rated a test drive as very valuable and 80% said that checking the mechanical condition of the car was equally very valuable. However, it is also notable that 2% of respondents conducted no checks at all pre-purchase and 10% conducted less than half of the suggested checks. In addition, **only 63% of respondents checked either the car's history or whether the car's mileage was accurate.**

Over two-fifths (42%) of consumer respondents asked a friend / family member to check the car for them. Checks by friends and family were especially common in the EU13 (63%), when the car had been bought at auction or imported (both 56%) and among younger respondents (54%) and women (47%). Some 6% of respondents paid a third party to perform a vehicle check, with the proportion being much higher for cars imported from abroad (11%).

### Information sources used

The most commonly used information sources were **internet car portals, consulted by 48% of consumer respondents.** The internet in general was an important source, with consumer respondents also making considerable use of car websites (31%), brand/manufacturer websites (24%) and social media / online fora (21%). Information received from partner / friends / family was seen by respondents to be the most useful, whilst internet car portals was the second most useful source of information.

Of those respondents who used internet car portals, six out of ten completely or almost completely agreed that it was easy to compare cars with similar characteristics and that internet car portals included sufficient coverage of cars from different dealers. In addition, half of respondents were very positive about the information provided being reliable and frequently updated. However, **respondents less often agreed completely with statements regarding the transparency of information on ownership and financing of these internet car portals (approximately one in three) and the offer and coverage of cars from abroad (only one in four).** Non-users of internet car portals were also shown the same questions but gave much lower scores for all items, with approximately a fifth of them giving very negative opinions on all of the above aspects.

### Attitudes towards second-hand car traders

Consumer survey respondents had the highest level of trust in franchise dealers (7.3 out of 10)<sup>6</sup>, followed by independent dealers (6.4), private individuals (5.3), offline auctions (4.7) and online auctions (4.5). The fact that consumer respondents had a lower level of trust in auctions than private

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<sup>6</sup> On a scale from 1 to 10, where 1 is 'not at all trustworthy' and 10 is 'extremely trustworthy'

individuals shows that there is considerable room for improvement for this trade source. When analysing these results by socio-demographics, trust in dealers was higher among women and in the EU15, whilst trust in online and offline auctions was higher among men and in the EU13.

By far the most common reason for choosing a franchise dealer, independent dealer or an auction was that it had the car that the consumer respondent wanted. Trust in the trader was the second most important reason for the two dealership types, whilst offering the cheapest car was the second most important reason for buying from an auction. Whether buying at franchise or independent dealerships, EU15 and older respondents placed more emphasis on trust and part-exchange price, whilst EU13 and younger consumers were more likely to be influenced by recommendations from friends/family.

The respondent's choice of car trader was influenced by the dealership's association with a car brand / manufacturer (in 35% of cases respondents gave a high assessment), a quality label / code of conduct (34%) and the dealer's membership of a trade association (27%). These three factors were particularly important when respondents had bought a car from a franchise dealership and when they lived in the EU15 (which is also reflective of the higher proportion of franchise dealership sales in the EU15). Respondents who had bought their car from an independent dealership paid less attention to a quality label / code of conduct (27%) and membership of a trade association (21%). This shows that the independent dealership sector needs to possibly review their practices and then promote them more in order to raise awareness of such labels and the benefits of membership of a trade association and hence gain consumers' trust.

One fifth (22%) of respondents were highly influenced by the trader's use of disclaimers, with the percentage being highest for those who bought their car from an auction (27%), due to the greater use of disclaimers in auction sales.

### **Consumer confidence and knowledge**

Results of the consumer survey showed that almost three out of five consumer respondents felt very confident in their ability to compare between cars of different brands / models and cars of similar characteristics. Some 58% of respondents were very confident in complaining about a problem with a car and 56% were very confident in paying a fair price for a second-hand car. However, **consumer respondent confidence was somewhat lower in terms of verifying that the car mileage was accurate (40% very confident) and checking either the car's mechanical condition or history (45% very confident)**. In general, women and respondents aged 18-34 had the lowest level of confidence for all of these aspects. Low-income respondents and those living in the EU13 felt less confident in their ability to complain about a car in the event of a post-purchase problem arising.

**Less than a third of respondents felt that they had a lot of knowledge about cars in general (32%) and the information that second-hand car traders were obliged to present to them (29%).** This further augments the statement in the literature that the second-hand car market is characterised by large information asymmetry between buyers and sellers, as consumers' perceived knowledge appears to be rather low.

Knowledge about cars was also tested more objectively via two test questions, which only 57% of consumer respondents answered both correctly. Respondents with a low income (41%), those

buying at auction (44%), with a low level of education (49%), 18-34 year olds (49%) and females (52%) were least likely to answer both questions correctly.

Stakeholders were asked for their perceptions of **consumer typologies that can be considered most vulnerable in the market for second-hand cars**. They cited young people, women and those with a low income in particular. They also mentioned the importance of consumers knowing their rights and thoroughly checking cars pre-purchase, as well as being fully engaged in the information collection process.

### Issue 3: Problems, complaints, complaint handling and dispute resolution

#### Problems experienced

**Two-fifths (41%) of consumer respondents reported experiencing at least one problem within a year of buying their second-hand car, beyond expected wear and tear.** This 41% is broken down to: 17% who experienced one problem, 9% experiencing two problems, 5% experiencing three problems and 11% experiencing four or more problems within one year of second-hand car purchase. The proportion of respondents experiencing at least one problem (41%) is very high and is indicative of poor market performance. The consumer types experiencing the highest proportion of problems were those living in the EU13 (60% experiencing one or more problems), buying their car at auction (59%), importing their car from abroad (57%), aged 18-34 or with a low level of income (50% for both). These consumer typologies are typically those with either less disposable income - and thus reliant on cheaper cars which are more prone to post-purchase problems - or who bought their car from a source where the consumer is not able to thoroughly check the car pre-purchase. The countries with the highest reported incidence of problems were Bulgaria, Latvia, Lithuania, Poland and Estonia, where between 60-70% of consumer respondents experienced at least one problem.

The **most common problem types** were battery / electrical problems (experienced by 15% of all buyers), problems with tyres, wheels and suspension (12%) and problems with brakes and with the car exterior/bodywork (both 10%). **In some EU13 countries, certain problems that can put consumers at serious risk, when it comes to their security, were reported two or three times more when compared to the EU average** (between 15-20% of all respondents in Bulgaria, Romania and Poland reported experiencing odometer fraud, whereas two out of ten respondents from Hungary, Poland, Romania and Lithuania reported an undisclosed accident damage).

**Two-fifths of all problems experienced occurred within one month of car purchase and three-fifths occurred within three months of purchase.** The fact that such a high proportion of problems occurred close to the moment of purchase is indicative of the car dealer either not conducting the necessary pre-purchase checks on the car to ensure its quality, or the car dealer not providing the consumer with sufficient information about the car's condition at the point of sale.



**Only approximately a quarter (27%) of respondents said that their (biggest) problem was covered by guarantee<sup>7</sup>.** This proportion was much higher in the EU15 (32%) than the EU13 (13%). Considering the importance of guarantees in helping a consumer to resolve post-purchase problems, the proportion of consumer respondents covered in this way can be considered to be particularly low.

According to the results of the consumer survey, **resolving post-purchase problems was particularly burdensome for the consumer.** The average problem took the consumer respondent 23 hours to address and cost €518 (€575 when correcting by PPP<sup>8</sup>). The average time spent was highest in the EU13 (40 hours), with cars imported from abroad (36 hours) and cars bought at auction (35 hours). The average financial cost – without PPP – was higher for cars bought at auction (€648) and imported from abroad (€938) and lowest for cars bought from a franchise dealership (€470). In terms of region, the average financial cost in the EU15 and EU13 was similar without PPP, but much higher for EU13 respondents when PPP was factored in (€816 vs. €494 in the EU15).

To further analyse the overall costs to the consumer, consumer detriment from post-purchase problems was calculated by combining the financial cost to the consumer with the monetized value of the time that the consumer spent addressing the problem(s), taking into consideration the reasonable expectations respondents had with their car prior to purchase. Consumer detriment – both as an absolute value and as a proportion of average car purchase price per country – was highest in Eastern and Southern European countries and lowest in Northern and Western European countries. **The total annual consumer detriment for second-hand car post-purchase problems that occurred within one year of purchase (excluding wear and tear) was estimated between €1.9 billion and €4.1 billion in the EU28.** When analysing average consumer detriment, it was found to be highest for cars bought at auction and when the respondents had a low level of knowledge and lowest when the problem was covered by guarantee.

### Complaints & complaint handling

When problems arose after the second hand car purchase, **62% of consumer respondents made complaints.** The proportion of complaints was higher in the EU15 (67%) than the EU13 (53%). When considering the impact of problem type on the likelihood to complain, respondents were most likely to complain upon discovering that they had bought a stolen car or when the trader did not honour the conditions of the sale (in both cases 72% complained) and least likely to complain when the problem was associated with the car's battery or electrical equipment (55%).

Across all problem types, **respondents were most likely to complain to the trader (27%).** Complaints made to friends / family, third party organisation, out-of-court dispute resolution entities and to the manufacturer were made for 8-13% of problem types respectively. Complaints about mechanical problems were more likely to have been addressed to the trader (over a third of those

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<sup>7</sup> The phrase “guarantee” was used for this question about post-purchase problems rather than “legal / commercial guarantee”. This simplified the question for the respondent, especially those respondents who had difficulty understanding what a legal guarantee is. It can be assumed for this question that the phrase “guarantee” implicitly includes both legal and commercial guarantees.

<sup>8</sup> Purchasing Power Parity (PPP) is used to correct for differing income levels per country.

reporting engine problems did so to the trader). Problems involving illegal activity, such as odometer fraud or stolen cars were more likely to be reported to third party organisations or dispute resolution entities.

When complaining to the trader about a problem, consumer **respondents mostly got their car repaired free of charge (44%), or at a discounted rate (16%). However, 20% did not receive any refund, repair, replacement or documentation necessary to fix their problem.** Those respondents who complained without having a guarantee were much more likely to state that they received no refund, repair or documentation (35% vs. 3% for those under a guarantee), which further underlines the importance of being in possession of a guarantee to resolve any post-purchase problem.

Regardless of where they complained (trader, manufacturer, third party organisation or out of court dispute resolution entity), **consumer satisfaction about the complaint handling<sup>9</sup> was on average 6 out of 10.** Satisfaction with complaint handling was higher in the EU15 than the EU13. In terms of satisfaction with complaint handling by the trader, those complaining to a franchise dealer were more satisfied than those complaining to other traders (mean score 6.3 compared to 5.8 for independent dealers and 4.4 for cars bought at auction).

When asked about **out-of-court dispute resolution entities**, 40% of consumer respondents were familiar with them, although only 10% had used one before. Out of those respondents who had used an out-of-court dispute resolution entity before, two-fifths said that they were happy with the procedure and would use it again, but a third reported that they would have preferred to go to court instead.

### Unfair commercial practices

**A significant 25% of consumer respondents experienced at least one unfair commercial practice from the dealer.** This proportion was much higher in the EU13 (44%) than the EU15 (21%). It was particularly high in Bulgaria (56%), Poland (48%), Romania (45%) and Latvia (42%). As was the case with post-purchase problems, unfair commercial practices were more commonly experienced for respondents aged 18-34, from the low income group, those importing their car from abroad or buying their car from an auction. When it comes to the mystery shopping exercise, 16% of mystery shoppers reported experiencing unfair commercial practices<sup>10</sup>. These were most common for older cars, in the EU13 and for cars found at an independent dealership (rather than a franchise dealership).

The most frequently reported unfair commercial practices in the consumer survey were 'hidden defects, cover-up or falsifications' (11%) and 'misleading or omitted information' (9%).

**Out of those consumer respondents who experienced unfair commercial practices, a significant proportion (40%) did not complain about them.** In particular, 49% of EU13

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<sup>9</sup> On a scale from 1 to 10 where 1 is 'Not at all satisfied', and 10 is 'Very satisfied'

<sup>10</sup> A key reason behind there being fewer unfair commercial practices reported in the mystery shopping exercise (16%) than in the consumer survey (25%) is that many issues with a car can only be identified post-purchase



respondents and 46% of those who bought their car from an independent dealership did not complain about the unfair commercial practices that they had experienced.

#### **Issue 4: Market features – supply and demand structure, cross-border trade, prices**

The key findings of this issue are summarised below, grouped under two sub-headings:

- a) Supply and demand structure
- b) Second-hand car pricing

##### **Supply and demand structure**

There is a huge level of supply and demand for second-hand cars throughout Europe, with sales of second-hand cars outstripping new car sales in all countries, especially in Eastern Europe. The financial crisis of 2009 has led to supply challenges for the second-hand car market, with there being fewer 'nearly new' cars and ex-lease cars coming into the current second-hand car market.

Considering **trader type**, the consumer survey showed that **54% of respondents bought their most recent second-hand car from an independent dealership, 42% from a franchise dealership and the remaining 4% from an auction**. Buying a second-hand car from a franchise dealership was twice as common in the EU15 than in the EU13 (46% vs. 23%). **This limited availability of franchise dealerships in a number of Eastern European and smaller countries has the effect of reducing consumer choice for relatively newer second-hand cars and luxury cars in particular**. On the other hand, the consumer survey showed auction sales to be much more common in the EU13 than the EU15 (11% vs. 3%).

When local supply of second-hand cars cannot meet local demand, the **import market** has a key role within the EU28. Approximately 4% of consumer survey respondents – and 13% of those in the EU13 - bought their most recent second-hand car from abroad. The countries with the highest proportion of cars imported by respondents were Romania (30%), Malta (28%), Luxembourg (18%) and Bulgaria (16%). Approximately 42% of all imported cars cited in the consumer survey were imported from Germany, which shows the importance of the German second-hand car market within the EU. Other source countries accounting for significant proportions of imported cars were Belgium (9%), Italy (6%) and the UK (5%).

In terms of car characteristics, **the average second-hand car was 6.2 years old and had been driven 87,000km** previously, thus implying that it had been driven 14,000km per year pre-purchase. Average car age and mileage were lower in franchise dealerships (4.3 years and 62,000km) than independent dealerships (7.6 years and 104,500km) or auctions (8.0 years and 120,000km). This difference in car age by dealership type shows the differing and complementary role of different dealership types. Moreover, the survey results showed that the average car age and mileage were significantly lower in the EU15 (6.1 years and 80,000km) than the EU13 (7.1 years and 122,000km).

##### **Second-hand car pricing**

**The average second-hand car price from the consumer survey was €9,358**, ranging from €12,700 for a car bought at a franchise dealership to €7,000 for a car bought at an independent

dealership or at auction. The highest average prices were found in Scandinavia, Portugal and Luxembourg.

**Once converted via PPP, the average second-hand car price was €9,559** and the most expensive cars (including PPP) were to be found in Portugal, Norway, Malta, Hungary, Finland and Austria. The impact of PPP was also noted in the mystery shopping exercise. Without PPP, the average car price was €2,000 more in the EU15 than the EU13, considering that similar cars were compared. Once PPP was taken into account, this situation was reversed, with the EU13 average price being approximately €2,000 more than the EU15 average price.

Pricing data for over 70,000 second-hand cars was gathered and compared in the **price collection and analysis task**. Based on this dataset and a built-in regression model, more robust analysis of price differences could be undertaken, which showed that car price differences and the level of second-hand car depreciation were affected primarily by car mileage (30% and 31% respectively), followed by car country of purchase (27% and 21% respectively). The results of the pricing analysis showed that without taking PPP into account, the highest second-hand car prices (after correcting for relevant characteristics of the car) were to be found in Denmark, Norway, Finland, Iceland and Portugal. Once PPP was taken into account, the most expensive countries were Portugal, Croatia, Malta and Bulgaria. **The level of depreciation of car prices was highest in Scandinavia, whilst second-hand cars sold in Eastern European countries were most likely to retain their value (i.e. have a lower level of depreciation).**

Summarising the prices collected using a series of different sources as part of this study (consumer survey, mystery shopping exercise and price collection and analysis exercise), **second-hand car prices were highest without PPP in Scandinavia and highest with PPP in Eastern Europe;**

## Recommendations

Based on the main findings outlined above – which are described and analysed in more detail in the main body of this report – the list of recommendations below explores ways in which the market for second-hand cars could be improved from a consumer perspective, by engaging a series of different actors in the sector. In addition, the study calls for a more vigilant enforcement of the existing legislation provisions by Member States and their national authorities, when it comes to ensuring that dealers provide transparent and truthful information to consumers and that they don't omit important aspects in relation to the characteristics of the second hand car on sale. In particular, the study recommends the following:

### (1) Information about history and condition of second hand cars

- Traders of second-hand cars should uniformly provide consumers<sup>11</sup> with standardised checklists that give assurance to potential buyers on a series of car information

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<sup>11</sup> EU law, in particular Article 7 of the Directive 2005/29/EC on misleading omissions, prohibits traders from omitting material information about a product that the average consumer needs in order to make an informed transactional decision. However, the study has found that traders of second hand cars do not consistently provide consumers with all information about a series of cars' main characteristics.

characteristics such as service history, history of accidents/repairs, roadworthiness certificate, condition of engine and tyres, odometer accuracy, CO<sub>2</sub> emissions, fuel consumption etc. (see non-exhaustive list in Table 5). Moreover, special attention should be given to a more vigilant enforcement by national authorities in each Member State;

- The use of a quality label/code of conduct by a trader must be associated with guaranteed quality of the second hand car for sale. Hence, it must be clear what these represent when it comes to added value for consumers, who is responsible for their issuing and what the minimum requirements/criteria are that guarantee the higher standards. With a view to ensuring credibility and avoiding a proliferation of labels, labels regulated by independent third-parties instead of self-declared ones should be privileged;
- In addition to the use of quality labels or adherence to a code of conduct, membership of a trade association can help remedy the asymmetry of information between dealers and consumers and build consumer trust in traders. However, traders, in particular independent dealerships and auctions, should first review their practices and then promote consumer awareness so that either a quality label or membership of a trade association can play more influential role in consumers' choice of a car.

## **(2) Odometer fraud**

- Traders of second hand cars should provide more readily information<sup>12</sup> on car mileage checks to verify the odometer accuracy and with more trustworthy means than simply offering verbal assurance or asking consumers to visually check the odometer themselves. As before, Member States are called upon for more effective enforcement of the existing consumer legislation;
- Given the incidence of odometer fraud, especially in the EU13, consumers could ask someone with high car expertise or a third party to verify the car's mileage on their behalf, if they do not feel confident in doing so themselves or if the trader has failed to do so;
- The Car-Pass system has greatly reduced the problem of odometer fraud in Belgium and can be considered as a best practice for other member states to emulate.

## **(3) Legal and commercial guarantees**

- To avoid the confusion and lack of understanding documented in the study, traders should transparently inform consumers<sup>13</sup>, prior to purchase, about their statutory rights to a legal

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<sup>12</sup> According to the provisions of Directive 2005/29/EC, in particular Articles 6 and 7, a commercial act should not contain false information about a product's main characteristics and should not omit material information that the average consumer needs in order to take an informed transactional decision. In addition, according to the recently adopted Roadworthiness Package and Directive 2014/45/EC in particular, odometer fraud should be regarded as an offence liable to penalties. However, results of the study show that traders of second hand cars do not always comply when it comes to informing prospective buyers about the accuracy of a car's odometer

<sup>13</sup> Existing EU legislation, in particular Directive 1999/44/EC, provides that consumer rights to a legal guarantee should not be affected by the provision of any other guarantee, whereas Directive 2011/83/EC (Articles 5(e), 6(l) and 6(m) more specifically) requires traders to provide pre-contractual information on the existence of the legal guarantee, and where applicable, the existence and conditions of the commercial guarantee.

guarantee and whether a commercial guarantee is given in addition to those and not as a substitute;

- A commercial guarantee, when offered to consumers, should explicitly list -amongst others - the exact types of problems that it is covering, its duration and whether it covers both spare parts and labour<sup>14</sup> and it should be provided in written form. In addition, standard contract terms could be potentially reviewed by an independent third party (e.g. a consumer organisation in cooperation with a trader's association) and ensure that the conditions of the commercial guarantee are fair to the consumer;
- National authorities in Member States could foresee well-targeted, awareness raising campaigns on guarantees for second hand cars, in particular aiming at providing clear information about the legal guarantee. Member states should also monitor and better enforce the activities of traders, when it comes to guarantees, to ensure a higher level of consumer protection.

#### **(4) Level of consumer understanding and searching**

- Automobile clubs/associations and consumer organisations are encouraged to publish second-hand car buyer guides that provide useful advice on what the consumers should check as part of their purchase; All consumers, especially those who have less knowledge or expertise in cars, would be well advised to consult such guides before searching and deciding on a second hand car;
- Irrespective of the trade source from where they decide to purchase their second hand car, it is advisable that consumers consult internet car portals or specialised car websites/magazines in order to compare their car of interest to cars of similar characteristics available and hence ensure that they are paying a fair price;
- Internet car portals should provide upfront information on their business model in relation to their ownership and financing. In addition, they could increase their coverage of second hand car offers from abroad to meet consumer demand.

#### **(5) Post-purchase experiences**

- It is advisable that consumers ask for and keep in their possession a list of all pre-purchase checks on the condition of the second hand car and hence minimise their exposure to problems post-purchase, as well as be aware of potential problems to anticipate;
- Consumer awareness of out-of-court dispute resolution entities should be increased and their usage encouraged for consumers experiencing problems with the second hand car within their own country. For example, the Automobile clubs/associations and consumer organisations mentioned earlier could also include in their guides information on how/where consumers could best express their complaints;

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<sup>14</sup> as required by Article 6(2) of Directive 1999/44/EC

- Due to the greater prevalence of problems and higher consumer costs for resolving these for cars imported from abroad, the role of the European Consumer Centre network could be further promoted to increase awareness among consumers.

#### **(6) Markets and prices**

- While the focus of this report is on sales of second-hand cars from trade sources, the role of private sales should also be kept in mind by national authorities, especially since these undermine the good reputation and best practices of certain, mostly authorised, car dealers. This is especially the case in some Eastern European countries, as certain stakeholders indicated;
- Whilst respecting the power of EU Member States to regulate their national second-hand car markets (e.g. in terms of taxation), cross-border trade should be encouraged in order to meet consumer demand for cars that are not available in the national market.

#### **(7) Focusing on vulnerable second-hand car consumers**

- Any public information campaigns or activities aimed at improving consumer conditions in the second-hand car market should also take into consideration the needs of those consumers who are vulnerable due to their lower income, lack of experience with second-hand cars or lack of engagement with the car-purchasing process.

## 2 Introduction

The Consumers, Health and Food Executive Agency (Chafea), acting on behalf of the European Commission (DG SANCO, Directorate of Consumer Affairs), commissioned this consumer market study on the functioning of the market for second-hand cars from a consumer perspective. This market study has been carried out by GfK Belgium, with support from Transport and Mobility Leuven, Significance, time.lex and COWI A/S.

The report provides an overview of the second-hand car market from multiple perspectives, with the aim of improving consumer conditions in this market.

### 2.1 Background

The European Commission carries out an annual survey that monitors the functioning of the most important goods and services markets in the EU that account for approximately 60% of household expenditure. The results are presented in the Commission's Consumer Market Scoreboards<sup>15</sup>, which have been published every year in autumn since 2009 and once per two years as of 2014.

The Consumer Scoreboard is based on the Market Monitoring Survey (MMS) findings<sup>16</sup>. Of all goods markets, the market for second-hand cars was by far the lowest performer in 2011, 2012 and 2013.

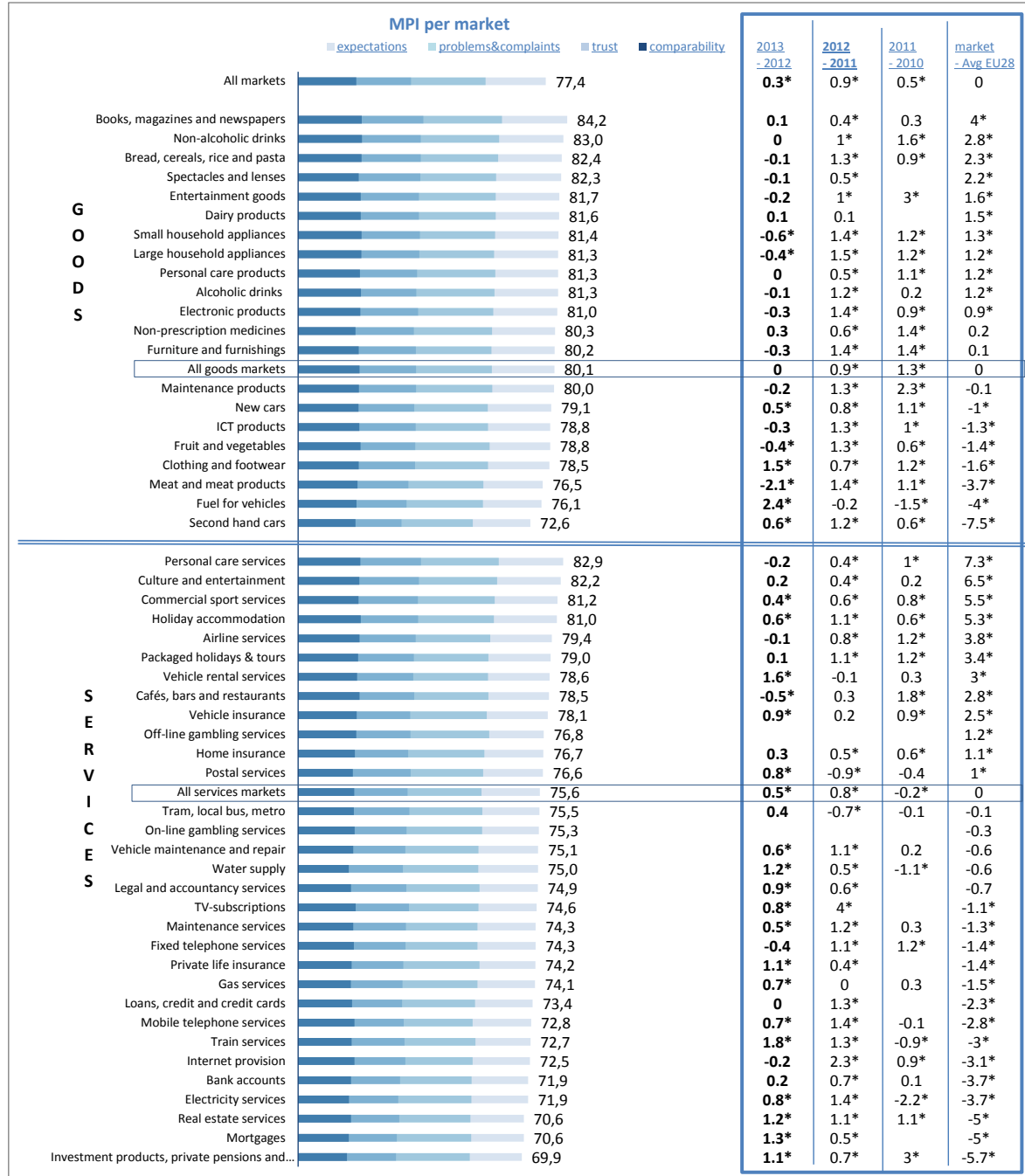
A Market Performance Index (MPI) is calculated for each market based on several indicators: comparability, trust, problems and complaints and fulfilment of expectations (consumer satisfaction). The chart below shows that the market for second-hand cars, with an MPI score of 72.6 in the 2013 MMS, is ranked last and considerably lower than all other goods markets. This low MPI score for second-hand cars is driven by particularly low scores in terms of consumer trust, expectations and comparability and the relatively high proportion of problems with second-hand cars in comparison to other goods markets.

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<sup>15</sup> [http://ec.europa.eu/consumers/consumer\\_research/cms\\_en.htm](http://ec.europa.eu/consumers/consumer_research/cms_en.htm)

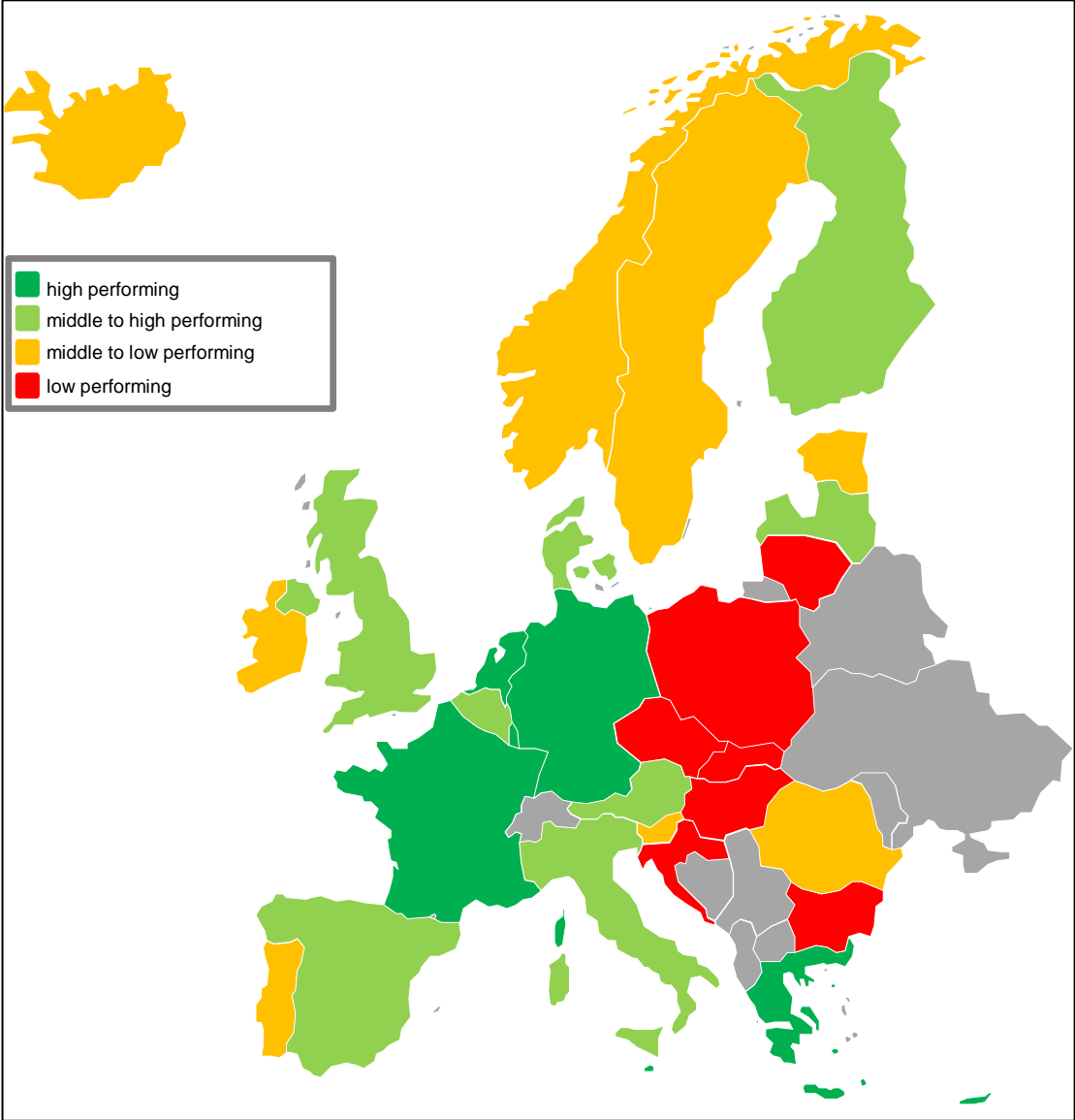
<sup>16</sup> [http://ec.europa.eu/consumers/consumer\\_evidence/consumer\\_scoreboards/market\\_monitoring/index\\_en.htm](http://ec.europa.eu/consumers/consumer_evidence/consumer_scoreboards/market_monitoring/index_en.htm)

Figure 1 MPI per market, 2013 Market Monitoring Survey



According to the 2013 MMS, the second-hand car market has an MPI score of 74.6 in the EU15 and 65.0 in the EU13, which shows the existence of big country-level differences in market performance. The map below shows the differences per country, with the lowest MPI scores being in Eastern Europe.

Figure 2 Second-hand car market performance per country, 2013 Market Monitoring Survey



Due to the poor scores received by the market for second-hand cars in the last three years, the Commission requested this study to map consumer conditions in the second-hand car market. The study focuses on second-hand cars bought in the last 3 years through various trade channels (independent dealers, franchise dealers and auctions) and excludes the private purchase of second-hand cars between individuals.



## 2.2 Research objectives

The three main objectives of the study can be summarised as follows:

- A. To establish the extent to which second-hand car dealers are complying with the existing regulatory framework, both at EU and national level;
- B. To explore the extent to which consumers are able to make informed choices when purchasing a second-hand car. This includes an assessment of the information received by the consumer, prior to purchase and at the point of sale, in terms of transparency, accuracy and level of understanding;
- C. To observe and understand the main problems experienced by consumers, the complaints made, the handling of consumer complaints post-purchase, the quality of customer care/after sales service, as well as the redress consumers expect to obtain.

In order to assess these overall objectives, a number of research questions were formulated and grouped under the following four main issues in the market for second-hand cars, always under the perspective of consumers. Some of these questions are given below:

1. Issue 1: Dealers' practices and compliance with the existing regulatory framework for selling second-hand cars
  - a. Do dealers carry out pre-sale checks about the various characteristics of the condition of a second hand car?
  - b. Is the information communicated transparently and upfront to consumers?
  - c. Do dealers inform consumers about any kind of guarantees?
2. Issue 2: Consumer information on second-hand cars and decision making
  - a. How do consumers decide on buying a second-hand car?
  - b. Do consumers receive sufficient information from dealers (or other information sources) in order to compare and make an informed choice?
  - c. Are consumers able to understand this information?
  - d. What are the factors that influence the judgement of consumers when purchasing a second hand car?
  - e. What are consumer attitudes towards traders of second-hand cars?
3. Issue 3: Provision – problems, complaints, complaint handling and dispute resolution
  - a. Which are the main problems that consumers experience with their second-hand cars?
  - b. How do consumers complain about these problems?
  - c. What is the extent to which these are rectified by dealers?
  - d. What is the detriment of consumers due to experiencing problems with their second hand cars?
4. Issue 4: Market features – supply and demand structure, cross-border trade, prices
  - a. How is the second-hand car market structured per country and at EU-wide level (both on supply and demand side, choice and availability of second hand cars)?
  - b. How do second-hand car prices differ per country and what are the main drivers that affect these prices?

The specific research questions under each of these four issues are presented in more detail at the start of each of chapters 3 to 6, which present the study's findings per issue.

## 2.3 Approach

In order to address these four main issues, GfK made use of the following tasks within the study:

- Task 1: Overall Integrated Analysis;
  - Task 1A: Expert Group;
  - Task 1B: Multi-Stakeholder Consultation;
  - Task 1C: Desk Research and Literature Review;
- Task 2: Consumer Survey;
- Task 3: Price Collection;
- Task 4: Mystery Shopping.

### Task 1: Overall Integrated Analysis

The overall management and analysis of the study incorporates all four issues. Task 1 can effectively be split into three sub-tasks:

#### Task 1A: Expert group

The expert group was of crucial importance during the set-up stage, e.g. to design survey tools and during the analysis, reporting and finalisation stage. The experts group consisted of Gerard de Jong at Significance, Stefan van Camp at time.lex, Lars Akkermans and Rodric Frederix at Transport and Mobility Leuven and Jorgen Jordal-Jorgensen at COWI A/S.

#### Task 1B: Multi-Stakeholder Consultation

The purpose of the stakeholders' consultation was to gather the input and insights of a wider scope of stakeholders and organisations in order to obtain an in-depth picture on the market for second-hand cars. In total, 63 in-depth interviews were carried out<sup>17</sup>, amongst the following stakeholder types, at both EU and National level:

- Consumer organisations;
- Public authorities;
- Automobile clubs / associations;
- Trade (Industry) associations;
- Associations of car dealers and repairers;
- Leasing associations;
- Insurance associations.

#### Task 1C: Desk Research and Literature Review

The desk research and literature review provided insight into all issues, by highlighting and developing the findings of related research projects and by exploring literature that is relevant to the market for second-hand cars. In particular, desk research had an important role in answering issue 4, by collecting existing data on second-hand car pricing and market structure and identifying market trends and sales figures.

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<sup>17</sup> Multi-stakeholder consultation was conducted from December 2013 to April 2014. More details on fieldwork schedule are available in Appendix 1

## **Task 2: Consumer Survey**

In order to collect evidence of consumer opinion, understanding, trust and post-purchase behaviour in relation to second-hand cars, a large scale quantitative consumer survey was conducted. This consisted of over 25,000 online interviews (questionnaires)<sup>18</sup> of respondents who had purchased a second hand car from a trade source<sup>19</sup> within the last three years in all 28 EU Member States, plus Iceland and Norway. This approach addressed many of the research questions of issues 2 and 3 in particular by collecting information on consumer experiences, level of consumer information about second-hand cars and whether this is sufficient in order to make informed choices, consumer reactions to problems with their second-hand car and general consumer opinion and trust on the second-hand car industry.

## **Task 3: Price Collection**

In order to collect second-hand car prices for a range of cars in the EU, it was necessary to collect pricing information from existing data sources. Pricing data was thus collected for all 28 EU countries, plus Iceland and Norway, based on prices available from a manual search of internet car portals and prices available via desk research. This Task directly addressed issue 4. By collecting information about pricing, this task enabled a better understanding of competition, market structure and cross-border transactions within the context of the market for second-hand cars.

Nine specific car makes/models were selected for this task, with the make/model selected according to the top-selling cars per year, per size category in Europe and mileage brackets selected according to expected car usage per year. Prices were collected<sup>20</sup> for the following nine car specifications:

- Skoda Fabia, registered in 2009, 40,000-60,000km;
- Renault Megane, registered in 2009, 40,000-60,000km;
- Nissan Qashqai, registered in 2009, 40,000-60,000km;
- Toyota Yaris, registered in 2005, 100,000-125,000km;
- Ford Focus, registered in 2005, 100,000-125,000km;
- BMW 3-Series, registered in 2005, 100,000-125,000km;
- Peugeot 206, registered in 2001, 125,000-150,000km;
- VW Golf, registered in 2001, 125,000-150,000km;
- Audi A4, registered in 2001, 125,000-150,000km.

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<sup>18</sup> Consumer survey fieldwork was conducted from December 11, 2013 to February 3, 2014.

<sup>19</sup> 'Trade source' means that the respondents had bought a second-hand car either from a dealer or auction and had not bought the car privately from another individual.

<sup>20</sup> All prices were collected between January 22 and February 21, 2014.

#### **Task 4 Mystery Shopping**

Approximately 1200 mystery shopping exercises with second-hand car dealerships have been recorded<sup>21</sup> across the EU28, plus Iceland and Norway. The main role of mystery shopping was in the context of issue 2, in terms of understanding how consumers obtain information about choosing second-hand cars and the consumer experience during purchase and prior to purchasing. This task explored how readily information is available to consumers either in car advertisements or dealerships, the correctness of information and the factors at play when consumers make decisions about second-hand car purchases.

Four different types of mystery shopping exercises were carried out, namely:

- Visits to an independent dealership;
- Visits to a franchise dealership;
- Web search and phone call exercises with an independent dealership;
- Web search and phone call exercises with a franchise dealership.

The difference between the two dealership types is that an independent dealership is a dealership not associated with a specific car manufacturer, whilst a franchise dealership is one that has a contract with a specific car manufacturer to sell its products. The difference between the two mystery shopping exercise types is that a 'visit' consists of a mystery shopper finding a car via an advertisement and then going to the dealership to ask for more details about the car, whilst a 'web search and phone call exercise' consists of a mystery shopper finding a car via an advertisement and then calling up the dealer for a 10 minute phone conversation to ask more details about the car. The inclusion of telephone exercises increased sample size and geographical spread of the mystery shopping exercise. When analysing the results, there were some small differences in that dealers usually provided less frequently spontaneous information over the phone than face-to-face.

In order to obtain a broad range of consumer second-hand car experiences, three car types were selected for the mystery shopping analysis. These three car types were:

- Small car, registered in 2009, 40,000-60,000km;
- Medium car, registered in 2005, 100,000-125,000km;
- Large car, registered in 2001, 125,000-150,000km.

Based on these three car types, differences according to car segment can be analysed. In line with the three car types above, the three car segment names used throughout the study are "younger (small) car", "middle-aged (medium) car" and "older (large) car".

Please refer to Appendix 1 for a more detailed description of each of these four tasks.

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<sup>21</sup> Mystery shopping exercises were conducted from January 3 to March 22, 2014.

## 2.4 Glossary

This report uses the inter-institutional style guide for EU member states' abbreviations (for example, 'Belgium' is abbreviated to 'BE').

When commenting on EU-wide data, the term 'EU28' is used. This excludes data from Norway and Iceland, as these are not EU member states.

'EU15' refers to the 15 countries that became members of the EU prior to 2004. 'EU13' refers to the 13 countries that have joined the EU since 2004.

The table below summarises this, showing for each country the abbreviation of country name and each country's respective membership of the EU28, EU15 and EU13.

**Table 1** Country list

Country name	Abbreviation	EU28	EU15	EU13
Austria	AT	X	X	-
Belgium	BE	X	X	-
Bulgaria	BG	X	-	X
Cyprus	CY	X	-	X
Czech Republic	CZ	X	-	X
Germany	DE	X	X	-
Denmark	DK	X	X	-
Estonia	EE	X	-	X
Greece	EL	X	X	-
Spain	ES	X	X	-
Finland	FI	X	X	-
France	FR	X	X	-
Croatia	HR	X	-	X
Hungary	HU	X	-	X
Ireland	IE	X	X	-
Italy	IT	X	X	-
Lithuania	LT	X	-	X
Luxembourg	LU	X	X	-
Latvia	LV	X	-	X
Malta	MT	X	-	X
Netherlands	NL	X	X	-
Poland	PL	X	-	X
Portugal	PT	X	X	-
Romania	RO	X	-	X
Sweden	SE	X	X	-
Slovenia	SI	X	-	X
Slovakia	SK	X	-	X
United Kingdom	UK	X	X	-
Iceland	IS	-	-	-
Norway	NO	-	-	-

### 3 Issue 1: Dealers' practices and compliance with the existing regulatory framework for selling second-hand cars

In order to understand the second-hand car market from a consumer perspective, it is important to first define the legal and trade context in which consumers make their decisions about their second-hand car purchase and the provisions in place when any post-purchase problems occur.

#### 3.1 Existing regulatory framework

The following research questions were addressed in order to define this legal framework, at both EU and National level.

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*What checks on second-hand cars are dealers required to undertake?*

*What information are dealers obliged to provide to consumers?*

*Are dealers obliged to draft and sign a clear sales contract?*

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*Are dealers obliged to present certain documents when selling a second-hand car?*

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Inputs to bringing together this regulatory framework came from desk research and the expert team. The legal experts at time.lex assessed the relevant EU-level legislation and also examined some national-level legislation in order to put together the currently in place regulatory framework for second hand cars.

##### 3.1.1 EU level

The table below provides a summary of the EU legislation that is applicable to the market for second-hand cars, both general consumer protection provisions and provisions for motor vehicles in particular, hence relevant also for second-hand cars. For a more detailed description of each piece of EU legislation please refer to Appendix 2.

Table 2 EU Legislation

EU legislation	Scope and main objectives	Main characteristics
<b>General Consumer Protection</b>		
<b>Unfair Contract Terms Directive 93/13/EEC</b>	This Directive harmonizes the national legislation of the Member States in relation to unfair terms in contracts between a seller or a supplier and a consumer (B2C).	The Directive sets down a general principle prohibiting the use of unfair terms in contracts between sellers and consumers. Its Annex contains an indicative and non- exhaustive list of unfair practices.
<b>Directive</b>	This Directive aims to	The Directive contains detailed rules regarding

EU legislation	Scope and main objectives	Main characteristics
<b>2011/83/EC on Consumer Rights</b>	strengthen the consumer in his relations with traders, with a focus on better pre-contractual information and reviewed rights on certain contracts such as distance contracts and off-premises contracts.	<p>mandatory pre-contractual information that must be provided to the consumer. The Directive sets forth a comprehensive list of information that must be provided to a consumer before entering into a contract, concerning the characteristics of goods or services, pricing and the terms and conditions of the contract, including any offered guarantees and after sales services and a reminder about the existing legal guarantee.</p> <p>Furthermore, the Directive applies a reviewed set of rules regarding distance contracts and off-premises contracts, repealing Directive 97/7/EC on distance contracts and Directive 85/577/EEC on contracts negotiated away from business premises. These rules require specific information duties that are much more detailed than under the former Directives, as well as formal requirements regarding confirmation of the given information and warnings, as well as detailed rules regarding the right of withdrawal of the consumer during a period of minimum 14 days.</p>
<b>Directive 1999/44/EC on sale of consumer goods and associated guarantees</b>	The main objective of the Directive is to harmonize the legal guarantees that must be offered to consumers when purchasing goods, including second-hand goods.	The Directive provides a minimum legal guarantee of 2 years regarding the conformity of goods sold to consumers. In case of non-conformity, consumers may request the goods to be repaired or replaced (at no cost for the consumer), or, if not possible, may request a reduction of the price or the contract to be rescinded. The end seller is responsible and cannot limit the consumer's rights. The Directive contains certain requirements and presumptions regarding the proof of conformity or absence of conformity. The Directive is in general applicable to second-hand goods, although some provisions may be less strict in relation to such goods (in the case of second-hand goods, Member States may provide that the seller and the consumer may agree contractual terms which have a shorter time for the liability than the 2 years-period set down for regular goods. This period cannot however be inferior to 1 year).
<b>Unfair Commercial Practices Directive 2005/29/EC</b>	This Directive harmonizes the national legislation of the Member States in relation to unfair practices in a business to consumer	The Directive contains detailed rules regarding misleading (e.g. false information or omission of information) and aggressive (e.g. pressure by the trader on the consumer) commercial practices. The Directive also lists 31 commercial practices that should be considered as unfair in all circumstances,

EU legislation	Scope and main objectives	Main characteristics
	(B2C) context.	such as the misleading use of quality labels.
<b>Roadworthiness, Registration and Insurance</b>		
<b>Directive 1999/37/EC on the registration documents for vehicles</b>	The objective of this Directive is to warrant the recognition by Member States of registration certificates issued by other Member States, to safeguard the identification of the vehicle in the international traffic and, where necessary, the re-registration in another Member State by harmonising the content of registration documents for vehicles.	<p>The Member States recognize the registration certificates issued by other Member States.</p> <p>This Directive has been amended by Directive 2014/46/EC which is part of the Roadworthiness Package. Member States must keep electronic data about a registered car, including the outcome of roadworthiness inspections and the validity of roadworthiness certificates. It should be possible to suspend the registration of a car in case of a breach of the roadworthiness rules with an impact on safety.</p>
<b>Directive 2009/103/EC relating to insurance against civil liability in respect of the use of motor vehicles, and the enforcement of the obligation to insure against such liability</b>	The objective of the Directive is to ensure that all motor vehicles moving in EU territory are covered by liability insurance.	<p>The Directive provides for compulsory insurance of motor vehicles and compulsory checks on the existence of such insurance (with exceptions), in a trans-national context.</p> <p>Particularly relevant for the sale of second-hand cars between member states, the Directive states that member states must refrain from making systematic border checks on the insurance of vehicles entering their territory from the territory of another member state (Article 4 of the directive), so that vehicles can be driven as easily between EU countries as within one country.</p> <p>Moreover, Article 15 of the Directive organises the insurance coverage of motor vehicles dispatched from one member state to another, by specifying that in such cases, the member state of destination shall be considered the member state where the risk is situated, immediately upon acceptance of delivery by the purchaser, for a period of 30 days, even though the vehicle has not formally been registered in the member state of destination. If the vehicle is involved in an accident during this period while uninsured, the body responsible for compensation in the member state of destination will be liable for the compensation provided for in Article 10 of Directive 2009/103/EC (<i>id est</i>, the residual body created by law, that is responsible for minimum insurance coverage in case</p>



EU legislation	Scope and main objectives	Main characteristics
		of injuries caused by an unidentified or uninsured vehicle).
<p><b>Directive 2009/40/EC on roadworthiness tests for motor vehicles and their trailers</b></p>	<p>This Directive sets down the requirements for specific categories of registered motor vehicles and their trailers to be submitted to periodic roadworthiness tests.</p>	<p>The Directives sets down the requirements of periodic roadworthiness testing, for specific categories of vehicles, including the frequency of testing and the scope of the testing procedures (the features that must be tested). This Directive will be repealed by Directive 2014/45 by May 2018 (as part of the Roadworthiness Package).</p> <p>The new legislation requires inter alia the periodic inspection of mileage and odometer data and the sanctioning of fraud in that respect. New roadworthiness certificates may be required by member states when ownership of the vehicle is transferred (however member states are not obliged to include this requirement in their national legislation). Sharing of electronic data in this respect is crucial and the Commission will examine how to create an international network of information related to roadworthiness and valid registrations as well as to provide vehicle holders with both odometer and accident history of the vehicle. These requirements are linked with the registration formalities in conjunction with Directive 2014/46 that amends Directive 1999/37.</p>
<p><b>The Roadworthiness Package</b> <b>(consisting of 3 Directives of April 3, 2014: 2014/45/EC, 2014/46/EC and 2014/47/EC)</b></p>	<p>The objective of the package is to establish a regime of periodic roadworthiness tests of vehicles used on public roads and technical roadside inspection of commercial vehicles based on harmonized rules on the testing of the roadworthiness of motor vehicles and their trailers, including the inspection of mileage and odometer, as well as harmonised rules for assessment of defects, equipment to be used, training of inspectors as</p>	<p>The package aimed at better harmonizing and regulating the required roadworthiness tests (frequency, quality), roadside inspections and rules on the registration of motor vehicles. Furthermore, the package intends to modify the registration of vehicles, including suspension and cancellation of registrations if the roadworthiness rules are not respected, as well as the registration registers.</p> <p>Directive 2014/45/EC is summarized above.</p> <p>Directive 2014/46/EC provides a closer link between roadworthiness requirements and the registration and re-registration of vehicles (as set forth in Directive 1999/37/EC). Registration data will be kept electronically (including roadworthiness data). The registration authorities and control centres of the country of registration and the country of re-registration after export should have access to the</p>

EU legislation	Scope and main objectives	Main characteristics
	<p>well as quality assurance via supervision. The package is completed by amendments to the Directive 1999/37/EC on registration documents for further support and facilitation of the roadworthiness testing regime.</p>	<p>relevant information. The registration of vehicles with dangerous deficiencies should be suspended without formal requirements (and the suspension should be lifted without re-registration if the roadworthiness is remedied).</p> <p>Thus, data relating to accidents, mileage and roadworthiness in general should be available and should protect consumers that intend to purchase a vehicle.</p> <p>The basic rules should be implemented and applicable by 20 May 2018.</p> <p>Directive 2014/47 concerns technical roadside inspections in addition to the general periodic roadworthiness inspections. However, this Directive is only applicable to heavier vehicles used for commercial transportation, rather than light commercial vehicles.</p> <p>This legislation is set out in more detail in Appendix 2.</p>
<b>Transfer of Vehicles within the Single Market and access to information</b>		
<p><b>COM (2012) 164 final – Proposal for a Regulation simplifying the transfer of motor vehicles within the EU</b></p>	<p>This Proposal intends to eliminate administrative barriers related to the re-registration procedure of motor vehicles in other Member States.</p>	<p>The Proposal contains specific rules regarding the determination of the Member State in which a motor vehicle transferred between Member States must be registered. It envisages to simplify the re-registration procedure by limiting the number of documents needed and to reduce the time of re-registration procedures.</p>
<p><b>Regulation 461/2010 – block exemption for vertical agreements in the motor vehicle sector</b></p>	<p>The scope of the Block Exemption is limited to repair and maintenance services, while as from 2013 the vertical agreements regarding the sale of motor vehicles will be exempted on the basis of the general Vertical Restraints Block Exemption.</p>	<p>The Regulation contains requirements in order to exempt the vertical agreements regarding repair and maintenance from the general prohibition of competition restraints. The requirements ensure that the independent repair and servicing sector has access to the technical information needed for repairs and that alternative spare parts can be used.</p>
<p><b>Regulation 566/2011</b></p>	<p>The objective of the Regulation is to enable</p>	<p>The Regulation states that manufacturers must disclose repair and maintenance records stored in</p>

EU legislation	Scope and main objectives	Main characteristics
regarding vehicle repair and maintenance information	independent repairers to obtain free of charge and without discrimination repair and maintenance records concerning motor vehicles, kept by manufacturers.	their database to independent repairers, who are approved and authorised, free of charge and under similar conditions as to non-independent authorized dealers and repairers which are part of the manufacturer's network. This enables independent repairers to perform repair and maintenance services.  Regulations 715/2007 and 692/2008 have been amended by this Regulation.

### 3.1.2 National level

#### 3.1.2.1. Taxation

There is currently little harmonisation of national fiscal provisions applied by the Member States in the area of passenger car taxation<sup>22</sup>. Therefore, it is for each Member State to lay down national provisions for the taxation of these cars. Considerable import/export taxation differences exist per country. For example, Portugal and Denmark both have high taxation on the import and export of cars, thus impacting heavily on cross-border sales prices.

The following national-level examples indicate the wide differences in national regulations with regards to the taxation of imported second-hand cars:

Country	Example of relevant national taxation legislation
DE	No duties are levied, provided that VAT has been paid in the EU country of origin and that the car has been owned and registered in that country and has been driven for at least 6000km prior to entry into Germany  A duty - Umsatzsteuer - is only levied in case of an imported new car: it is classified as an "import tax", so it could be questioned whether this is compliant with the EU Treaties
DK	There is a compulsory re-registration within 14 days of arrival if taking up residence in Denmark or within 14 days of obtaining a CPR (personal identification number) and a Registration Tax must be paid.  This tax has to be paid once in a vehicle's lifetime in Denmark; it is based on the market value and can be up to 67% of the sale price of a similar car in Denmark. Other taxes and duties are collected annually on all cars registered in Denmark (for example: Vehicle Excise Duty or Green Owner Tax).
IT	Every imported second-hand car has to be registered within 6 months of its arrival in Italy with one of the "Motorizzazione Civile" offices.  In order to be registered, the vehicle has to pass a test in order to assess whether it

<sup>22</sup> [http://ec.europa.eu/taxation\\_customs/taxation/other\\_taxes/passenger\\_car/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/other_taxes/passenger_car/index_en.htm)

Country	Example of relevant national taxation legislation
	<p>conforms with Italian technical norms (compliance with technical documentation etc.)<sup>23</sup>. After being registered with the Motorizzazione (within 60 days), the car has to be registered with the Public Vehicle Registry (PRA) and the taxes are as follows:</p> <ol style="list-style-type: none"> <li>1) imposta provinciale di trascrizione (the amount varies in relation to the type of vehicle and to the Province of registration);</li> <li>2) emolumento ACI (27 Euros);</li> <li>3) Bollo per iscrizione al PRA (32 Euros);</li> <li>4) Bollo DTT (32 Euros);</li> <li>5) Diritti DTT (9 Euros);</li> <li>6) Fee for registration plates (the amount changes in relation to the type of vehicle);</li> <li>7) costo versamenti postali.</li> </ol> <p>No VAT payment is required for used cars. Every year, a property tax (bollo auto, a “regional” tax) has to be paid by every owner of a car registered in Italy (the amount changes on the basis of the region where the owner has their official residence, the class of CO<sub>2</sub> emissions and the power of the car)</p>
PL	<p>The second-hand car imported is free of duties and taxes, but an Excise Tax must be paid (VAT payment is only for new cars).The Excise Tax depends on the age of the vehicle and the size of the engine: the range is 3.1% (passenger car with engine size of less than 2.0 litres) to 65%.</p> <p>Poland has been condemned by the ECJ in Case C-170/07 of 5 June 2008 (EC Commission vs Republic of Poland): “national legislation requiring imported second hand vehicles to undergo a roadworthiness test prior to the registration notwithstanding possible tests in the country of origin, whereas domestic vehicles with the same characteristics are not subject to such a requirement, is a violation of art. 28 TFEU”. Article 28 states the prohibition between member states of custom duties on imports and exports and of all charges having equivalent effect.</p>
PT	<p>Imposto Sobre Veiculos (ISV) may be charged on imported vehicles [though the status of this tax under EU rules is questionable].</p> <p>A simulation of the import of a 2011 VW Golf 1600 TDI on the “Portal das Financas” website, results in an amount of the ISV of €1.924.</p> <p>The buyer can be exempted from this rather elevated tax only if 3 conditions are met:</p> <ol style="list-style-type: none"> <li>1) They must be over 18 years old and have a driver's license for more than 12 months;</li> <li>2) They must provide documentation that proves that they were a resident in another</li> </ol>

<sup>23</sup> Given that this test has nothing to do with the normal roadworthiness test, it may be questioned whether it could be considered a breach of Article 28 TFEU: see Case C-170/07 EC Commission vs. Republic of Poland

Country	Example of relevant national taxation legislation
	<p>country for at least 12 months (a declaration from an official entity - such as an embassy and some house bills/receipts or income/tax/social security documents);</p> <p>3) They are not allowed to sell the car for at least 12 months after the Portuguese registration.</p>
UK	<p>If a vehicle is to be imported permanently to the UK, it has to be registered with the DVLA (Driver and Vehicle Licensing Agency). Vehicles registered and taxed for the first time on the DVLA (and second-hand imported cars are included among these) will be required to pay a fee of £55<sup>24</sup>. No VAT applies to the £55 fee. As required by EU law, VAT has to be paid only in case of a new imported car, where “new” means that the car must have less than 6000km and must have been registered in the country of origin for no more than 6 months.</p>

### 3.1.2.2. Roadworthiness certificate and registration

Out of the 30 stakeholders who provided information about which documents traders are obliged to disclose when selling a second-hand car to a consumer, 93% mentioned car registration documents and 70% mentioned a roadworthiness check. However, it must be noted that the roadworthiness check rules vary considerably across countries, thus showing the importance of the EU’s new Roadworthiness Package in view of stronger harmonisation.

Under current national legislation, most member states require frequent roadworthiness tests to be undertaken for cars of a certain age (usually from the age of 3 or 4 years). After this has taken place, some countries then require an annual test (e.g. Belgium, United Kingdom), whilst other countries require a test at least once every two years (e.g. France<sup>25</sup>, Germany, Italy, Hungary). This national legislation is reflective of the EU’s recent Roadworthiness Package (DIRECTIVE 2014/45/EU), which states that passenger cars and light commercial vehicles must at least be tested 4 years after their first registration date and every 2 years thereafter. Exceptional rules are often foreseen for collectible cars and other specific cases. This requirement is a general road safety requirement and is not as such related to the protection of a consumer who intends to purchase a second hand car.

Some member states require the disclosure of a recent roadworthiness certificate as a precondition for the sale of a second hand car or the re-registration of a car, with examples of the situation per country given in the table below:

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<sup>24</sup> <https://www.gov.uk/vehicle-registration/new-registrations-fee>

<sup>25</sup> Code de la Route.

Country	Example of relevant national roadworthiness certificate legislation
BE	A roadworthiness certificate of maximum 2 months old is required
DE	The inspection of the car is the responsibility of the buyer
IT	No disclosure of a roadworthiness certificate or test is required
FR	The Roadworthiness Certificate needs to have a minimum of 6 months remaining in order for someone to be able to sell the car second-hand, and it must be handed to the buyer <sup>26</sup>
UK	Cars that are more than three years old have to undertake an annual Ministry of Transport test (usually known as an 'MOT') to identify the roadworthiness of the car. This document is commonly presented during the second-hand car sale in the UK as evidence of the car's quality. A buyer is able to check whether a MOT certificate is genuine and he can check the MOT history of a car through online applications. For older cars in the UK second-hand car market, the MOT certificate age can impact on car price (e.g. a 10 year-old car with 11 months remaining of its MOT certificate would be more attractive to a consumer than an equivalent car with only 1 month remaining of its MOT). However, the seller of a car is not required by law to provide a MOT certificate to the buyer

After purchasing a car abroad, the member state where the car is imported requires a re-registration of the car. Most countries require a valid and recent roadworthiness certificate as a condition for registration<sup>27</sup>. When a roadworthiness certificate is thus required, the majority of the countries examined required a national roadworthiness certificate based on a test in a national control centre. Foreign roadworthiness certificates are at present not usually recognized due to the lack of minimum harmonisation rules regarding roadworthiness controls<sup>28</sup>.

Three examples of national-level differences in roadworthiness certificates for imported cars are given below:

- In Italy, the owner shall check if any roadworthiness test has been made in the previous country of registration within 4 years of the car's first registration and every alternate year thereafter. In case this check shows that there is no compliance with the Italian Highway Code, a roadworthiness test ("revisione") shall be made. Therefore, no roadworthiness test is required to register an imported used car, if the validity of the final technical inspection carried out abroad can be deduced from the original document.

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<sup>26</sup> Article 5 bis, Décret n°78-993 du 4 octobre 1978 pris pour l'application de la loi du 1er août sur les fraudes et falsifications en matière de produits ou de services en ce qui concerne les véhicules automobiles

<sup>27</sup> E.g. in the Netherlands (APK certificate) and the UK (MOT Certificate)

<sup>28</sup> E.g. in Germany. However in the Netherlands it seems that the registration authority (RDW) may take a satisfying foreign roadworthiness certificate into consideration. Also in France a foreign certificate will be accepted, provided that it is no more than 6 months old.

- Poland recognizes foreign roadworthiness certificates after previous condemnation by the EU Court of Justice in 2008<sup>29</sup>. The Court stated that “national legislation requiring imported second-hand vehicles to undergo a roadworthiness test prior to the registration notwithstanding possible tests in the country of origin, whereas domestic vehicles with the same characteristics are not subject to such a requirement, is a violation of art. 28 TFEU”.
- The UK requires a UK MOT certificate for the registration of an imported car that is three years old. A foreign roadworthiness certificate is not recognized.

*“The problem is that an MOT done in the UK will not be seen as a valid certificate of roadworthiness if that car is then sold in Germany, for example. But I know that the EU is already addressing this via the Roadworthiness Package” (Leasing Association)*

Furthermore, in terms of regulation for the import and export of second-hand cars, one stakeholder was concerned that the EU Certificate of Conformity was a barrier to cross-border trade:

*“I have a particular concern about the Certificate of Conformity, and the extra time and money that it takes away from cross-border car trade. The Certificate of Conformity is not compulsory according to EU law, but a lot of countries require it anyway” (Leasing Association)*

In terms of history of the car, dealers in France<sup>30</sup> and Germany<sup>31</sup> are obliged to give the consumer information about the history of the car in terms of the date that it was put in service.

*“Regarding history in terms of previous owners, the only obligation is to say whether the car previously had one owner, or multiple owners. But this is hard to know for imported cars (for domestic cars, registration documents cover this requirement by providing information on number of previous owners)” (Association of Dealers/Repairers)*

In terms of vehicle registration, one final aspect to consider is the end of a car’s life, when it is de-registered and is only available for the use of its parts as used parts and the rest goes to the shredder for recovery/reuse of the materials. This is defined in EU law, which should also be implemented by the Member States, under the End-of-Life Vehicles Directive (2000/53/EC)<sup>32</sup>, which outlines that there should be issued a certificate of destruction (CoD) for this end-of-life car when delivered to an Authorised Treatment Facility (ATF) which ensures final deregistration of the car and aims to ensure that the car is not re-registered and put back into circulation. To this effect the registration Directive 1999/37/EC was amended by the Roadworthiness Package (Directive 2014/46/EU) with the provision that information on treatment as end-of-life vehicle shall be added to the registration register and any registration of that vehicle shall be cancelled permanently.

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<sup>29</sup> Court of Justice, case C-170/07 of 5 June 2008 (EC Commission vs Republic of Poland).

<sup>30</sup> Article 2 ter, Décret n°78-993 du 4 octobre 1978 pris pour l'application de la loi du 1er août sur les fraudes et falsifications en matière de produits ou de services en ce qui concerne les véhicules automobiles.

<sup>31</sup> Verordnung über die Zulassung von Fahrzeugen zum Strassenverkehr, Anlage 7.

<sup>32</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32000L0053>. In order to illustrate this Directive, there is a set of guidelines (see <http://ec.europa.eu/environment/waste/shipments/guidance.htm>) which explain in detail when a vehicle is to be considered as a waste vehicle rather than a second-hand vehicle.


### 3.1.2.3. Odometer fraud

Many stakeholders reported concerns about the proliferation of mileage ‘correction/alteration’ services, which are easily available online and are a key driver of odometer fraud. As an illustration of the proliferation of such services, a Google search of “*mileage correction services*” generates 273,000 hits<sup>33</sup>.

The image below provides an example of the ease with which mileage correction technology can be bought online, either by car traders or directly by consumers. Such correction tools can be bought quickly and without great expense (some cost less than €100, as shown in the image below) and they are able to correct the mileage for almost all car makes and models.

Figure 3 Examples of mileage correction tools available online

**Laufleistung Korrektur-Tool**



**Tachojustierung Werkzeug**

Herzlichen Glückwunsch! Sie haben das Internet die beste Quelle der Kilometerzähler Korrektur-Tools gefunden. Hier finden Sie alle Laufleistung Programmierer und es wird eine oder mehrere für Ihr Auto fit zu sein. Wie Digimaster III Original-Odometer Correction Tool, Digipro III und Tacho Pro 2008 Plus-Version freischalten Jan Universal-Dash Programming Tool und so weiter.

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[Digimaster 3 Digimaster III Original Odometer Correction Master](#)


Digimaster 3 is also called Digimaster III or shortly D3 is new developed odometer correction master. It works with various types of adapter you can easily achieve odometer correction, audio decoding, airbag resetting, engine ECU resetting, IMMO, programming key for Benz & BMW etc. [Produktbeschreibung>>](#)

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**Digimaster 3 Digimaster III Original Odometer Correction Master with 980 Tokens**

Digimaster 3 is also called Digimaster III or shortly D3 is new developed odometer correction master. It works with various types of adapter you can easily achieve odometer correction, audio decoding, airbag resetting, engine ECU resetting, IMMO, programming key for Benz & BMW etc. [Produktbeschreibung>>](#)

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Odometer fraud is hard to detect for consumers and public authorities alike, unless the car’s mileage is recorded at very regular intervals so that the consumer can verify by reading the car’s logbook how the car’s mileage has evolved over time.

<sup>33</sup> Based on search conducted on June 24, 2014



In several member states, the mileage of a car is recorded at certain occasions. This usually takes place at the time of the performance of roadworthiness tests by recognized centres<sup>34</sup>. It is often recorded in national databases that can be consulted by stakeholders. In some countries, the buyer of a car is able to consult the mileage, as it is recorded in such databases. For example, in the UK the car buyer can check the mileage online as it has been registered through the MOT tests.

However, the recording of mileage at certain fixed checkpoints such as periodic roadworthiness controls, may result in odometer tampering taking place just before the check will occur and thus, there is no guarantee that the registered mileage is indeed accurate.

Although it is thus possible to verify the mileage, in many countries there is no legal obligation for a seller to disclose the mileage or to warrant the correctness of the mileage on the odometer<sup>35</sup>. Whether or not an incorrect indication may result in the cancellation of a sale will depend on the general legal principles in most countries (including misinformation and non-conformity in consumer sales).

Some countries prohibit and prosecute mileage fraud (BE, CH, DE, DK, FI, FR<sup>36</sup>, HU, IE, NL, PT, SK)<sup>37</sup>.

As a solution to odometer fraud, the presentation of a car mileage check(s) certificate to verify that reading is accurate is a legal requirement in **Belgium**. Car-Pass is an independent non-profit association (vzw), initiated by Belgian automotive branch organisations, as well as representatives from federal government public offices (the Ministries of Economic Affairs and of Mobility). In 2004, a law was passed that stated explicitly that it is strictly forbidden to alter the mileage reading of a vehicle and to falsify or prevent the registration of correct mileage<sup>38</sup>. Furthermore the law obliges the seller of a second-hand car to provide the consumer/buyer a valid Car-Pass certificate, issued by Car-Pass vzw<sup>39</sup> but available at the Periodic Inspection centres, on delivery of the car. If the seller fails to produce this, the buyer can cancel the purchase. Authorised civil servants acting for the Ministry of Economic Affairs carry out comprehensive inspections of companies. Several Royal Decrees were passed that ensured the operational requirements for the enforcement of the law.

This obligation creates a trail of successive and frequent mileage readings that are recorded by several professionals from multiple sources (garages, fast fitters, tyre companies, technical inspection centres, etc.) not just at fixed intervals but also after any maintenance, repair, assembly or inspection. Thus, consistent manipulation of the odometer is much more difficult.

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<sup>34</sup> This mileage registration occurs in BE, CH, DE, DK, EE, HU, IE, IRL, IS, IT, LU, LV, LT, UK (EReg, Report on Vehicle Mileage Registration, April 2014, page 9). Poland introduced this in 2014. A mileage registration system exists on a voluntary basis in Germany. As of 1 January 2014, the content of roadworthiness certificates is harmonised throughout the EU, which includes already the information on the mileage at the time of testing (Directive 2010/48/EU amending Directive 2009/40/EC). However, central storage of this information at national level is not required yet.

<sup>35</sup> E.g. this doesn't have to be disclosed in Germany, Italy, Poland and Hungary. However, there are exceptions; e.g. in France, the mileage must be disclosed by a seller and the correctness must be warranted if the car was newly owned by the seller or if the seller was able to verify the correctness; if not, the mileage on the odometer must be disclosed with a statement that it is not warranted (article 2 ter Décret n°78-993 du 4 octobre 1978 pris pour l'application de la loi du 1er août sur les fraudes et falsifications en matière de produits ou de services en ce qui concerne les véhicules automobiles).

<sup>36</sup> Article 3 Décret n°78-993 du 4 octobre 1978 pris pour l'application de la loi du 1er août sur les fraudes et falsifications en matière de produits ou de services en ce qui concerne les véhicules automobiles.

<sup>37</sup> EReg, Report on Vehicle Mileage Registration, April 2014, page 9.

<sup>38</sup> Law of 11 June 2004 concerning the sanctioning of odometer fraud.

<sup>39</sup> This organisation was appointed by Decree of 4 May 2006, and is not mentioned in the law.

Automotive professionals also have access to the Car-Pass platform for examining the mileage history of a used car after entering the VIN-number. Car-Pass does not receive any funding; it is self-supporting through the sales of the Car-Pass mileage certificates. A Car-Pass in Belgium costs €7 per certificate<sup>40</sup>.

*"Car-Pass is nothing more than a database. It has almost completely eradicated the fraud in Belgium. It should also be at EU-level because foreign cars from cross-border transactions are not checked" (Association of Dealers and Repairers)*

A comparable mileage registration system exists in **the Netherlands** (NAP – Nationale Auto Pas). NAP is a non-profit organisation that has since 1991 collected mileage readings of cars when maintenance works are performed. A person is able to check the NAP of his car in certain service stations (BOVAG) and the national vehicle inspection stations (ANWB). In 2014, the registration system became more official. The tampering of the odometer is explicitly forbidden by law since January 1, 2014, and the registration of mileage has become compulsory for recognized car sellers or service stations when a car is sold or serviced. NAP has transferred its database to Rijksdienst Wegverkeer (RDW), a public organisation. A consumer who intends to buy a second-hand car is now able to verify the mileage history of the car before (or after) the purchase.

#### **3.1.2.4. Legal guarantee**

As briefly outlined in the previous chapter (EU-level regulation) and in Appendix 2, Directive 1999/44/EC of the European Parliament and European Council on consumer sales (the 'Consumer Sales Directive') provides a minimum 2-year legal guarantee for new goods, whereas Member States may provide that the seller and the consumer may agree on the shorter period of the guarantee (but not less than 1 year) for second-hand goods (article 7(1) of the Directive)<sup>41</sup>.

The "legal guarantee" (a term that is not used by the Directive but the liability for the lack of conformity is generally referred to as the legal guarantee) is a statutory guarantee of conformity of the sold good with the contract, for which the seller is liable. Any exclusion of the seller's liability for non-conformity is not allowed and considered void. For a second-hand car this legal guarantee means that the sold car "shows the quality and performance which is normal in a car of the same type and which the consumer can reasonably expect, given the nature of such car and taking into account any public statements on the specific characteristics of the car" (referring to the criterion of article 2(d) of the Directive). The **reasonable expectation** factor must be assessed taking into account the circumstance that the car is a used, second-hand car and concrete circumstances such as the age, function and history of the car as well as the price may be important when realistic expectations must be assessed.

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<sup>40</sup> [http://www.car-pass.be/en/docs/2014\\_Jaarverslag\\_ENG\\_final.pdf](http://www.car-pass.be/en/docs/2014_Jaarverslag_ENG_final.pdf)

<sup>41</sup> Furthermore, member states may provide that the definition of 'consumer goods' does not cover "second hand goods sold at public auctions where the consumer has the opportunity to attend the sale in person". Finland, France, Germany, Hungary and the United Kingdom have made use of this option. Spain has introduced a more limited exclusion, referring only to "administrative auctions". Denmark, Italy and Sweden did not use this option but limit the seller's liability for such second hand goods sold at public auctions (Communication from the EU Commission to the Council and the European Parliament on the implementation of Directive 1999/44/EC on certain aspects of the sale of consumer goods and associated guarantees, COM (2007) 210, p. 6).

Furthermore, there shall be deemed not to be a lack of conformity (in other words, a *defect*) if, at the time the contract was concluded, the consumer **was aware, or could not reasonably be unaware** of the lack of conformity (article 2(3) of the Directive). This implies that any defects or damage that should have been **apparent** for an average consumer, as well as visible wear and tear, will usually not be considered as lack of conformity. Such “apparent” defects are de facto covered by an explicit or implicit acceptance of the sold car. This rule is confirmed in several national laws, including e.g. the laws of Belgium, Luxembourg and the United Kingdom. Some Belgian case law stated already before the implementation of the Directive that a sale of a second-hand car must be considered as a ‘risk’ that should be well understood and accepted by the consumer<sup>42</sup>.

The lack of conformity (defect) must exist at the time of delivery of the car (article 3(1)).

In case there is lack of conformity, the consumer may require the seller to **repair** the goods or he may require the seller to **replace** them, in either case **free of charge**, within a reasonable time and without any significant inconvenience to the consumer, unless this is impossible or **disproportionate** (where the costs of the seller would be unreasonable, taking into consideration the value of the car and the significance of the defect). Applied to second-hand cars, costs of transportation of a car to the seller’s premises will have to be assessed as being reasonable or not, particularly in a transnational context where transportation can be extremely expensive. In case of replacement of a defective good, a seller is not allowed to charge a compensation for the use of the defective good<sup>43</sup>. The legal guarantee is always free of charge and this notion refers to the necessary costs incurred to bring the goods into conformity, particularly the cost of postage, labour and materials (article 3 (4)).

On the other hand, the consumer may require an appropriate **reduction** of the price or have the contract **rescinded** if the consumer is entitled to neither repair nor replacement, or if the seller has not completed the remedy within a reasonable time, or if the seller has not completed the remedy without significant inconvenience to the consumer (article 3(5)). The consumer is not entitled to have the contract rescinded if the lack of conformity is minor (article 3(6))<sup>44</sup>. Thus, the first line remedies according to the Directive are repair or replacement without cost, whereas price reduction or rescission are considered as conditional, second line remedies. The **disproportionality test** mentioned above is however somewhat unclear and has been transposed with many variations in the member states<sup>45</sup>.

A majority of member states have faithfully transposed the remedies envisaged by the Directive. However, in Greece, Lithuania, Portugal and Slovenia consumers may choose freely between all the remedies (but in Slovenia the rescission is not available unless the seller has at least a reasonable time to offer repair, with a maximum of 8 days). Finland and

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<sup>42</sup> E.g. Cassation 15 September 1978, Arr. Cass. 1979, 52; Pas. 1979, I, 60 (only liability for very severe defects); Court of appeal Brussels 5 October 1975, JT 1976, 135 (second-hand equipment, not a car). See De Page, *Traité élémentaire de droit civil belge*, Tome 4, 1997, p. 310.

<sup>43</sup> Court of Justice, case C-404/06, of 17 April 2008 Quella AG (stating that ‘Article 3 of Directive 1999/44/EC of 29 May 1999 is to be interpreted as precluding national legislation under which a seller who has sold consumer goods which are not in conformity may require the consumer to pay compensation for the use of those defective goods until their replacement with new goods’).

<sup>44</sup> A minority of countries enable the consumer to rescind the sales contract even if the defect is minor (UK, Portugal, Czech Republic, Estonia)

<sup>45</sup> For instance, the German transposition applies the test only as to the choice between ‘repair’ and ‘replacement’, whereas the UK and Irish laws explicitly state that all remedies can be taken into account.

Sweden introduced an additional right for the consumer to rectify non-conformity himself and to withhold payment<sup>46</sup>.

The duration of the so-called “legal guarantee” is at least two years (article 5(1)). Member states may extend the duration in their national legislation since the Directive provides *minimum* rules. Thus, some countries applied the time limitation that is generally applicable in their contract law: e.g. the U.K. and Ireland (6 years) and Finland (3 years)<sup>47</sup>. According to Dutch law the time limit of 2 years is calculated as from the notification of the defect and not the delivery of the car.

As stated above, some countries allow parties to the contract to limit the guarantee for second-hand goods to one year, as provided by article 7(1) of the Directive. This option was used by Austria, Belgium, Cyprus, Czech Republic, Germany, Hungary, Italy, Luxembourg, Poland, Portugal, Slovakia, Slovenia and Spain.

However, the one or two year time period is of relative importance. It means that the lack of conformity must become apparent within one or two years as from the delivery of the car (article 5(1)). Member states may provide that, in order to benefit from his rights, the consumer must **inform or notify** the seller of the lack of conformity within a period of **two months** from the date on which he detected such lack of conformity (article 5(2)). This notification duty is not applied by all countries; in some cases, the need for a notification is waived (e.g. in case of knowledge of the defect by the seller or gross negligence). Some countries require a notification within a “short” or “reasonable” time period<sup>48</sup>, or don’t specify the notification obligation.

Furthermore, the defect must have **existed at the time of the delivery** of the good and this must be demonstrated. Nevertheless, unless proven otherwise, any lack of conformity which becomes apparent **within six months of delivery** of the car shall be presumed to have existed at the time of delivery unless this presumption is incompatible with the nature of the goods or the nature of the lack of conformity (article 5(3))<sup>49</sup>. After the period of six months, the consumer will have to demonstrate that the defect existed at the time of delivery.

Thus, in practice, a seller may find several arguments to reject a claim. He/she may state that:

- a second-hand car, although it has a defect, still conforms to reasonable expectations regarding the age or history of a car, the price and other circumstances;
- the defect was apparent and the consumer could have not reasonably been unaware of it;
- the defect did not exist at the time of delivery of the car (however, the presence is presumed if the defect becomes apparent within the first six months of the delivery);
- the defect was not notified within a period of two months from the date on which the consumer detected the lack of conformity (in countries where this rule has been implemented in national legislation);

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<sup>46</sup> The right to withhold payment may apply as a general principle of contract law in several member states.

<sup>47</sup> These are general rules for products, not specifically for second-hand cars.

<sup>48</sup> E.g. the Netherlands and the United Kingdom.

<sup>49</sup> It seems that most member states transposed this provision correctly. Portugal and France extended the duration of the presumption from 6 months to 2 years and Poland extended it to 1 year.

- the delivery of the car took place more than one year before the claim and the guarantee period was contractually limited (in countries that implemented this rule for second-hand goods; the period is two years in other countries).

In general, there are significant divergences between national laws regarding consumer sales as a result of the various regulatory options provided by the Directive.

According to article 5 (1)(e) of the Consumer Rights Directive 2011/83/EC, sellers must inform consumers about the existence of the legal guarantee, and in addition must inform them, if applicable, of the existence and the conditions of after-sales services and commercial guarantees. The Directive 2011/83/EC is applicable since 13 June 2014.

However, as part of the study's stakeholder consultation, when stakeholders from all backgrounds were asked for information about legal guarantees and consumer statutory rights, they had considerable difficulty themselves in understanding the national regulations in relation to second-hand cars. Many stakeholders acknowledged the 'grey areas' in relation to the legal guarantee, as consumer expectations of a car are distinctly higher when buying a 2 year-old car, compared to a 10 year-old car. The assessment of "reasonable expectations" will be a matter of case law and the outcome of such assessment is sometimes difficult to predict.

*"I know that [the legal guarantee] is a guarantee on the compliance rather than the car's aesthetic appearance, for example. This is a grey area which can lead to consumer confusion" (Public Authority)*

*"The duration of the legal guarantee depends on the car's age and mileage, with an average duration of 6 months" (Association of Dealers/Repairers)*

### **3.1.2.5. Commercial guarantee**

A "guarantee" is defined in the Consumer Sales Directive (1999/44/EC) as any undertaking by a seller or producer to the consumer, given without extra charge, in order to reimburse the price paid or to replace, repair or handle consumer goods in any way if they do not meet the specifications set out in the guarantee statement or in the relevant advertising (article 1(2) e). This is a guarantee that is given voluntarily and explicitly, for commercial purposes, in addition to the implied legal guarantee and is commonly indicated as a "commercial guarantee"<sup>50</sup>.

A commercial guarantee – if offered by the seller – is legally binding on the seller under the conditions laid down in the guarantee statement and the associated advertising (article 6 (1)) Consumer Sales Directive).

Furthermore, the commercial guarantee must:

- state that the consumer has legal rights under applicable national legislation governing the sale of consumer goods and make clear that those rights are not affected by the guarantee (this is a referral to the "legal guarantee"),

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<sup>50</sup> A similar definition is included in Article 2(14) of Directive 2011/83/EU on consumer rights but it includes also guarantees given with an extra charge.

- set out in plain intelligible language the contents of the guarantee and the essential particulars necessary for making claims under the guarantee, notably the duration and territorial scope of the guarantee, as well as the name and address of the guarantor (article 6 (2)).

On request by the consumer, the commercial guarantee must be made available in writing or feature in another durable medium available and accessible to him (article 6 (3)). A member state may provide that the guarantee be drafted in one or more languages which it shall determine from among the official languages of the Community (article 6 (4))<sup>51</sup>. The consumer may always rely on a commercial guarantee even if it does not comply with the rules of the Consumer Sales Directive (article 6 (5)).

The Directive's provisions of article 6 regarding the commercial guarantee have generally been literally transposed or in a very similar format in all the member states, with the exception of the Czech Republic.

A detailed review of 14 EU member states showed that in most countries – with the notable exceptions of the UK and France<sup>52</sup> - the commercial guarantee must only be provided in writing upon request of the consumer. Furthermore, the member states do not require that a written contract should be drafted and signed for the sale of a second-hand car. Thus, the terms and conditions of the sale and the guarantees must be indicated to the consumer, but not necessarily in writing unless requested by the consumer. Administrative formalities, such as registration of a car or the transfer of a registration number, often require that certain documents are submitted as proof of a transfer of property, but such document does not necessarily require a written set of terms and conditions.

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<sup>51</sup> This option has been applied by at least 13 EU member states. For example, Belgium requires the application of the language of the region where the good is marketed, in order to protect the inhabitants of the regions

<sup>52</sup> In the UK a voluntary guarantee must always be in writing under the Sale of Goods Act. Also in France any commercial guarantee must be provided in writing (articles L 211-15 and 211-16 Code de Consommation).

### 3.2 Dealer practices

This section considers which practices among dealers exist, based on the findings of the stakeholder consultation, consumer survey and mystery shopping exercises. Some of the questions that were considered are the following:

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*What type of pre-sales checks do dealers perform on cars and to what extent are results disclosed to consumers? How are these results communicated by the dealer?*

*To what extent do dealers offer a guarantee when selling a second-hand car? How do they offer this guarantee, what items does it cover, how long does it last and is it negotiable?*

*Do dealers use disclaimers in the sales process?*

*Are there differences in compliance and performance between different sales channels?*

*To what extent do dealers draft and sign clear sales contracts?*

*Do dealers present the necessary obligatory information when selling a second-hand car?*

*Do dealers refer to quality labels or codes of conduct?*

*Is the information in adverts useful for consumers?*

*What type of information is given regarding the previous owners and the history of the car?*

*What information is more often neglected in the adverts?*

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A first consideration when analysing dealer practices is to assess the different trade source types under the scope of this study. The consumer survey asked respondents from which trade source they had most recently bought a second-hand car – 42% had bought their most recent second-hand car from a franchise dealership, 54% from an independent dealership and 4% from an auction. These results are corroborated by the mystery shopping exercise, where 41% of cars assessed were found at a franchise dealership and 59% at an independent dealership<sup>53</sup>. Furthermore, 4% of consumer survey respondents had bought their most recent second-hand car from abroad<sup>54</sup>.

In terms of regional differences highlighted by the consumer survey, the proliferation of franchise dealerships was highest in the EU15 (46% vs. 23% in the EU13), whilst the EU13 had a higher prevalence of auction sales (11% vs. 3% in the EU15) and imported cars (13% vs. 2% in the EU15).

More detailed analysis of trader type is presented in chapter 6.1 (Market features).

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<sup>53</sup> The initial intention of the mystery shopping exercise was to have a 50:50 split between franchise and independent dealers. However, there was a relative shortage of franchise dealerships in Eastern European countries in particular, leading to a switch of some exercises from a franchise to an independent dealer

<sup>54</sup> Based on the question “Did you purchase this second-hand car from abroad?” – the respondent answer was based on personal perception and, hence, can include both cases where the consumer bought the car from a foreign-based dealer, as well as cases where the consumer asked a trader to import a car on their behalf

### 3.2.1 Pre-sales checks on the car

Before selling a second-hand car to a customer, a dealer should normally conduct various quality checks on the car before making it available for sale. These checks ensure that the dealer can correct any mechanical faults with the car pre-sale, assist their sales process by reassuring the consumer with the provision of sufficient information during the sale, or at least inform the consumer about any problems with the second-hand car prior to purchase. Such pre-sales checks not only protect the consumer – by providing more information about the car on sale upfront – but also protect the dealer from consumer complaints for which they would be liable within six months of sale<sup>55</sup>.

Whether or not there is a legal obligation to conduct certain checks varies by country.

*“There is no legal obligation to do these pre-sales checks, but due to the reputation dealers will do this, also because the car will be worth more” (Public Authority)*

*“There are rules on this in our country. You have to provide necessary information about a car - otherwise, the consumer has the right to give the car back” (Leasing Association)*

*“The car has to pass a technical control to certify that the car is roadworthy before being sold. The buyer can ask for this” (Public Authority)*

The stakeholders surveyed were asked the extent to which second-hand car traders made certain pre-sales checks on the car. As shown in the table below, dealers were least likely to check the car history in terms of previous owners, accidents/repairs and service history – and were more likely to check the car’s interior/exterior condition, mechanical condition and the presence of required documentation. Verifying the accuracy of the odometer reading stood in the middle of the various types of checks that dealers performed on a second-hand car prior to selling it.

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<sup>55</sup> As outlined in Directive 1999/44/EC, ‘Unless proved otherwise, any lack of conformity which becomes apparent within six months of delivery of the goods shall be presumed to have existed at the time of delivery, unless this presumption is incompatible with the nature of the goods or the nature of the lack of conformity’.



Table 3 Checks made by the dealer

Type of Check	Score
Condition of the car interior and exterior	8.0
Mechanical condition	7.8
Presence of all required documentation related to the car	7.8
Verify that the mileage of the car is accurate	7.0
Service history	6.4
History in terms of previous owners	6.3
History of accidents/repairs	6.3

Source: Stakeholder Survey Q6: On a scale from 1 to 10, where 1 means 'never' and 10 means 'all of the time', how often do dealers perform the following pre-sales checks on a second-hand car? (N=32)

Many stakeholders felt that franchise dealerships were more likely to make all of the above checks, often using standardised checklists for all members of a manufacturer label or a dealership association. However, some stakeholders felt that performing the checks was less an issue of dealership type and more an issue that varied by individual dealer attitudes. Furthermore, dealerships which had a garage attached were more likely to be able to conduct the necessary mechanical checks.

*“Checks on mechanical condition vary according to whether the dealership also has a garage attached” (Public Authority)*

*“The technical ability of the dealer to perform checks is very different from one dealer to the next. All of these checks are more difficult for the dealer to do when the car is sold cross-border” (Association of Dealers/Repairers)*

Considering the three car history-related items which received the lowest scores (6.3 and 6.4 out of 10) in terms of frequency of checks performed, these checks are often done only via a check of the service logbook of the car and rarely were there other information sources to find out about the car's overall history.

*“Regarding history, dealers usually only look at the logbook, if that” (Consumer Organisation)*

*“The service manual should provide service history but it is not always filled properly” (Consumer Organisation)*

Following on from answering the extent to which dealers performed certain key checks on the second-hand car, stakeholders were asked for the extent to which dealers revealed the outcomes of these checks to customers. As shown in the table below, scores about revealing these checks were rather lower, especially for two of the three history-related items and quite notably for checks on the car's mechanical condition.

Table 4 Revealing results of pre-sales checks to the customer

Type of Check	Score
Presence of all required documentation related to the car	7.7
Condition of the car interior and exterior	7.3
Verify that the mileage of the car is accurate	6.6
Service history	6.4
Mechanical condition	6.2
History in terms of previous owners	5.9
History of accidents/repairs	5.7

Source: Stakeholder Survey Q7: And of those pre-sales checks performed by dealers, how often do they fully disclose the results of these checks to the consumer purchasing the vehicle? (N=32)

The fact that scores for the disclosure of checks were lowest for the car’s mechanical condition or history in terms of previous owners, accidents and repairs (all scoring 5.7 – 6.2 out of 10) presents a clear risk to consumers. It means that consumers may be unaware of potential problems with the car, in the event that the dealer does not fully reveal the presence of mechanical faults or previous accidents that the car was involved in.

Stakeholders felt that this aspect could be considerably improved by dealers. The increased use of standardised checklists for dealers selling second-hand cars has improved transparency, especially among franchise dealerships, but the quotes below show that there are still considerable problems in terms of dealer practices:

*“There is a lack of awareness and professionalism and information is not always given spontaneously. This could be improved through regulations and through an awareness campaign among dealers, as it is in their interest to improve this aspect” (Association of Dealers/Repairers)*

*“Independent dealerships are getting better at presenting car history, but unauthorised traders show you a car with no checks at all - they look for the 'easy win’” (Association of Dealers/Repairers)*

*“Dealers do not always tell the consumer about the car history - only really if it is good news that will help to sell the car” (Consumer Organisation)*

*“Dealers provide this information selectively - they choose what to show. It will depend on how savvy the buyer is. Also, a lot of people know their dealer” (Trade Association)*

### 3.2.2 Information provided to the consumer

Following on from stakeholder insights about the extent to which dealers performed checks and then revealed the information about second-hand cars, the issue of information provision to the consumer was also explored in-depth in both the consumer survey and mystery shopping exercises.

#### 3.2.2.1 Consumer survey insights

Buyers of second-hand cars made their choice using different information that they did or did not receive from the various sales channels. Therefore, consumer respondents were asked which information was given to them by car traders themselves or seen via the car advert and which information was not given at all.

**Consumer survey respondents were asked whether they had received twenty different pieces of information.** Some pieces of information were rather rarely communicated in a car's advert or via the trader. While the majority of respondents received each of the twenty different pieces of information, a substantial proportion (24-27%) of consumers stated that they did not receive information on CO<sub>2</sub> emissions, consumer rights to a 'legal guarantee', maintenance costs and the safety or security reputation of the car. Equally high proportions stated that they received no information on accident history (23%) or mileage verification (21%). Information was more often received from traders and sales representatives than from car's adverts.

Most of the time, information came predominantly from one source only – either the car's advert or the trader. Only a small proportion of information was received from both the car's advert and the trader or sales representative (not reported within the table, but shown by the rows adding up to more than 100%).

As might be expected, information on the contract terms and conditions, roadworthiness/certifications, registration documents, service history/logbook and ownership history was more likely to come from the trader and information such as mileage, price, age, condition of interior/exterior and engine size was equally seen on car adverts or provided by the trader/sales representative. Only very small proportions of respondents received no information on price, age, mileage, condition of interior/exterior or engine size.

Furthermore, the proportion of respondents answering "Don't know" at this question was highest for information on consumer rights to a 'legal guarantee' (19%), CO<sub>2</sub> emissions (19%) and safety / security reputation (18%). This is indicative that consumer respondents did not look for these aspects, as they could not recall whether or not they had received this information pre-purchase. Considering the high proportion of "Don't know" answers related to consumer rights to a 'legal guarantee', this presents a key aspect of low market performance in terms of consumers being unaware of their rights in the event of post-purchase problems with their second-hand car and dealers not informing consumers about them. The fact that 35% of respondents didn't receive or didn't know whether they had received information on the checks concerning the verification of the odometer reading is a further indication of the asymmetry of information between traders and consumers.

Table 5 Information received about the second-hand car

	Saw on car / advert	Provided by trader	Not received	Don't Know
Price	53%	54%	2%	4%
Age	53%	52%	2%	5%
Mileage	56%	50%	3%	5%
Condition of interior/exterior	45%	53%	5%	6%
Engine size	49%	48%	5%	8%
Roadworthiness or inspection certificate	21%	63%	10%	10%
Service history / logbook	18%	68%	10%	8%
Contract terms and conditions	13%	70%	9%	11%
Condition of tyres	30%	53%	12%	9%
Previous registration documents	14%	66%	12%	11%
Condition of engine	24%	57%	14%	10%
Fuel consumption	34%	47%	14%	10%
Speed / performance	36%	45%	14%	11%
History in terms of previous owners	15%	61%	18%	10%
Car mileage check(s) to verify reading is accurate	23%	48%	21%	13%
History in terms of accidents/repairs	14%	54%	23%	12%
Maintenance cost (e.g. service intervals)	13%	48%	27%	14%
Safety / security reputation	18%	43%	24%	18%
Information on consumer rights to a 'legal guarantee'	12%	47%	24%	19%
CO <sub>2</sub> emissions	23%	36%	27%	19%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (EU28 N=24,259)

The two tables below summarise the socio-demographic differences, by calculating the proportion of people who received information (either via the advert or from the trader). There was relatively little difference by gender, although women were less likely to have received information on the engine condition (74% vs. 77% for men), their rights as a consumer to a legal guarantee (54% vs. 59%) and information on CO<sub>2</sub> emissions (53% vs. 57%). Considering age, a general trend was that those aged 55+ received the most information, whilst those aged 18-34 tended to receive the least in the majority of the cases.

Considering the impact of education<sup>56</sup> and income<sup>57</sup>, the tables below show that a number of the information items were less likely to be received from respondents with the lowest levels of education and income.

In terms of dealership type, the general trend was for the most information to be provided for a car sold at a franchise dealership, with the least information being provided for cars bought at auction for the majority of items listed below. When it comes to car mileage checks, condition of engine, history of accidents/repairs and previous registration documents, the highest amount of information was provided for cars purchased from abroad.

There were relatively few differences between the EU15 and the EU13, though it is notable that respondents in the EU13 were less likely to receive information on their consumer rights to a legal guarantee (49% vs. 58% in the EU15). EU13 respondents were also less likely to receive information about service history (79% vs. 83%), the car mileage check(s) (62% vs. 67%), maintenance costs (54% vs. 59%) and CO<sub>2</sub> emissions (50% vs. 56%). EU13 consumer respondents were, however, more likely to receive information on contract terms and conditions (83% vs. 79% in the EU15), previous registration documents (81% vs. 76%) and engine size (91% vs. 87%).

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<sup>56</sup> The definition of the education levels is as follows: Respondents were asked “At what stage did you complete your full time studies?”. Those answering “Elementary (primary) school or less” or “Some high (secondary) school” are coded as “Primary / partial secondary”; those answering “Graduation from high (secondary) school” are coded as “Completed secondary”. Those answering “Graduation from college, university or other third-level institute” or “Post-graduate degree (Masters, PhD) beyond your initial degree” are coded as “(Post-)Graduate”. Those answering “Other qualification” are not included in this education level analysis.

<sup>57</sup> The three income groups – low, medium and high – were defined by first asking respondents to assign themselves into one of five possible income categories in their local currency, then converting these into Euro categories at the analysis phase. These income groups were then distributed into actual values in a random manner. Purchasing Power Parities (PPP) were then applied to these values, before finally assigning these income values into the three income groups, so that they would equally account for one third of the respondents at EU28 level post-weighting. The PPP data was taken from:

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=tec00120>

Table 6 Information received about the second-hand car – information items received, by socio-demographics (1)

	Price	Age	Mileage	Condition of interior/exterior	Engine Size	Service history / logbook	Roadworthiness or Inspection Certificate	Contract terms and conditions	Condition of tyres	Previous registration documents
EU28	94%	93%	93%	89%	88%	82%	80%	80%	79%	77%
EU15	94%	94%	93%	89%	87%	83%	80%	79%	79%	76%
EU13	93%	93%	91%	89%	91%	79%	81%	83%	77%	81%
Male	94%	93%	93%	89%	90%	81%	82%	80%	79%	77%
Female	94%	94%	93%	89%	86%	83%	78%	79%	78%	77%
18-34	91%	90%	90%	86%	83%	78%	78%	78%	76%	75%
35-54	94%	94%	93%	89%	89%	83%	79%	79%	78%	77%
55+	98%	97%	97%	93%	93%	85%	85%	84%	84%	81%
Primary / partial secondary	92%	92%	91%	86%	87%	80%	80%	77%	76%	79%
Completed secondary	94%	94%	93%	90%	87%	82%	80%	80%	80%	76%
(Post-)Graduate	95%	94%	94%	90%	89%	83%	81%	81%	79%	79%
Low income	93%	92%	90%	88%	86%	79%	81%	80%	79%	78%
Medium income	95%	95%	94%	91%	90%	82%	81%	80%	79%	78%
High income	95%	95%	94%	91%	90%	85%	81%	82%	81%	77%
Imported	88%	88%	88%	85%	88%	80%	80%	79%	74%	81%
Franchise	95%	94%	94%	90%	89%	86%	81%	84%	80%	77%
Independent	94%	93%	93%	89%	87%	79%	80%	77%	78%	77%
Auction	85%	88%	86%	84%	83%	77%	75%	71%	74%	77%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (EU28 N=24,259)

Table 7 Information received about the second-hand car – information items received, by socio-demographics (2)

	Condition of engine	Fuel consumption	Speed / performance	History in terms of previous owners	Car mileage check(s) to verify reading is accurate	History of accidents/repairs	Maintenance cost (e.g. service intervals)	Safety / security reputation	Consumer rights to a 'legal guarantee'	CO <sub>2</sub> emissions
EU28	76%	76%	75%	73%	66%	65%	58%	58%	57%	55%
EU15	75%	75%	75%	73%	67%	66%	59%	58%	58%	56%
EU13	79%	78%	73%	73%	<b>62%</b>	63%	<b>54%</b>	57%	<b>49%</b>	<b>50%</b>
Male	77%	75%	74%	73%	67%	66%	59%	60%	59%	57%
Female	<b>74%</b>	76%	76%	73%	65%	65%	58%	56%	<b>54%</b>	<b>53%</b>
18-34	73%	75%	75%	71%	65%	67%	58%	58%	55%	56%
35-54	75%	74%	74%	72%	64%	<b>63%</b>	56%	56%	55%	52%
55+	<b>81%</b>	<b>79%</b>	77%	<b>77%</b>	<b>69%</b>	67%	<b>63%</b>	<b>62%</b>	<b>62%</b>	58%
Primary / partial secondary	74%	<b>73%</b>	<b>69%</b>	<b>67%</b>	67%	<b>63%</b>	60%	<b>57%</b>	56%	56%
Completed secondary	78%	76%	77%	74%	66%	67%	57%	58%	58%	54%
(Post-)Graduate	74%	76%	74%	74%	66%	65%	59%	59%	56%	56%
Low income	76%	75%	74%	72%	67%	65%	<b>62%</b>	59%	58%	57%
Medium income	76%	76%	75%	73%	65%	66%	58%	58%	56%	<b>53%</b>
High income	76%	77%	77%	75%	67%	68%	58%	59%	59%	58%
Imported	<b>80%</b>	77%	75%	73%	<b>69%</b>	70%	60%	<b>64%</b>	52%	<b>60%</b>
Franchise	77%	<b>80%</b>	<b>80%</b>	73%	68%	69%	<b>65%</b>	<b>65%</b>	<b>65%</b>	<b>63%</b>
Independent	75%	72%	72%	73%	64%	<b>63%</b>	54%	54%	51%	49%
Auction	73%	<b>68%</b>	<b>66%</b>	<b>67%</b>	66%	66%	56%	53%	53%	52%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (EU28 N=24,259)

The following two tables list differences by country for each of the information types. As with the above two socio-demographic tables, the figures shown in the table below correspond to the proportion of respondents receiving information (either from the advert or the trader). Some notable country results are:

- Respondents in Lithuania were the least likely to receive information on **service history / a logbook** (63%) or **contract terms and conditions** (59%);
- Information on a **Roadworthiness Certificate** was particularly low in Croatia (28%);
- Iceland scored the lowest for information on **condition of the engine** (52%), **fuel consumption** (55%), **speed / performance** (54%), maintenance costs (35%) and CO<sub>2</sub> emissions (32%);
- When it comes to **mileage checks and odometer accuracy**, respondents in Iceland (24%), Latvia (47%), Lithuania (51%), Finland (50%), Denmark (51%) and Estonia (51%) were the least likely to have received such information;
- Respondents in Malta (42%), Latvia (43%), Bulgaria (46%) and Sweden (48%) were the least likely to have received information on **history of accidents/repairs**;
- When it comes to information on consumer rights to a **legal guarantee**, Iceland (25%), Lithuania (26%), Latvia (26%), Bulgaria (35%) and Malta (36%) scored much below the EU average for the percentage of respondents that received this information (57% EU average).



Table 8 Information received about the second-hand car – information items received, by country (1)

	Price	Age	Mileage	Condition of interior/exterior	Engine Size	Roadworthiness or Inspection Certificate	Service history / logbook	Contract terms and conditions	Condition of tyres	Previous registration documents
<b>EU28</b>	<b>94%</b>	<b>93%</b>	<b>93%</b>	<b>89%</b>	<b>88%</b>	<b>80%</b>	<b>82%</b>	<b>80%</b>	<b>79%</b>	<b>77%</b>
AT	97%	96%	96%	93%	87%	83%	84%	86%	83%	80%
BE	94%	93%	92%	88%	87%	82%	81%	74%	73%	82%
BG	97%	96%	92%	91%	95%	70%	70%	81%	83%	78%
CY	100%	100%	98%	100%	92%	88%	69%	92%	98%	91%
CZ	94%	94%	91%	91%	92%	89%	75%	89%	78%	83%
DE	94%	94%	94%	92%	88%	80%	81%	85%	81%	70%
DK	88%	89%	87%	81%	83%	69%	77%	74%	66%	60%
EE	98%	98%	93%	93%	96%	67%	75%	77%	80%	65%
EL	97%	95%	96%	93%	91%	81%	85%	83%	85%	86%
ES	95%	93%	94%	93%	92%	90%	80%	85%	86%	79%
FI	95%	95%	93%	90%	91%	80%	89%	83%	86%	60%
FR	95%	95%	95%	87%	86%	87%	83%	76%	77%	79%
HR	98%	97%	95%	96%	93%	28%	83%	83%	83%	73%
HU	91%	91%	90%	89%	89%	87%	75%	85%	79%	70%
IE	97%	97%	97%	94%	96%	76%	86%	78%	81%	83%
IT	95%	93%	92%	91%	80%	69%	85%	86%	83%	86%
LT	94%	93%	91%	91%	89%	68%	63%	59%	82%	82%
LU	96%	96%	95%	90%	89%	92%	87%	84%	79%	78%
LV	98%	98%	95%	94%	97%	75%	72%	69%	86%	72%
MT	98%	97%	91%	94%	97%	71%	78%	78%	73%	75%
NL	93%	92%	92%	84%	83%	88%	78%	65%	77%	70%
PL	92%	91%	90%	86%	90%	86%	84%	86%	73%	84%
PT	95%	95%	93%	91%	85%	85%	79%	84%	83%	78%

	Price	Age	Mileage	Condition of interior/exterior	Engine Size	Roadworthiness or Inspection Certificate	Service history / logbook	Contract terms and conditions	Condition of tyres	Previous registration documents
RO	92%	91%	<b>90%</b>	88%	90%	84%	78%	85%	81%	85%
SE	<b>91%</b>	91%	91%	85%	84%	76%	82%	73%	77%	<b>67%</b>
SI	97%	97%	94%	<b>95%</b>	91%	87%	85%	74%	77%	75%
SK	95%	96%	94%	91%	91%	<b>90%</b>	83%	87%	78%	73%
UK	93%	92%	91%	87%	91%	72%	<b>87%</b>	70%	74%	82%
IS	92%	93%	96%	86%	<b>83%</b>	70%	82%	72%	77%	<b>69%</b>
NO	98%	<b>98%</b>	<b>98%</b>	89%	92%	83%	<b>90%</b>	<b>90%</b>	83%	<b>67%</b>

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative, and which information did you not receive at all? (N=25,286)

Table 9 Information received about the second-hand car – information items received, by country (2)

	Condition of engine	Fuel consumption	Speed / performance	History in terms of previous owners	Car mileage check(s) to verify reading is accurate	History of accidents/ repair	Maintenance cost (e.g. service intervals)	Safety / security reputation	Information on consumer rights to a 'legal guarantee'	CO <sub>2</sub> emissions
<b>EU28</b>	<b>76%</b>	<b>76%</b>	<b>75%</b>	<b>73%</b>	<b>66%</b>	<b>65%</b>	<b>58%</b>	<b>58%</b>	<b>57%</b>	<b>55%</b>
AT	75%	76%	90%	80%	67%	68%	59%	58%	69%	56%
BE	73%	77%	60%	59%	79%	55%	56%	53%	60%	56%
BG	78%	84%	72%	59%	55%	46%	56%	58%	35%	44%
CY	94%	74%	79%	69%	69%	60%	71%	86%	61%	40%
CZ	77%	77%	83%	77%	52%	58%	50%	53%	59%	64%
DE	78%	75%	88%	79%	66%	76%	57%	59%	68%	62%
DK	67%	81%	67%	59%	51%	51%	50%	50%	43%	33%
EE	69%	82%	68%	59%	51%	52%	61%	54%	41%	37%
EL	88%	81%	82%	70%	72%	74%	72%	75%	59%	62%
ES	87%	77%	86%	67%	74%	60%	62%	68%	69%	56%
FI	64%	73%	71%	65%	50%	55%	58%	62%	48%	61%
FR	73%	71%	68%	59%	64%	69%	67%	54%	52%	53%
HR	83%	86%	79%	69%	57%	51%	57%	50%	45%	58%
HU	77%	76%	81%	67%	74%	63%	58%	64%	56%	54%
IE	75%	65%	58%	81%	62%	57%	51%	57%	41%	50%
IT	86%	79%	73%	83%	78%	67%	64%	69%	63%	56%
LT	75%	80%	62%	66%	51%	57%	55%	48%	26%	37%
LU	76%	78%	86%	68%	63%	70%	55%	65%	57%	70%
LV	76%	81%	80%	63%	47%	43%	42%	42%	26%	34%
MT	82%	64%	67%	62%	71%	42%	41%	64%	36%	61%
NL	73%	75%	64%	61%	68%	54%	55%	54%	51%	42%
PL	79%	80%	69%	76%	64%	69%	53%	56%	51%	45%

	Condition of engine	Fuel consumption	Speed / performance	History in terms of previous owners	Car mileage check(s) to verify reading is accurate	History of accidents/ repair	Maintenance cost (e.g. service intervals)	Safety / security reputation	Information on consumer rights to a 'legal guarantee'	CO <sub>2</sub> emissions
PT	82%	79%	72%	68%	70%	49%	56%	65%	61%	53%
RO	85%	79%	81%	79%	73%	70%	65%	70%	62%	73%
SE	64%	79%	64%	64%	53%	48%	55%	59%	42%	49%
SI	80%	79%	79%	75%	56%	58%	58%	56%	45%	49%
SK	83%	76%	85%	82%	66%	61%	54%	70%	56%	59%
UK	65%	71%	65%	81%	67%	55%	54%	55%	50%	57%
IS	52%	55%	54%	75%	24%	60%	35%	41%	25%	32%
NO	71%	72%	70%	74%	61%	61%	57%	60%	55%	40%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative, and which information did you not receive at all? (N=25,286)

### **3.2.2.2 Mystery shopping insights about information provided in the car's advert**

As part of their process of searching for a second-hand car to assess, mystery shoppers noted down which information aspects were provided on the car's advert<sup>58</sup>. As the mystery shoppers had been requested to look for cars that had a certain age and mileage, this information was provided in 100% of adverts assessed. Furthermore, information on the car's price, transmission type (whether the car is manual or automatic), engine size and fuel type was provided in over 90% of adverts assessed.

Considering information related to the car's history, 41% of adverts indicated that the car had a full service history, 29% gave details on the number of previous owners, 12% stated the car's history of accidents and repairs and just 9% gave details on the car's type of previous owners. These results show the relatively low amount of information currently available on adverts regarding a car's history. Due to this paucity of information about the car's history given in the advert, consumers are therefore usually obliged to ask a sales representative at the point of sale about the car's history in order to fill the information gap.

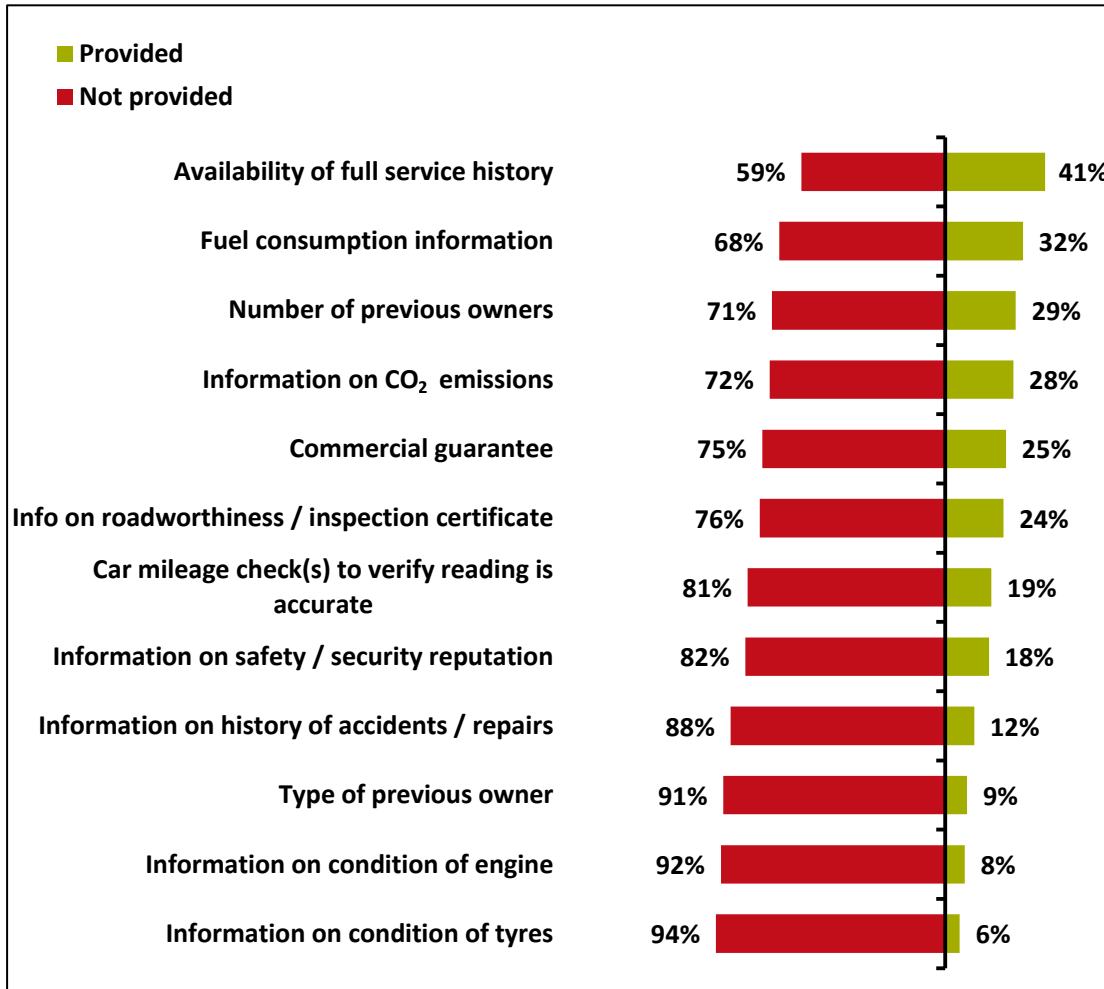
Analysis of mystery shopping results showed that fuel consumption information and information on CO<sub>2</sub> emissions was provided in approximately 3 out of 10 cases. Information on the condition of tyres and engine was provided in less than 10% of the cases, whereas information on car mileage checks to verify that the odometer is accurate was provided for less than 20% of the cases.

The graph below summarises the information items that were less commonly available in the advert.

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<sup>58</sup> The adverts assessed were mostly on internet car portals (67%), followed by dealer websites (26%) and brand / manufacturer websites (4%).

Figure 4 Information provided in the advert



Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer (EU28 N=1139)

The table below shows the percentage of information provided per **dealership type**. Independent dealerships generally provided more information, except for information on CO<sub>2</sub> emissions and the commercial guarantee.

**Table 10 Information provided – per dealership type**

	Total	Franchise dealership	Independent dealership
Availability of full service history	<b>41%</b>	<b>38%</b>	43%
Fuel consumption information	<b>32%</b>	31%	32%
Number of previous owners	<b>29%</b>	30%	29%
Information on CO <sub>2</sub> emissions	<b>28%</b>	30%	27%
Commercial guarantee	<b>25%</b>	27%	24%
Information on roadworthiness or inspection certificate	<b>24%</b>	22%	26%
Car mileage check(s) to verify reading is accurate	<b>19%</b>	18%	20%
Information on safety / security reputation	<b>18%</b>	16%	20%
Information on history of accidents and/or repairs	<b>12%</b>	11%	14%
Type of previous owner	<b>9%</b>	8%	9%
Information on condition of engine	<b>8%</b>	<b>5%</b>	9%
Information on condition of tyres	<b>6%</b>	<b>2%</b>	9%

Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer (EU28 N=1139)

The table below shows the percentage of information provided per **car segment**. The adverts for the younger cars generally provided more information versus the other two segments. There was a particularly large difference in information provision regarding the commercial guarantee between the 3 car segments, with the adverts for the older cars providing it the least (17% vs. 37% for younger cars). Younger cars tended to have the most information about the car's history, in terms of number and type of previous owners, service history and history of accidents / repairs.

**Table 11 Information provided – per car segment**

	Total	Younger (small) cars	Middle-aged (medium) cars	Older (large) cars
Availability of full service history	<b>41%</b>	<b>49%</b>	41%	<b>33%</b>
Fuel consumption information	<b>32%</b>	32%	34%	29%
Number of previous owners	<b>29%</b>	33%	30%	<b>25%</b>
Information on CO <sub>2</sub> emissions	<b>28%</b>	32%	29%	<b>24%</b>
Commercial guarantee	<b>25%</b>	<b>37%</b>	21%	<b>17%</b>
Information on roadworthiness or inspection certificate	<b>24%</b>	25%	24%	25%
Car mileage check(s) to verify reading is accurate	<b>19%</b>	22%	19%	18%
Information on safety / security reputation	<b>18%</b>	20%	18%	16%
Information on history of accidents and/or repairs	<b>12%</b>	14%	11%	12%
Type of previous owner	<b>9%</b>	10%	7%	9%
Information on condition of engine	<b>8%</b>	7%	6%	10%
Information on condition of tyres	<b>6%</b>	5%	5%	9%

Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer (EU28 N=1139)

When it comes to analysing results by EU region, advertisements from EU15 countries provided much more information on CO<sub>2</sub> emissions (43% vs. 11% in the EU13), fuel consumption (46% vs. 15%), commercial guarantee (32% vs. 17%) and marginally more information on car mileage checks and roadworthiness or inspection certificate. On the other hand, advertisements from EU13 countries provided three times more information on history of accidents and repairs (19% vs. 6% in the EU15), twice as much information on the condition of engine (11% vs. 5%) and tyres (8% vs. 4%) and also more information on the car's service history (48% vs. 35%) and safety and security reputation (23% vs. 14%).



Table 12 Information provided – per region

	Total	EU15	EU13
Availability of full service history	41%	35%	48%
Fuel consumption information	32%	46%	15%
Number of previous owners	29%	26%	33%
Information on CO <sub>2</sub> emissions	28%	43%	11%
Commercial guarantee	25%	32%	17%
Information on roadworthiness or inspection certificate	24%	25%	23%
Car mileage check(s) to verify reading is accurate	19%	21%	17%
Information on safety / security reputation	18%	14%	23%
Information on history of accidents and/or repairs	12%	6%	19%
Type of previous owner	9%	9%	8%
Information on condition of engine	8%	5%	11%
Information on condition of tyres	6%	4%	8%

Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer (EU28 N=1139)

The table hereafter provides the information by **country**. In total, higher proportions of the various information items were provided in the United Kingdom, the Netherlands, Slovenia and Germany.

Table 13 Information provided – per country

	Availability of full service history	Fuel consumption	Number of previous owners	CO <sub>2</sub> emissions	Commercial guarantee	Roadworthiness or inspection certificate	Car mileage check(s)	Safety and security reputation	History of accidents and repairs	Type of previous owner	Condition of the engine	Condition of the tyres
<b>EU28</b>	<b>41%</b>	<b>32%</b>	<b>29%</b>	<b>28%</b>	<b>25%</b>	<b>24%</b>	<b>19%</b>	<b>18%</b>	<b>12%</b>	<b>9%</b>	<b>8%</b>	<b>6%</b>
AT	27%	68%	25%	65%	30%	10%	5%	5%	3%	5%	13%	5%
BE	12%	55%	45%	57%	38%	43%	43%	12%	3%	5%	2%	2%
BG	45%	4%	4%	10%	6%	10%	18%	40%	6%	6%	18%	4%
CY	0%	20%	0%	10%	15%	15%	0%	10%	5%	0%	5%	10%
CZ	75%	3%	62%	13%	63%	43%	33%	33%	25%	17%	15%	8%
DE	55%	88%	65%	85%	23%	40%	0%	30%	10%	17%	8%	5%
DK	52%	80%	40%	0%	8%	12%	10%	10%	2%	13%	5%	2%
EE	67%	10%	13%	0%	20%	43%	27%	17%	3%	3%	7%	3%
EL	65%	26%	8%	24%	22%	22%	16%	16%	42%	12%	10%	6%
ES	32%	43%	12%	48%	75%	20%	28%	8%	8%	25%	10%	10%
FI	62%	76%	26%	76%	4%	28%	10%	10%	6%	6%	2%	4%
FR	20%	25%	25%	30%	28%	8%	8%	15%	3%	5%	0%	0%
HR	25%	8%	51%	8%	8%	5%	13%	44%	5%	8%	10%	3%
HU	70%	8%	50%	8%	8%	73%	33%	23%	18%	22%	8%	8%
IE	30%	10%	35%	5%	40%	50%	40%	5%	0%	5%	0%	5%
IT	7%	50%	27%	47%	48%	3%	12%	5%	3%	12%	8%	8%
LT	47%	17%	3%	3%	7%	7%	3%	3%	7%	3%	3%	7%
LU	10%	0%	0%	5%	15%	5%	0%	15%	5%	0%	0%	0%
LV	50%	13%	3%	0%	3%	23%	23%	3%	7%	0%	3%	7%

	Availability of full service history	Fuel consumption	Number of previous owners	CO <sub>2</sub> emissions	Commercial guarantee	Roadworthiness or inspection certificate	Car mileage check(s)	Safety and security reputation	History of accidents and repairs	Type of previous owner	Condition of the engine	Condition of the tyres
MT	15%	0%	10%	0%	10%	0%	10%	10%	0%	5%	20%	20%
NL	32%	78%	20%	60%	35%	55%	60%	45%	3%	17%	3%	0%
PL	61%	3%	57%	0%	18%	18%	12%	32%	52%	15%	20%	7%
PT	17%	5%	27%	0%	63%	20%	10%	15%	3%	2%	3%	5%
RO	30%	5%	30%	30%	10%	23%	15%	20%	25%	12%	15%	23%
SE	40%	5%	15%	60%	23%	18%	10%	5%	3%	7%	3%	0%
SI	82%	63%	82%	53%	40%	10%	23%	33%	73%	5%	10%	8%
SK	50%	45%	55%	13%	13%	33%	15%	30%	28%	7%	8%	3%
UK	59%	83%	25%	82%	28%	48%	70%	12%	2%	5%	7%	15%
IS	45%	0%	0%	65%	0%	0%	0%	0%	0%	0%	10%	5%
NO	27%	0%	35%	33%	80%	23%	8%	13%	5%	2%	10%	8%

Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer (N=1199)

### 3.2.2.2.1.1 Photographs in the advert

A key strength of internet car portals has been to allow the upload of multiple photographs of a car (as opposed to adverts in magazines, which commonly have no picture or one picture). These photographs allow the consumer to briefly visually assess the car before a physical visit to a dealership. Generally, a higher number of photographs in a second-hand car advert enables the consumer to observe the car from various angles and thus build up his/her trust in the car before paying a visit to the dealer.

Mystery shoppers were asked to indicate how many photographs were available in the advert to show the car interior and exterior. The **average number of photographs of the car interior was 3.9 and of the exterior 4.7.**

When comparing the numbers of photographs for the different **car segments**, the highest average number of photographs was found for older cars (interior 4.0 and exterior 4.9). In terms of **dealership type**, it is noticeable that independent dealerships had on average more photographs available for both interior and exterior, 4.4 and 5.2 photos respectively versus only 3.1 and 3.9 for franchise dealerships. There was no real difference between advertisements in EU15 and EU13 countries.

Table 14 Average number of photographs of car

	Average number of photographs of car interior	Average number of photographs of car exterior	Total number of photographs
<b>EU28</b>	<b>3.9</b>	<b>4.7</b>	<b>8.6</b>
EU15	4.0	4.6	8.6
EU13	3.8	4.7	8.5
Franchise dealership	<b>3.1</b>	<b>3.9</b>	<b>7.0</b>
Independent dealership	<b>4.4</b>	<b>5.2</b>	<b>9.6</b>
Younger (small) cars	3.9	4.6	8.4
Middle-aged (medium) cars	3.7	4.6	8.3
Older (large) cars	4.0	4.9	<b>8.9</b>

Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer: Number of photographs of car interior and car exterior? (EU28 N=1139)

The table below shows the average number of photographs per **country**. When looking more in depth, the countries that had the highest number of photographs available of the second-hand car in their advertisements were by far the Czech Republic, Norway, the Netherlands and Portugal.

Table 15 Average number of photographs of car – per country

	Average number of photographs of car interior	Average number of photographs of car exterior	Total number of photographs
<b>EU28</b>	<b>3.9</b>	<b>4.7</b>	<b>8.6</b>
CZ	8.9	9.1	18.0
NL	7.7	6.1	13.8
PT	7.3	6.1	13.4
SK	5.8	5.9	11.7
ES	6.0	5.6	11.6
LT	5.4	5.3	10.7
BG	4.9	5.4	10.3
DE	4.7	5.4	10.1
EL	4.3	5.3	9.6
SI	3.9	5.1	9.0
BE	4.0	4.5	8.5
DK	4.0	4.5	8.5
PL	3.5	5.0	8.5
AT	4.1	4.3	8.4
UK	3.2	5.0	8.2
HU	3.0	4.9	7.9
EE	3.3	4.3	7.6
IT	3.3	4.1	7.4
LV	3.7	3.4	7.1
IE	2.9	4.2	7.1
HR	2.5	4.2	6.7
FR	2.7	3.8	6.5
RO	2.2	4.2	6.4
FI	2.5	3.8	6.3
SE	1.9	4.3	6.2
MT	1.3	3.0	4.3
LU	1.2	2.7	3.9
CY	0.7	1.6	2.3
IS	2.2	4.0	6.2
NO	8.6	7.6	16.2

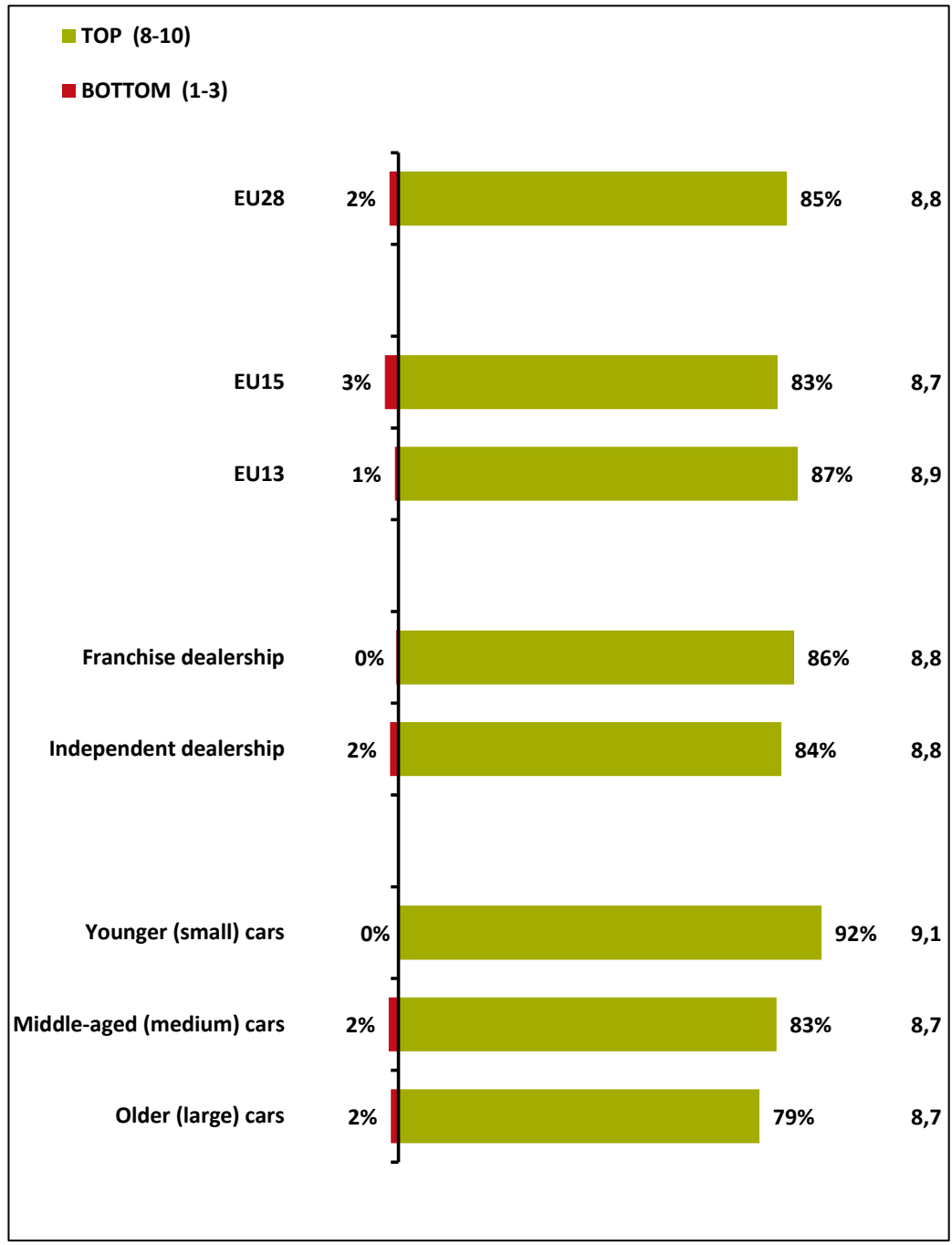
Source: Mystery Shopping Q7: Please fill in the below details, based on the information available to you prior to contacting the dealer: Number of photographs of car interior and car exterior? (N=1199)

Mystery shoppers that conducted a face-to-face visit to a dealership were subsequently asked to look at the car before engaging with the trader to see whether the car's appearance matched the photos that they had seen previously in the advert and to look for any possible disclaimers on the car itself.

In 85% of cases, the car's appearance matched the advert completely or almost completely. Only in 2% of cases did it not match at all.

For the different **types of dealership**, differences were rather minor. Franchise dealerships scored 86% and independent dealerships scored 84% in terms of matching completely. When analysing by **car segment**, the appearance of older cars matched the least with the advert (79% matched completely or almost completely with the advert). Younger cars on the contrary matched in 92% of cases (almost) completely with the advert. The average matching score for EU13 countries was a little higher than for EU15 countries, namely 8.9 versus 8.7.

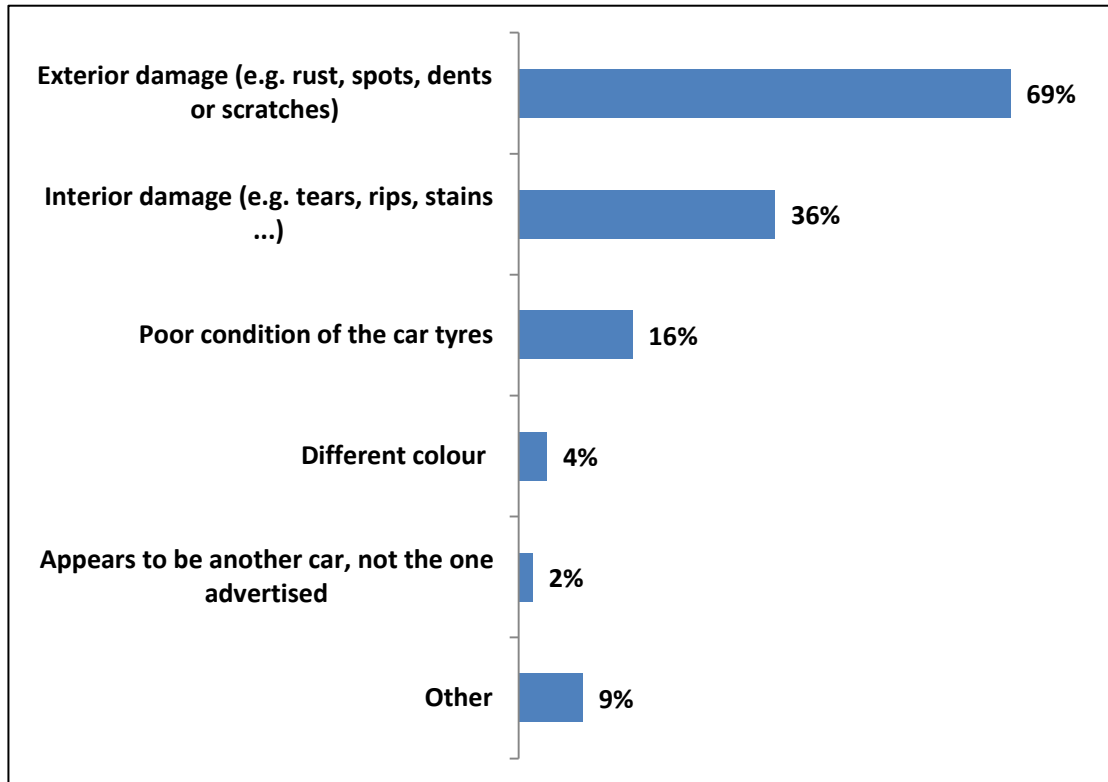
Figure 5 Matching car appearance and advert



Source: Mystery Shopping Q14: To what extent did the car's appearance match the photos that you had seen in the advert? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is Completely (EU28 N=570)

When there were differences noticed (scores between 0 to 7, where 8-10 indicate complete or almost complete matching), mystery shoppers were asked more specifically which differences they noticed, going from exterior (e.g. rust, spots, dents or scratches) or interior (e.g. tears, rips, stains ...) damage, to poor condition of the tyres, colour differences or seeing a completely different car to the one that was advertised. As seen in the figure below, for the 125 cases where noticeable differences were observed, these were mostly related to exterior damage (69%), followed by interior damage (36%).

Figure 6 Differences compared to the advert



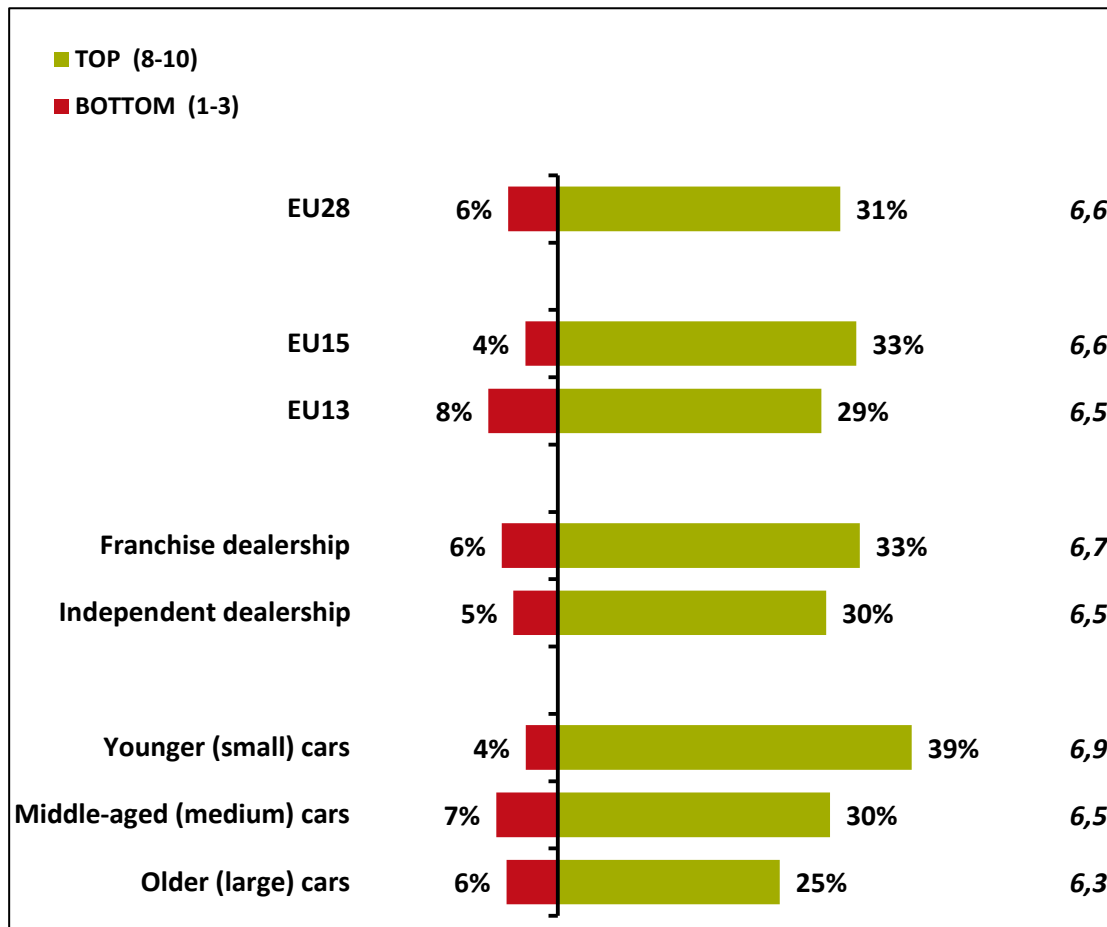
Source: Mystery Shopping Q15: What differences are there? (EU28 N=125)

### 3.2.2.2.1.2 Usefulness of advert consulted

Mystery shoppers were then asked to rate the car advert according to its usefulness. When considering the bottom score (score 1-3), 6% of mystery shoppers reported that the information found via the advert was not useful at all. On the contrary, approximately one third (31%) of them argued that the information received was very useful (top score 8-10).

Franchise dealerships scored slightly higher on usefulness of the advert versus independent dealerships (6.7 versus 6.5). The graph also shows that the usefulness of the advert decreased as the car becomes older (6.9 for younger cars versus 6.3 for older cars). The rating for usefulness of the advert was higher for EU15 countries (33% reporting high scores) than for EU13 countries (29%).

Figure 7 Usefulness of the advert



Source: Mystery Shopping Q10: How useful was the information you received in this advert (so for the second-hand car that you have selected for your assessment? Please answer using a scale from 1 to 10 where 1 is Not at all useful and 10 Completely useful. (EU28 N=1139)

When looking at **country** level analysis, the highest rating for usefulness was for adverts from the United Kingdom (average score 8.0), Portugal and Cyprus (7.6) and the lowest for Ireland (5.0).



Table 16 Usefulness of the advert – per country

	Top (score 8-10)	Bottom (score 1-3)	Mean
<b>EU28</b>	<b>31%</b>	<b>6%</b>	<b>6.6</b>
UK	68%	3%	8.0
CY	59%	10%	7.6
PT	45%	0%	7.6
IT	65%	0%	7.5
FI	55%	3%	7.5
DE	38%	0%	7.3
FR	42%	0%	7.2
PL	50%	5%	7.2
EL	48%	0%	7.2
HU	48%	5%	7.2
SK	33%	5%	7.0
BE	30%	0%	6.9
HR	37%	5%	6.7
SI	38%	5%	6.7
AT	33%	3%	6.6
SE	28%	0%	6.5
ES	18%	10%	6.3
EE	10%	3%	6.3
DK	37%	12%	6.2
LU	13%	3%	6.2
RO	22%	13%	6.0
BG	22%	12%	5.9
LT	10%	7%	5.8
CZ	20%	15%	5.7
MT	5%	0%	5.5
LV	7%	10%	5.4
NL	5%	15%	5.2
IE	10%	15%	5.0
IS	23%	5%	6.6
NO	18%	5%	5.9

Source: Mystery Shopping Q10: How useful was the information you received in this advert (so for the second-hand car that you have selected for your assessment? Please answer using a scale from 1 to 10 where 1 is Not at all useful and 10 Completely useful. (N=1199)

### 3.2.2.3 Mystery shopping insights about information provided by the dealer

#### 3.2.2.3.1 Information provided spontaneously

Mystery shoppers were subsequently asked for certain information items which were given spontaneously to them by car traders (either during the phone interviews or the physical visits to the various dealerships). While the majority (around 7 out of 10) received spontaneously information

about age, price, car mileage and the condition of interior and exterior, some information was rather rarely communicated by the trader. Almost no traders spontaneously provided information on consumer rights to a 'legal guarantee' (5%), CO<sub>2</sub> emissions (8%) and maintenance costs (11%). Also, only 1 in 5 dealers gave information on car mileage checks and approximately 3 out of 10 on the history of accidents/repairs. There were no large differences between independent or franchise dealers. The most striking ones were that franchise dealers gave more information on commercial guarantees (26% vs. 22%), whereas independent dealers gave more information on the mechanical condition of the cars in question (61% vs. 57%). These results are summarised below:

**Table 17 Information provided spontaneously - by dealership type**

	Total	Franchise	Independent
Age	73%	74%	72%
Car mileage	72%	73%	71%
Price	72%	71%	73%
Condition of interior/exterior	71%	69%	72%
Engine size	62%	62%	62%
Mechanical condition (engine, steering, gears, etc.)	60%	57%	61%
History in terms of previous owners	46%	48%	45%
Service history/logbook	44%	45%	43%
Condition of tyres	36%	35%	36%
History of accidents/repairs	27%	25%	29%
Roadworthiness or inspection certificate	26%	25%	26%
Fuel consumption	25%	24%	26%
Commercial guarantee	23%	26%	22%
Car mileage check(s)	21%	20%	22%
Previous registration documents	18%	18%	19%
Speed / performance	18%	16%	19%
Safety / security reputation	16%	16%	16%
Contract terms and conditions	14%	14%	14%
Maintenance cost (e.g. service intervals)	11%	11%	11%
CO <sub>2</sub> emissions	8%	8%	7%
Information on consumer rights to a 'legal guarantee'	5%	6%	4%
Other	3%	3%	4%

Source: Mystery Shopping Q17: I saw this car for sale. Please can you tell me a bit more about the car? (EU28 N=1139)

The following table compares the conditions according to car segment<sup>59</sup> and EU region (EU15 versus EU13), in order to assess the extent to which car type and region impact on the information spontaneously provided to the consumer. When comparing the different **car segments**, it is noticeable that dealers were more likely to spontaneously provide information on almost all items for the younger cars. As shown below, information items were given in higher proportions by dealers in the EU13 than the EU15, especially on the interior/exterior condition, engine size,

<sup>59</sup> "Younger (small) cars" = registered in 2009, with 40-60,000km; "Middle-aged (medium) cars" = registered in 2005, with 100-125,000km; "Older (large) cars" = registered in 2001, 125-150,000km

mechanical condition, history (in terms of servicing, previous owners and accidents/repairs), tyre condition, registration documents and information on safety/security reputation. The only item significantly more available by dealers in the EU15 than the EU13 was a commercial guarantee.

**Table 18 Information provided spontaneously - by car segment and EU region**

	Car segment			EU region	
	Younger (small) cars	Middle-aged (medium) cars	Older (large) cars	EU15	EU13
Age	74%	70%	74%	71%	75%
Car mileage	76%	69%	71%	73%	71%
Price	70%	68%	77%	73%	70%
Condition of interior/exterior	72%	67%	73%	66%	76%
Engine size	61%	63%	62%	59%	66%
Mechanical condition (engine, steering, gears, etc.)	55%	64%	60%	51%	70%
History in terms of previous owners	52%	44%	41%	38%	54%
Service history/logbook	50%	43%	40%	39%	51%
Condition of tyres	36%	39%	32%	34%	38%
History of accidents/repairs	27%	28%	26%	21%	34%
Roadworthiness or inspection certificate	25%	25%	27%	27%	24%
Fuel consumption	33%	18%	25%	24%	27%
Commercial guarantee	28%	25%	17%	31%	15%
Car mileage check(s)	23%	20%	21%	20%	23%
Previous registration documents	19%	18%	17%	13%	25%
Speed / performance	19%	14%	21%	16%	20%
Safety / security reputation	17%	12%	20%	14%	19%
Contract terms and conditions	15%	10%	16%	14%	14%
Maintenance cost (e.g. service)	15%	6%	11%	10%	11%
CO <sub>2</sub> emissions	12%	5%	6%	9%	7%
Information on consumer rights to a 'legal guarantee'	8%	4%	3%	6%	4%
Other	5%	3%	3%	4%	2%

Source: Mystery Shopping Q17: I saw this car for sale. Please can you tell me a bit more about the car? (EU28 N=1139)

For country-level results of the information provided spontaneously, please refer to the Mystery Shopping part of this report (Part 3).

### 3.2.2.3.2 Information provided on request

For certain key information items that were not given unprompted to the mystery shopper, the shopper prompted for these in a 'covert' manner<sup>60</sup>.

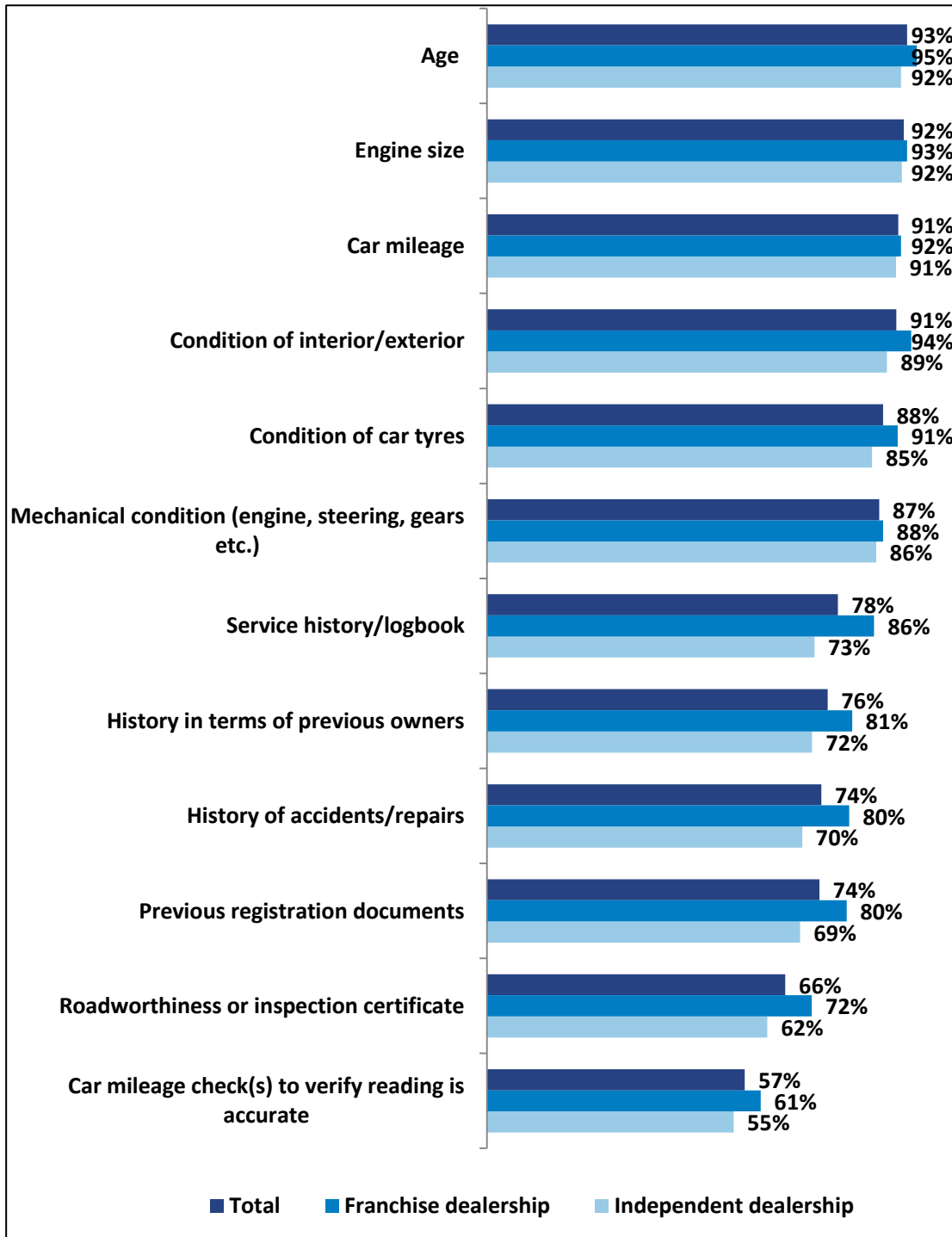
The items where information was provided on request most frequently were age, engine size, car mileage and condition of interior/exterior. For 'car mileage check(s)', information was provided the least frequently, even on request; one out of two dealers didn't provide information on odometer accuracy even when prompted by mystery shoppers.

Furthermore, it is evident in the graph hereafter that franchise dealerships provided information more often on all topics when prompted, especially on service history/logbook (86% vs. 73%), previous registration documents (80% vs. 69%) and history of accidents/repairs (80% vs. 70%).

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<sup>60</sup> A 'covert' manner means that the shopper asked about certain key information items without arousing suspicion with the dealer that they were performing a Mystery Shopping exercise.

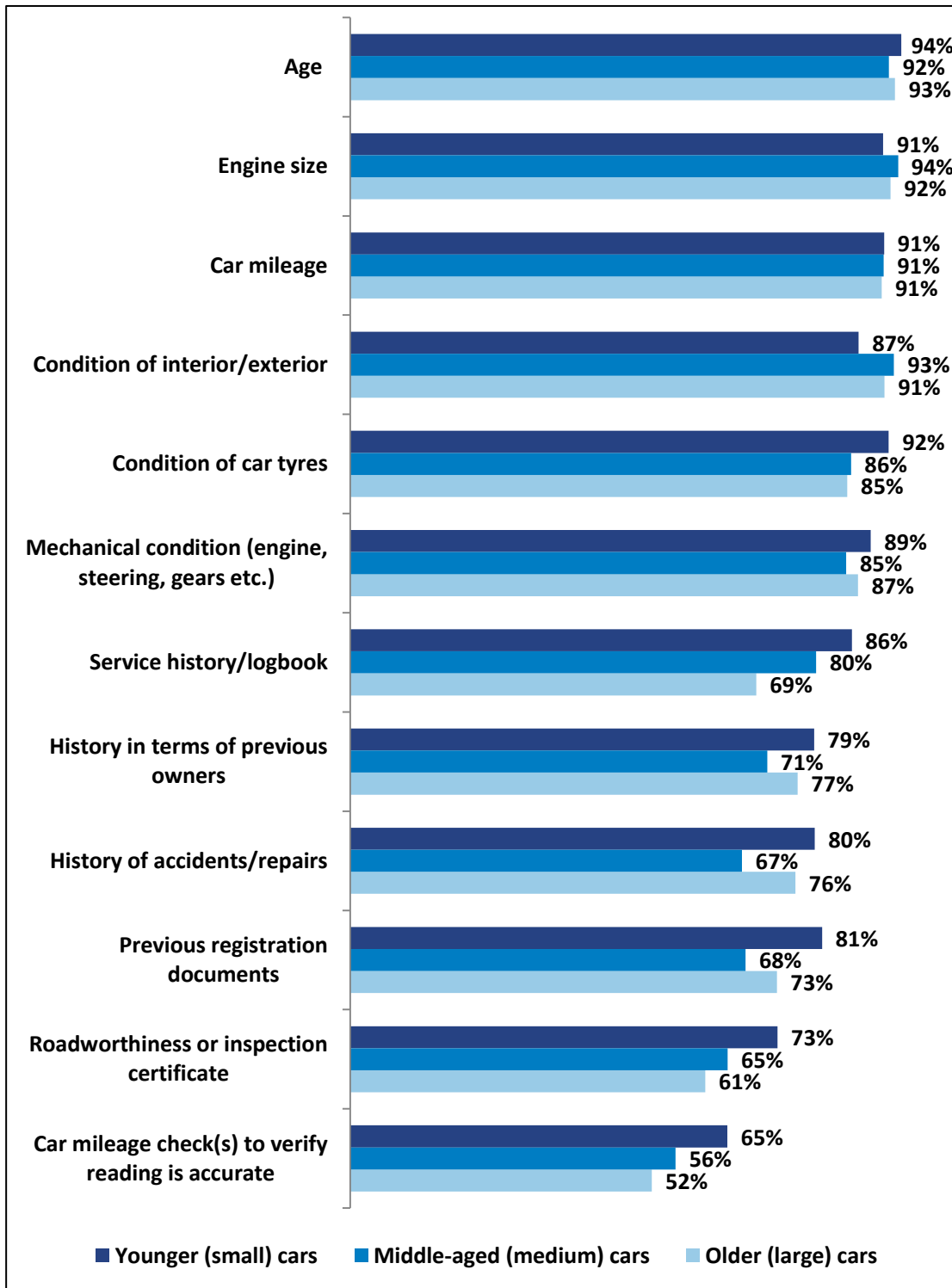
Figure 8 Information provided on request – by dealership type



Source: Mystery Shopping Q19: You stated the sales person did not spontaneously give you information about ..., did he give you this information when prompting for it? (EU28 N= variable between 320 and 929 per item)

When comparing the different car segments that were assessed by the mystery shoppers, it is again noticeable that dealers, when asked, were more likely to provide information on almost all items for younger cars, especially when compared with older cars. Information given for the older cars on car mileage checks (52%) and roadworthiness certification (61%) was much lower when compared to all other pieces of information and this can be extremely worrying when it comes to safety. The graph hereafter shows, in more detail, which information was provided per car segment.

Figure 9 Information provided on request – by car segment



Source: Mystery Shopping Q19: You stated the sales person did not spontaneously give you information about ..., did he give you this information when prompting for it? (N= variable between 326 and 979 per item)

As shown in the table below, there were a few differences between dealers in the EU15 and the EU13. After prompting, mystery shoppers in the EU15 received more information about the car

history (in terms of service history, previous owners and accidents/repairs) and the roadworthiness/inspection certificate.

**Table 19 Information provided on request - by region**

	EU28	EU15	EU13
Age	93%	93%	94%
Engine size	93%	91%	95%
Interior / exterior condition	91%	90%	93%
Mileage	91%	90%	92%
Mechanical condition	88%	88%	87%
Condition of car tyres	87%	88%	86%
Service history / logbook	78%	81%	74%
History in terms of previous owners	76%	78%	72%
Previous registration documents	74%	75%	73%
History of accidents / repairs	74%	77%	69%
Roadworthiness / inspection certificate	66%	72%	60%
Car mileage check	57%	58%	57%

Source: Mystery Shopping Q19: You stated the sales person did not spontaneously give you information about ..., did he give you this information when prompting for it? (EU28 N= variable between 320 and 929 per item)

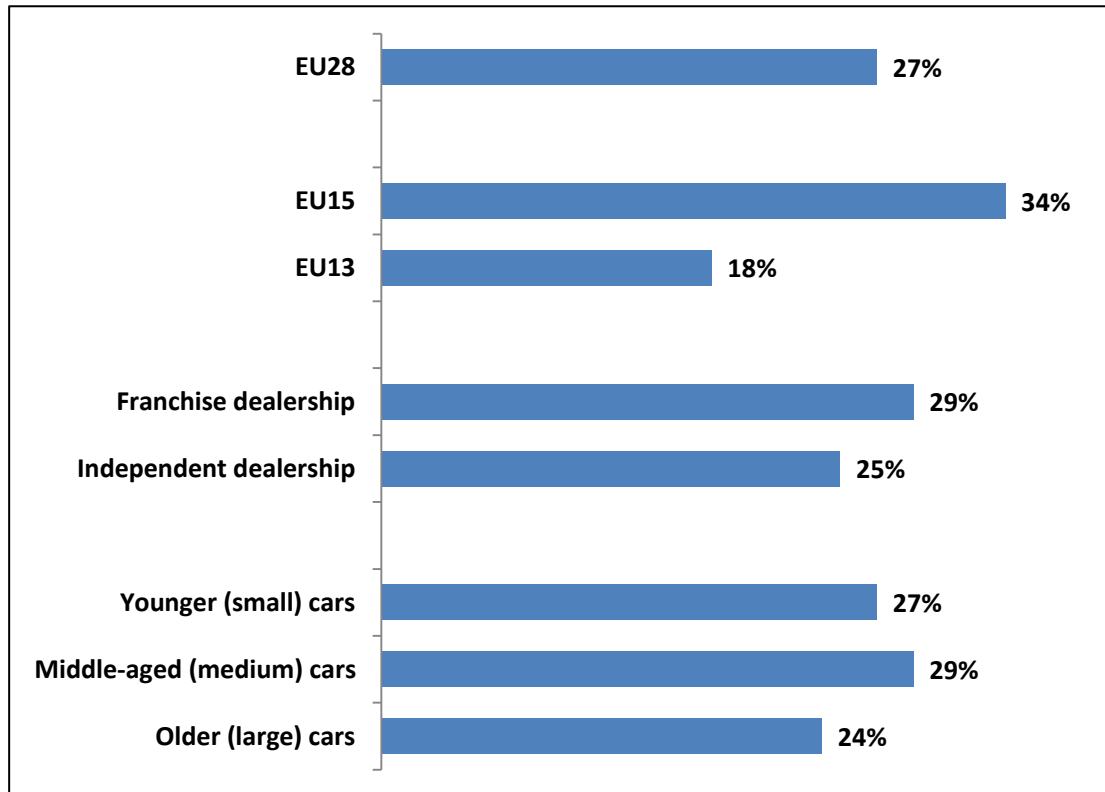
For country-level results of the information provided on request, please refer to the Mystery Shopping part of this report (Part 3).

### 3.2.2.3.3 Additional information provided by the dealer

One admittedly best practice for second-hand car dealers is to provide printed material for consumers about the car that they are interested in purchasing. This increases transparency and helps consumers in their decision-making process.

Out of those mystery shoppers that paid physical visits to dealerships, 27% received some sort of printed material to take with them when leaving the dealership. This was slightly higher in franchise dealerships (29%) than independent ones (25%). When looking at the different car segments, printed material was given to mystery shoppers for 27% of the younger cars, 29% of the middle-aged cars and 24% of the older cars.

Table 20 Printed material provision



Source: Mystery Shopping Q27: Did the sales person give you any printed material to take with you when you left the dealership? (EU28 N=570)

At country level, dealers from EU15 countries gave printed material more often than those from EU13 countries (34% vs. 18%). The countries where dealers gave the highest proportion of printed material were Finland (80%), France and Sweden (both 60%). Dealers didn't give any printed material at all in Cyprus and Latvia.



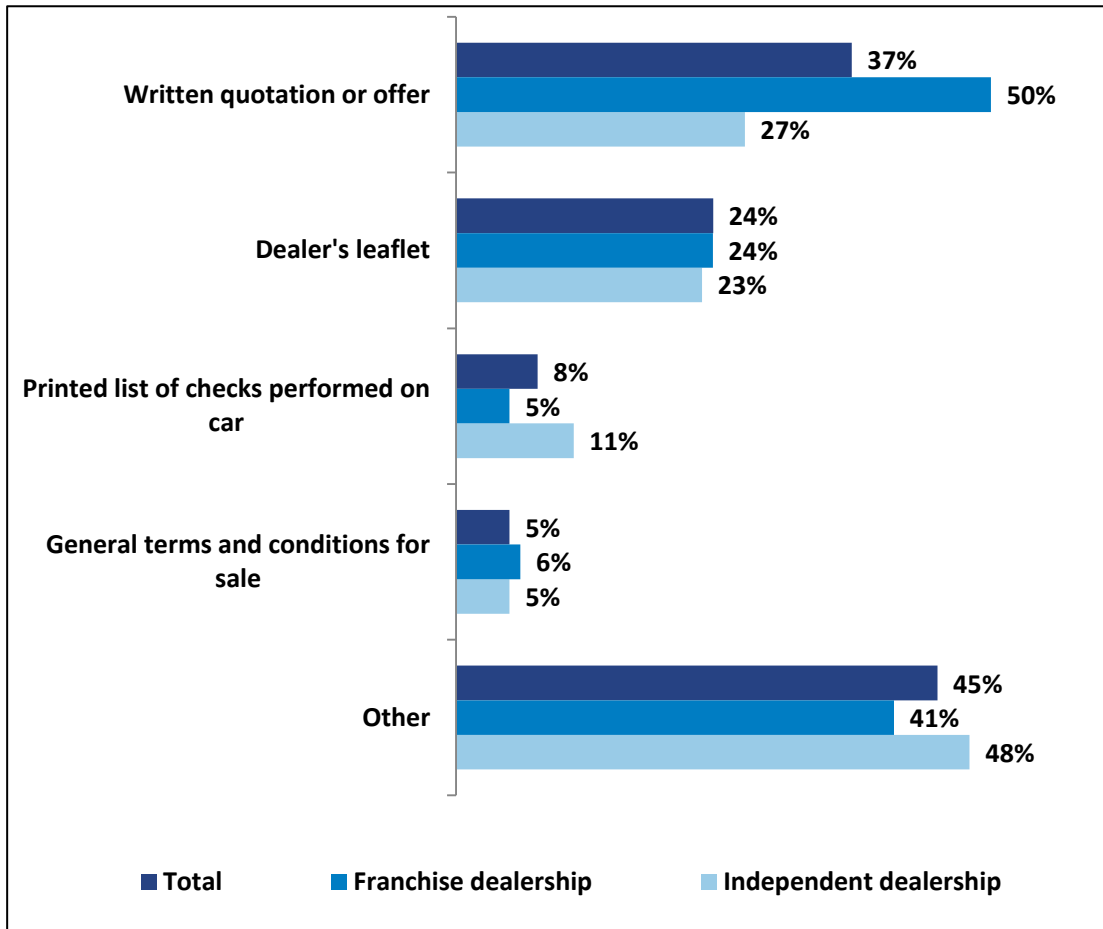
Table 21 Printed material – by country

Printed material	
<b>EU28</b>	<b>27%</b>
FI	80%
FR	60%
SE	60%
CZ	55%
LU	50%
ES	45%
SI	45%
HR	37%
NL	35%
PT	30%
EL	28%
DE	25%
MT	25%
AT	20%
UK	20%
IT	19%
BE	16%
DK	16%
HU	15%
EE	13%
PL	13%
IE	10%
RO	10%
LT	7%
SK	5%
BG	4%
CY	0%
LV	0%
IS	20%
NO	40%

Source: Mystery Shopping Q27: Did the sales person give you any printed material to take with you when you left the dealership? (N=600)

When receiving printed material, it was most of the time a written quotation or offer (37%) or a dealer’s leaflet (24%). Although some of the stakeholders surveyed had indicated the increasing importance of checklists to indicate the checks that the dealer had made on the second-hand car – especially for franchise dealerships that use manufacturer-approved standardised checklists on the second-hand cars that they sell – only 8% of dealers assessed provided such a checklist for mystery shoppers to take home with them. Moreover, twice as many independent dealerships (11%) provided these checklists than franchise ones (5%).

Figure 10 Printed material – by dealership type

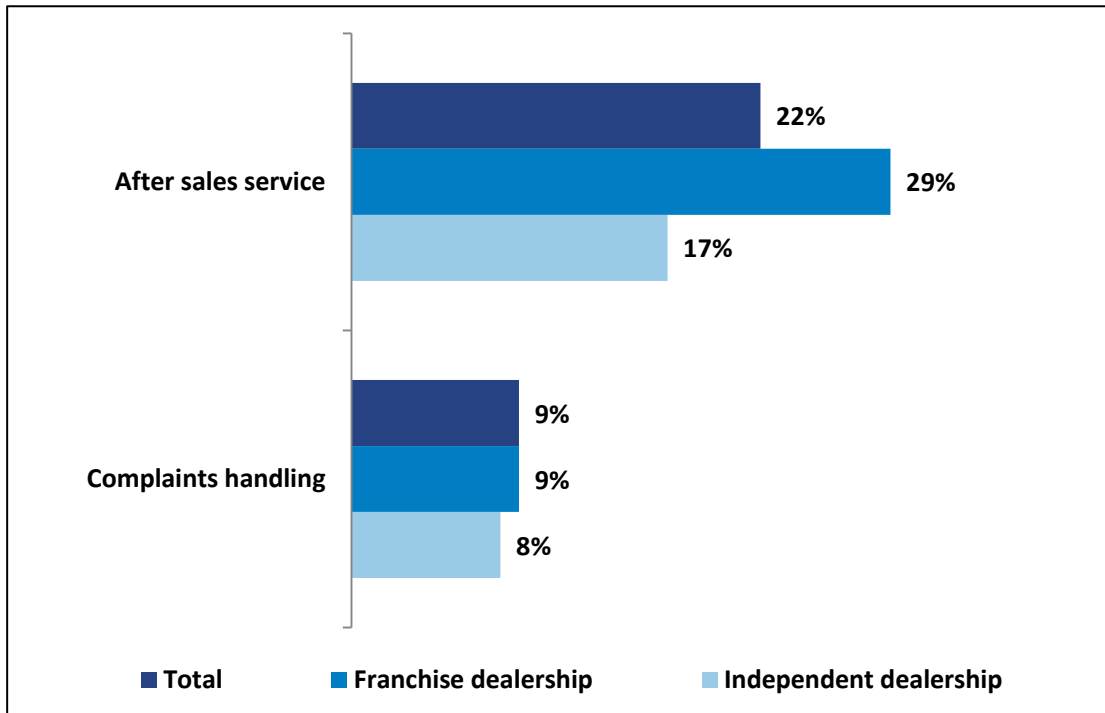


Source: Mystery Shopping Q27: Were you given any printed material to take with you when you left the dealership? If yes, which printed material (EU28 N=153)

Mystery shoppers also needed to indicate whether they got extra information on after sales service or complaints handling, either via the dealer verbally or by reading information that was provided to them. Only in 22% of the cases there was extra information provided on after sales service. Complaints handling was only mentioned by 9% of all mystery shoppers.

The graph below shows that franchise dealerships gave more frequently information about after-sales service than independent dealerships (29% versus 17%), but there was no difference between the two dealership types in terms of providing information on complaints handling.

Figure 11 Extra information provided – by dealership type

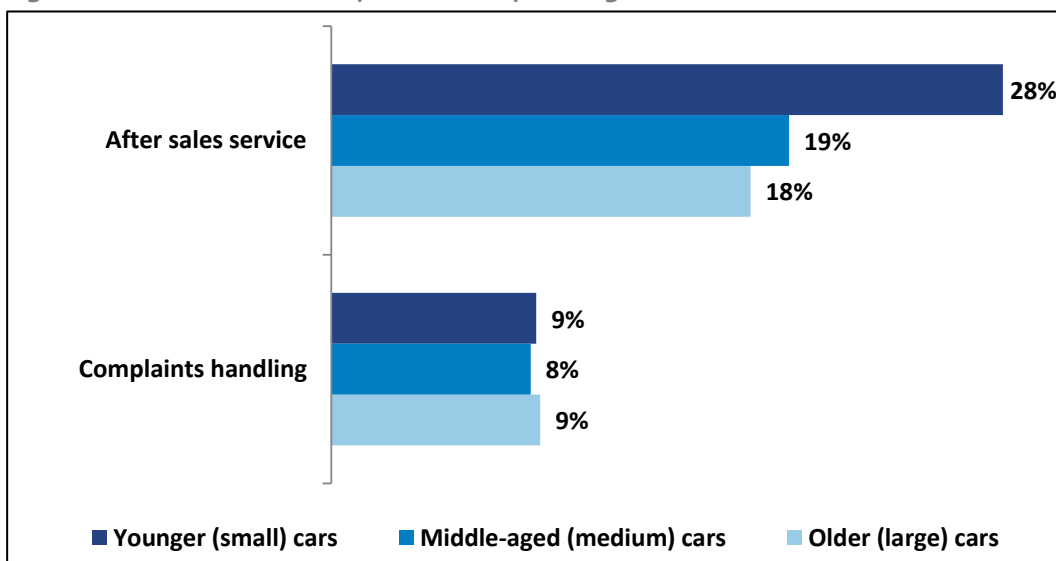


Source: Mystery Shopping Q26: Were you given any information from the dealer on their...? (EU28 N=1139)

There was also a difference for these two information types depending on whether mystery shoppers had conducted the exercise by telephone or whether they had visited the dealership in person. Mystery shoppers visiting the dealership in person were more likely than those using the telephone to receive information about after-sales service (26% vs. 16%) and complaints handling (10% vs. 6%).

When looking at car typologies, it is evident that dealers provided more frequently extra information on after-sales service when the shopper was interested in a younger car.

Figure 12 Extra information provided – by car segment



Source: Mystery Shopping Q26: Were you given any information from the dealer on their...? (EU28 N=1139)

At **country level**, dealers from EU15 countries provided more information about after sales service (23% versus 20% in the EU13), whilst those from EU13 countries provided more information about complaints handling (13% versus 6% in the EU15). The country-level results are presented below:

Table 22 Extra information provided – by country

	After sales service	Complaints handling
<b>EU28</b>	<b>22%</b>	<b>9%</b>
AT	13%	3%
BE	20%	2%
BG	12%	<b>0%</b>
CY	35%	<b>20%</b>
CZ	25%	<b>25%</b>
DE	18%	3%
DK	18%	8%
EE	13%	0%
EL	24%	4%
ES	30%	5%
FI	14%	2%
FR	35%	8%
HR	21%	13%
HU	10%	10%
IE	<b>60%</b>	5%
IT	35%	13%
LT	17%	3%
LU	15%	<b>0%</b>
LV	23%	<b>33%</b>
MT	<b>0%</b>	5%
NL	10%	10%
PL	33%	17%
PT	18%	5%
RO	20%	5%
SE	20%	13%
SI	33%	10%
SK	20%	15%
UK	20%	7%
IS	<b>0%</b>	<b>0%</b>
NO	15%	<b>0%</b>

Source: Mystery Shopping Q26: Were you given any information from the dealer on their ...? (N=1199)

Stakeholders were asked for their perceptions of consumer satisfaction with after-sales service. On a scale from 1 to 10, where 1 indicates that consumers are 'not at all satisfied' with the quality of

after-sales service and 10 indicates that consumers are 'very satisfied', the average score given by stakeholders<sup>61</sup> was 6.5 out of 10.

As indicated by the quotes below, the type of stakeholder has an impact on the viewpoint concerning after-sales service. Stakeholders representing an industry perspective – associations of dealers/repairers – gave more positive comments, whilst stakeholders more from a consumer perspective – public authorities and automobile clubs/associations – saw more room for improvement.

*"This has improved a lot in the past 10 years" (Association of Dealers/Repairers)*

*"If the consumer is not happy with the repair/servicing work, then they always have the option to go to another (independent) garage for repairs" (Association of Dealers/Repairers)*

*"According to the DAT report 2014<sup>62</sup>, the quality of the services conducted is on average given the score of 1.6 by customers (scoring: 1 = excellent, 5 = poor)" (Association of Dealers/Repairers)*

*"As soon as the car is sold, after-sales service is completely different. In this country, after-sales service has to improve in the future" (Public Authority)*

*"Franchise dealers tend to have higher prices; independent dealers charge less but have quality problems to some extent" (Automobile Club/Association)*

Furthermore, a previous mystery shopping study conducted in the UK in 2010 by the Office of Fair Trading<sup>63</sup> indicated that 34% of dealers advised shoppers what to do if there were problems with their vehicle after purchase, 31% offered information about how to obtain a refund, repair or replacement, if required and 27% provided mystery shoppers with information about the customer complaints procedure.

Considering the results of this study's mystery shopping exercise – and those of the OFT study – it is evident that information about after-sales service and complaints' procedures is not frequently mentioned by second-hand car dealers in Europe. Whilst traders are not obliged to provide information about their after-sales/complaint handling policy, not providing this information could constitute an infringement if it can be demonstrated that the trader does have a specific complaint handling/after-sales policy in place but did not mention it to consumer in order to mislead the consumer.

### 3.2.3 Car mileage check(s)

Due to the importance of providing information to consumers on 'car mileage check(s) to verify odometer reading accuracy' (either in the car advert or by traders themselves), this subchapter explores this particular item in more detail.

Considering the results of the consumer survey, in terms of **socio-demographics**, men and those aged 35-54 were the most likely to answer "Not received" (both 23%) whereas women and those

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<sup>61</sup> Based on the 19 stakeholders who gave a score at this question

<sup>62</sup> DAT report 2014, image 88, download via: [www.dat.de/report](http://www.dat.de/report)

<sup>63</sup> The second-hand car market, An OFT market Study, March 2010

aged 18-34 were the most likely to answer “Don’t know” (women 16%, 18-34 year olds 15%). Overall, those buying a car from an independent dealership were less likely to receive the information than those using a franchise dealership (36% answered that they didn’t receive + don’t know compared to 32%). At EU level, one third (33%) of consumers in the EU15 answered “don’t know/not received”, compared to 38% in the EU13.

Table 23 Information received about car mileage check, by socio-demographics

	Saw on car / advert	Provided by trader	Not received	Don’t Know	Not received + Don’t know
<b>EU28</b>	<b>23%</b>	<b>48%</b>	<b>21%</b>	<b>13%</b>	<b>34%</b>
EU15	25%	48%	20%	13%	33%
EU13	18%	47%	26%	13%	38%
Male	24%	48%	23%	10%	33%
Female	23%	47%	19%	16%	36%
18-34	27%	44%	20%	15%	35%
35-54	22%	47%	23%	13%	36%
55+	21%	53%	21%	10%	31%
Primary / partial secondary	26%	45%	19%	14%	34%
Completed secondary	22%	49%	22%	13%	34%
(Post-)Graduate	23%	48%	22%	12%	34%
Low income	24%	48%	21%	12%	33%
Medium income	23%	48%	21%	13%	34%
High income	25%	47%	22%	12%	34%
Imported from abroad	25%	48%	19%	11%	31%
Franchise	23%	50%	19%	13%	32%
Independent	23%	46%	23%	13%	36%
Auction	29%	40%	20%	14%	34%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car’s advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (EU28 N=24,259)

The table below highlights the **differences by country**, according to answers from consumer survey respondents. This table is ordered so that countries with the most “Not received” and “Don’t know” answers appear at the top of the list, as these are the countries where consumers were likely not being informed of or were not aware of the possibility of a car mileage check. The best performing country – at the bottom of the list – was Belgium, which is demonstrative of the success

of the Car-Pass system<sup>64</sup>. The poorest performing countries were in Scandinavia and the Baltics, as shown below.

Table 24 Information received about car mileage check, by country

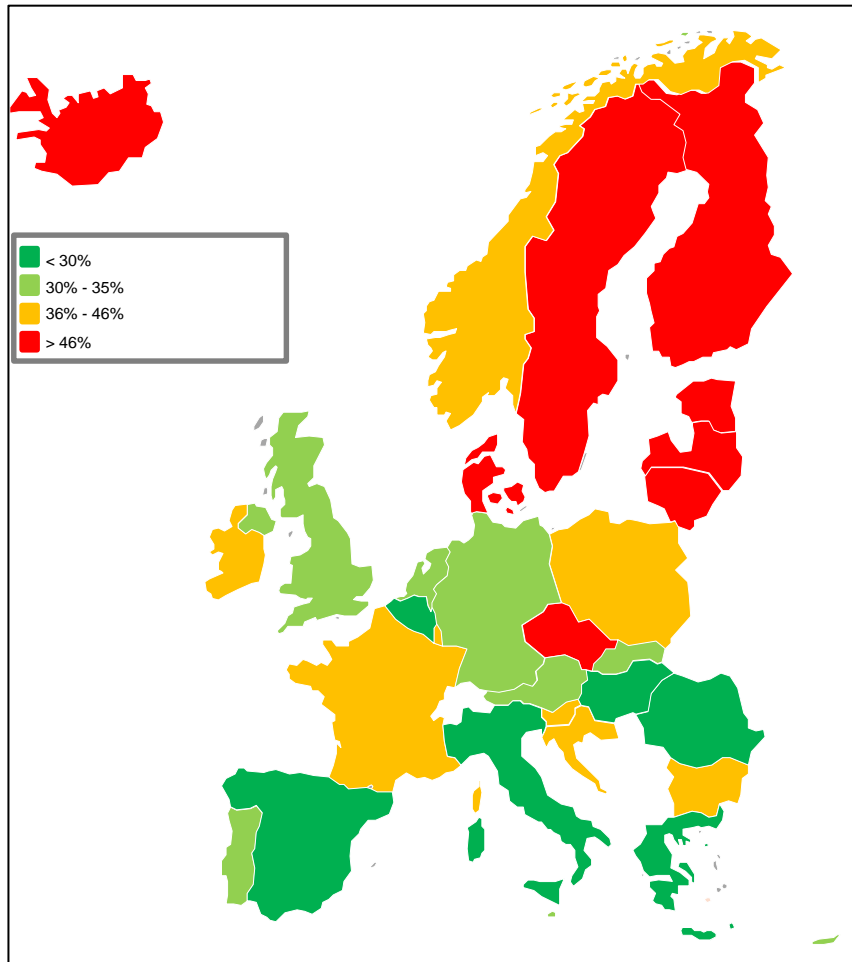
	Saw on car / advert	Provided by trader	Not received	Don't Know	Not received + Don't know
<b>EU28</b>	<b>23%</b>	<b>48%</b>	<b>21%</b>	<b>13%</b>	<b>34%</b>
LV	15%	<b>33%</b>	<b>40%</b>	13%	<b>52%</b>
FI	24%	<b>29%</b>	34%	16%	<b>50%</b>
DK	19%	36%	26%	<b>23%</b>	<b>50%</b>
LT	16%	38%	<b>39%</b>	11%	<b>49%</b>
EE	20%	36%	<b>39%</b>	10%	<b>49%</b>
CZ	<b>8%</b>	46%	33%	15%	<b>48%</b>
SE	20%	37%	30%	17%	<b>47%</b>
BG	15%	42%	35%	9%	45%
SI	16%	42%	32%	13%	44%
HR	18%	41%	34%	9%	43%
LU	24%	45%	26%	13%	39%
IE	25%	41%	28%	11%	39%
PL	20%	48%	21%	15%	36%
FR	25%	45%	23%	13%	36%
DE	25%	47%	21%	13%	34%
SK	16%	<b>54%</b>	26%	8%	34%
UK	24%	47%	18%	15%	33%
AT	25%	47%	23%	10%	33%
NL	24%	52%	15%	17%	32%
CY	27%	48%	29%	2%	31%
MT	23%	50%	22%	9%	30%
PT	21%	<b>55%</b>	20%	10%	30%
EL	18%	<b>59%</b>	23%	6%	28%
RO	28%	48%	17%	10%	27%
ES	24%	<b>54%</b>	17%	9%	26%
HU	22%	<b>55%</b>	17%	9%	26%
IT	<b>30%</b>	<b>54%</b>	13%	9%	22%
BE	22%	<b>62%</b>	10%	11%	21%
IS	<b>9%</b>	<b>17%</b>	<b>52%</b>	<b>23%</b>	<b>75%</b>
NO	26%	44%	24%	15%	39%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (N=25,286)

<sup>64</sup> The seller of a second-hand car in Belgium is legally obliged to provide the buyer with a Car-Pass certificate, which shows the car's odometer readings on different dates that the car was serviced. The document may not be older than two months old. If the buyer does not receive a Car-Pass certificate, the sale is invalid and they can request to cancel the contract and receive a full refund.

Furthermore, the map below shows graphically the proportion of people answering “not received / don’t know” to the car mileage check question:

Figure 13 Proportion answering “not received / don’t know” about car mileage check



Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car’s advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (N=25,286)

### 3.2.3.1 How accuracy of car mileage was demonstrated

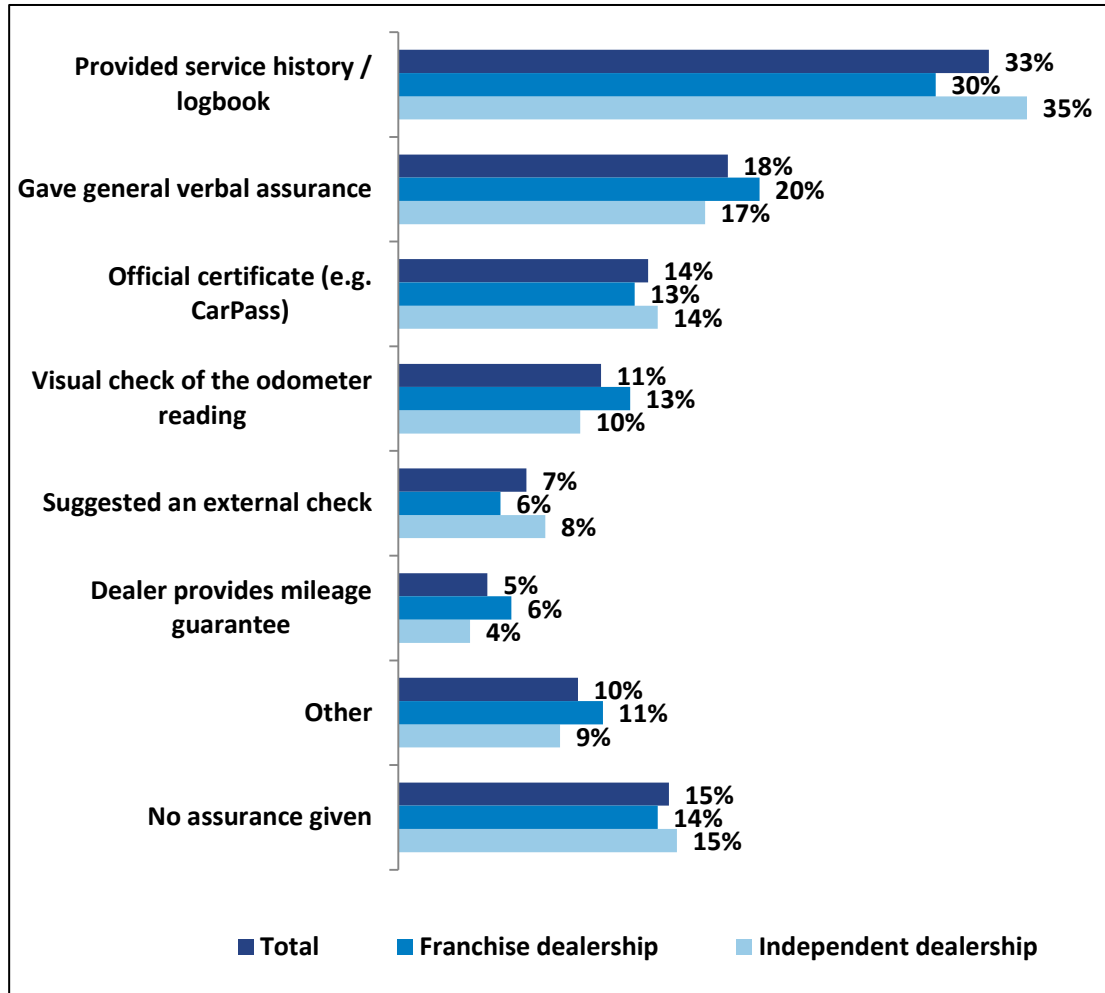
Those mystery shoppers who had received information on the car mileage checks performed to verify odometer accuracy – either spontaneously from the dealer or when they prompted for extra information – were asked to summarise the type of information that they had received from the dealer.

The most common evidence used by dealers to demonstrate the accuracy of car mileage was the car’s service history / logbook, which was mentioned in 33% of the cases. Other common methods used by dealers included providing verbal assurance that the mileage is accurate (used in 18% of cases), providing an official certificate such as Car-Pass (14%) or allowing consumers to visually



check the odometer of the car themselves<sup>65</sup> (11%). As shown below, differences by dealership type were very limited, with no real trends emerging.

Figure 14 How accuracy of the car mileage was demonstrated, by dealer type

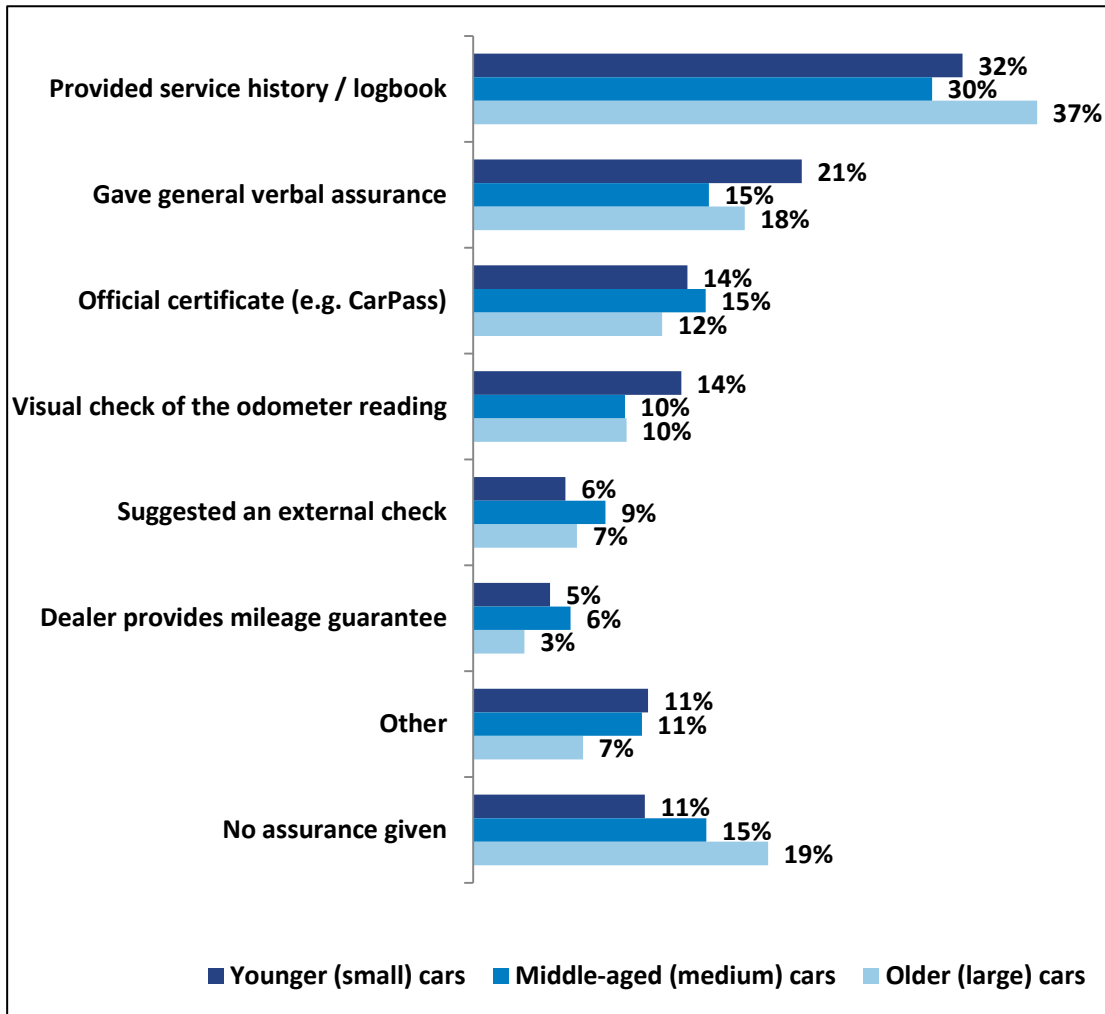


Source: Mystery Shopping Q21: Please describe precisely how the accuracy of the car mileage was demonstrated (EU28 N=755)

There was relatively little difference by car segment – as shown below – although dealers of older cars were more likely to give ‘no assurance’ (19%) than of younger cars (11%). However, those dealing with large, older cars were found to give assurance on car mileage accuracy by providing service history/logbook at a higher percentage than average (37% vs. 33% on average).

<sup>65</sup> It should be noted that the dealer giving verbal assurance or allowing the consumer to look at the odometer of the car doesn't enable a consumer to properly verify the accuracy of the mileage displayed on the dashboard.

Figure 15 How accuracy of the car mileage was demonstrated, by segment



Source: Mystery Shopping Q21: Please describe precisely how the accuracy of the car mileage was demonstrated (EU28 N=755)

When looking at EU15 versus EU13, it is notable that dealerships in the EU13 were much more likely to demonstrate the accuracy of car mileage using the service history / logbook (41% vs. 26% in the EU15) or to suggest that the consumer / shopper takes the car elsewhere to verify that the mileage is accurate (12% versus 3% in the EU15). On the other hand, dealers in the EU15 were more likely to have an official certificate of mileage (21% versus 6% in the EU13) or simply suggest that the consumer / shopper looks again at the odometer reading in the car (17% versus 5% in the EU13).

Table 25 How accuracy of the car mileage was demonstrated, by region

	Provided service history / logbook	Gave general verbal assurance	Official certificate (e.g. Car-Pass)	Visual check of the Odometer reading	Suggested an external check	Dealer provides Mileage Guarantee	Other	No assurance given
<b>EU28</b>	<b>33%</b>	<b>18%</b>	<b>14%</b>	<b>11%</b>	<b>7%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
EU15	26%	16%	21%	17%	3%	6%	12%	15%
EU13	41%	21%	6%	5%	12%	4%	8%	15%

Source: Mystery Shopping Q21: Please describe precisely how the accuracy of the car mileage was demonstrated (EU28 N=755)

When it comes to differences at country level, considerable ones were observed, however the small base size of this table must be noted when analysing these. One notable result was by far the greater likelihood of an official certificate being used to reassure consumers on odometer accuracy in Belgium (86%), which demonstrates the success of the Car-Pass scheme in this country.

Table 26 How accuracy of the car mileage was demonstrated, by country

	Provided service history / logbook	Gave general verbal assurance	Official certificate (e.g. Car-Pass)	Visual check of the Odometer reading	Suggested an external check	Dealer provides mileage guarantee	Other	No assurance given
<b>EU28</b>	<b>33%</b>	<b>18%</b>	<b>14%</b>	<b>11%</b>	<b>7%</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>
AT	71%	10%	0%	5%	0%	5%	14%	10%
BE	9%	2%	86%	4%	0%	4%	0%	0%
BG	53%	29%	0%	6%	6%	3%	12%	15%
CY	80%	7%	0%	0%	0%	0%	0%	13%
CZ	22%	0%	59%	0%	0%	4%	7%	7%
DE	31%	15%	0%	23%	12%	12%	8%	23%
DK	41%	11%	0%	11%	3%	11%	0%	32%
EE	46%	32%	0%	0%	0%	4%	4%	18%
EL	0%	28%	14%	14%	10%	10%	35%	14%
ES	19%	24%	29%	5%	0%	14%	19%	14%
FI	57%	32%	0%	0%	4%	7%	18%	14%
FR	13%	35%	0%	26%	0%	4%	26%	13%
HR	19%	33%	5%	0%	38%	5%	5%	14%
HU	39%	19%	3%	6%	8%	8%	0%	25%
IE	5%	0%	5%	75%	0%	0%	15%	0%
IT	17%	14%	9%	37%	3%	6%	14%	17%
LT	75%	0%	0%	17%	0%	0%	8%	17%
LU	17%	22%	0%	0%	6%	11%	0%	44%
LV	18%	35%	0%	0%	18%	18%	18%	12%
MT	50%	0%	0%	0%	0%	0%	17%	33%
NL	3%	16%	72%	9%	0%	0%	3%	9%
PL	44%	7%	7%	16%	21%	0%	7%	19%
PT	59%	9%	5%	5%	0%	0%	9%	23%
RO	7%	42%	3%	3%	39%	3%	16%	7%
SE	70%	17%	0%	3%	3%	3%	3%	7%
SI	11%	37%	0%	15%	26%	4%	11%	15%
SK	57%	36%	7%	7%	0%	0%	21%	14%
UK	43%	9%	40%	6%	2%	4%	19%	6%
IS	0%	0%	0%	0%	0%	0%	0%	0%
NO	45%	5%	10%	20%	0%	0%	20%	15%

Source: Mystery Shopping Q21: Please describe precisely how the accuracy of the car mileage was demonstrated (N=776)

### 3.2.4 Guarantees

The following two subchapters discuss dealer practices in relation to guarantees, firstly legal and then commercial guarantees.

The offering of guarantees is of great importance in the sale of a second-hand car. Considering the complexity of cars – especially due to the increasingly advanced electronics and technology within a car – it is more difficult for consumers to be able to assess the mechanical condition of a car, hence dealers will often discuss guarantees with prospective buyers in order to give them peace-of-mind and thus encourage the sale of the car. Further to this financial incentive to provide the customer with a commercial guarantee, there is also a legal requirement that the dealer provides the consumer with an implied legal guarantee, as elaborated on in the previous chapter (EU and National legislation).

#### 3.2.4.1 Legal guarantee

Based on the stakeholder survey, it is clear that the issue of consumer statutory rights to a legal guarantee is a rather complicated matter, poorly understood by dealers and consumers alike. Generally, franchise dealerships and those independent dealerships which abide by an industry code of conduct, are instructed to inform consumers of their statutory rights when it comes to a legal guarantee. Some stakeholders noted that in practice this was often not done orally, but with the provision of a document where the legal guarantee was provided in the small print. Thus, dealers may have informed consumers about their statutory rights, but this was not done in a manner that was transparent and easy for the consumer to understand.

Stakeholders felt that consumers were rarely informed about their statutory rights to a legal guarantee by the second-hand car dealer, with many stakeholders themselves admitting to having a limited level of knowledge about the legal guarantee and thus being unable to comment on this point.

*“Some dealers advertise statutory rights as it is a selling point in comparison with competitors. However, most dealers do not give much information because they are not aware of it” (Association of Dealers/Repairers)*

*“Dealers rarely inform consumers of their Statutory Rights” (Insurance Association)*

*“This depends on dealership type. Some contracts and scams deny or try to deny consumers their legal guarantee. There should be a public campaign to increase consumer awareness of their rights and thus decrease such scams” (Public Authority)*

Due to the fact that only 57% of consumer respondents received information on their rights to a legal guarantee<sup>66</sup> and because of the importance of this item in the context of having informed and empowered consumers – especially in knowing their rights when they have a problem with their second-hand car – this subchapter explores this particular item in more detail.

In terms of **socio-demographics**, women were most likely to answer “Don’t know” (23% vs. 15% of men), whilst those aged 35-54 were most likely to answer “Not received” (26%). Almost half of

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<sup>66</sup> Based on table 5

consumer respondents buying a car from an independent dealership (49%), an auction (47%) or from abroad (48%) said that they either did not receive this information, or they did not know whether they had received it or not. In this question, “Don’t know” can be viewed as being as negative a result as “Not received”, as a consumer who is not aware of their legal rights is *de facto* in a similar situation as a consumer who did not receive their legal rights from the trader.

Table 27 Information received about consumer rights to a legal guarantee, by socio-demographics

	Saw on car / advert	Provided by trader	Not received	Don't Know	Not received + Don't know
<b>EU28</b>	<b>12%</b>	<b>47%</b>	<b>24%</b>	<b>19%</b>	<b>43%</b>
EU15	12%	49%	23%	19%	42%
EU13	11%	<b>39%</b>	<b>33%</b>	18%	<b>51%</b>
Male	14%	48%	25%	15%	41%
Female	<b>9%</b>	46%	23%	<b>23%</b>	46%
18-34	<b>15%</b>	43%	23%	22%	45%
35-54	10%	46%	26%	19%	45%
55+	9%	<b>54%</b>	23%	15%	<b>38%</b>
Primary / partial secondary	13%	45%	24%	20%	44%
Completed secondary	11%	49%	23%	19%	42%
(Post-)Graduate	12%	46%	26%	18%	44%
Low income	14%	46%	26%	17%	43%
Medium income	10%	48%	25%	19%	44%
High income	12%	49%	24%	18%	42%
Imported from abroad	16%	<b>39%</b>	<b>33%</b>	15%	<b>48%</b>
Franchise	12%	<b>55%</b>	17%	18%	36%
Independent	11%	42%	29%	20%	<b>49%</b>
Auction	<b>21%</b>	<b>34%</b>	29%	18%	<b>47%</b>

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (EU28 N=24,259)

As shown above, respondents in the EU13 were more likely to have answered “Not received” (33% vs. 23% in the EU15) and were less likely to have received it by the trader (39% vs. 49% in EU15).

The table below highlights the **differences by country**. This table is ordered so that countries with the most “Not received” and “Don’t know” answers appear at the top of the list, as these are the countries where respondents were likely to not being informed of or were not aware of their rights to a legal guarantee. It can be noted that Eastern European consumer respondents and those living in the Baltic countries in particular, were much more likely to not receive information on their consumer rights, whilst respondents in Scandinavia were more likely to be unsure.

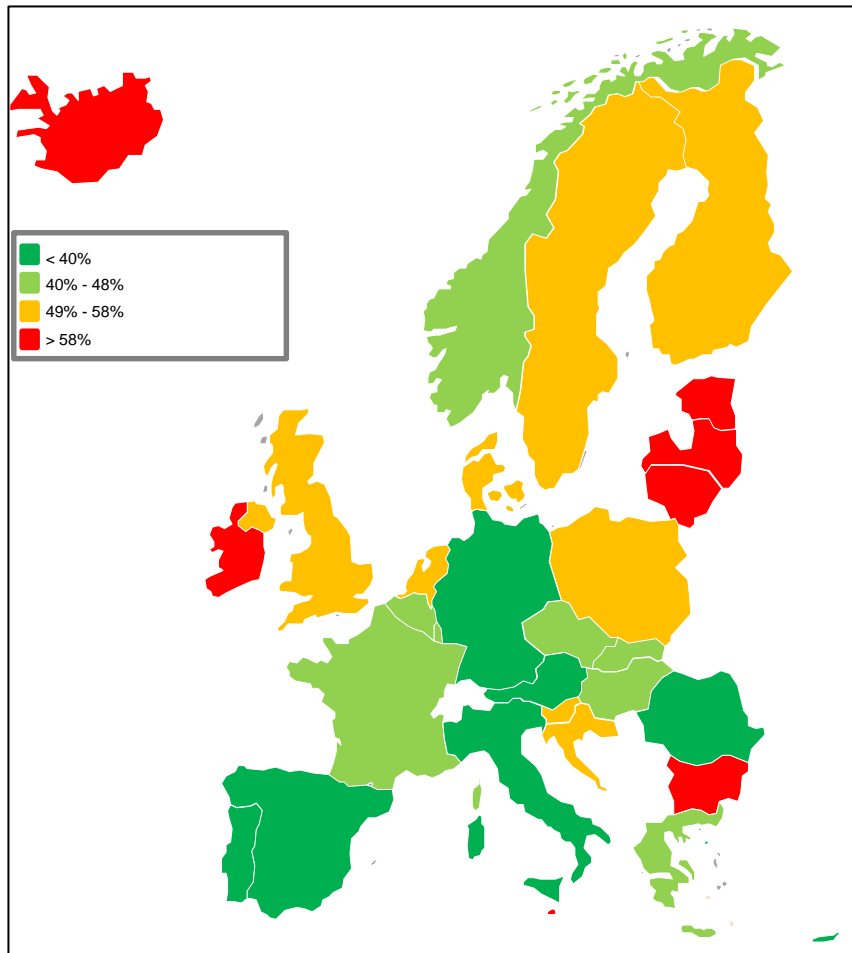
Table 28 Information received about consumer rights to a legal guarantee, by country

	Saw on car / advert	Provided by trader	Not received	Don't know	Not received + Don't know
<b>EU28</b>	<b>12%</b>	<b>47%</b>	<b>24%</b>	<b>19%</b>	<b>43%</b>
LT	6%	20%	51%	23%	74%
LV	4%	23%	46%	27%	74%
BG	10%	27%	50%	15%	65%
MT	4%	33%	48%	16%	64%
EE	10%	33%	41%	18%	59%
IE	6%	37%	38%	21%	59%
SE	9%	34%	30%	28%	58%
DK	8%	36%	28%	29%	57%
HR	6%	40%	38%	17%	55%
SI	8%	37%	36%	19%	55%
FI	9%	39%	27%	26%	53%
UK	10%	41%	23%	27%	50%
PL	13%	41%	31%	18%	49%
NL	11%	43%	25%	24%	49%
FR	14%	40%	28%	21%	48%
HU	10%	47%	27%	17%	44%
SK	8%	49%	26%	18%	44%
LU	12%	47%	28%	15%	44%
EL	12%	50%	32%	9%	41%
CZ	7%	53%	24%	18%	41%
BE	13%	51%	19%	21%	40%
CY	6%	58%	30%	9%	39%
PT	12%	52%	24%	15%	39%
RO	25%	38%	23%	15%	39%
IT	15%	49%	23%	15%	38%
DE	11%	59%	17%	15%	32%
AT	12%	60%	17%	14%	31%
ES	14%	57%	19%	11%	31%
IS	4%	22%	39%	36%	75%
NO	10%	49%	21%	24%	45%

Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (N=25,286)

These figures are further shown graphically in the map below, which further emphasizes the relative lack of information provided by dealers in the Baltic countries in particular.

Figure 16 Those answering “don’t know / not received” information about consumer rights to a Legal Guarantee, by country



Source: Consumer Survey Q28: When making your purchase decision, which of the following information did you see on the car's advert / the car itself, which information was additionally provided by the trader / sales representative and which information did you not receive at all? (N=25,286)

When it comes to the mystery shopping exercise findings, only 5% of dealers spontaneously mentioned the consumer's rights to a legal guarantee. Although this is very much lower than the findings from the consumer survey – where 57% of respondents had been informed of their statutory rights – it must also be noted that mystery shoppers had fewer opportunities to be informed of their rights to a legal guarantee. It is often at the point of sale, or in the process of signing their contract, where consumers are informed of their rights to a legal guarantee, whilst the mystery shopping exercise focused more on the information that was provided up-front during the sales process.

There was no large difference between the two dealership types or the three car segments (i.e. young, middle-aged or older cars) in terms of likelihood for the dealer to spontaneously mention the consumer's rights to a legal guarantee (spontaneous information was given more for the younger car segment, 7%). In cases where the mystery shopper received spontaneous information about a legal guarantee, the information was mainly regarding its duration (cited in 76% of cases), followed by the coverage of the legal guarantee (57%). Whether the legal guarantee would be verbal or written was mentioned the least (19%).



At **country** level, mystery shoppers in 15 out of the 30 countries did not receive spontaneous information about the legal guarantee for any of the cars assessed. Most of them were EU13 countries, except for Iceland, Luxembourg, Norway, Spain, Sweden and the United Kingdom. The country that on the other hand gave the most spontaneous information was Slovenia (23%). The table below summarises the information provided by dealers for those countries that did provide this spontaneously.

Table 29 Information provided about legal guarantee – by country<sup>67</sup>

All countries that do provide information about legal guarantee	% provided	% duration	% coverage	% written / verbal
<b>EU28</b>	<b>5%</b>	<b>76%</b>	<b>57%</b>	<b>19%</b>
AT	8%	100%	33%	0%
BE	12%	100%	43%	29%
CZ	10%	100%	75%	75%
DK	12%	86%	86%	43%
FI	10%	60%	60%	0%
FR	5%	100%	50%	0%
DE	15%	33%	33%	17%
EL	4%	50%	0%	50%
IE	5%	0%	0%	0%
IT	3%	100%	100%	50%
NL	8%	100%	100%	0%
PL	5%	67%	67%	0%
PT	5%	100%	100%	0%
RO	5%	100%	100%	0%
SK	15%	83%	67%	17%
SI	23%	67%	44%	11%

Source: Mystery Shopping Q18: Which of the following items were mentioned concerning the legal guarantee? (EU28 N=63)

### 3.2.4.1.1 Duration of legal guarantee

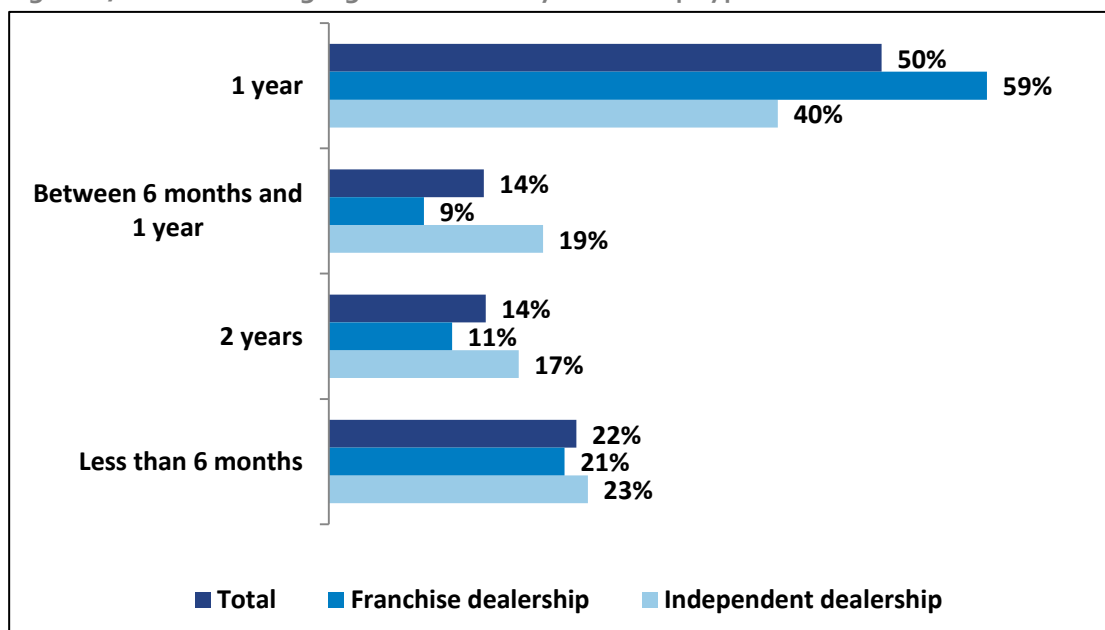
Directive 1999/44/EC of the European Parliament and European Council requests a minimum 2 year legal guarantee for new goods, whereas Member States can negotiate a 1 year legal guarantee for second-hand goods. In order to explore dealer practices with regards to this legislation, those mystery shoppers who noted that the legal guarantee provided information on duration were asked to give more detail on its duration. The low base size has to be taken into consideration when assessing these results.

<sup>67</sup> Please note the very small base size when analysing this data

Duration of the legal guarantee for second-hand cars was in almost half of the cases 1 year. There was no duration longer than 2 years, as shown in the following graph. Franchise dealerships gave in almost 60% of the cases a legal guarantee with a duration of 1 year, whereas the duration given by independent dealers was more spread across the categories. What is notable is that in more than one third of the cases, mystery shoppers were offered a legal guarantee of less than 1 year duration, in violation of the 1999 Directive on guarantees.

When it comes to the coverage of the legal guarantee, in approximately 80% of the 37 cases where mystery shoppers received this information, both spare parts and labour were covered.

Figure 17 Duration of legal guarantee<sup>68</sup> - by dealership type



Source: Mystery Shopping Q18: What is the duration of the legal guarantee? (EU28 N=49)

### 3.2.4.2 Commercial guarantee

Although offering them to the consumer is not compulsory, the issue of commercial guarantees is a very important one and has room for improvement due to the fact that consumers often struggle to understand guarantees and because dealers are not always offering these.

The stakeholders surveyed felt that second-hand car dealers usually (though not always) offered a commercial guarantee, although this does not mean that the guarantee grants more rights to the consumer than those that stem from a legal guarantee. The notion of “commercial guarantee” should in this context be interpreted as an “explicit” guarantee rather than an “additional” guarantee. Using a scale from 1 to 10<sup>69</sup>, stakeholders gave this an average score of 7.5.

<sup>68</sup> Please note the very small base size when analysing this data

<sup>69</sup> Where 1 signifies that dealers never offer a commercial guarantee when selling a second-hand car and 10 that they always offer one. This average score is based on the 32 stakeholders who gave a score at this question

There was a general opinion that higher value cars and those sold by franchise dealerships were more likely to come with a commercial guarantee. Stakeholders felt that the main reasons dealers offered a commercial guarantee were as follows:

- Legal obligation
  - This was cited by 10 stakeholders as the biggest reason for dealers to offer a commercial guarantee. However, there is no legal obligation to provide a commercial guarantee. What stakeholders most likely meant is that, if dealers are obliged by law to provide an implicit legal guarantee that they cannot avoid, in practice they should at least present this guarantee explicitly, as if it were a commercial guarantee, in order to create a commercially favorable impression. Nonetheless, there is obviously confusion when it comes to the legality of a commercial guarantee, even amongst stakeholders themselves.  
*“They are obliged by law, so they can’t exclude it. Some dealers try to avoid offering a commercial guarantee, but it’s not possible by law” (Association of Dealers/Repairers)*  
*“They are legally obliged to provide one (of 2 years), which is often negotiated to 1 year” (Public Authority)*
  
- To demonstrate to the customer that they trust the car that they are selling
  - Mentioned by 6 stakeholders  
*“Dealers offer a commercial guarantee in order to build trust and sell the car, rather than to make profit on the sale of guarantee” (Public Authority)*  
*“They have to provide this guarantee to show that it’s a good car that they’re selling” (Insurance Association)*
  
- To reassure that customer that they can come back if problems arise post-purchase
  - Mentioned by 5 stakeholders  
*“[Commercial guarantees] are offered because it provides reassurance to the customer. It’s not always done because there are dealers that operate to lower standard, are not as reputable, or don’t deal in the volume of used cars to make offering commercial guarantee viable to them” (Association of Dealers/Repairers)*
  
- Financial reward – profit from selling an additional commercial guarantee
  - Noted by 3 stakeholders  
*“Some dealers make more money from the guarantee than from the car. There is an issue surrounding what these guarantees actually cover” (Public Authority)*

Fewer stakeholders gave reasons for car dealers not offering commercial guarantees than for offering such guarantees, because most of them felt that dealers of second-hand cars usually offered one. The points below constitute the three main reasons given for dealers not offering a commercial guarantee – each mentioned by 3 stakeholders:

- Lack of awareness that they were obliged to offer at least an implicit guarantee
  - In other words, if a car dealer was aware that he was anyway obliged to provide a minimum legal, implicit guarantee, he would provide this in the form of an explicit commercial guarantee.
 

*“There is limited awareness among dealers of their legal obligations related to guarantees. Thus, the reason for not offering a commercial guarantee is often not bad will, but ignorance of the regulatory framework” (Association of Dealers/Repairers)*
- In order to reduce costs
 

*“The small car dealers don't offer a guarantee because of their financial situation - they can't afford to give a guarantee” (Insurance Association)*
- In order to intentionally mislead the consumer by not making the consumer aware of his/her rights
 

*“There have been cases where an additional charge for a guarantee has been forced on the consumer by the dealer. Consumers don't understand the Sale of Goods Act. A decent car dealer should know about it” (Consumer Organisation)*

Furthermore, stakeholders indicated that older second-hand cars were the least likely to have a commercial guarantee offered. Considering the higher likelihood of ‘wear and tear’ and lower sales price of older cars, there would be more risk for the dealer when offering a commercial guarantee for an older and lower-value second-hand car. This often means that franchise dealers are offering more commercial guarantees, due to the fact that they tend to sell younger and more expensive cars than independent dealerships:

*“Franchises are more likely to offer a guarantee, especially for nearly new cars” (Trade Association)*

*“A commercial guarantee is offered sometimes, but not always. It depends on the age of the car” (Trade Association)*

*“It is not straightforward for old cars, but is rather subjective (based on the consumer's perceptions and expectations)” (Public Authority)*

According to results from the consumer survey, a **commercial guarantee** was offered in 62% of the cases. This was most commonly offered for free (47% of all consumer respondents), but the remaining 15% of respondents were offered this product at an extra cost. A commercial guarantee was offered slightly less to women (60%) and 18-34 year olds (59%). There was a large variation by trade source, with the commercial guarantee being offered by 75% of franchise dealerships, 53% of independents and 42% of auction houses. This supports the above quotes from the stakeholder survey, which also indicated that franchise dealers were more likely to offer a commercial guarantee.

In terms of differentiation by whether the **commercial guarantee was offered at a cost or not**, the two older age groups were more likely to be offered a free commercial guarantee (49% for 35-54 year olds and 54% for those aged 55+) than 18-34 year olds (40%). Free commercial guarantees were offered less often when a car was imported from abroad (35%). Buyers from franchise dealers

were offered a free commercial guarantee more frequently (59%), whilst auction traders (18%) and independent dealers (40%) were less likely to offer a free commercial guarantee.

The offer of a commercial guarantee was much more common in the EU15, where 52% of consumer respondents received it for free (vs. only 24% in EU13). On the contrary, in the EU13, 59% of respondents were not offered it at all (vs 34% in the EU15).

Table 30 Commercial guarantee offering, by socio-demographics

	Received for free	Paid extra	Offered – at a cost – but did not want	Not offered
<b>EU28</b>	<b>47%</b>	<b>8%</b>	<b>7%</b>	<b>38%</b>
EU15	52%	7%	7%	34%
EU13	24%	9%	8%	59%
Male	48%	8%	8%	36%
Female	47%	7%	7%	40%
18-34	40%	10%	9%	41%
35-54	49%	7%	7%	38%
55+	54%	5%	7%	34%
Primary / partial secondary	51%	7%	6%	35%
Completed secondary	47%	7%	7%	39%
(Post-)Graduate	46%	8%	8%	38%
Low income	43%	9%	8%	40%
Medium income	47%	7%	8%	39%
High income	52%	7%	7%	35%
Imported from abroad	35%	9%	10%	47%
Franchise	59%	8%	7%	25%
Independent	40%	6%	7%	47%
Auction	18%	14%	10%	58%

Source: Consumer Survey Q40: When making your second-hand car purchase, did you also receive any of the following products / services from the trader? (EU28 N=24,259)

The table below summarises the conditions **per country**, in terms of whether a commercial guarantee was offered and whether it was offered at a cost or not.

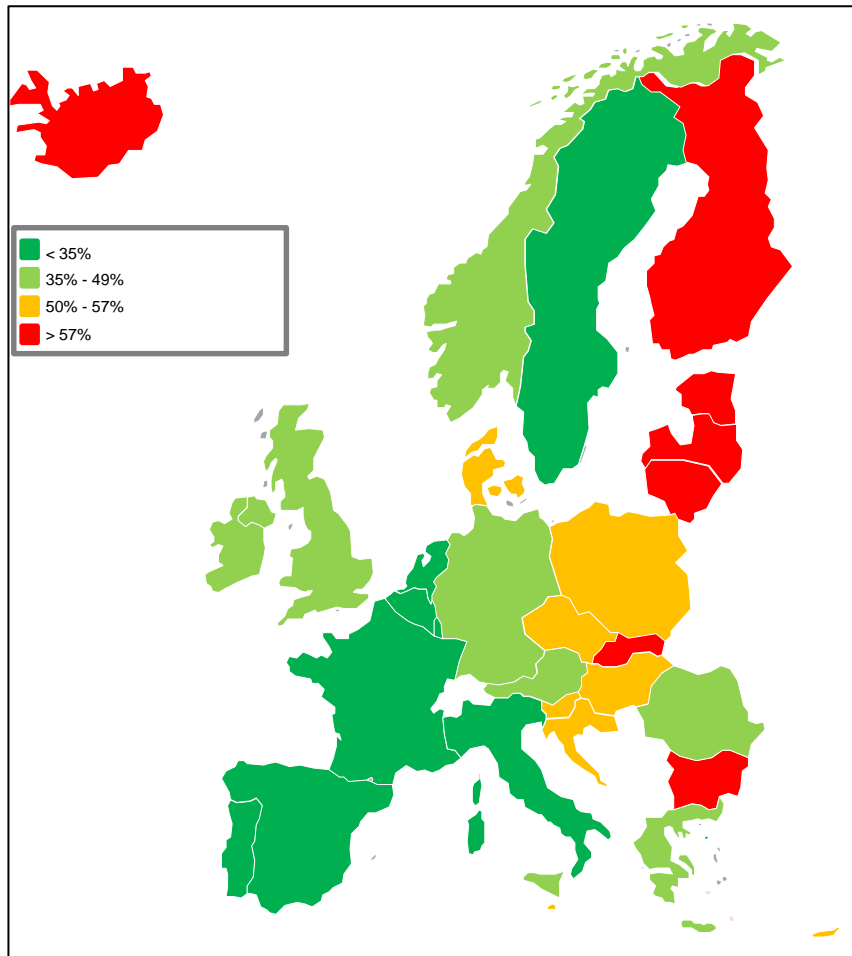
Table 31 Commercial guarantee offering, by country

	Received for free	Paid extra	Offered – at a cost – but did not want	Not offered
<b>EU28</b>	<b>47%</b>	<b>8%</b>	<b>7%</b>	<b>38%</b>
AT	53%	4%	7%	35%
BE	<b>72%</b>	4%	3%	<b>21%</b>
BG	20%	6%	5%	<b>70%</b>
CY	44%	2%	2%	52%
CZ	33%	6%	5%	56%
DE	46%	8%	10%	36%
DK	36%	4%	6%	54%
EE	<b>15%</b>	1%	4%	<b>79%</b>
EL	46%	7%	8%	38%
ES	<b>62%</b>	13%	8%	<b>17%</b>
FI	29%	3%	4%	63%
FR	<b>62%</b>	7%	2%	28%
HR	34%	7%	3%	56%
HU	32%	5%	8%	55%
IE	57%	3%	3%	37%
IT	59%	7%	5%	28%
LT	<b>12%</b>	2%	2%	<b>84%</b>
LU	<b>63%</b>	5%	5%	26%
LV	<b>13%</b>	2%	3%	<b>81%</b>
MT	43%	0%	4%	52%
NL	63%	6%	7%	24%
PL	22%	12%	11%	56%
PT	<b>68%</b>	5%	4%	22%
RO	34%	13%	7%	46%
SE	61%	6%	6%	27%
SI	31%	10%	6%	53%
SK	21%	7%	13%	58%
UK	39%	6%	11%	44%
IS	<b>13%</b>	0%	0%	<b>87%</b>
NO	53%	2%	8%	37%

Source: Consumer Survey Q40: When making your second-hand car purchase, did you also receive any of the following products / services from the trader? (N=25,286)

The countries where dealers were least likely to offer a commercial guarantee were Iceland (87% offered no commercial guarantee), followed by the three Baltic countries, namely Lithuania (84%), Latvia (81%) and Estonia (79%). This national differentiation is further illustrated by the map below:

Figure 18 Proportion of dealers not offering a commercial guarantee, by country

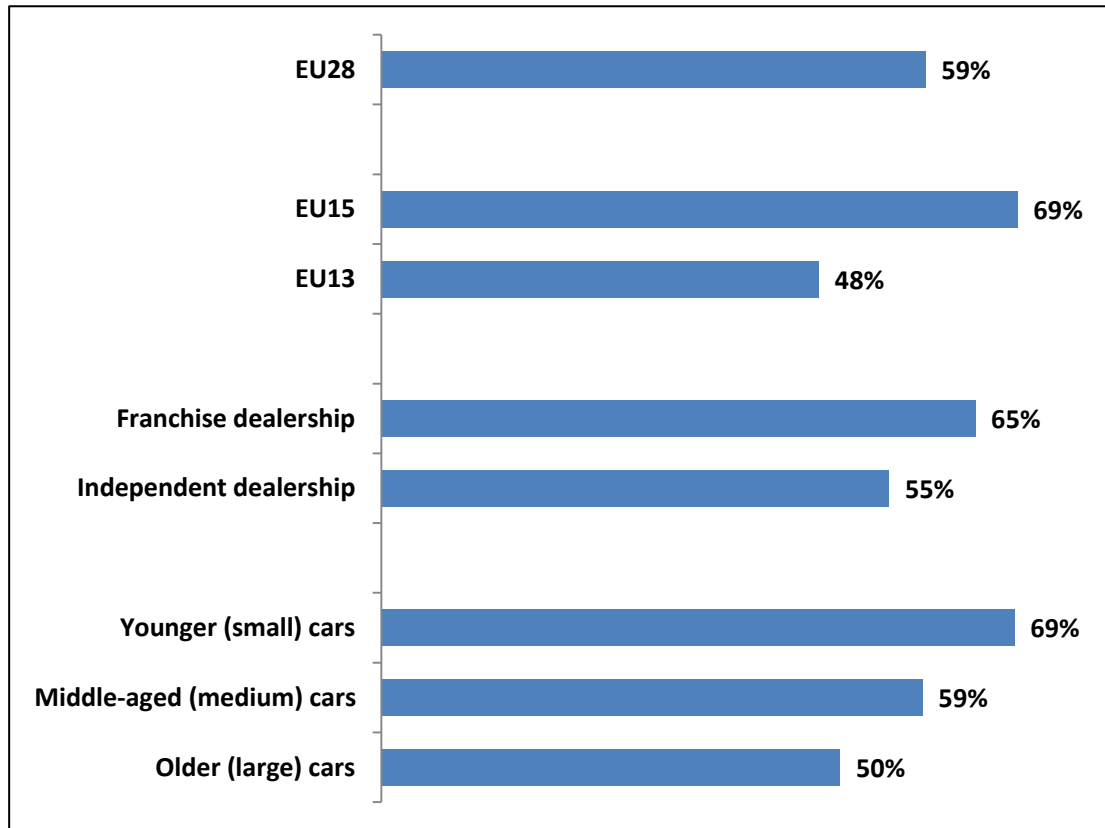


Source: Consumer Survey Q40: When making your second-hand car purchase, did you also receive any of the following products / services from the trader? (N=25,286)

The mystery shopping exercise also measured the extent to which dealers were offering commercial guarantees as part of the second-hand car sales process. In case the mystery shopper wasn't offered a commercial guarantee unprompted (23% of dealers spontaneously provided information on this), he/she had to ask if a commercial guarantee would be available when purchasing the car. In 47% of the cases where mystery shoppers prompted for one, dealers agreed to offer a commercial guarantee. When combining the dealers who offered a commercial guarantee (whether prompted or unprompted), 59% in total offered a commercial guarantee. In comparison, it was shown earlier in this chapter that the consumer survey found that commercial guarantees had been offered in 62% of cases. The fact that commercial guarantees were offered slightly more in the consumer survey is unsurprising, considering that the consumer survey measures those respondents who went through the entire sales process, whilst the mystery shopper only requested information about the car rather than making an actual purchase.

The graph below provides a breakdown by dealership type, car segment and region. It can be seen that commercial guarantees were more likely to be offered by a franchise dealership (65%), for a newer car (69%) and in the EU15 (69% vs. only 48% in EU13).

Figure 19 Offering a commercial guarantee

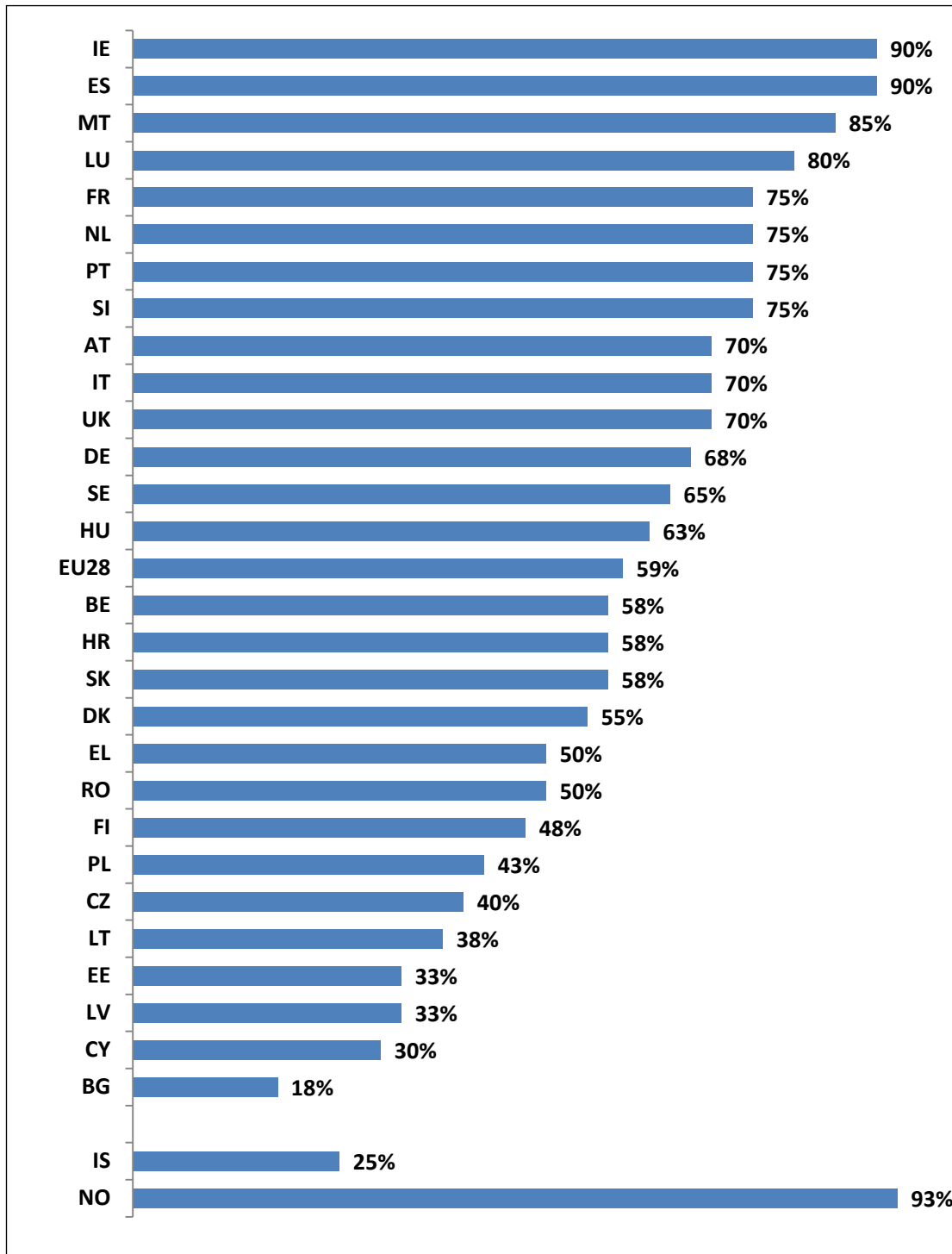


Source: Mystery Shopping Q17: I saw this car for sale. Please can you tell me a bit more about the car? Q23: Was the dealer able to offer a commercial guarantee when prompting for it? (EU28 N=1139)

When analysing the mystery shopping results by country, the countries most likely to offer a commercial guarantee were Norway (93%), Ireland and Spain (both 90%). Mystery shoppers were least likely to be offered a commercial guarantee by dealers in Bulgaria (18%), Iceland (25%), Cyprus (30%), Estonia (33%) and Latvia (33%).



Figure 20 Offering a commercial guarantee – by country

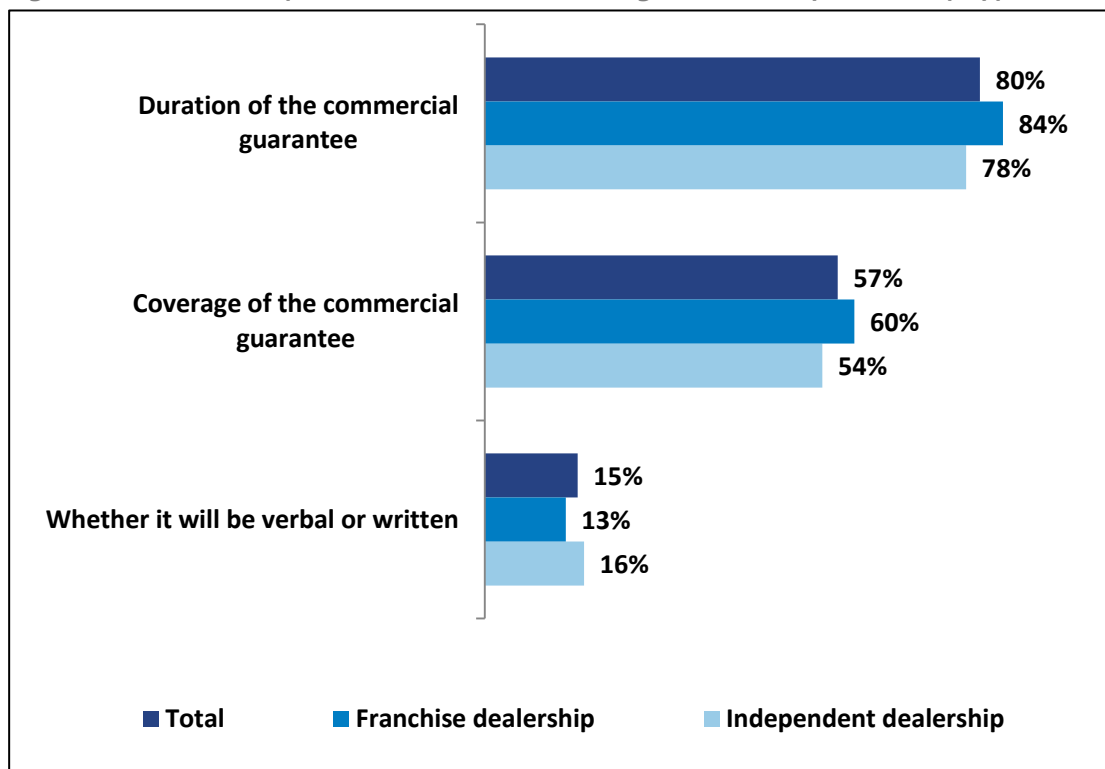


Source: Mystery Shopping Q17: I saw this car for sale. Please can you tell me a bit more about the car? Q23: Was the dealer able to offer a commercial guarantee when prompting for it? (N=1199)

Mystery shoppers who were offered a commercial guarantee were then asked to provide more details about this guarantee. When looking at both prompted and unprompted cases about the commercial guarantee, the information provided was mainly regarding its duration (80%) followed by the coverage of the commercial guarantee (57%). Whether the commercial guarantee would be

verbal or written was mentioned the least (15%). When this last item was mentioned, the guarantee would be, in almost 90% of the cases, written.

Figure 21 Information provided about commercial guarantee – by dealership type



Source: Mystery Shopping Q24: Please can you tell me about more about what your commercial guarantee would cover? Which items were mentioned by the dealer concerning the commercial guarantee (EU28 N=667)

The above graph also shows that the results were relatively similar by dealership type. When franchise dealers provided prompted or unprompted information, it mostly covered the duration (84%), followed by the coverage (60%) and whether it would be written or verbal (13%). For independent dealers the percentages were lower for duration and coverage, 78% and 54% respectively, but slightly higher for whether it would be written or verbal (16%). When this last item was mentioned, the commercial guarantee was written in 92% of the cases at franchise and 88% at independent dealerships. The extent of the difference between independent and franchise dealers is slightly smaller than would be expected; according to stakeholder survey findings, franchise dealers are normally more likely to offer a commercial guarantee. However, this relatively smaller difference between the two dealership types is reflective of the fact that mystery shoppers were instructed to look for cars of a similar age/mileage profile, thus minimising the differences between the two dealership types.

When analysing by **car segment**, results showed that dealers were also more likely to offer a commercial guarantee for the younger cars (69%), as opposed to older cars (50%). This supports the findings of the stakeholder consultation that a commercial guarantee was more likely to be offered for newer cars. For all car segments, most information was given about the duration of the commercial guarantee.

**Table 32 Information provided about commercial guarantee – by car segment**

	% duration	% coverage	% written / verbal
Younger (small) cars	81%	62%	18%
Middle-aged (medium) cars	83%	60%	13%
Older (large) cars	<b>75%</b>	<b>46%</b>	13%

Source: Mystery Shopping Q24: Please can you tell me about more about what your commercial guarantee would cover? Which items were mentioned by the dealer concerning the commercial guarantee (EU28 N=667)

As shown in the table below, information about duration and coverage was more likely to be mentioned in the EU15 than the EU13.

**Table 33 Information provided about commercial guarantee – by region**

	% duration	% coverage	% written / verbal
EU28	80%	57%	15%
EU15	84%	61%	14%
EU13	<b>75%</b>	<b>49%</b>	16%

Source: Mystery Shopping Q24: Please can you tell me about more about what your commercial guarantee would cover? Which items were mentioned by the dealer concerning the commercial guarantee (EU28 N=667)

The amount of information given per country is shown in the table below.

Table 34 Information provided about commercial guarantee – by country

	% duration	% coverage	% written / verbal
<b>EU28</b>	<b>80%</b>	<b>57%</b>	<b>15%</b>
AT	86%	46%	21%
BE	83%	74%	20%
BG	<b>56%</b>	33%	<b>44%</b>
CY	83%	50%	17%
CZ	75%	44%	25%
DE	85%	63%	4%
DK	88%	61%	24%
EE	80%	40%	0%
EL	72%	36%	24%
ES	89%	67%	0%
FI	92%	79%	8%
FR	97%	70%	3%
HR	<b>55%</b>	41%	5%
HU	68%	60%	16%
IE	72%	<b>11%</b>	0%
IT	67%	67%	12%
LT	64%	<b>18%</b>	0%
LU	75%	75%	6%
LV	<b>40%</b>	50%	0%
MT	94%	53%	18%
NL	80%	70%	33%
PL	77%	50%	42%
PT	97%	57%	23%
RO	85%	55%	20%
SE	89%	81%	23%
SI	73%	37%	20%
SK	87%	<b>83%</b>	9%
UK	91%	76%	19%
IS	<b>100%</b>	<b>20%</b>	20%
NO	81%	<b>19%</b>	8%

Source: Mystery Shopping Q24: Please can you tell me about more about what your commercial guarantee would cover?  
Which items were mentioned by the dealer concerning the commercial guarantee (N=709)

When it comes to informing consumers that the coverage provided by the commercial guarantee was in addition to the statutory rights from a legal guarantee, the sales person mentioned that this was so only in 23% of cases. Franchise dealers mentioned this in 27% of the cases and independent dealers even in a lower proportion, namely 20%. Also, dealers mentioned for 27% of the younger cars, 18% of the middle-aged cars and 27% of the older cars that the commercial guarantee offered was in addition to the statutory rights from a legal guarantee.

Considering the mystery shopping results, dealers in EU15 countries were more likely to mention that a commercial guarantee is being offered in addition to the statutory rights from a legal

guarantee (26%, compared to 19% for the EU13). When looking more in depth at all countries, Bulgaria, Cyprus, Estonia, Greece, Ireland, Latvia and Malta didn't mention at all that the commercial guarantee offered was in addition to the statutory rights from a legal guarantee. On the other hand, more than half of the dealers in Austria and Denmark mentioned this.

Table 35 Mentioning that commercial guarantee was offered in addition to the statutory rights from a legal guarantee – by country

	% mentioned
<b>EU28</b>	<b>23%</b>
DK	55%
AT	54%
SI	47%
FI	46%
CZ	44%
RO	40%
IT	38%
LU	38%
DE	33%
PL	31%
SK	30%
UK	24%
NL	23%
PT	23%
SE	23%
ES	17%
BE	14%
FR	10%
LT	9%
HR	9%
HU	8%
BG	0%
CY	0%
EE	0%
EL	0%
IE	0%
LV	0%
MT	0%
IS	20%
NO	5%

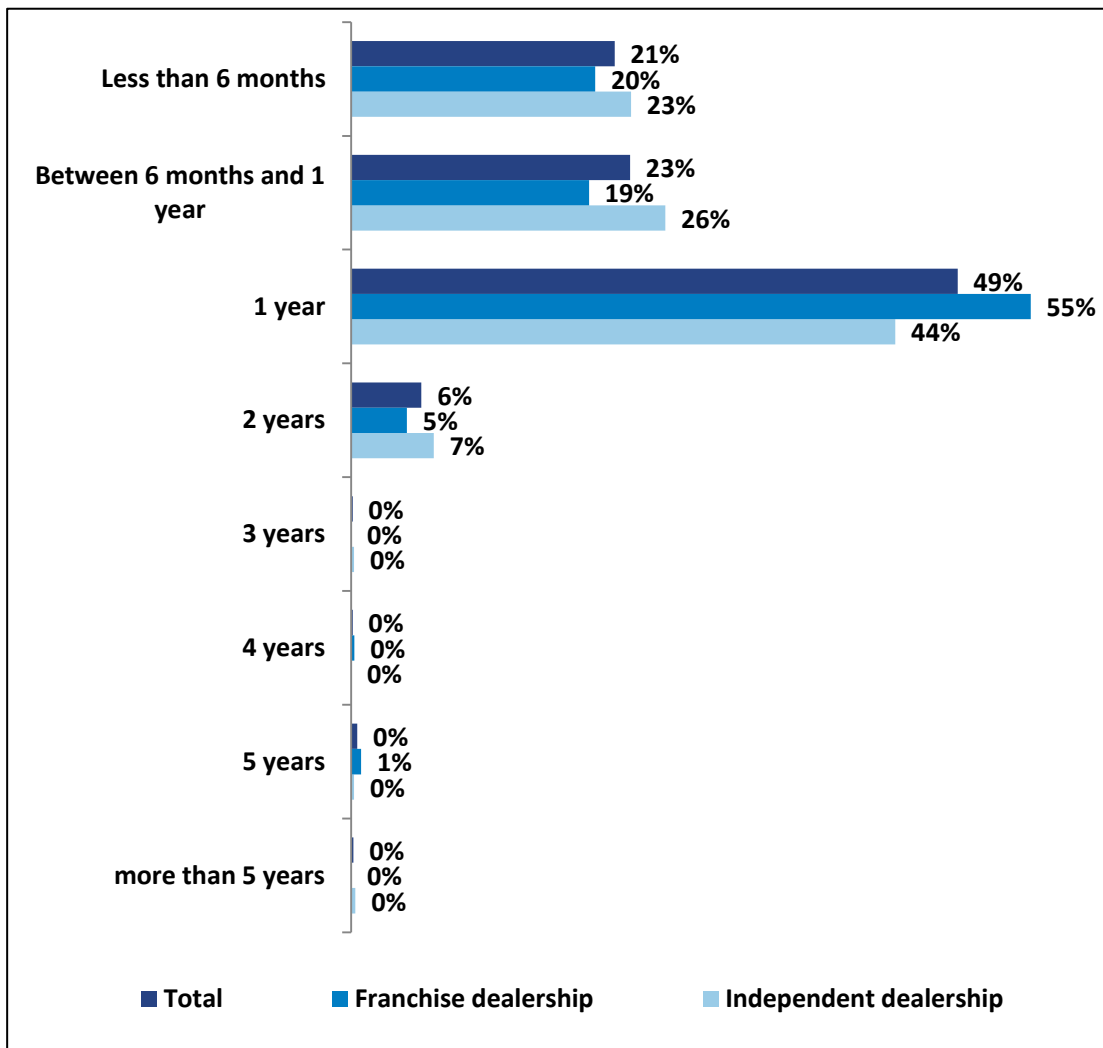
Source: Mystery Shopping Q25: Was it mentioned by the sales person that the commercial guarantee offered was in addition to the statutory rights from a legal guarantee? (N=709)

### 3.2.4.2.1 Duration of the commercial guarantee

Those mystery shoppers who received information about the commercial guarantee were also asked to provide details on its duration.

The duration of a commercial guarantee for second-hand cars was in almost half of the cases 1 year; especially franchise dealers offered this more (55% vs. 44%). A duration of more than two years for a commercial guarantee was rather rare. Approximately 21-23% of dealers offered a commercial guarantee of less than 6 months or between 6-12 months. This can be seen in the following graph.

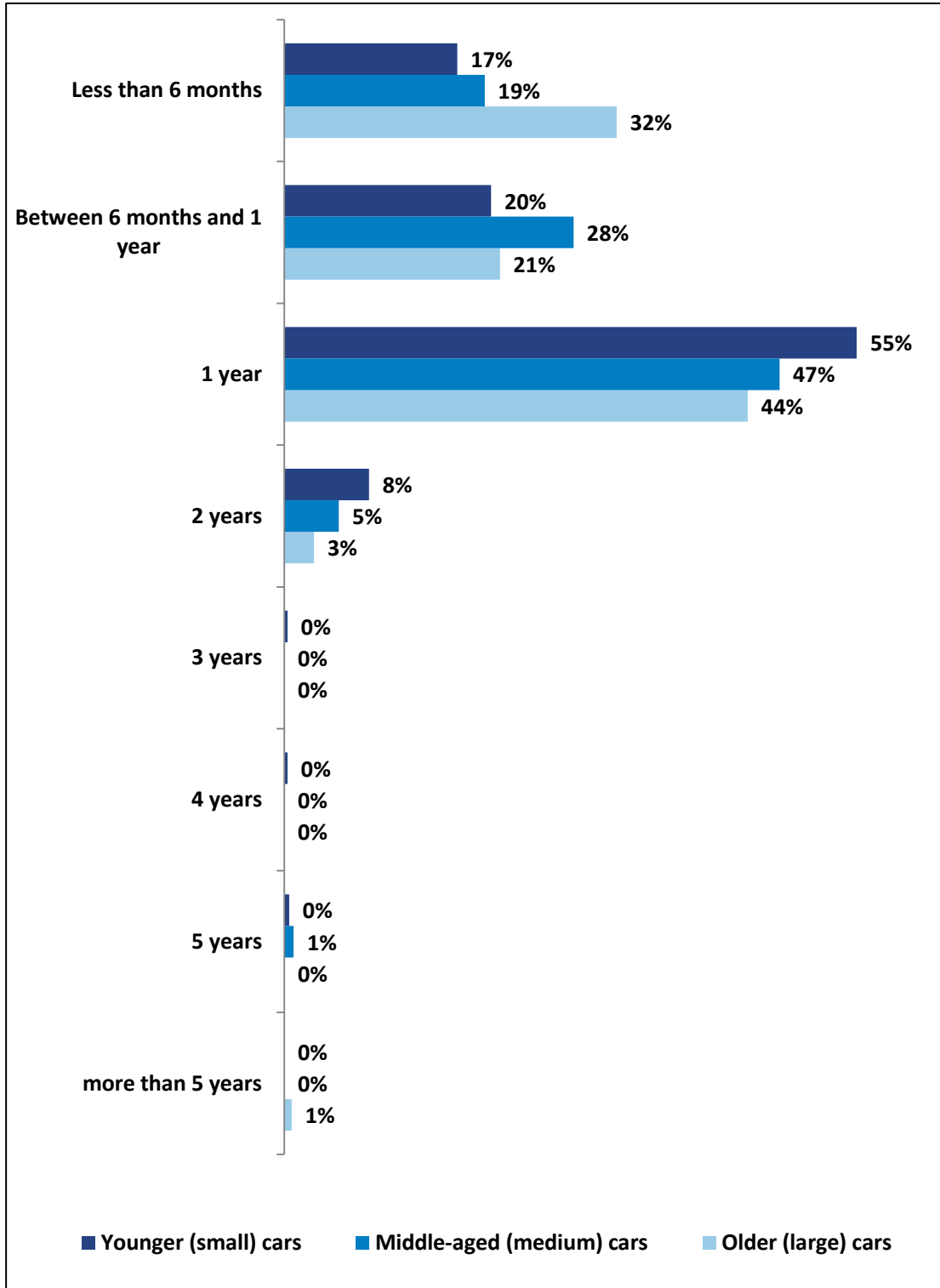
Figure 22 Duration of commercial guarantee – by dealership type



Source: Mystery Shopping Q24: What is the duration of the commercial guarantee? (EU28 N=538)

When looking per **car segment**, it can be seen that the 1 and 2 year guarantees were more frequently offered for younger cars (55% and 8% respectively). On the contrary, older cars were offered more frequently than other car segments a commercial guarantee whose duration was 'less than 6 months' (32%). Middle-aged cars were offered a commercial guarantee 'between 6 months and 1 year' at a higher frequency (28%) than for other car segments.

Figure 23 Duration of commercial guarantee – by car segment



Source: Mystery Shopping Q24: What is the duration of the commercial guarantee? (EU28 N=538)

The table below shows the average duration of a commercial guarantee per country, based on the mystery shopping data. From the table, it is clear that the shortest duration commercial guarantees were offered by dealers in the Baltic countries, the UK, Denmark, the Netherlands and Finland.

Table 36 Duration of commercial guarantee – by country

	Less than 6 months	Between 6 months and 1 year	1 year	2 years	3 years or more	Average (years)
<b>EU28</b>	<b>21%</b>	<b>23%</b>	<b>49%</b>	<b>6%</b>	<b>1%</b>	<b>0.89</b>
EE	88%	-	13%	-	-	<b>0.34</b>
LT	71%	14%	14%	-	-	<b>0.43</b>
UK	71%	13%	13%	-	-	<b>0.46</b>
DK	55%	28%	7%	10%	-	0.62
LV	50%	-	50%	-	-	0.63
NL	46%	46%	-	8%	-	0.63
FI	41%	36%	18%	5%	-	0.65
SE	48%	35%	4%	13%	-	0.68
MT	19%	69%	13%	-	-	0.69
HR	8%	83%	8%	-	-	0.73
FR	52%	14%	24%	7%	3%	0.78
PL	20%	50%	25%	-	5%	0.83
SI	18%	9%	73%	-	-	0.84
BG	-	60%	40%	-	-	0.85
EL	-	39%	61%	-	-	0.90
HU	12%	47%	29%	12%	-	0.91
IE	8%	8%	85%	-	-	0.92
LU	8%	-	92%	-	-	0.94
ES	6%	3%	91%	-	-	0.95
RO	6%	24%	65%	6%	-	0.96
PT	-	7%	93%	-	-	0.98
CY	-	-	100%	-	-	1.00
AT	-	17%	75%	8%	-	1.04
IT	-	4%	79%	18%	-	1.17
SK	-	50%	40%	5%	5%	1.23
BE	-	-	90%	3%	6%	1.28
DE	-	4%	78%	13%	4%	1.29
CZ	-	-	42%	58%	-	<b>1.58</b>
IS	-	-	40%	60%	-	<b>1.60</b>
NO	40%	40%	7%	7%	7%	0.93

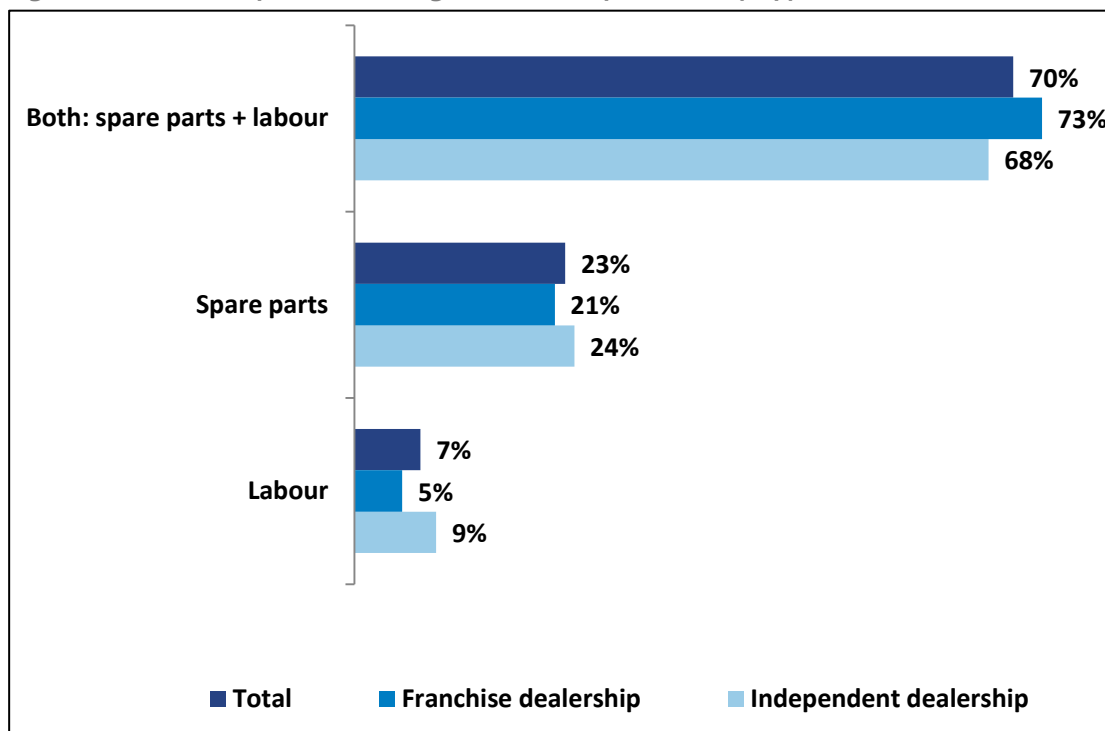
Source: Mystery Shopping Q24: What is the duration of the commercial guarantee? (N=573)



### 3.2.4.2.2 Coverage of the commercial guarantee

Analysis of results showed that in 70% of the cases the commercial guarantee covered both spare parts and labour. At franchise dealers this was the highest (73%).

Figure 24 Covered by commercial guarantee – by dealership type



Source: Mystery Shopping Q24: What would be covered by the commercial guarantee? (EU28 N=393)

When looking per **car segment**, coverage of both spare parts and labour was offered less frequently for older cars than for the other car segments.

Table 37 Covered by commercial guarantee – by car segment

	Both: spare parts + labour	Spare parts only	Labour only
Younger (small) cars	72%	22%	5%
Middle-aged (medium) cars	71%	20%	8%
Older (large) cars	66%	26%	8%

Source: Mystery Shopping Q24: What would be covered by the commercial guarantee? (EU28 N=393)

When looking at results per **country**, dealers from only a few countries gave coverage of both spare parts and labour in 100% of the cases, more specifically Bulgaria, Cyprus and Iceland. In most countries, both were indeed covered in most cases by the commercial guarantee, except for Greece and Hungary where mostly spare parts were typically covered.

Table 38 Covered by commercial guarantee – by country

	Both: spare parts + labour	Spare parts only	Labour only
<b>EU28</b>	<b>70%</b>	<b>23%</b>	<b>7%</b>
AT	85%	15%	0%
BE	85%	15%	0%
BG	100%	0%	0%
CY	100%	0%	0%
CZ	57%	43%	0%
DE	65%	6%	29%
DK	90%	10%	0%
EE	50%	25%	25%
EL	<b>33%</b>	56%	11%
ES	96%	4%	0%
FI	58%	37%	5%
FR	67%	33%	0%
HR	78%	11%	11%
HU	40%	47%	13%
IE	50%	50%	0%
IT	54%	29%	18%
LT	50%	50%	0%
LU	58%	42%	0%
LV	60%	20%	20%
MT	67%	33%	0%
NL	76%	19%	5%
PL	85%	15%	0%
PT	94%	0%	6%
RO	82%	9%	9%
SE	76%	24%	0%
SI	82%	18%	0%
SK	<b>26%</b>	32%	42%
UK	88%	13%	0%
IS	100%	0%	0%
NO	71%	0%	29%

Source: Mystery Shopping Q24: What would be covered by the commercial guarantee? (N=401)

### 3.2.5 Sales contract

In addition to the consumer challenges of understanding commercial and legal guarantees when buying a second-hand car, the text of the sales contract also presents potential risks for the consumer. If the consumer signs a sales contract with unfair clauses, then they have reduced possibilities for consumer redress in the event that any problems arise post-sale. Some of these clauses may of course be declared null and void (e.g. when these include an exoneration of liability that is not allowed, or unfair terms that violate the Directive on unfair commercial practices (see the chapter on European legislation and Appendix 2). However, some clauses are rather 'light grey'

than 'black' and may survive a legal assessment (e.g. a clause that states that the characteristics of the car are well known and accepted by the buyer).

When asked if dealers provided consumers with 'a clear sales contract' when selling a second-hand car, the majority of stakeholders felt that this was indeed the case due to the legal obligation on the dealer to provide this. On a scale from 1 to 10<sup>70</sup>, the average score was 7.5 out of 10. This rather high score indicates that contracts were generally rather transparent, according to the stakeholders interviewed.

*"Everything which is not written down will go against the dealer and for the consumer, based on this country's law" (Association of Dealers/Repairers)*

*"Consumers can check the dealer's general terms and conditions. Consumers can act against unfair contract terms via a lawyer. Consumers are generally better protected than dealers" (Association of Dealers/Repairers)*

*"In most cases, there are standardised contracts which are promoted by bigger dealers" (Trade Association)*

Although stakeholders felt that consumers almost always signed a sales contract when buying a second-hand car, the key problem identified is that such contracts are not always in favour of the consumer. In Cyprus, one stakeholder felt that consumers were at risk because they were not being provided with a draft sales contract. Hence, the consumer would often sign a sales contract directly with car purchase, a fact that gives 'all liability' to the consumer and thus weakens his/her position, if problems arise post-sale (e.g. by a statement in the terms and conditions that the car was well examined by the consumer and all characteristics were well known and accepted<sup>71</sup>). This highlights a further issue in that consumers often did not check the contract that they were signing, either due to trust in the dealer or due to not being able to understand or take the time to read the contract.

*"Contracts are rarely read by the consumer and some are written in confusing language. This is also a problem with new cars" (Automobile Club/Association)*

*"Often the consumer has a lot of trust in the dealership franchise label and so they are less likely to check the contract" (Consumer Organisation)*

*"Contracts in this country are not always very easy for consumers to understand - the law is complicated" (Automobile Club/Association)*

### **3.2.6 Disclaimers**

Due to the complexity of second-hand car contracts and guarantees, disclaimers present a risk to the consumer if they are not sufficiently transparent.

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<sup>70</sup> On a scale of 1 to 10, where 1 indicates that second-hand car dealers never draft and sign a clear sales contract and 10 indicates that they always do this.

<sup>71</sup> Clauses confirming the knowledge of all characteristics and the acceptance of the car "as is" are sometimes regarded by courts as forbidden exclusions of liability, but not always. Where straightforward exoneration of liability is forbidden, the "knowledge" or "as is" clauses are sometimes accepted by case law. In practice, much depends on the circumstances of the case and especially the actual awareness of the consumer.

Stakeholders interviewed were asked 'how often dealers in their country use disclaimers when selling a second-hand car'<sup>72</sup>. The average score given was 5.7 out of 10<sup>73</sup>, which indicates that some dealers were indeed using disclaimers, whilst others were not. Many stakeholders felt that disclaimers were more common among unauthorised dealers, or small independent dealerships, but that such practices would not be tolerated among franchise dealerships or those dealerships that are a member of a dealer association.

*"Some very small second-hand car dealers will try to use disclaimers in order to sell the car as cheap as possible" (Association of Dealers/Repairers)*

*"Disclaimers are common in a 'hidden way' (e.g. limiting the guarantee and the contract), rather than in the more transparent way of showing disclaimers in the USA" (Consumer Organisation)*

*"Authorised dealers have nothing to hide, as they have better cars and so they rarely have a disclaimer" (Trade Association)*

In total, results of mystery shopping indicated that only 5% of disclaimers were noticed on the car itself or were used by the dealer. In terms of dealership type, 3% disclaimers were noticed on the car itself at franchise dealerships and 6% at independent dealerships. When looking at the different car segments, 8% disclaimers were for older cars and only 4% and 3% for middle-aged and younger cars respectively. Disclaimers were slightly more present in EU13 countries (6%) versus EU15 countries (4%).

At **country** level, 20% or more disclaimers were noticed on the car itself or mentioned by the sales person in Poland, Slovakia and Germany.

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<sup>72</sup> On a scale of 1 to 10, where 1 meant 'never' and 10 indicated 'all the time'

<sup>73</sup> Based on the 22 stakeholders who answered this question

Table 39 Disclaimers – by country

Disclaimers used	
<b>EU28</b>	<b>5%</b>
PL	<b>23%</b>
SK	<b>20%</b>
DE	<b>20%</b>
HU	15%
LT	14%
AT	10%
EL	8%
UK	7%
SI	5%
PT	5%
ES	5%
FI	4%
BG	4%
IT	3%
BE	3%
SE	0%
RO	0%
NL	0%
MT	0%
LV	0%
LU	0%
IE	0%
HR	0%
FR	0%
EE	0%
DK	0%
CZ	0%
CY	0%
IS	0%
NO	0%

Source: Mystery Shopping Q16: Did you notice any disclaimers (on the car itself or verbally mentioned by the sales person)? (N=600)

### 3.2.6.1 Type of disclaimer

Of the 33 mystery shopping cases where one or more disclaimers were present, the most common one was “car sold as seen”, seen in 67% of cases. The second most common type of disclaimer was “mileage not guaranteed”. There was relatively little difference by car type or dealership type, especially considering the small base size.

Stakeholders were also asked for insight into the types of disclaimers that most dealers commonly use about a second-hand car. The most commonly cited disclaimer type was that of a reduced legal guarantee, from 2 years to the 1 year minimum. The reason that a reduced legal guarantee was not

highlighted in the mystery shopping exercise is that this exercise focused more on the consumer search process, whilst disclaimers related to a second-hand car's contract or guarantee are likely to only arise in the event of proceeding with a purchase rather than in the search process.

*"National law offers the possibility for dealers to reduce the liability from 2 years to 1 when selling a second-hand car to a consumer using a correct form of disclaimer. All dealers use this chance" (Automobile Club/Association)*

*"Reducing the guarantee to 1yr is the most common disclaimer" (Trade Association)*

There was very limited mentioning by stakeholders of other types of disclaimers, such as the dealer stating that the car mileage is not guaranteed:

*"Disclaimers about mileage are quite common. They are used by small dealers who don't have money to spend on all the pre-sales checks" (Public Authority)*

*"A sticker on the car dashboard may say that mileage can't be guaranteed. This covers the trader in the event of incorrect mileage. Auctions in particular will definitely use this disclaimer" (Association of Dealers/Repairers)*

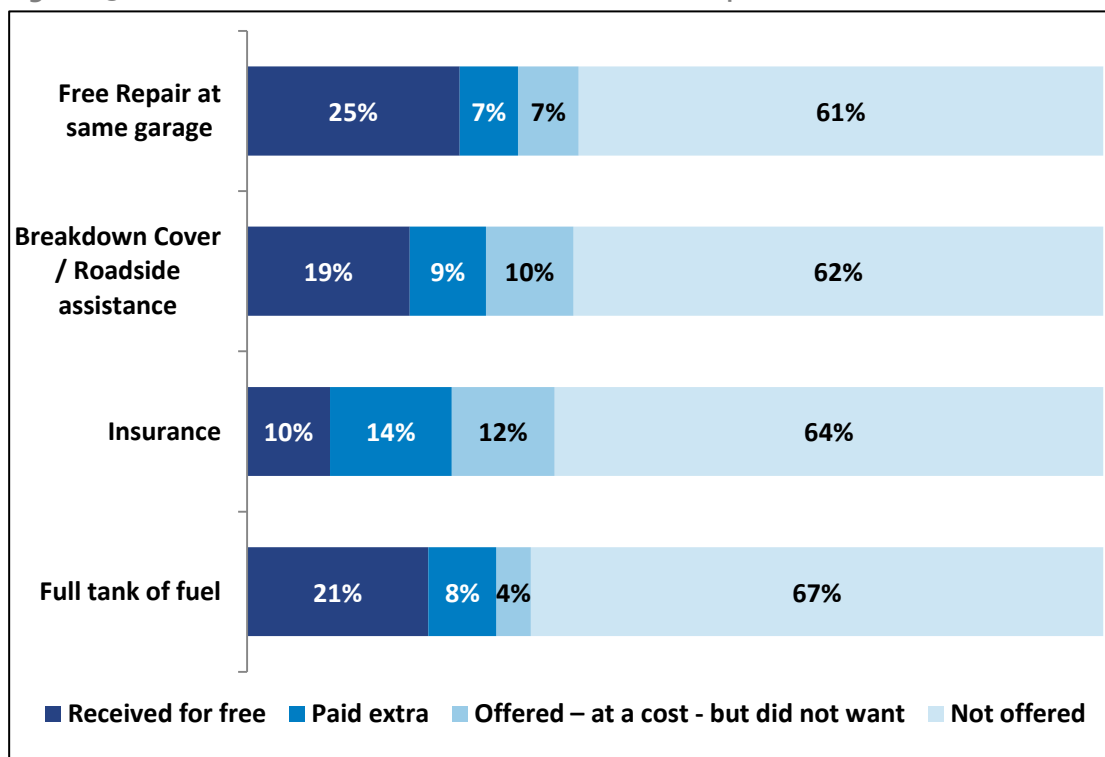
### 3.2.7 Offering additional services and products

In addition to purchasing a car, consumers of second-hand cars can also receive products and services from the dealer, such as a full tank of fuel.

#### 3.2.7.1 Consumer survey insights

The consumer survey asked whether the following four services/products were offered to respondents and, if so, whether this was for free or at an additional cost. Results are reported in the figure below:

Figure 25 Offered and not offered additional services and products



Source: Consumer Survey Q40: When making your second-hand car purchase, did you also receive any of the following products / services from the trader? (N=25,286)

Considering these additional services and products, 39% of traders offered **repair at the same garage**, whereas 38% offered help via **breakdown cover / roadside assistance**. Around a third of the dealers offered consumer respondents a **full tank of fuel** (33%) or **insurance** (36%). The two tables that follow show the breakdown of these offerings by socio-demographics and country, taking into account all offerings made either for free or at an additional cost.

In terms of socio-demographics, it can be clearly seen that men were more likely to be offered such services than women and 18-34 year olds were the age group most likely to be offered these additional services. Franchise dealerships offered the most and independent dealerships the least, when compared with each other, whereas auctions offered the most when it comes to a full tank (44%) and insurance (50%). Cars purchased from abroad also offered quite a large proportion of additional services.

Table 4o Other service offering, by socio-demographics

	Free repair at the same garage	Breakdown cover / roadside assistance	Insurance	Full tank of fuel
<b>EU28</b>	<b>39%</b>	<b>38%</b>	<b>36%</b>	<b>33%</b>
EU15	40%	39%	31%	34%
EU13	32%	36%	59%	32%
Male	41%	42%	38%	36%
Female	36%	34%	33%	30%
18-34	44%	42%	44%	41%
35-54	36%	36%	33%	29%
55+	35%	36%	29%	31%
Primary / partial secondary	41%	39%	31%	32%
Completed secondary	38%	37%	36%	33%
(Post-)Graduate	38%	40%	37%	35%
Low income	43%	40%	41%	37%
Medium income	37%	36%	33%	30%
High income	36%	39%	35%	34%
Imported from abroad	44%	47%	54%	50%
Franchise	43%	49%	40%	38%
Independent	35%	29%	31%	29%
Auction	35%	36%	50%	44%

Source: Consumer Survey Q40: When making your second-hand car purchase, did you also receive any of the following products / services from the trader? (EU28 N=24,259)

The table below summarises the conditions **per country** in terms of whether these additional services were offered. Some variations can be observed and the most notable trends were that dealers from Iceland, Cyprus (excluding free repair at the same garage) and the Baltic countries (excluding insurance) were by far the least likely to offer these additional services when selling a second-hand car.



Table 4.1 Other service offering, by country

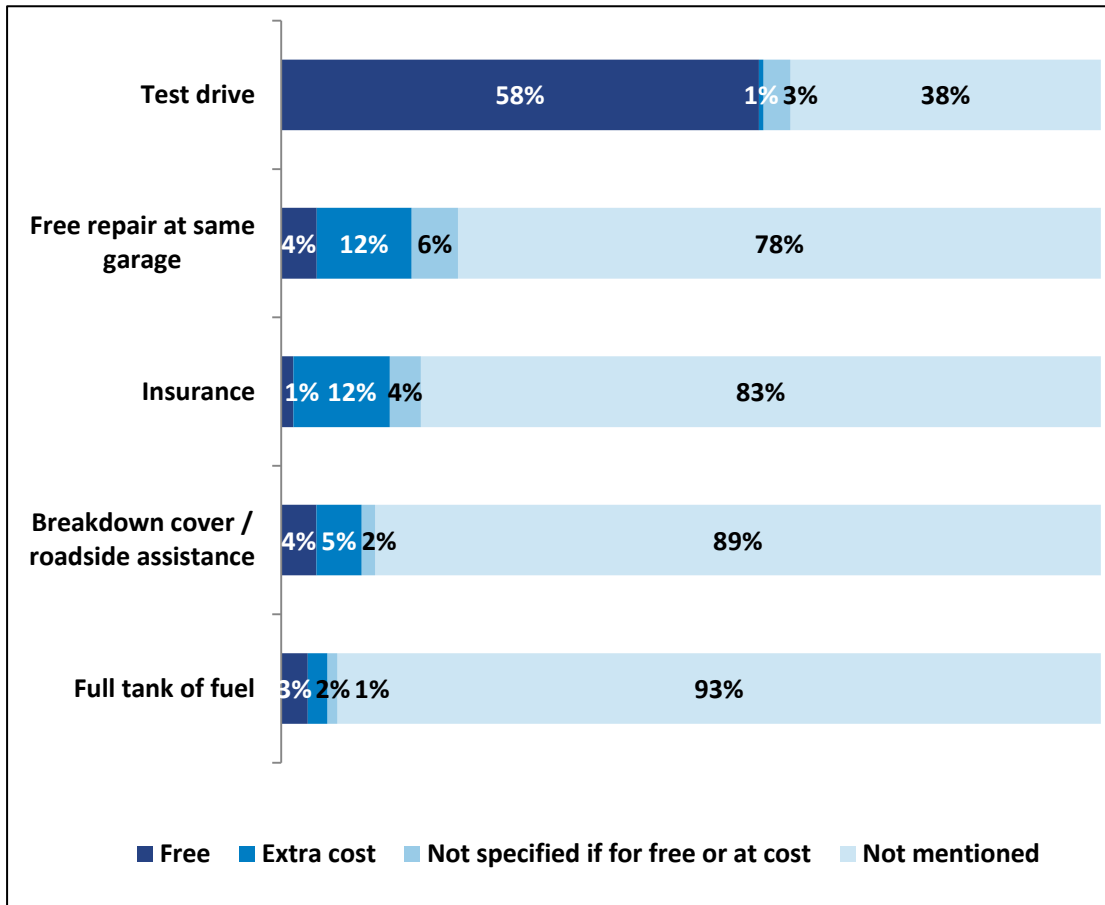
	Free repair at the same garage	Breakdown cover / roadside assistance	Insurance	Full tank of fuel
<b>EU28</b>	<b>39%</b>	<b>38%</b>	<b>36%</b>	<b>33%</b>
AT	41%	31%	40%	36%
BE	41%	32%	19%	26%
BG	20%	29%	57%	19%
CY	41%	13%	15%	17%
CZ	29%	28%	71%	15%
DE	39%	38%	34%	35%
DK	34%	29%	37%	28%
EE	17%	18%	39%	13%
EL	49%	48%	52%	33%
ES	60%	50%	46%	43%
FI	38%	28%	25%	32%
FR	39%	39%	16%	31%
HR	28%	27%	47%	18%
HU	31%	27%	71%	24%
IE	35%	28%	11%	42%
IT	47%	47%	33%	28%
LT	11%	11%	38%	17%
LU	37%	37%	33%	37%
LV	23%	13%	44%	14%
MT	22%	26%	30%	18%
NL	42%	30%	25%	50%
PL	38%	43%	61%	43%
PT	37%	50%	24%	24%
RO	39%	51%	64%	40%
SE	38%	39%	62%	33%
SI	27%	31%	46%	18%
SK	30%	39%	62%	23%
UK	33%	37%	32%	33%
IS	9%	9%	17%	13%
NO	37%	45%	56%	35%

Source: Consumer Survey Q40: When making your second-hand car purchase, did you also receive any of the following products / services from the trader? (N=25,286)

### 3.2.7.2 Mystery shopping insights

Mystery shoppers noted down whether the following 5 services/products were also offered and, if so, whether this was for free or at an additional cost. This is reported in the figure that follows:

Figure 26 Offered and not offered additional services and products



Source: Mystery Shopping Q22: When conducting this exercise, did the dealer offer you any of the following products / services either for free or at extra purchase cost? (N=1199)

The most commonly offered product was a **test drive**, which was offered by 62% of the dealers. This was most commonly offered for free (58%), in 1% of the cases at an extra cost and the remaining 3% were not specified whether it was offered for free or at an extra cost. The test drive was offered by 64% of franchise dealerships and 61% of independent dealerships. In terms of differentiation by whether the test drive was offered at a cost or not, franchise dealers were also more likely to offer a free test drive (61% versus 57%).

There was some variation by trade source, with all extras more frequently offered by franchise dealers and more frequently for free.

Table 42 Percentage of additional services and products offered – by dealership type

	Total	Franchise dealership	Independent dealership
Test drive	62%	64%	61%
Free Repair at same garage	21%	29%	17%
Insurance	17%	19%	16%
Breakdown cover / roadside assistance	11%	16%	8%
Full tank of fuel	7%	7%	6%

Source: Mystery Shopping Q22: When conducting this exercise, did the dealer offer you any of the following products / services either for free or at extra purchase cost? (EU28 N=1139)

When looking at the different car segments, extras were more frequently offered by dealers for the younger cars and also more frequently for free.

Table 43 Percentage of additional services and products offered – by car segment

	Total	Younger (small) cars	Middle-aged (medium) cars	Older (large) cars
Test drive	62%	69%	56%	61%
Free repair at same garage	22%	26%	20%	18%
Insurance	17%	21%	13%	17%
Breakdown cover / roadside assistance	11%	18%	7%	10%
Full tank of fuel	7%	9%	5%	5%

Source: Mystery Shopping Q22: When conducting this exercise, did the dealer offer you any of the following products / services either for free or at extra purchase cost? (EU28 N=1139)

When analysing country results, mystery shoppers in the EU13 were more likely to be offered a test drive (65% versus 60% in the EU15) and insurance (23% versus 12% in the EU15). Conversely, dealerships in the EU15 were slightly more likely to offer breakdown cover than EU13 dealerships (13% versus 10%). There was no difference between the two regions in terms of offering a full tank of fuel or free repair at the same garage. At country level, the following key findings were notable:

- Dealers in Slovakia (93%), Ireland (90%) and Denmark (85%) were most likely to offer a **test drive**. Dealers from Greece (20%) and Bulgaria (38%) were least likely to offer this;
- Countries where the dealer was most likely to offer **free repair at the same garage** were France (45%), Spain (43%) and Romania (40%). The countries that weren't offering this at all were Iceland and Malta;

- Romania was the country where dealers were the most likely to offer **insurance** (60%). On the contrary, dealerships in Lithuania, Iceland and Ireland weren't offering this additional service at all;
- Countries where the dealership was most likely to offer **breakdown cover / roadside assistance** were Poland (33%) and the Netherlands (30%). Dealers in Lithuania, Iceland and Luxembourg on the other hand weren't offering this service at all;
- The Netherlands (23%) and Romania (20%) were most likely to offer a **full tank of fuel**. Dealers from 8 out of 30 countries weren't offering this service at all (Iceland, Luxembourg, Slovenia, Croatia, Latvia, Estonia, Cyprus and Italy).

Table 44 Percentage of additional services and products offered – by country

	Test drive	Free Repair at same garage	Insurance	Breakdown Cover / Roadside assistance	Full tank of fuel
<b>EU28</b>	<b>62%</b>	<b>22%</b>	<b>17%</b>	<b>11%</b>	<b>7%</b>
AT	45%	18%	10%	5%	5%
BE	45%	17%	3%	10%	8%
BG	38%	16%	16%	4%	4%
CY	75%	30%	20%	25%	0%
CZ	73%	23%	43%	10%	10%
DE	55%	13%	18%	8%	8%
DK	85%	18%	15%	2%	5%
EE	40%	10%	10%	10%	0%
EL	<b>20%</b>	18%	8%	12%	4%
ES	75%	<b>43%</b>	18%	10%	3%
FI	62%	8%	18%	2%	8%
FR	70%	<b>45%</b>	10%	18%	15%
HR	74%	23%	8%	3%	0%
HU	43%	23%	28%	10%	3%
IE	<b>90%</b>	15%	0%	10%	5%
IT	43%	28%	15%	28%	0%
LT	77%	30%	0%	0%	7%
LU	65%	<b>5%</b>	10%	0%	0%
LV	77%	20%	17%	3%	0%
MT	65%	<b>0%</b>	5%	5%	10%
NL	63%	33%	10%	<b>30%</b>	<b>23%</b>
PL	67%	35%	48%	<b>33%</b>	13%
PT	68%	33%	20%	20%	8%
RO	78%	<b>40%</b>	<b>60%</b>	13%	<b>20%</b>
SE	63%	18%	23%	25%	18%
SI	48%	23%	25%	3%	0%
SK	<b>93%</b>	13%	18%	15%	13%
UK	47%	10%	3%	8%	5%
IS	60%	<b>0%</b>	0%	0%	0%
NO	65%	23%	40%	23%	3%

Source: Mystery Shopping Q22: When conducting this exercise, did the dealer offer you any of the following products / services either for free or at extra purchase cost? (N=1199)

### 3.2.8 The role of trade associations & quality labels

Trade associations and quality labels can significantly increase the quality and uniformity of the second-hand cars sold by their members through the use of standardised and regulated practices among all dealers that are members of this organisation or bear a quality label.

Quality labels coming from manufacturers are a key strength for franchise dealerships in differentiating themselves from independent dealers via increased transparency and consumer trust. These manufacturer quality labels often provide as standard the following services:

1. Standardised checks on all cars pre-sale;
2. Standardised contracts;
3. Commercial guarantees tied to the manufacturer.

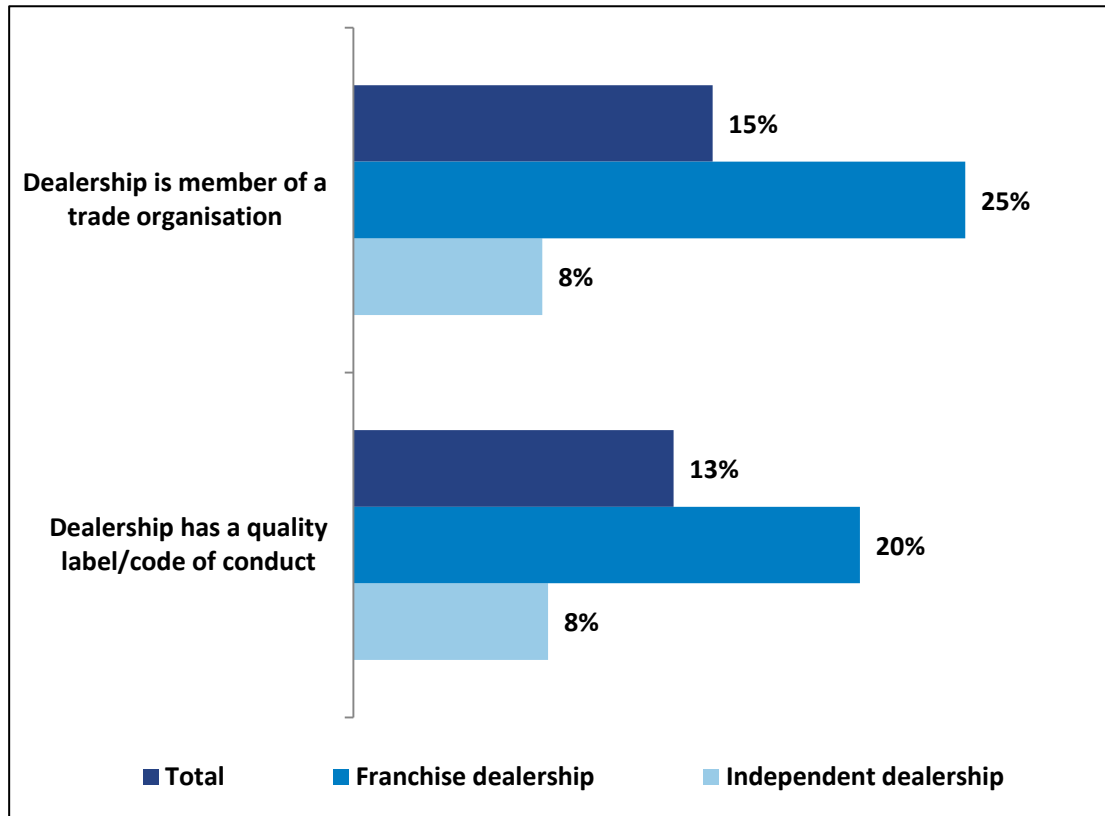
However, independent dealers can also deliver a level of quality equivalent to these franchise labels by being part of a trade association or being affiliated with a quality label. To take the example of the main dealership association in Belgium, Federauto, independent and franchise dealerships who wish to join first need to apply for a membership via an external, third party audit. If they succeed with this audit, they receive a Federauto label for 3 years. Federauto also has a standard order form with over 90 items detailing the car's condition. When organisation members use this form, the dealer or customer can make use of a dispute resolution entity ('Commission de Conciliation'), if needed post-purchase. This example shows the potential value of such associations and quality labels in terms of increasing transparency and providing consumer redress possibilities.

Based on results of the mystery shopping exercise, 15% of dealers assessed were a member of a trade association and 13% had a quality label/code of conduct<sup>74</sup>. As shown below, franchise dealerships scored much higher than independent dealerships, which is unsurprising considering that the franchise ones tend to be larger dealerships that are already affiliated with a manufacturer and so other affiliations are also likely to occur.

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<sup>74</sup> This was based on the dealer either verbally telling the mystery shopper or providing the mystery shopper with written information about which included this information.

Figure 27 Dealership quality labels and codes of conduct – by dealership type



Source: Mystery Shopping Q26 and Q28: Were you informed, either verbally by the sales person or by reading the information that they provided to you, that...? (N=1199)

Dealers in the EU15 were more likely than dealers in the EU13 to be a member of a trade association (16% versus 13%) and have a quality label / code of conduct (15% versus 11%). The table below shows that trade associations were most commonly mentioned in Ireland (45%) and Spain (43%), whilst a quality label / code of conduct was most likely to be mentioned by dealers in the Netherlands (60%).

Table 4.5 Extra information provided – by country

	Dealership is member of a trade association	Dealership has a quality label / code of conduct
<b>EU28</b>	<b>15%</b>	<b>13%</b>
AT	5%	5%
BE	12%	22%
BG	0%	2%
CY	15%	20%
CZ	18%	10%
DE	8%	5%
DK	25%	27%
EE	3%	0%
EL	6%	4%
ES	43%	8%
FI	4%	0%
FR	3%	3%
HR	10%	5%
HU	18%	18%
IE	45%	35%
IT	30%	20%
LT	27%	10%
LU	0%	0%
LV	17%	10%
MT	0%	0%
NL	33%	60%
PL	27%	32%
PT	13%	20%
RO	10%	13%
SE	15%	10%
SI	5%	3%
SK	15%	15%
UK	3%	8%
IS	0%	0%
NO	15%	13%

Source: Mystery Shopping Q26 and Q28: Were you informed, either verbally by the sales person or by reading the information that they provided to you, that...? (N=1199)

The key issue highlighted by the stakeholder survey was not that dealers were not part of a trade association or quality label, but rather that consumers did not look for such associations and labels or did not understand what these labels signify:

*“The consumer rarely knows what is behind these labels” (Consumer Association)*

*“Dealers almost never refer to these. There is only label that I know of in this country - their members have its stamp, but consumers don't know this label and so it needs to be advertised more” (Trade Association)*



The extent to which consumers took trade associations and quality labels into account in their second-hand car purchase decision-making process is explored further from a consumer perspective under Issue 2, based on the results of the consumer survey.

### 3.3 Dealers' practices and compliance with the existing regulatory framework for selling second-hand cars: Summary

Summing up Issue 1, the key findings can be summarised under the following four elements:

1. Checks performed by dealers and information provision;
2. Focus on car mileage checks;
3. Legal and commercial guarantees, sales contracts and disclaimers;
4. Additional dealers' practices.

These elements assess the extent to which dealers are complying with the law and the extent to which they are transparently presenting and conveying information about the second-hand car on sale to the consumer. The key findings for each of these elements are detailed below:

#### 1. Checks performed by dealers and information provision

- Before selling a second-hand car, dealers typically **conduct a range of checks** on the car in order to ensure its quality. Based on the stakeholder feedback, it appears that the extent to which dealers conduct such checks is dependent on the dealership type (e.g. franchise dealers often use standardised checklists, whilst dealers with a garage attached have more possibilities to conduct a thorough mechanical check), whether certain checks are obliged by law in their country (e.g. differing roadworthiness certification regulation per country) and the level of professionalism / attitude of the dealer themselves;
  - The most commonly checked items were the condition of the car interior and exterior, the car's mechanical condition and the presence of all required documentation related to the car. Dealers were least likely to conduct checks on the car's service history, history in terms of previous owners and history of accidents/repairs;
- Based on the findings of the consumer survey and mystery shopping exercise, it is clear that the most commonly **provided information to the consumer** (either in the car advert or by traders themselves) was the car's price, age, mileage, engine size, transmission type and the condition of car's interior / exterior. These elements were usually available in the car's advert, especially if the car was advertised on an internet car portal;
  - However, a substantial proportion (23-27%) of consumer survey respondents did not receive information on CO<sub>2</sub> emissions, consumer rights to a 'legal guarantee', maintenance costs, the safety or security reputation of the car and the car's accident history. A further 12-19% were unsure whether or not they had received this information;
    - These information items were only provided in a minority of the mystery shopping exercises, either in the car advert or unprompted by the dealer;
  - When analysing the results by socio-demographics, most of the information items were least commonly received by respondents aged 18-34, those with a low level of income and education and respondents who had bought their car at an auction.

#### 2. Car mileage checks

- There were **legislative differences per country** in terms of whether the dealer had to give evidence to prove that the car's odometer was accurate. In Belgium, for example, the Car-Pass is a compulsory certificate recording mileage every time a car gets serviced/repaired;

- Focusing on the particularly important topic of car mileage checks to verify the accuracy of the odometer, 21% of **consumer survey** respondents did not receive this information and 13% were unsure whether or not they had received it when buying their second-hand car;
  - There was relatively little difference by socio-demographics, although EU13 respondents were slightly more likely than EU15 respondents to say that they had not received this information (26% vs. 20%);
  - In particular, half of respondents in most Scandinavian and Baltic countries did not receive or did not know whether they received information on car mileage checks to verify odometer accuracy.
- 23% of **mystery shoppers** received car mileage check information spontaneously from the dealer. Those who did not receive this spontaneously then prompted the dealer for this information as part of their mystery shopping exercise. When combining both the spontaneous and prompted answers from the mystery shoppers, two-thirds (66%) received information about the accuracy of the odometer;
  - For those dealers who provided information about the accuracy of the odometer, the **most common methods** that they used to do this were;
    - Showing the car's service history/logbook (33%);
    - Verbal assurance (18%);
    - An official certificate such as the Car-Pass (14%);
    - Allowing the consumer to check the odometer themselves visually (12%).

### 3. Legal and commercial guarantees, sales contracts and disclaimers

#### Legal guarantee

- **Directive 1999/44/EC** of the European Parliament and European Council on consumer sales provides a minimum 2-year legal guarantee for new goods, and Member States can negotiate a shorter time period for the guarantee (but not less than 1-year) for second-hand goods;
  - Analysis of **legislation at national level** shows that many EU member states took up the option to negotiate a 1 year legal guarantee for second-hand goods;
- The stakeholders interviewed felt that consumers were rarely informed by dealers about their statutory rights and that these issues are **poorly understood by both dealers and consumers**;
- Based on the **results of the consumer survey**, 57% of respondents received information on their consumer rights to a legal guarantee as part of the purchase process, either in the car's advert or from being informed by the dealer. However, 24% of respondents did not receive this information, and the remaining 19% were unsure as to whether or not they had been informed of this;
  - Approximately half of consumer respondents living in the EU13 (51%), buying a car from an independent dealership (49%), an auction (47%) or from abroad (48%) said that they either did not receive this information, or they did not know whether they had received it or not;
- **In the mystery shopping task, only 5% of traders spontaneously provided information on consumer rights to a legal guarantee.**

## Commercial guarantee

- Offering a **commercial guarantee** is not obligatory for a dealer when selling a car, but it is often perceived as an explicit form of the implied legal guarantee that is anyhow required, and does not always provide additional rights for the consumer;
- **Based on the consumer survey findings, a commercial guarantee was offered by 62% of dealers** – 47% for free and 15% at an additional cost;
  - There was considerable variation by trade source - the commercial guarantee was offered by 75% of franchise dealerships, by 53% of the independent dealers and cars imported from abroad and by just 42% of auction houses;
  - The offering of a commercial guarantee was much more common in the EU15 (66%) than in the EU13 (41%);
- When combining the prompted and unprompted answers from the **mystery shopping** exercise, 59% of dealers offered a commercial guarantee. As with the consumer survey, this offering was much higher in the EU15 (69%) than the EU13 (48%). The commercial guarantee was also more commonly offered for younger cars (69% vs. only 50% for older ones) and those sold at a franchise dealership (65%);
  - When the mystery shopper prompted for more details, the most common duration for the commercial guarantee was one year (49%) and it usually covered both spare parts and labour. Also, in approximately one out of five cases, mystery shoppers reported that the commercial guarantee was either between 6 months and 1 year (23%) or less than 6 months respectively (21%). **Less than a quarter of dealers said that the coverage provided by the commercial guarantee on offer was in addition to the consumer's rights to a legal guarantee.**

## Sales contracts and Disclaimers

- According to the stakeholder survey, **dealerships were relatively transparent and fair with the sales contract** that they provided to the customer. These contracts often followed a standard format, especially for franchise dealerships and dealerships that were part of a dealership association;
  - However, the biggest problem is that **consumers often did not check this sales contract**, due to their trust in the dealer and the fact that such contracts tended to be rather complex;
- Several of the stakeholders interviewed felt that disclaimers were commonly used by second-hand car dealers, particularly unauthorised and less reputable dealerships;
- According to the mystery shopping exercise, disclaimers were used in 5% of cases;
- The stakeholders felt that the **most common type of disclaimer** was reducing the length of the legal guarantee on the car from 2 years to 1, whilst the mystery shopping exercise noted that disclaimers were more likely to state “car sold as seen” or “mileage not guaranteed”;
  - The main reason behind this difference in results between the stakeholder survey and mystery shopping exercise is that the mystery shoppers did not proceed further with the deal and so did not see the car's sales contract or guarantee.

#### 4. Additional dealer practices

- **Dealers regularly offer additional services.** According to the consumer survey, approximately a third of dealers offered free repair at their garage (39%), breakdown cover/roadside assistance (38%), insurance (36%) or a full tank of fuel (33%);
  - Based on the results of the consumer survey and the mystery shopping exercise, these four additional services were most likely to be offered at a franchise dealership and least likely to be offered by an independent dealer;
- Based on the results of the mystery shopping exercise, it can be seen that only 15% of the dealers informed shoppers that they were members of a **trade associations** and 13% that they had a **quality label/code of conduct**. Membership of such associations/labels was more than twice as common in franchise dealerships as in independent dealerships.

## 4 Issue 2: Consumers and their search for a second-hand car - information sources and the decision-making process

Consumer information on second-hand cars and consumers' decision-making attitudes and behaviours form the second issue in this report. In the following sections, several topics are explored.

First of all, the decision-making process is considered. Research questions that are looked into relate to general reasons for buying a second-hand car (as opposed to a new car) and to specific reasons for choosing a certain second-hand car; the steps of deciding on a dealer and a specific car; the checks made prior to buying a second-hand car; the time spent on the search; and the sources consulted during the search.

Next, the information consulted is examined in more detail. Research questions that are assessed start from the important role of internet, evaluating how useful and reliable internet information sources (internet car portals in particular) are, as assessed by consumers.

Furthermore, consumer attitudes are analysed with regard to sales channels (two different types of dealerships and also auctions) and the reasons for choosing a specific sales channel. Also, consumers' knowledge regarding cars in general and the confidence regarding buying a second-hand car are researched.

The main data source of this chapter is the consumer survey, which was performed in the 28 countries of the European Union, Iceland and Norway. Furthermore, insights from the mystery shopping exercise performed in all these countries complement the analysis.

### 4.1 Decision-making process

The decision-making process relates to the manner in which consumers choose a certain second-hand car. Questions that were looked into are amongst others:

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*What are consumers' reasons for buying a second-hand car?*

*Do consumers evaluate certain aspects of a second-hand car more often?*

*How long does it take from the start of the search to actually buying a second-hand car?*

*Do consumers conduct checks on a second-hand car before buying it?*

*What are the main information sources consumers consult during their search?*

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#### 4.1.1 Steps in the decision-making process

The decision process for purchasing a second-hand car could be described in two ways<sup>75</sup>:

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<sup>75</sup> 4% of consumer respondents reported that they didn't know in which order they conducted their decision process and were excluded from the analyses in this section.

- 1. The consumer chooses a trader and afterwards a second-hand car from this trader (23%);**
- 2. The consumer chooses a second-hand car and afterwards a trader (73%).**

The largest group of consumers chose a second-hand car first and later on looked for a trader who would sell this specific second-hand car. The quarter of consumers that first chose the trader are likely to have less choice in cars, being reliant on the cars available from that trader. Also, it is likely that they have done less information gathering pre-purchase, so they may possibly be less informed about second-hand cars and thus lay all their trust on the dealer.

The order of the decision process can vary when looking in closer detail at the gender and age of the consumer, the source of the car (type of sales channel and country of origin) and the country in which the car was bought.

Men and women did not differ when it comes to the order of the steps in the decision process to buy a second-hand car. The age group of 35 to 54 year olds differed slightly from the younger or older age groups, as they were more likely to choose the car before the trader (74%, compared to 72% for the other two age groups). Education and income level are positively associated with first deciding on the specific second-hand car, before choosing a trader. Respondents with a lower income or a lower education level were more often looking for a trader first and decided afterwards which car they want from this trader.

Although less educated and low income consumers are least likely to opt for a specific second-hand car first, before choosing a trader, the proportion that does so still remains the majority (approximately seven out of ten). These categories are somewhat more at risk, as they have done little research before the purchase of a second-hand car and are more likely to have a more limited choice of cars. This is shown in more detail later in the report (Figure 30), which shows that the time taken to search for the car was shorter for those respondents who chose the dealer before the car.

The source of a car is also something worth considering. When the car was imported from abroad, it is more likely that consumers first opted for a specific trader (27%) before choosing a specific car. Also the type of trader or trade source is important to consider. Those respondents buying from an auction (40%) or a franchise dealership (25%) were more likely to choose the trader first, whilst those buying from an independent dealer (20%) were less likely to choose a trader before a specific second-hand car. The rationale behind this might be that more trust and loyalty is given to franchise dealerships as opposed to independent dealerships, or the lack of pre-purchase information for those who prefer auctions (i.e. those going to an auction often only see the choice of cars available once they arrive at the auction itself).

Table 4.6 Order of choice for purchasing a second-hand car, by socio-demographics

	I decided which dealer / auction I wanted to buy a car from and then chose a car that I was interested in buying	I chose the dealer / auction because they had a car that I was interested in buying	Don't know
<b>EU28</b>	<b>23%</b>	<b>73%</b>	<b>4%</b>
EU15	23%	73%	4%
EU13	21%	72%	8%
Male	23%	72%	4%
Female	22%	74%	4%
18-34	23%	72%	5%
35-54	22%	74%	4%
55+	25%	72%	3%
Primary / partial secondary	<b>26%</b>	<b>69%</b>	5%
Completed secondary	22%	74%	4%
(Post-)Graduate	23%	74%	4%
Low income	<b>28%</b>	<b>68%</b>	5%
Medium income	23%	74%	4%
High income	22%	75%	3%
Imported from abroad	<b>27%</b>	<b>66%</b>	7%
Franchise	25%	72%	3%
Independent	<b>20%</b>	<b>75%</b>	5%
Auction	<b>40%</b>	<b>52%</b>	8%

Source: Consumer Survey Q22/Q23: Which one of the following best describes your search for a second-hand car? (EU28 N=24,259)

In the next table, the percentage of consumer respondents is considered per country. While in general, three quarters of respondents first chose a specific second-hand car and then the trader, several country differences were noted. Choosing the car first was least common in Cyprus, where only half of consumer respondents first chose their car and then their trader. The proportion of consumers choosing the trader first was notably high in Cyprus (43%), especially considering that over 80% of second-hand cars there are bought from an independent dealership (which commonly has a lower level of trust than a franchise dealership), thus giving an indication that there may be limited second-hand car choice in Cyprus due to the country's small size.

Countries in which consumer respondents most often (more than 4 out of 5) chose the car first were the Nordic countries, such as Norway and Finland (both 84%) and also Slovenia (89%) and Bulgaria (82%).



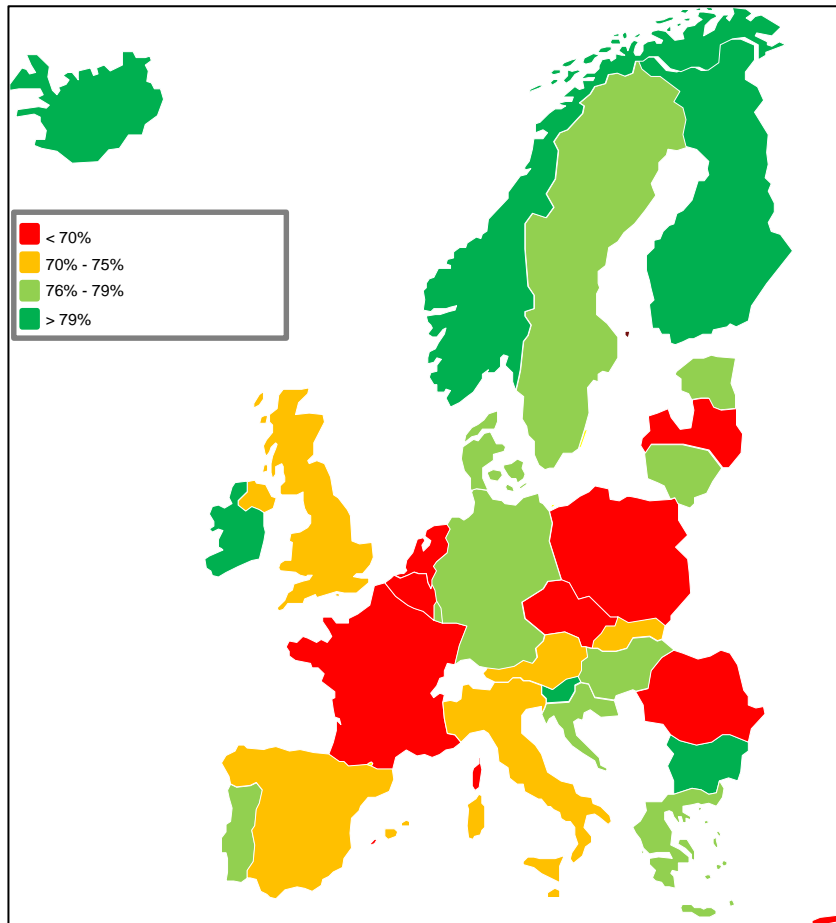
Table 47 Order of choice for purchasing a second-hand car, by country

	I decided which dealer / auction I wanted to buy a car from and then chose a car that I was interested in buying	I chose the dealer / auction because they had a car that I was interested in buying	Don't know
<b>EU28</b>	<b>23%</b>	<b>73%</b>	<b>4%</b>
CY	43%	53%	4%
RO	29%	63%	8%
FR	28%	68%	4%
BE	28%	65%	7%
CZ	26%	69%	5%
NL	26%	68%	6%
IT	25%	72%	4%
MT	25%	71%	4%
ES	24%	70%	6%
UK	23%	74%	3%
PL	22%	69%	9%
DE	21%	77%	2%
LU	21%	76%	3%
AT	21%	75%	4%
PT	20%	76%	5%
SK	20%	75%	5%
LV	20%	66%	14%
SE	19%	76%	5%
IE	18%	80%	2%
EL	18%	79%	2%
DK	17%	79%	4%
HU	17%	76%	8%
HR	15%	77%	8%
BG	14%	82%	5%
EE	13%	79%	7%
FI	12%	84%	4%
LT	11%	79%	10%
SI	10%	89%	2%
IS	14%	82%	5%
NO	15%	84%	2%

Source: Consumer Survey Q22/Q23: Which one of the following best describes your search for a second-hand car? (N=25,286)

This variation by country is further illustrated in the map below. This map shows that no clear regional trends can be identified, apart from the fact that respondents in Scandinavia appeared generally more likely to choose the car before the trader, when compared to the other regions of Europe.

Figure 28 Order of decision process in Europe



Source: Consumer Survey Q22/Q23: Which one of the following best describes your search for a second-hand car: proportion answering 'chose a second-hand car and afterwards a trader' (N=25,286)

In general, the search for a second-hand car took a limited amount of time. The majority of consumer respondents (two out of three) purchased a second-hand car after a search of less than a month. When consumer respondents searched for a second-hand car, one third found and bought their second-hand car within a couple of weeks.

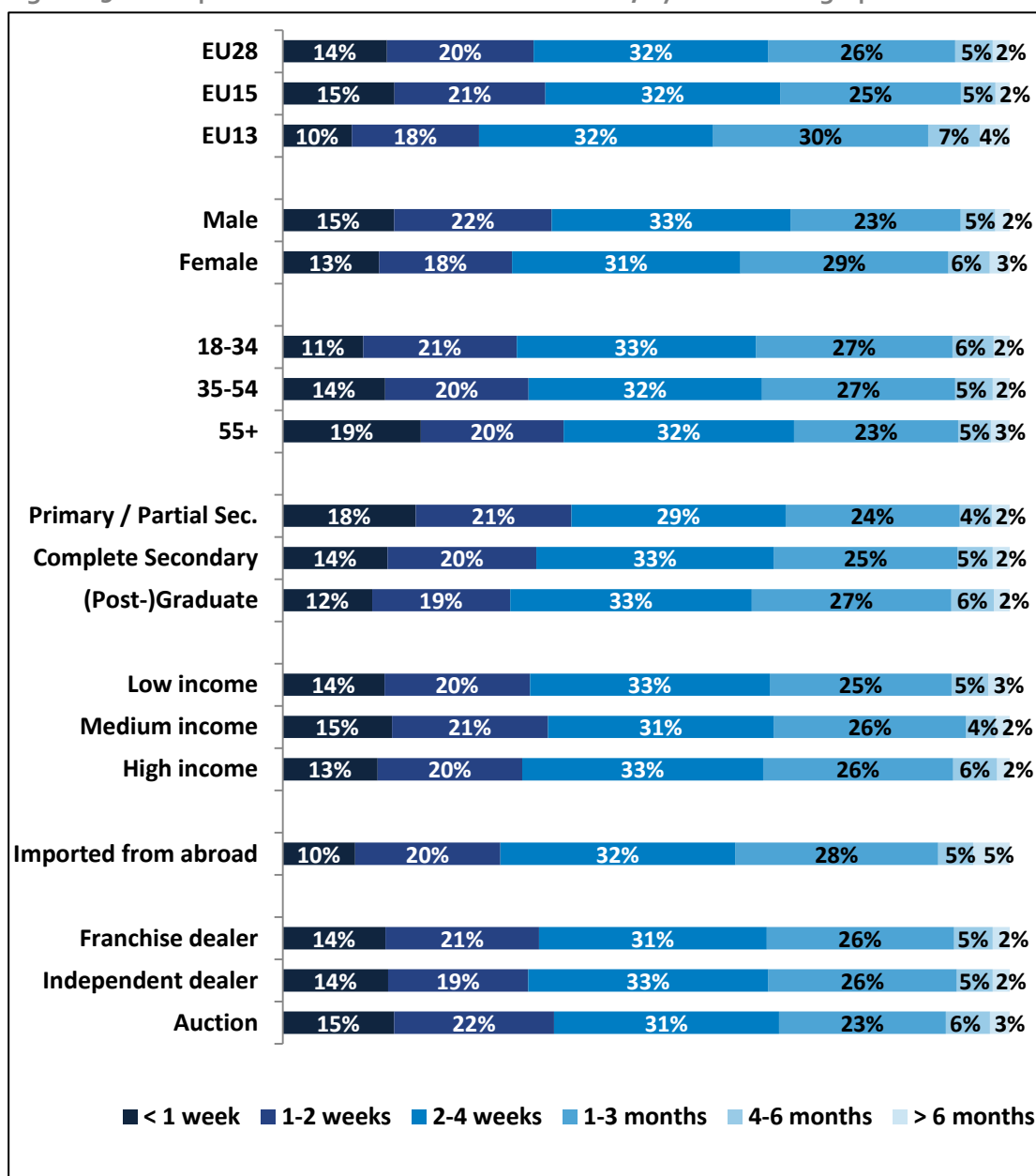
The time spent on the search for a second-hand car varied when looking in closer detail at the gender and age of the respondent, the source of the car (type of sales channel and whether or not the car was imported) and the country in which the car was bought.

In general, men took less time to decide on the actual purchase of a second-hand car than women. Furthermore, with age, the time spent on the decision process decreased. Consumers over 55 years old took less time to decide on which second-hand car they want to buy than younger age groups. This may be because they felt more knowledgeable and confident about car purchasing in general (please refer to Tables 87, 89, 91 and 93 later in this report for a more detailed socio-demographic breakdown of respondent knowledgeability and confidence when buying a second-hand car).

When considering the source of the car, there were fewer differences. There was no difference in search time in terms of whether the car was bought at auction, an independent or a franchise dealership. Also, the search for a second-hand car sourced from abroad was similar in length to the

search for a second-hand car bought within the home country, with the exception that just 10% of respondents spent less than 1 week searching for a second hand car, if the purchase was made cross-border. In general, those with a lower education level tended to spend the least amount of time searching. Almost one in five respondents from the lowest education level spent less than a week, whereas approximately three out of ten with a (post-)graduate degree spent as much as 1-3 months searching.

Figure 29 Time spent on search for a second-hand car, by socio-demographics

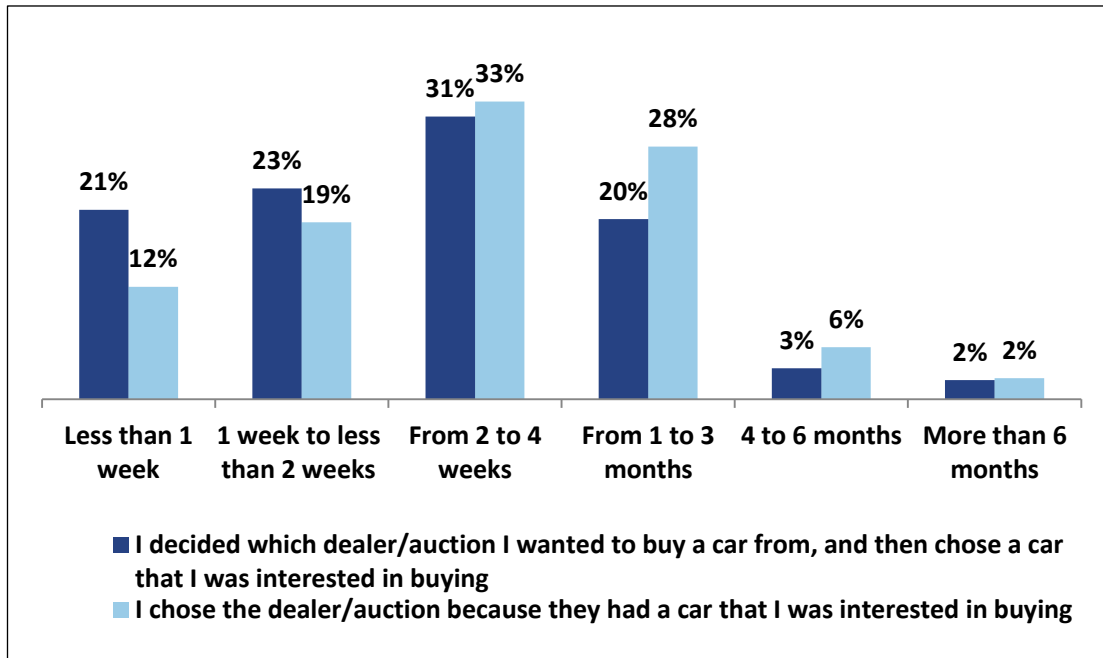


Source: Consumer Survey Q16: How much time was there between you starting your search for a second-hand car until the day of purchase? (EU28 N=24,259)

The time spent on the search differed when looking at the two different decision processes. When consumer respondents first chose a trader, they were more likely to search for a shorter duration of

time. One in five respondents who first chose a trader searched for a second-hand car for less than one week; three in four consumers who first chose a trader searched for a second-hand car for less than one month (vs. 64% for those who first chose the car before the trader). This is illustrated in the figure below:

Figure 30 Time taken for second-hand car search, compared to order of purchase choice



Source: Consumer Survey Q16: How much time was there between you starting your search for a second-hand car until the day of purchase? Q22/Q23: Which one of the following best describes your search for a second-hand car? (EU28 N=24,259)

In the table that follows, the results are analysed per country and a lot of country variation is observed. For example, the proportion of consumers that decided in less than 2 weeks goes from as low as 22% in Slovenia and 23% in Poland and Cyprus, to as high as 42% in Finland and 44% in the Netherlands.

When looking further at those respondents who searched for less than one week, this proportion was over 20% in the Netherlands (24%), Belgium (23%) and Iceland (23%).

In general, there is a pattern of longer time spent on searches in the EU13 than in the EU15.

Table 4.8 Time spent on search for a second-hand car, by country

	Less than 1 week	1 week to less than 2 weeks	From 2 to 4 weeks	From 1 to 3 months	4 to 6 months	More than 6 months
<b>EU28</b>	<b>14%</b>	<b>20%</b>	<b>32%</b>	<b>26%</b>	<b>5%</b>	<b>2%</b>
AT	15%	23%	34%	28%	5%	2%
BE	23%	15%	26%	21%	5%	2%
BG	10%	13%	31%	33%	5%	5%
CY	10%	13%	29%	38%	8%	2%
CZ	13%	20%	28%	34%	9%	4%
DE	15%	16%	34%	24%	5%	2%
DK	17%	16%	31%	28%	5%	4%
EE	13%	11%	28%	29%	7%	6%
EL	4%	20%	32%	42%	10%	2%
ES	11%	21%	36%	28%	4%	2%
FI	19%	23%	24%	25%	7%	5%
FR	16%	13%	29%	26%	4%	2%
HR	4%	23%	31%	31%	8%	7%
HU	14%	19%	34%	28%	8%	3%
IE	10%	20%	35%	29%	5%	3%
IT	9%	18%	36%	26%	6%	3%
LT	9%	21%	23%	34%	9%	7%
LU	17%	17%	33%	21%	6%	2%
LV	13%	20%	24%	32%	9%	5%
MT	13%	19%	28%	29%	7%	4%
NL	24%	20%	27%	23%	5%	2%
PL	8%	15%	36%	27%	6%	3%
PT	13%	16%	33%	28%	6%	4%
RO	11%	19%	28%	31%	8%	6%
SE	17%	13%	32%	23%	5%	3%
SI	7%	15%	32%	31%	10%	7%
SK	11%	23%	27%	34%	8%	4%
UK	16%	16%	33%	22%	5%	2%
IS	23%	16%	28%	23%	5%	5%
NO	20%	19%	27%	27%	6%	4%

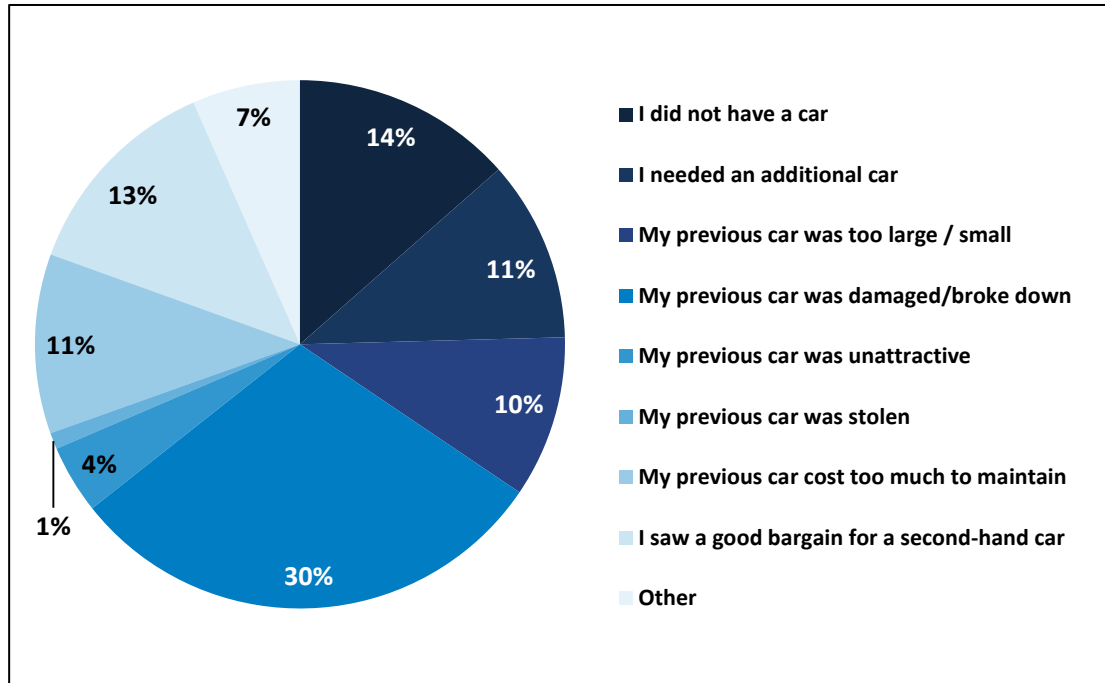
Source: Consumer Survey Q16: How much time was there between you starting your search for a second-hand car until the day of purchase? (N=25,286)

#### 4.1.2 Reasons for buying a second-hand car

When it comes to the reasons for buying second-hand cars, these can be quite diverse. They often relate to the malfunctioning of the previous car or an insufficient evaluation of the specifications of the previous car. Thus, consumer respondents gave as their main reason for buying a second hand

car that either the car was damaged (30%), that it required too much maintenance (11%) or that it was not of the desired size (10%). These reasons are further outlined in the figure below.

Figure 31 Main reasons for buying a second-hand car



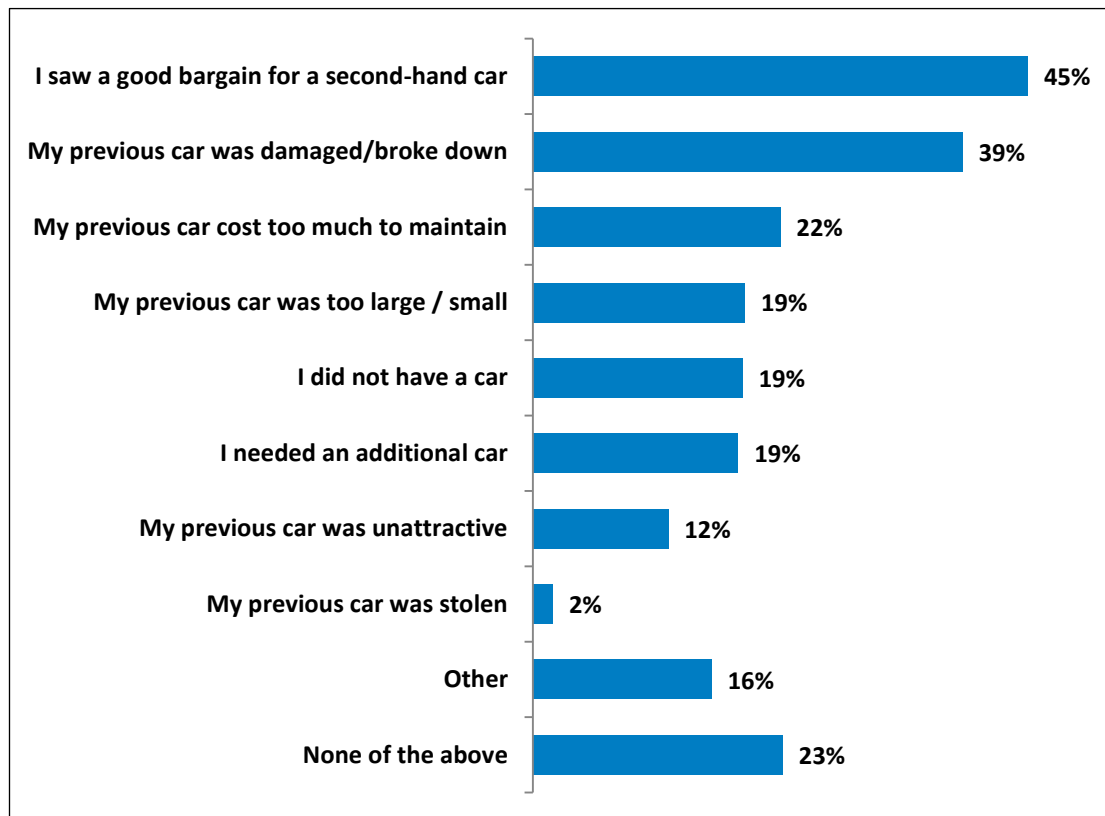
Source: Consumer Survey Q13: What was the main reason for buying the car? (EU28 N=24,259)

When grouped together, 55% of respondents identified issues with their previous car as the main reason to buy a new second-hand car, 15% argued that they didn't have a car and needed one, 13% evaluated buying a second-hand car as a good bargain and 11% stated that they wanted to purchase an additional car.

Of course, next to the main reason, additional reasons can play a significant role when deciding to buy a second-hand car. While the insufficient evaluation of the previous car was often a key reason in the decision process, finding a good bargain was also often considered very important when all other reasons for buying a second hand car were taken into consideration. Finding a good bargain played a role in the decision for 45% of consumer respondents, while it was only the main reason for 13% of respondents. As a result, a purchase can be triggered by the malfunctioning of the previous car, in addition to price consideration.

It is interesting to note that more than 1 in 5 consumer respondents (23%) reported only one reason why they bought a second-hand car.

Figure 32 All reasons taken into account for buying a second-hand car



Source: Consumer Survey Q13: What was the main reason for buying the car? And which other reasons were there for buying the car? (EU28 N=24,259)

The importance of these reasons can vary when looking in closer detail at the gender and age of the consumer, the country in which the car was bought and the source of the car (type of sales channel and country of origin).

Considering only the main reason for their choice, men reported more often than women that they needed an additional car (12% vs. 10%) or that they saw a good bargain (15% vs. 11%) and were therefore choosing to buy a specific second-hand car. Women on the other hand quoted the damage or breakdown of the previous car more often than men (33% vs. 27%). Younger respondents reported by far the most that they did not have a car before and were therefore looking for a second-hand car when compared to other age groups (24% vs. 9% and 6% respectively). These younger respondents did not consider seeing a good bargain as much as older respondents did (11% vs. 15% for respondents aged 55+). Moreover, older respondents more often considered not only seeing a good bargain as the main reason to buy a second-hand car but also their previous car being considered insufficient. For instance, when their old car broke down or got damaged, or when there were just too many costs to maintain their old car. Respondents with a higher level of education reported that they bought a second-hand car because they didn't have a car.

When taking into account the sales channel, different reasons were seen as more or less important. Respondents who bought their car at an auction (more likely to be younger people) were more often driven by finding a good bargain (19% vs. 13% average), as was also the case for those who bought it from abroad. Those who bought it from an independent dealership were mostly because the previous car broke down (32% vs. 28% from franchise and 24% from auctions).

When comparing results by country groupings, respondents in the EU13 were more likely to cite that they didn't have a car yet (18% vs. 13% in the EU15) or that they needed an additional car (15% vs. 10%), when compared to consumer respondents in the EU15 who reported mostly car damage/break down (32% vs. 20% in the EU13).



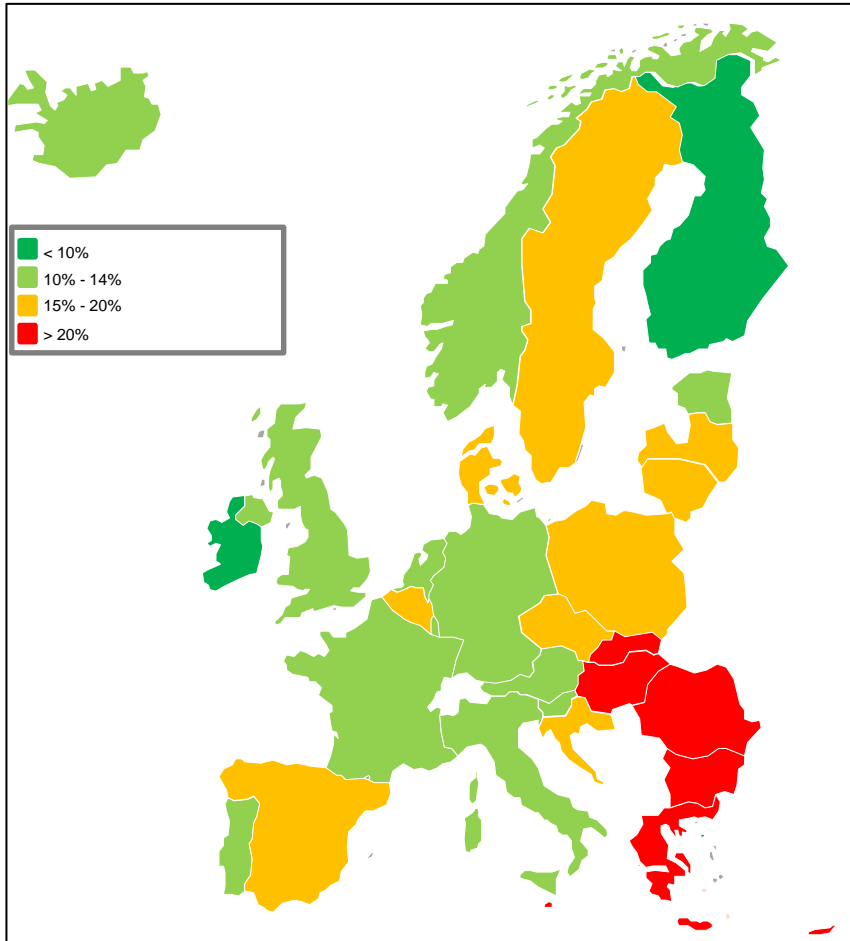
Table 49 Main reason for buying a second-hand car, by socio-demographics

	Previous car was damaged/broke down	Did not have a car	Saw a good bargain for a second-hand car	Needed an additional car	Previous car cost too much to maintain	Previous car was too large/small	Previous car was unattractive	Previous car was stolen	Other
EU28	<b>30%</b>	<b>14%</b>	<b>13%</b>	<b>11%</b>	<b>11%</b>	<b>10%</b>	<b>4%</b>	<b>1%</b>	<b>7%</b>
EU15	32%	13%	13%	10%	12%	10%	3%	1%	7%
EU13	<b>20%</b>	<b>18%</b>	<b>14%</b>	<b>15%</b>	8%	10%	8%	1%	5%
Male	27%	13%	15%	<b>12%</b>	11%	10%	5%	1%	6%
Female	<b>33%</b>	14%	11%	10%	10%	10%	4%	1%	7%
18-34	27%	<b>24%</b>	11%	10%	<b>8%</b>	11%	<b>5%</b>	1%	3%
35-54	32%	9%	13%	12%	12%	10%	4%	1%	8%
55+	31%	6%	15%	11%	13%	9%	3%	1%	10%
Primary / partial secondary	27%	12%	14%	9%	12%	<b>12%</b>	3%	2%	8%
Completed secondary	<b>34%</b>	13%	12%	11%	10%	10%	5%	1%	6%
(Post-)Graduate	26%	15%	14%	13%	11%	9%	4%	1%	7%
Low income	30%	<b>18%</b>	13%	10%	11%	9%	4%	1%	5%
Medium income	31%	13%	13%	10%	11%	9%	4%	1%	7%
High income	28%	<b>9%</b>	12%	13%	12%	12%	4%	1%	8%
Imported from abroad	<b>18%</b>	12%	<b>19%</b>	<b>15%</b>	8%	9%	<b>9%</b>	<b>3%</b>	6%
Franchise	28%	<b>12%</b>	14%	11%	11%	11%	4%	1%	8%
Independent	<b>32%</b>	15%	11%	11%	11%	9%	4%	1%	6%
Auction	24%	17%	19%	13%	<b>7%</b>	8%	6%	<b>3%</b>	4%

Source: Consumer Survey Q13: What was the main reason for buying the car? (EU28 N=24,259)

In the next figure, the percentage of respondents who reported that they did not have a car is considered per country. This reason was more often the main reason in countries such as Romania (27%) and Hungary (28%). In countries such as Ireland (9%) and Finland (9%), this was rarely considered as the main reason to start searching for a second-hand car.

Figure 33 Reason for buying second-hand car: did not have a car



Source: Consumer Survey Q13: What was the main reason for buying the car? (N=25,286)

Furthermore, the following table provides a national-level overview of the main reason for buying a second-hand car.

Table 50 Main reason for buying a second-hand car, by country

	Previous car was damaged/ broke down	Did not have a car	Saw a good bargain for a second-hand car	Needed an additional car	Previous car cost too much to maintain	Previous car was too large/small	Previous car was unattractive	Previous car was stolen	Other
<b>EU28</b>	<b>30%</b>	<b>14%</b>	<b>13%</b>	<b>11%</b>	<b>11%</b>	<b>10%</b>	<b>4%</b>	<b>1%</b>	<b>7%</b>
AT	39%	12%	14%	10%	5%	10%	3%	0%	9%
BE	33%	17%	15%	6%	12%	8%	2%	1%	7%
BG	22%	22%	15%	14%	9%	9%	7%	0%	2%
CY	13%	22%	12%	33%	7%	5%	6%	1%	2%
CZ	21%	17%	7%	11%	15%	14%	5%	1%	9%
DE	44%	12%	11%	9%	6%	9%	5%	1%	5%
DK	19%	15%	12%	8%	23%	11%	2%	1%	10%
EE	16%	14%	10%	16%	14%	12%	1%	1%	16%
EL	16%	21%	16%	18%	17%	6%	2%	2%	3%
ES	22%	18%	14%	24%	7%	8%	3%	1%	3%
FI	18%	9%	13%	12%	12%	14%	2%	0%	21%
FR	29%	12%	16%	10%	12%	12%	2%	1%	7%
HR	14%	17%	18%	22%	13%	11%	1%	0%	4%
HU	9%	28%	8%	10%	13%	16%	3%	2%	12%
IE	22%	9%	14%	7%	22%	10%	3%	1%	12%
IT	31%	13%	12%	20%	10%	6%	2%	3%	3%
LT	27%	15%	12%	13%	9%	10%	7%	0%	8%
LU	26%	13%	15%	10%	9%	9%	9%	1%	10%
LV	24%	17%	5%	8%	19%	11%	4%	1%	12%
MT	22%	23%	5%	12%	12%	6%	3%	1%	16%
NL	24%	12%	12%	3%	24%	10%	5%	1%	10%
PL	21%	15%	16%	17%	6%	10%	12%	1%	3%

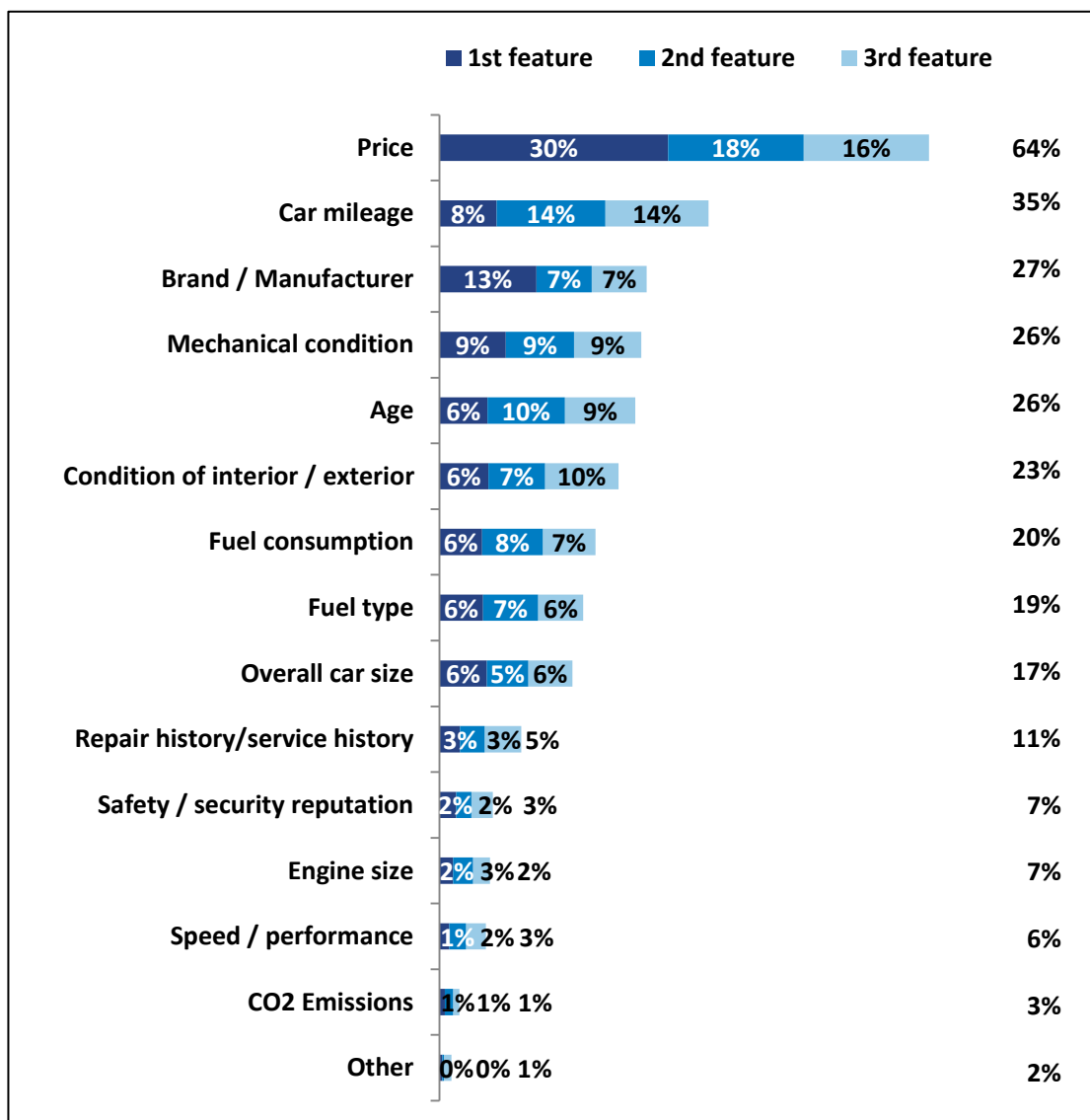
	Previous car was damaged/ broke down	Did not have a car	Saw a good bargain for a second-hand car	Needed an additional car	Previous car cost too much to maintain	Previous car was too large/small	Previous car was unattractive	Previous car was stolen	Other
PT	16%	12%	19%	15%	14%	13%	4%	1%	7%
RO	17%	27%	22%	13%	6%	5%	4%	2%	4%
SE	26%	15%	8%	11%	10%	12%	2%	1%	16%
SI	24%	14%	15%	14%	12%	11%	1%	1%	9%
SK	21%	22%	12%	18%	6%	8%	6%	1%	6%
UK	26%	12%	13%	6%	19%	10%	4%	1%	9%
IS	15%	12%	9%	14%	15%	14%	4%	0%	18%
NO	19%	13%	11%	9%	15%	10%	6%	0%	17%

Source: Consumer Survey Q13: What was the main reason for buying the car? (N=25,286)

### 4.1.3 Reasons for choosing a specific second-hand car

When considering the specifications of a particular second-hand car, consumers can look at different features. Based on the results of the consumer survey, the most important first feature to look at was by far the price of the second-hand car. Three out of ten consumer respondents referred to the price as the first feature for buying a specific second-hand car and two out of three respondents referred to the price as one of the three most important features. On aggregate, other features that were taken into account when purchasing a second-hand car were car mileage (35%), the brand of the second-hand car (27%), the mechanical condition (26%) and the age of the second-hand car (26%).

Figure 34 Features taken into account when purchasing a second-hand car



Source: Consumer Survey Q27: When you made your final purchase decision, which were the three most important features that you took into account? (EU28 N=24,259)

The importance of these features can vary when looking in closer detail at the gender and age of the consumer, the country in which the car was bought and the source of the car (type of sale channel and country of origin).

Listed below are the first features that consumers looked at when buying a specific second-hand car, with at least 5% of the respondents indicating this feature as the most important one within the decision-making process:

- Price (30%);
- Brand / Manufacturer (13%);
- Mechanical condition (9%);
- Car mileage (8%);
- Age (6%);
- Condition of interior/exterior/ overall appearance (6%);
- Overall car size (6%);
- Fuel type (6%);
- Fuel consumption (6%).

First of all, when considering gender, there were not a lot of differences to detect. Women were somewhat more interested in the price (31% vs. 29%) of the car than men. Also, age did not have a strong effect on which feature was seen as the most important one. The overall size of the second-hand car was less important for younger consumer respondents, compared to respondents older than 35. A possible explanation can be that they need a bigger car only when they are part of a family with children. Next, respondents over 55 years old were more interested in the mechanical condition of a car than other age groups. The biggest difference between the various age groups is the extent to which price was the main feature to look at when buying a second-hand car. It seems that respondents younger than 35 gave more importance to the price than older consumers. Looking at the impact of income level, the high income group gave more importance to brand / manufacturer and less importance to price.

When considering the source of the car, respondents that bought their car from a franchise dealer were more likely to give more importance to the age of a car and to car brand and those respondents buying their car from an independent dealer were more likely to give highest importance to the price of a car. When respondents bought a car from their home country, they gave more importance to the price than when they imported the car from abroad (only 21% for the latter group of respondents). On the other hand, when they bought from abroad they gave by far the highest percentages, compared to those buying from home, for brand/manufacturer (17% vs. 13% on average).

At a country grouping level, some differences were also apparent. Fuel type and fuel consumption are features that were more likely to be of importance for consumer respondents living in the EU13 than for respondents in the EU15. Respondents in the EU15 were more likely to give importance to price (32% vs. 22%).

Although these differences are significant, the order which was presented in the figure above does not change per characteristics. Price still remains the first feature that the majority of respondents reported on, regardless of their age, gender, country of origin and so on.

The tables below present the first feature taken into account by consumer respondents, according to socio-demographics and country grouping:

Table 51 First feature taken into account when purchasing a car – by socio-demographics (1)

	Price	Brand / manufa cturer	Mechanical condition	Car mileage	Condition interior / exterior	Age	Overall car size	Fuel type
<b>EU28</b>	<b>30%</b>	<b>13%</b>	<b>9%</b>	<b>8%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
EU15	32%	13%	9%	8%	6%	6%	6%	5%
EU13	<b>22%</b>	13%	10%	6%	<b>8%</b>	7%	5%	7%
Male	29%	13%	8%	8%	7%	6%	6%	6%
Female	31%	12%	9%	8%	6%	7%	6%	5%
18-34	<b>31%</b>	12%	8%	7%	7%	6%	<b>4%</b>	6%
35-54	30%	13%	9%	7%	6%	6%	<b>8%</b>	6%
55+	28%	13%	<b>11%</b>	8%	6%	7%	6%	6%
Primary / partial	30%	<b>11%</b>	8%	9%	6%	6%	5%	7%
Completed	31%	12%	9%	7%	6%	7%	7%	6%
(Post-)Graduate	29%	14%	9%	8%	7%	6%	6%	5%
Low income	32%	<b>10%</b>	9%	7%	7%	7%	5%	6%
Medium income	32%	12%	10%	8%	6%	5%	7%	5%
High income	<b>27%</b>	<b>16%</b>	7%	8%	7%	7%	7%	5%
Imported from abroad	<b>21%</b>	<b>17%</b>	8%	6%	6%	7%	<b>4%</b>	6%
Franchise	29%	13%	8%	9%	6%	7%	7%	6%
Independent	<b>31%</b>	12%	10%	7%	7%	6%	6%	5%
Auction	26%	10%	10%	7%	5%	4%	<b>4%</b>	<b>10%</b>

Source: Consumer Survey Q27: When you made your final purchase decision, which was the most important feature that you took into account? (EU28 N=24,259)

Table 52 First feature taken into account when purchasing a car – by socio-demographics (2)

	Fuel consumption	Repair history	Safety/security reputation	Engine size	Speed/performance	CO <sub>2</sub> emissions	Other
EU28	6%	3%	2%	2%	1%	1%	0%
EU15	5%	3%	2%	2%	1%	1%	0%
EU13	9%	3%	2%	2%	2%	1%	0%
Male	6%	3%	2%	2%	2%	1%	0%
Female	6%	2%	2%	2%	1%	1%	1%
18-34	6%	3%	2%	3%	2%	1%	0%
35-54	5%	3%	2%	1%	1%	1%	1%
55+	5%	3%	2%	1%	1%	1%	0%
Primary /partial	5%	3%	2%	2%	2%	1%	0%
Completed	5%	3%	2%	2%	1%	1%	0%
(Post-)Graduate	6%	3%	2%	2%	2%	1%	1%
Low income	6%	3%	2%	2%	2%	1%	0%
Medium income	5%	3%	2%	1%	1%	1%	0%
High income	5%	2%	2%	2%	2%	0%	1%
Imported from abroad	8%	2%	2%	3%	3%	2%	0%
Franchise	5%	2%	3%	1%	1%	1%	1%
Independent	6%	3%	2%	2%	1%	1%	0%
Auction	8%	2%	2%	5%	3%	1%	0%

Source: Consumer Survey Q27: When you made your final purchase decision, which was the most important feature that you took into account? (EU28 N=24,259)



The following tables provide a country-level breakdown of the results:

Table 53 First feature taken into account when purchasing a car – by country (1)

	Price	Brand/ manufacturer	Mechanical condition	Car mileage	Condition interior/ exterior	Age	Overall car size	Fuel type
<b>EU28</b>	<b>30%</b>	<b>13%</b>	<b>9%</b>	<b>8%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>6%</b>
AT	30%	16%	9%	7%	5%	6%	10%	4%
BE	32%	10%	8%	9%	6%	7%	7%	7%
BG	23%	12%	12%	4%	6%	10%	5%	7%
CY	41%	12%	3%	2%	16%	11%	5%	2%
CZ	23%	13%	10%	6%	9%	7%	8%	6%
DE	33%	13%	8%	6%	6%	7%	8%	5%
DK	24%	13%	6%	5%	9%	5%	8%	4%
EE	23%	14%	8%	7%	5%	11%	6%	8%
EL	29%	12%	14%	7%	7%	6%	3%	3%
ES	27%	10%	16%	8%	8%	4%	7%	4%
FI	23%	17%	8%	13%	8%	6%	5%	4%
FR	33%	12%	7%	13%	6%	6%	4%	8%
HR	22%	9%	11%	11%	9%	7%	3%	6%
HU	26%	17%	5%	8%	8%	8%	4%	6%
IE	30%	13%	8%	5%	6%	6%	4%	7%
IT	28%	11%	14%	8%	6%	6%	5%	5%
LT	17%	19%	8%	3%	7%	7%	4%	9%
LU	24%	16%	7%	8%	7%	8%	6%	4%
LV	21%	16%	8%	3%	10%	6%	5%	11%
MT	22%	15%	10%	9%	11%	7%	5%	2%
NL	31%	11%	7%	8%	7%	7%	8%	5%
PL	20%	13%	10%	7%	8%	5%	5%	8%
PT	29%	12%	11%	6%	6%	5%	5%	9%
RO	23%	14%	11%	5%	4%	8%	3%	6%
SE	25%	16%	6%	7%	4%	8%	8%	4%
SI	23%	12%	8%	7%	11%	6%	5%	7%
SK	25%	10%	16%	7%	4%	8%	7%	5%
UK	35%	13%	7%	7%	7%	5%	7%	4%
IS	30%	13%	3%	6%	12%	6%	10%	4%
NO	26%	19%	6%	7%	4%	5%	10%	3%

Source: Consumer Survey Q27: When you made your final purchase decision, which was the most important feature that you took into account? (N=25,286)

Table 54 First feature taken into account when purchasing a car – by country (2)

	Fuel consumption	Repair history	Safety/security reputation	Engine size	Speed/performance	CO <sub>2</sub> emissions	Other
<b>EU28</b>	<b>6%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>
AT	5%	2%	3%	1%	1%	1%	1%
BE	4%	2%	1%	2%	1%	1%	1%
BG	12%	3%	1%	2%	1%	0%	0%
CY	3%	0%	2%	2%	1%	0%	0%
CZ	6%	3%	2%	2%	1%	0%	1%
DE	5%	3%	2%	1%	1%	1%	0%
DK	10%	3%	4%	2%	2%	1%	1%
EE	7%	6%	2%	2%	2%	0%	0%
EL	6%	4%	3%	3%	1%	1%	0%
ES	6%	2%	2%	2%	1%	1%	0%
FI	3%	4%	4%	1%	1%	1%	1%
FR	3%	2%	2%	2%	1%	1%	0%
HR	9%	7%	2%	1%	1%	1%	0%
HU	7%	2%	3%	2%	2%	0%	1%
IE	5%	3%	4%	5%	1%	1%	0%
IT	7%	2%	2%	1%	2%	1%	0%
LT	11%	5%	2%	2%	2%	1%	0%
LU	3%	4%	6%	1%	2%	1%	1%
LV	9%	3%	2%	2%	1%	1%	0%
MT	7%	2%	2%	4%	0%	3%	1%
NL	6%	2%	2%	1%	1%	0%	1%
PL	9%	3%	3%	3%	3%	1%	0%
PT	7%	2%	2%	3%	1%	0%	0%
RO	10%	4%	2%	3%	3%	2%	0%
SE	6%	2%	7%	1%	2%	1%	1%
SI	7%	5%	4%	2%	0%	0%	0%
SK	9%	1%	4%	1%	1%	0%	0%
UK	5%	3%	2%	3%	1%	1%	1%
IS	10%	1%	1%	1%	0%	0%	0%
NO	4%	4%	7%	1%	1%	0%	1%

Source: Consumer Survey Q27: When you made your final purchase decision, which was the most important feature that you took into account? (N=25,286)

Considering the country-level results presented in the tables above, **price** was the first feature that respondents looked at in Cyprus (41%) and the United Kingdom (35%) for more than a third of the respondents. This percentage drops to one fifth or less for consumer respondents in Poland (20%) and in Lithuania (17%).

**Car mileage** is an important feature to look at when purchasing a second-hand car, yet was less likely to be reported by respondents as a first feature. There was a lot of variation between

countries for this feature: in countries such as Finland (13%) and France (13%), more than 1 in 10 respondents looked at the car mileage as the first feature, while in countries such as Lithuania (3%), Latvia (3%) and Cyprus (2%), the proportion of respondents that looked at the car mileage as the most important feature was very limited. The lower importance applied to car mileage in EU13 member states could be linked to the fact that these countries tend to have a higher proportion of reported mileage fraud compared to EU15 countries, which thus reduces consumer trust in mileage readings. This issue of mileage fraud difference per country is further explored under Issue 3.

Further to the above analysis for the **main feature first** taken into account, the following set of tables present **all three main features** taken into account by consumer respondents, according to socio-demographics and country. It is interesting to now note that car mileage became the second most important feature that respondents look at, whereas before, when only one reason was taken into consideration, it was just the fourth most important reported reason.

Table 55 Features that were taken into account – summary by socio-demographics (1)

	Price	Car mileage	Brand / Manufacturer	Mechanical condition	Age	Condition of interior / exterior	Fuel consumption	Fuel type
<b>EU28</b>	<b>64%</b>	<b>35%</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>23%</b>	<b>20%</b>	<b>19%</b>
EU15	66%	38%	27%	26%	25%	23%	19%	18%
EU13	55%	22%	29%	31%	27%	26%	27%	21%
Male	62%	34%	28%	26%	25%	24%	21%	20%
Female	67%	37%	26%	27%	27%	23%	20%	18%
18-34	65%	36%	25%	25%	26%	21%	22%	20%
35-54	65%	35%	28%	27%	26%	25%	19%	19%
55+	61%	35%	29%	29%	24%	25%	20%	18%
Primary / partial secondary	61%	40%	26%	25%	25%	23%	19%	21%
Completed secondary	65%	33%	27%	27%	25%	23%	21%	19%
(Post-)Graduate	64%	37%	28%	26%	26%	23%	20%	18%
Low income	66%	35%	24%	28%	24%	23%	22%	20%
Medium income	64%	36%	26%	28%	25%	25%	20%	17%
High income	62%	36%	32%	24%	27%	23%	18%	20%
Imported from abroad	53%	28%	33%	26%	26%	21%	20%	20%
Franchise	64%	40%	29%	22%	30%	21%	20%	17%
Independent	65%	33%	26%	30%	23%	26%	21%	20%
Auction	58%	25%	27%	29%	21%	20%	24%	24%

Source: Consumer Survey Q27: When you made your final purchase decision, which were the three most important features that you took into account? (EU28 N=24,259)

Table 56 Features that were taken into account – summary by socio-demographics (2)

	Overall car size	Repair history	Safety/security reputation	Engine size	Speed/performance	CO <sub>2</sub> Emissions	Other
<b>EU28</b>	<b>17%</b>	<b>11%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>3%</b>	<b>2%</b>
EU15	18%	11%	7%	6%	6%	3%	2%
EU13	<b>15%</b>	11%	7%	8%	6%	3%	1%
Male	17%	11%	7%	7%	7%	3%	1%
Female	18%	11%	7%	6%	5%	2%	2%
18-34	<b>14%</b>	10%	7%	<b>9%</b>	<b>9%</b>	3%	1%
35-54	19%	11%	8%	6%	5%	2%	2%
55+	18%	12%	8%	5%	4%	3%	2%
Primary / partial secondary	<b>14%</b>	10%	7%	7%	6%	4%	2%
Completed secondary	18%	11%	7%	6%	6%	2%	2%
(Post-)Graduate	17%	11%	8%	7%	6%	2%	2%
Low income	15%	10%	7%	8%	7%	4%	1%
Medium income	19%	11%	7%	6%	5%	2%	2%
High income	18%	11%	8%	6%	7%	2%	2%
Imported from abroad	<b>11%</b>	<b>14%</b>	9%	8%	<b>10%</b>	<b>9%</b>	1%
Franchise	18%	10%	8%	6%	7%	3%	2%
Independent	18%	11%	7%	7%	6%	2%	1%
Auction	<b>14%</b>	11%	9%	<b>13%</b>	<b>9%</b>	5%	1%

Source: Consumer Survey Q27: When you made your final purchase decision, which were the three most important features that you took into account? (EU28 N=24,259)

Table 57 Features that were taken into account – Summary by country (1)

	Price	Car mileage	Brand / Manufacturer	Mechanical condition	Age	Condition of interior / exterior	Fuel consumption	Fuel type
<b>EU28</b>	<b>64%</b>	<b>35%</b>	<b>27%</b>	<b>27%</b>	<b>26%</b>	<b>23%</b>	<b>20%</b>	<b>19%</b>
AT	66%	34%	32%	24%	25%	24%	19%	15%
BE	68%	42%	23%	21%	30%	22%	15%	21%
BG	61%	13%	28%	39%	29%	22%	36%	24%
CY	72%	12%	37%	30%	33%	42%	14%	9%
CZ	58%	28%	28%	28%	22%	28%	21%	19%
DE	68%	33%	27%	25%	27%	21%	20%	17%
DK	58%	25%	31%	22%	22%	32%	24%	14%
EE	59%	23%	33%	24%	35%	17%	23%	21%
EL	63%	35%	29%	34%	26%	27%	19%	7%
ES	62%	34%	26%	39%	18%	29%	21%	17%
FI	54%	48%	33%	23%	24%	31%	14%	14%
FR	69%	56%	25%	24%	24%	23%	12%	26%
HR	58%	34%	22%	32%	26%	35%	26%	19%
HU	57%	28%	34%	14%	30%	30%	26%	18%
IE	60%	28%	29%	27%	28%	25%	19%	22%
IT	62%	38%	28%	33%	20%	25%	27%	17%
LT	48%	12%	36%	31%	27%	22%	33%	32%
LU	59%	45%	30%	20%	27%	24%	9%	15%
LV	53%	14%	29%	31%	21%	35%	28%	32%
MT	54%	30%	32%	30%	24%	36%	25%	10%
NL	65%	35%	24%	21%	32%	26%	19%	15%
PL	52%	21%	28%	32%	26%	26%	26%	21%
PT	66%	26%	28%	28%	22%	23%	24%	26%
RO	58%	22%	29%	32%	32%	17%	26%	18%
SE	62%	31%	32%	20%	28%	16%	23%	17%
SI	58%	36%	23%	22%	24%	33%	26%	20%
SK	62%	28%	24%	45%	26%	14%	31%	17%
UK	65%	33%	27%	24%	25%	24%	21%	14%
NO	56%	34%	35%	14%	29%	21%	12%	15%
IS	62%	36%	30%	8%	24%	43%	23%	12%

Source: Consumer Survey Q27: When you made your final purchase decision, which were the three most important features that you took into account? (N=25,286)

Table 58 Features that were taken into account – Summary by country (2)

	Overall car size	Repair history	Safety/security reputation	Engine size	Speed/performance	CO <sub>2</sub> Emissions	Other
<b>EU28</b>	<b>17%</b>	<b>11%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>3%</b>	<b>17%</b>
AT	23%	10%	9%	4%	7%	3%	23%
BE	20%	10%	4%	8%	4%	4%	20%
BG	14%	10%	4%	9%	4%	1%	14%
CY	17%	4%	11%	10%	7%	1%	17%
CZ	20%	12%	7%	6%	5%	1%	20%
DE	20%	11%	8%	4%	9%	3%	20%
DK	21%	9%	10%	7%	6%	3%	21%
EE	18%	19%	5%	7%	4%	1%	18%
EL	8%	18%	8%	10%	4%	2%	8%
ES	21%	10%	6%	6%	7%	2%	21%
FI	15%	17%	10%	5%	3%	2%	15%
FR	12%	9%	6%	4%	4%	2%	12%
HR	10%	18%	7%	2%	3%	2%	10%
HU	13%	9%	9%	9%	6%	2%	13%
IE	11%	14%	9%	15%	3%	5%	11%
IT	14%	7%	8%	4%	6%	3%	14%
LT	11%	14%	8%	7%	3%	1%	11%
LU	15%	15%	12%	4%	7%	5%	15%
LV	17%	11%	5%	6%	5%	1%	17%
MT	13%	8%	8%	12%	2%	12%	13%
NL	24%	9%	5%	5%	4%	2%	24%
PL	15%	11%	7%	9%	8%	3%	15%
PT	16%	10%	7%	12%	4%	2%	16%
RO	10%	13%	8%	11%	7%	5%	10%
SE	22%	9%	17%	6%	6%	3%	22%
SI	16%	13%	11%	4%	4%	1%	16%
SK	15%	5%	12%	3%	4%	1%	15%
UK	20%	14%	6%	14%	5%	3%	20%
IS	27%	11%	8%	2%	2%	1%	27%
NO	28%	16%	22%	5%	2%	2%	28%

Source: Consumer Survey Q27: When you made your final purchase decision, which were the three most important features that you took into account? (N=25,286)

#### 4.1.4 Checks on second-hand cars

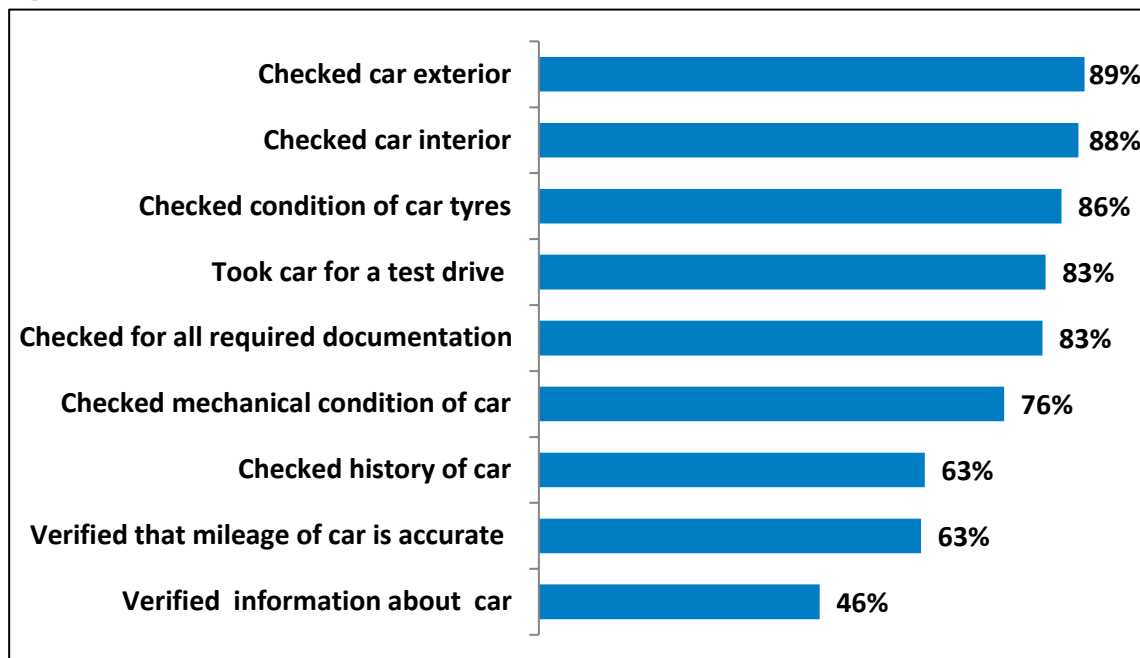
In the decision-making process of buying a second-hand car, consumers can make several checks or can ask others to perform checks for them. In the following section, the use and evaluation of these checks are examined.

First of all, not all consumer survey respondents performed or let someone else (friends or a third party organisation) perform checks on their most recent second-hand car prior to purchase. Two percent of respondents conducted no checks on the second-hand car and 10 percent conducted only 1 to 4 checks on the second-hand car they purchased. The reason for not performing checks was further researched; more than a quarter of this group of consumer respondents argued that because they trusted the trader of the second-hand car and the car appeared to be in good condition, they did not perform any checks whatsoever.

Secondly, the large majority of consumer respondents that did perform or let someone else perform checks on their second-hand car is analysed, in terms of what kind of checks they conducted and by whom these were conducted.

The vast majority of respondents checked both the exterior of the car for things like rust, spots, dents or scratches (89%), the interior of the cars such as the seats and upholstery for any tears, rips, stains, or other type of damage (88%), the condition of the car tyres (86%), the presence of all required documentation (83%) and the mechanical condition of the car (76%). Furthermore, 83% of consumer respondents took the second-hand car for a test drive before the actual purchase. Other checks that were often conducted were the verification of the history of the car (63%), a check to verify the accuracy of the car's odometer (63%) and the verification of information about the car (46%). The verification of the information is done by looking online, in a magazine or newspaper. This can be seen in the figure hereafter.

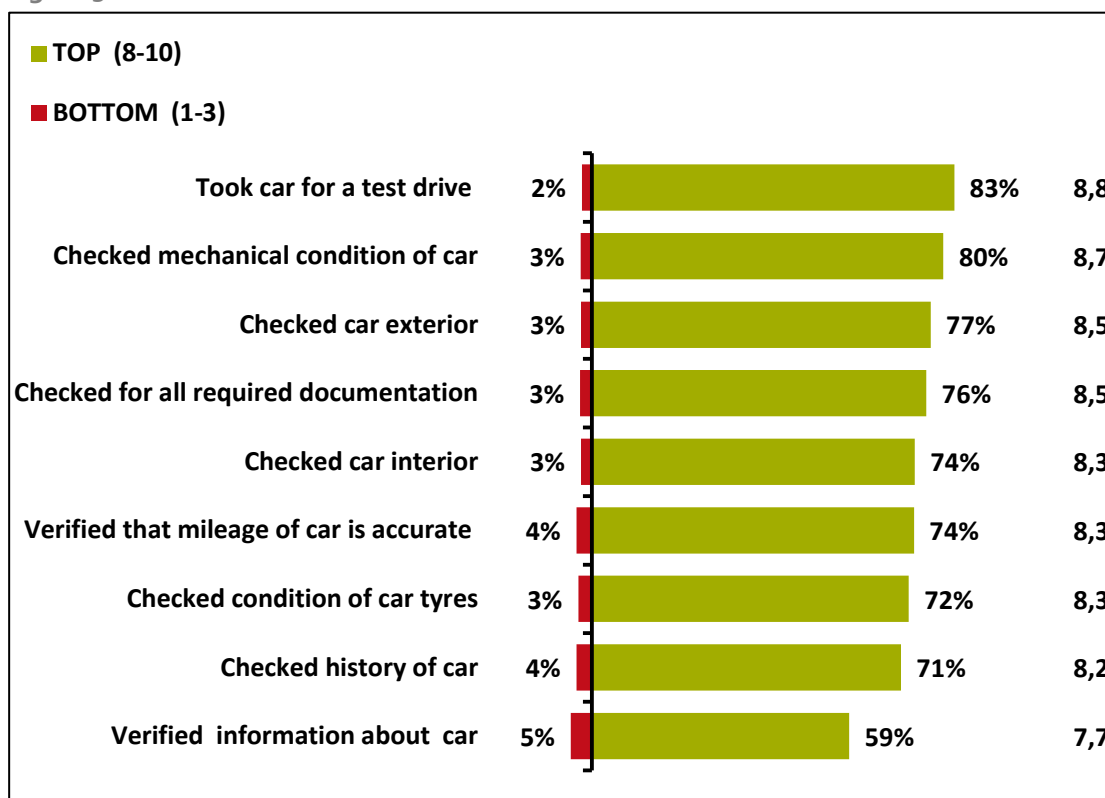
Figure 35 Checks on the car conducted



Source: Consumer Survey Q30: When you were in the process of making your purchase decision, did you, a friend or a third party organisation do any of the following actions? (EU28 N=24,259)

All of these checks were considered very valuable by the majority of the consumer respondents. Only a small minority of less than 5 percent was not convinced that these checks are valuable. Four in five respondents that took a test drive or checked the mechanical condition of the second-hand car were convinced that these are very useful checks to perform before the actual purchase.

Figure 36 Usefulness of checks on the car conducted



Source: Consumer Survey Q30: How valuable did you find these actions in your purchase decision process? (EU28 N=variable between 12,130 and 22,086 per item, according to proportion of respondents conducting each check)

Certain checks made before purchase were more often done by certain groups of consumers and for certain second-hand cars.

Women were more likely to have checked the car exterior (91% vs. 88%) or mileage (65% vs. 61%), while men were more likely to have verified the information regarding the second-hand car online or in print (48% vs. 43%). Younger respondents were also more likely to verify information (52% vs. 38% for respondents aged 55+). Older consumer respondents more often performed various checks on the condition of the car and checked the required documentation.

Checks were more often made when consumers chose a car from an independent dealership than a franchise one. They were also more frequent for cars purchased from abroad when it came to verifying the information online (59% vs. an average of 46%), checks on car history (71% vs. 63% on average), verifying car mileage (66% vs. 63%) and checks on the mechanical condition (82% vs. 76%).

There were also some country differences worth reporting on. EU13 consumers were more likely to verify a car's mechanical condition (84% vs. 75%), take the car for a test drive (88% vs. 83%) and



check the car's history (67% vs. 62%). EU15 respondents were more likely to verify that the mileage of the car is accurate (65% vs. 54%).

More detailed analysis per socio-demographic group and per country is provided in the following tables.

Table 59 Checks on the car conducted, by socio-demographics

	Check the exterior of the car	Check the interior of the car	Check the condition of the car tyres	Take the car for a test drive	Checked the presence of all required documents	Check the mechanical condition of the car	Verify that the mileage of the car is accurate	Check the history of the car	Verified the information about the car
<b>EU28</b>	<b>89%</b>	<b>88%</b>	<b>86%</b>	<b>83%</b>	<b>83%</b>	<b>76%</b>	<b>63%</b>	<b>63%</b>	<b>46%</b>
EU15	90%	88%	86%	83%	82%	75%	65%	62%	44%
EU13	89%	90%	84%	<b>88%</b>	85%	<b>84%</b>	<b>54%</b>	<b>67%</b>	43%
Male	88%	88%	85%	83%	82%	77%	61%	63%	48%
Female	91%	89%	86%	85%	83%	75%	65%	63%	<b>43%</b>
18-34	<b>86%</b>	<b>85%</b>	<b>81%</b>	81%	<b>79%</b>	76%	65%	63%	<b>52%</b>
35-54	91%	89%	87%	85%	83%	77%	62%	62%	45%
55+	92%	<b>92%</b>	<b>90%</b>	85%	<b>87%</b>	77%	60%	65%	<b>38%</b>
Primary / partial sec.	<b>85%</b>	86%	87%	<b>79%</b>	<b>77%</b>	75%	61%	62%	44%
Completed secondary	90%	89%	86%	85%	85%	78%	<b>64%</b>	63%	43%
(Post-)Graduate	90%	89%	84%	84%	82%	75%	61%	64%	<b>51%</b>
Low income	89%	87%	85%	82%	81%	78%	63%	64%	47%
Medium income	91%	91%	87%	85%	83%	76%	62%	62%	46%
High income	90%	89%	86%	85%	84%	75%	62%	64%	46%
Check by 3 <sup>rd</sup> party	86%	<b>83%</b>	85%	85%	83%	86%	71%	72%	51%
Check by friend/family	93%	90%	89%	87%	84%	86%	69%	70%	50%
No checking assistance	87%	88%	83%	80%	81%	<b>68%</b>	<b>58%</b>	<b>57%</b>	<b>42%</b>
Imported from abroad	<b>82%</b>	<b>84%</b>	<b>79%</b>	81%	80%	<b>82%</b>	66%	<b>71%</b>	<b>59%</b>
Franchise dealer	88%	88%	84%	83%	80%	<b>70%</b>	62%	62%	47%
Independent dealer	<b>91%</b>	89%	87%	85%	85%	<b>81%</b>	63%	64%	44%
Auction	<b>77%</b>	<b>79%</b>	<b>75%</b>	<b>70%</b>	<b>77%</b>	75%	61%	<b>66%</b>	<b>52%</b>

Source: Consumer Survey Q30: When you were in the process of making your purchase decision, did you, a friend or a third party organisation do any of the following actions? (EU28 N=24,259)

Table 6o Checks on the car conducted, by country

	Check the exterior of the car	Check the interior of the car	Check the condition of the car tyres	Take the car for a test drive	Checked the presence of all required documentation	Check the mechanical condition of the car	Verify that the mileage of the car is accurate	Check the history of the car	Verified the information about the car
<b>EU28</b>	<b>89%</b>	<b>89%</b>	<b>86%</b>	<b>83%</b>	<b>83%</b>	<b>76%</b>	<b>63%</b>	<b>63%</b>	<b>46%</b>
AT	92%	89%	85%	89%	88%	76%	78%	63%	44%
BE	87%	86%	81%	68%	81%	65%	69%	55%	37%
BG	94%	93%	87%	89%	86%	90%	41%	59%	48%
CY	97%	97%	94%	91%	86%	93%	65%	59%	54%
CZ	94%	91%	88%	93%	83%	76%	50%	74%	47%
DE	93%	89%	86%	85%	87%	78%	78%	64%	39%
DK	85%	79%	76%	86%	66%	75%	45%	42%	44%
EE	93%	90%	84%	85%	87%	80%	48%	61%	52%
EL	94%	96%	90%	86%	94%	92%	63%	75%	70%
ES	86%	87%	86%	80%	80%	76%	65%	54%	54%
FI	94%	92%	90%	92%	90%	77%	47%	65%	47%
FR	83%	86%	87%	79%	71%	68%	56%	59%	44%
HR	98%	96%	93%	93%	97%	88%	60%	69%	69%
HU	93%	88%	88%	86%	86%	88%	64%	61%	57%
IE	96%	93%	91%	95%	83%	75%	50%	61%	46%
IT	89%	89%	85%	76%	85%	81%	69%	71%	50%
LT	90%	86%	77%	88%	85%	80%	46%	49%	40%
LU	91%	84%	87%	77%	81%	70%	78%	64%	53%
LV	92%	88%	87%	86%	79%	90%	41%	49%	37%
MT	96%	96%	86%	89%	80%	87%	56%	48%	51%
NL	89%	86%	84%	85%	82%	71%	58%	50%	43%

	Check the exterior of the car	Check the interior of the car	Check the condition of the car tyres	Take the car for a test drive	Checked the presence of all required documentation	Check the mechanical condition of the car	Verify that the mileage of the car is accurate	Check the history of the car	Verified the information about the car
PL	87%	88%	82%	86%	83%	82%	52%	70%	55%
PT	95%	95%	91%	79%	90%	80%	63%	58%	54%
RO	90%	89%	86%	89%	89%	87%	67%	70%	64%
SE	87%	89%	84%	88%	77%	74%	43%	62%	43%
SI	92%	91%	83%	82%	83%	72%	44%	63%	54%
SK	95%	96%	90%	94%	95%	92%	90%	73%	54%
UK	91%	89%	86%	84%	83%	73%	56%	67%	48%
IS	92%	87%	93%	92%	83%	78%	35%	75%	34%
NO	89%	84%	80%	83%	74%	65%	52%	63%	56%

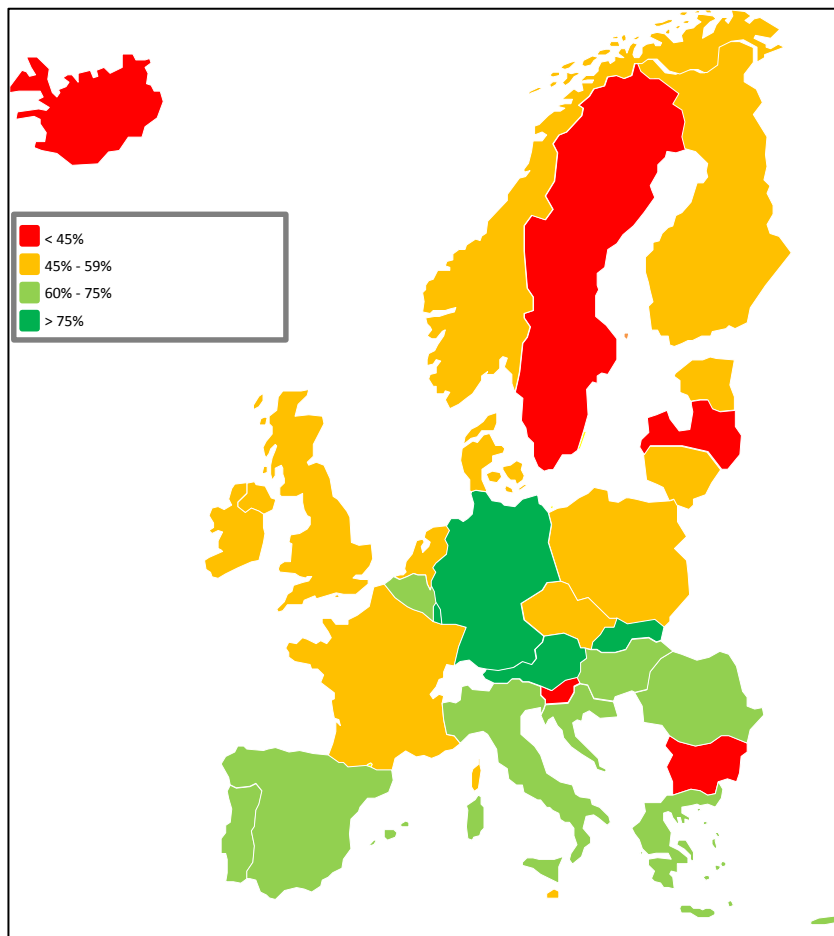
Source: Consumer Survey Q30: When you were in the process of making your purchase decision, did you, a friend or a third party organisation do any of the following actions? (N=25,286)

#### 4.1.4.1 Focus on mileage check

Verification of car mileage for accuracy of the odometer was one of the most important checks to conduct before the purchase. Figure 37 below reports the percentages of consumers per country that chose to perform this specific check on their second-hand car prior to purchase.

There is a large difference to note between countries, especially when it comes to outliers. In Slovakia, 90% of consumer respondents checked car mileage accuracy, while in Iceland only 35% of respondents did so. Notable are also the very low percentages in countries like Bulgaria (41%), Latvia (41%), Sweden (43%), Slovenia (44%), Denmark (45%) and Lithuania (46%).

Figure 37 Verification of mileage during decision process in Europe



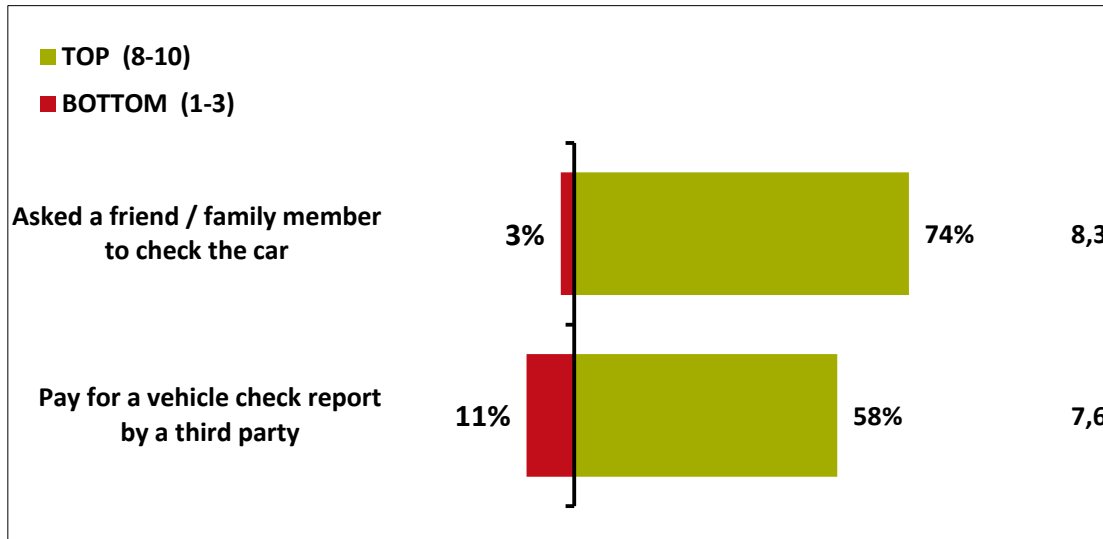
Source: Consumer Survey Q30: When you were in the process of making your purchase decision, did you, a friend or a third party organisation do any of the following actions? (N=25,286)

#### 4.1.4.2 Assistance with checks

Checks can be performed by either consumers themselves, or also by third parties. Two out of five (41%) consumer respondents asked a friend or family member to check the second-hand car they wanted to purchase, but only 6% of consumers paid a third party to do so. Most of the time, respondents considered this help very valuable, with a light preference when help was asked from friends and family. When looking at those respondents who argued that letting someone else perform checks on their car was not useful, it comes out that one in ten who paid a third party

considered this help not at all valuable (compared to only 3 percent of those who asked a friend or family member to check the car).

Figure 38 Value of the checking assistance



Source: Consumer Survey Q29: How valuable did you find these actions in your purchase decision process? Please answer on a scale from 1-10, where 1 signifies "not at all valuable" and 10 signifies "Very valuable" (EU28 Friend / family member N=11,872; 3<sup>rd</sup> Party N=1761)

When considering the respondents' characteristics, it can be seen that women (47%) more often than men (37%) chose to ask a relative or friend to check their car before purchase. Also, younger respondents would more often ask their social network to make some checks on their second-hand car prior to purchase (54% vs. 31% of those aged 55+). Conversely, lower educated and higher income consumer respondents would call upon the help of others less often.

Looking at the trade source itself, it is evident that second-hand cars from an auction or imported from abroad were more often checked by a relative or friend of the respondent (56% vs. 46% from an independent dealership and 34% from a franchise one respectively).

At a country level, respondents within the EU13 (63%) were much more likely to ask a friend or relative to carry out some checks before purchasing a car than those within the EU15 (38%) and also to pay for a vehicle check report by a third party (9% vs. 6%). The latter check was conducted the most by those who purchased a car from abroad (11%).

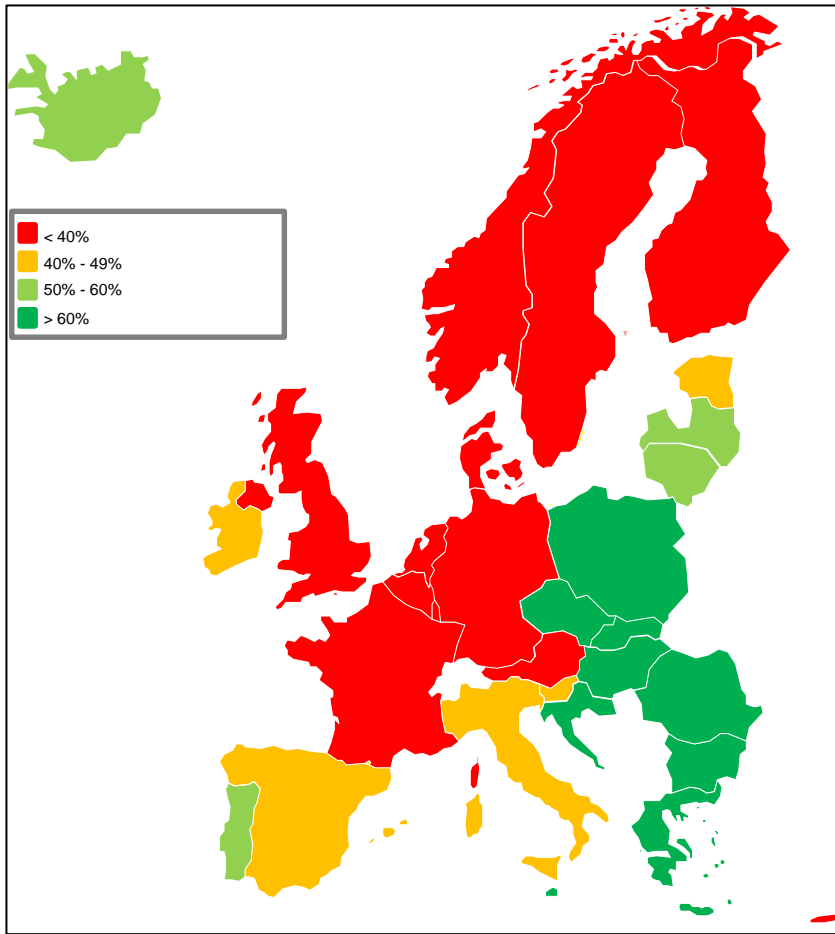
Table 61 Assistance with checking the car, by socio-demographics

	Ask a friend / family member to check the car	Pay for a vehicle check report by a third party
<b>EU28</b>	<b>41%</b>	<b>6%</b>
EU15	38%	6%
EU13	<b>63%</b>	<b>9%</b>
Male	37%	7%
Female	47%	<b>5%</b>
18-34	<b>54%</b>	5%
35-54	37%	6%
55+	<b>31%</b>	7%
Primary / partial secondary	<b>34%</b>	6%
Completed secondary	43%	6%
(Post-)Graduate	42%	6%
Low income	<b>48%</b>	6%
Medium income	41%	6%
High income	36%	7%
Imported from abroad	<b>56%</b>	<b>11%</b>
Franchise dealer	<b>34%</b>	<b>4%</b>
Independent dealer	46%	7%
Auction	<b>56%</b>	7%

Source: Consumer Survey Q29: When you were in the process of making your purchase decision, did you do any of the following actions? (EU28 N=24,259)

Within the following figure, the proportion of consumer respondents who asked someone from their social network to perform checks is reported. The help of friends/family was asked much more in countries of the EU13 such as Slovakia (72%), Bulgaria (70%) or Malta (70%). Conversely, consumers in Norway (24%) and Cyprus (30%) were the least likely to consider asking their friends/family to help them in carrying out checks on their second-hand car.

Figure 39 Checks made by social network during decision process in Europe (%)



Source: Consumer Survey Q29: When you were in the process of making your purchase decision, did you do any of the following actions? Ask a friend or family member to check the car (N=25,286)

The table below shows the exact proportion of consumer respondents per country who had assistance checking the car, either from a friend / family member or by paying a third party. The third party check was most common in Cyprus (38%) and Iceland (18%).



Table 62 Assistance with checking the car, by country

	Ask a friend / family member to check the car	Pay for a vehicle check report by a third party
<b>EU28</b>	<b>42%</b>	<b>6%</b>
AT	30%	14%
BE	35%	5%
BG	<b>70%</b>	9%
CY	30%	<b>38%</b>
CZ	<b>65%</b>	8%
DE	38%	5%
DK	33%	10%
EE	45%	11%
EL	<b>68%</b>	10%
ES	40%	5%
FI	33%	<b>3%</b>
FR	31%	<b>3%</b>
HR	<b>65%</b>	6%
HU	<b>65%</b>	7%
IE	47%	11%
IT	47%	5%
LT	50%	13%
LU	36%	6%
LV	53%	8%
MT	<b>70%</b>	12%
NL	31%	5%
PL	60%	9%
PT	52%	<b>3%</b>
RO	62%	9%
SE	38%	5%
SI	48%	4%
SK	<b>72%</b>	4%
UK	36%	7%
IS	50%	<b>18%</b>
NO	<b>24%</b>	10%

Source: Consumer Survey Q29: When you were in the process of making your purchase decision, did you do any of the following actions? (N=25,286)

## 4.2 Information sources

Nowadays, there are multiple sources of information that a consumer can consult or use in the search for a second-hand car. These relate to different types of media and different actors. Some of the questions that were identified were inter alia:

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*What are the main sources that consumers consult when searching a second-hand car?*

*Do consumers consider the information on every source of information useful?*

*Are internet car portals evaluated positively by consumers?*

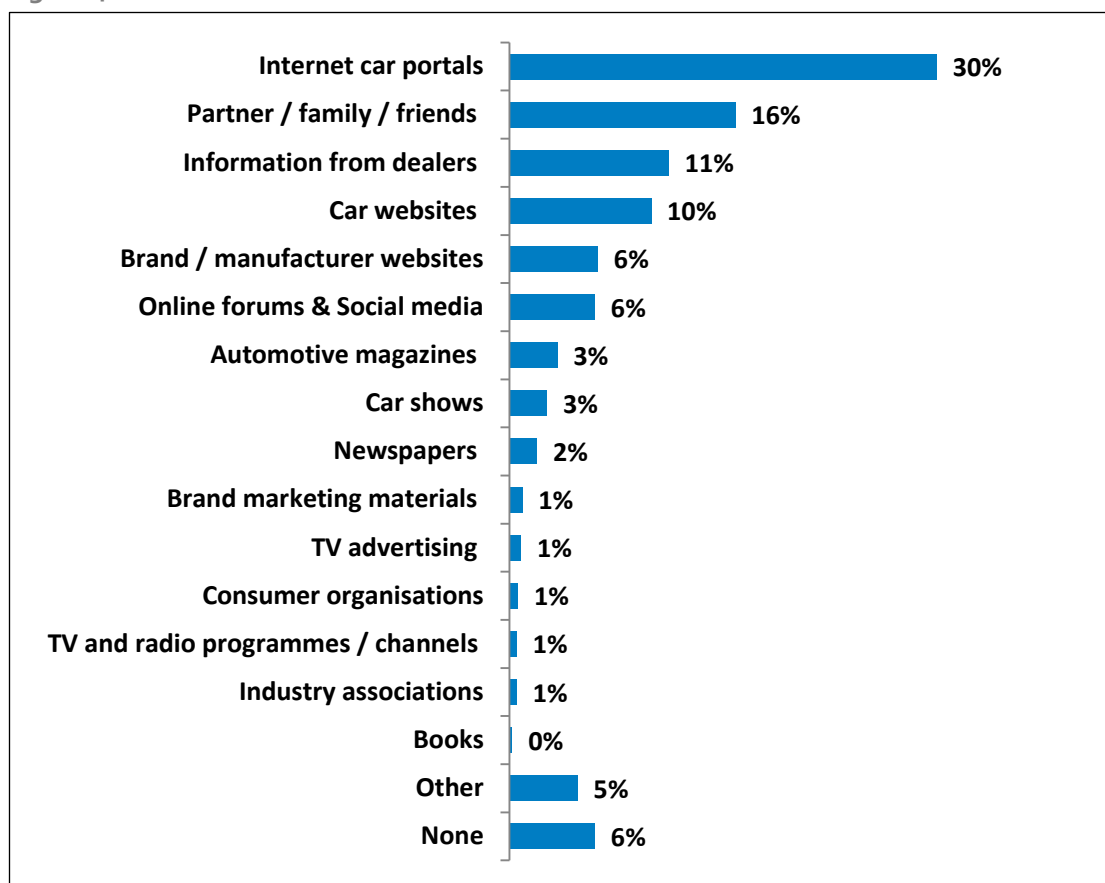
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### 4.2.1 Sources of information used

When it comes to sources of information whilst searching for a second-hand car, one can look for a car via social networks, professionals and interest groups and also via a media channel such as the radio, the TV, newspapers or via online channels, like internet car portals, car websites and brand/manufacturers websites.

The main source of information that survey respondents consulted during their search process is presented in the figure below.

Figure 40 Main source of information



Source: Consumer Survey Q17: In the period before you purchased the car, which was the main source of information and advice that you consulted in order to make your choice? (EU28 N=24,259)

The most important source of information for perspective buyers of a second-hand car was internet car portals, as quoted by 3 out of 10 consumer respondents. The second most popular source of information was the immediate circle of friends, family and partner (16%).

Looking at all sources, the Internet as a medium was the most important source of information altogether, as not only Internet car portals, but also car websites, car brand/manufacturer websites, online forums and social media scored higher than average as a main source of information. On aggregate, more than half (52%) of the respondents' main sources of information was an online source. Written and spoken media channels were not used as widely as a source of information (11%) and consumers seldom looked for information via interest groups such as industry associations or consumer organisations (1%).

When it comes to not seeking any information prior to purchase, only 6% of the consumer respondents reported that they didn't do so prior to purchasing their second-hand car. This 6% is more likely to be women, older respondents, lower educated consumers and respondents from EU15 countries. A quarter of these respondents argued that the reason for not searching for information was the fact that they already knew exactly what car they wanted to purchase. Another quarter argued that they trusted their trader and one in ten claimed to already know a lot about cars anyway.

There was considerable variation concerning the main information source by country. For example, information from dealers was more commonly used in EU15 countries than in the EU13, which may be reflective of the shortage of dealerships (especially franchise dealerships) in Eastern Europe rather than indicative of consumer preference. The table below shows the main six information sources at country level:

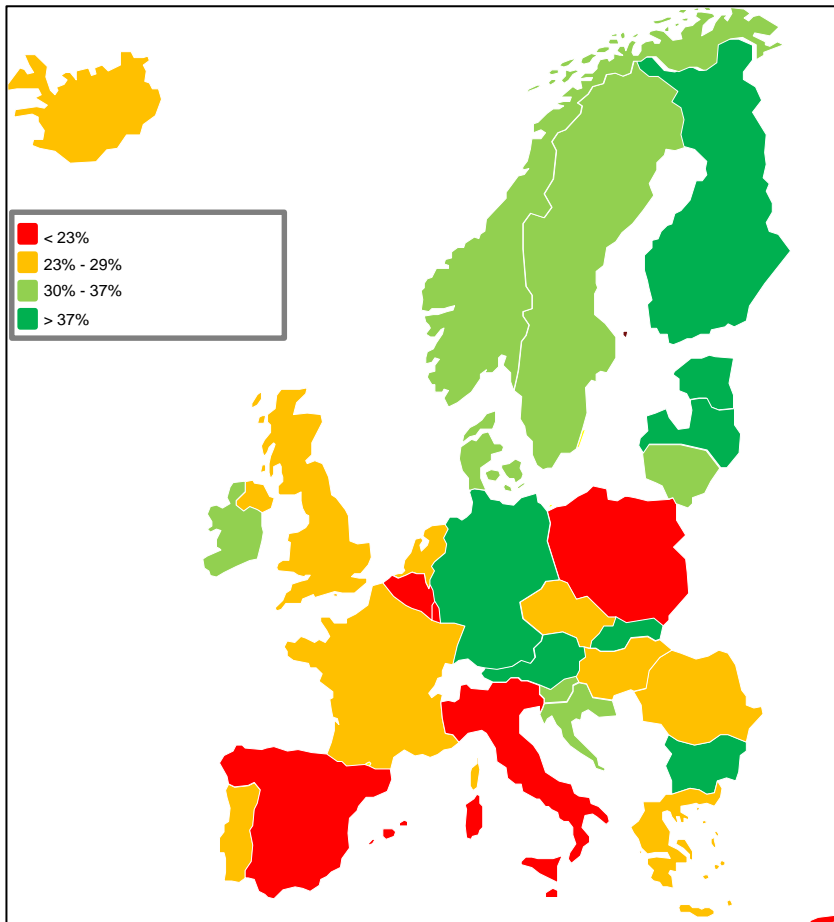
Table 63 Main source of information, by country

	Internet car portals	Partner / family / friends	Information from dealers	Car websites	Manufacturer websites	Online Forums & Social Media
<b>EU28</b>	<b>30%</b>	<b>16%</b>	<b>11%</b>	<b>10%</b>	<b>6%</b>	<b>6%</b>
AT	37%	15%	12%	8%	5%	4%
BE	21%	19%	12%	7%	12%	3%
BG	41%	15%	10%	14%	3%	9%
CY	6%	31%	5%	5%	2%	5%
CZ	28%	21%	8%	17%	6%	6%
DE	39%	13%	12%	6%	3%	6%
DK	31%	16%	10%	7%	5%	4%
EE	39%	17%	6%	11%	2%	14%
EL	26%	15%	7%	12%	7%	8%
ES	19%	20%	16%	9%	8%	5%
FI	39%	13%	12%	5%	4%	8%
FR	29%	18%	11%	8%	9%	2%
HR	32%	14%	6%	7%	7%	20%
HU	29%	20%	3%	13%	5%	11%
IE	36%	19%	15%	11%	3%	5%
IT	22%	17%	8%	12%	6%	2%
LT	30%	23%	6%	10%	3%	13%
LU	22%	13%	20%	10%	9%	5%
LV	42%	25%	2%	8%	2%	7%
MT	23%	31%	8%	9%	6%	8%
NL	23%	11%	14%	12%	10%	3%
PL	21%	14%	7%	17%	10%	12%
PT	24%	20%	13%	11%	9%	6%
RO	27%	14%	7%	13%	9%	8%
SE	32%	14%	9%	10%	7%	8%
SI	35%	15%	7%	13%	8%	12%
SK	38%	11%	7%	17%	8%	8%
UK	24%	16%	13%	11%	6%	7%
IS	28%	27%	16%	3%	5%	4%
NO	35%	14%	9%	10%	4%	9%

Source: Consumer Survey Q17: In the period before you purchased the car, which was the main source of information and advice that you consulted in order to make your choice? (EU28 N=24,259)

In figure 41 below, some clear country differences can be seen, when considering the proportion of prospective buyers who gather information through internet car portals. While respondents in countries such as Latvia (42%) and Bulgaria (41%) quite often use internet car portals as their main source of information, it was not seen as common to use internet car portals in Cyprus (6%) or Spain (19%).

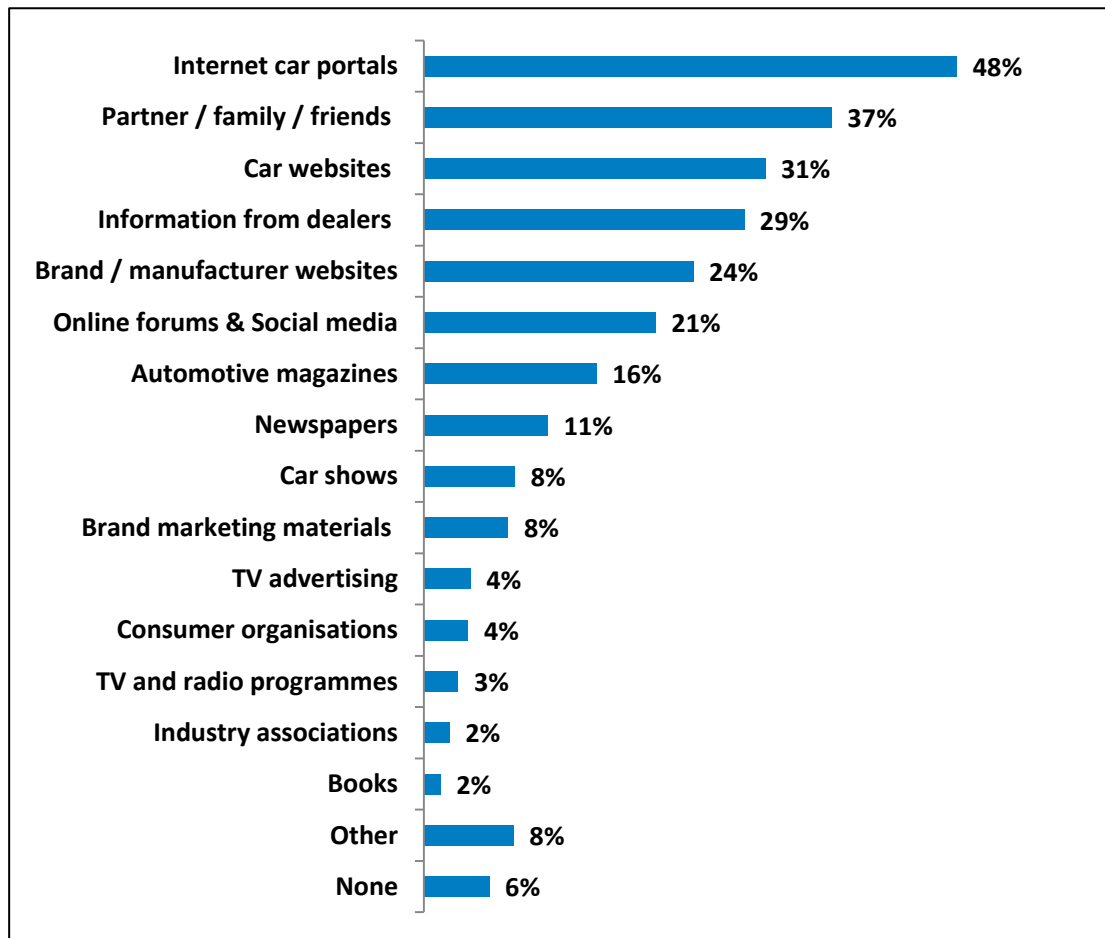
Figure 41 Internet car portals as main source of information



Source: Consumer Survey Q17: In the period before you purchased the car, which was the main source of information and advice that you consulted in order to make your choice: Internet car portals? (N=25,286)

Consumer respondents were then asked to identify any other information sources that they had used during their search process. The chart below shows all information sources used.

Figure 42 All sources of information



Source: Consumer Survey Q17: In the period before you purchased the car, which was the main source of information and advice that you consulted in order to make your choice? And which other information sources did you consult? (EU28 N=24,229)

**Internet car portals were still the most common source used**, this time mentioned by almost half (48%) of consumer respondents. Nearly two-fifths (37%) consulted family or friends, around three in ten respondents looked at car websites (31%) or dealer information (29%). Brand / manufacturer websites were consulted by a quarter (24%) and online forums / social media by a fifth of consumer respondents (21%).

The main difference by **socio-demographics** was that men and those aged 18-34 tended to use information sources at higher percentages than women and the older age groups. The only exception here was consultation with partner / friends / family, which was cited by 44% of women (vs. 31% of men) and information from dealers which was cited by 35% of those aged 55+ (vs. 25% of those aged 18-34). Furthermore, more respondents of a higher level of education tended to look at information sources when compared with those of lower education. Internet car portals were more often a source of information for medium and high income levels (both 52% vs. 42% from those at low income). When results from the different trade sources were analysed, it was found that information from dealers was looked at by much higher percentages by those respondents who bought their car from a franchise dealership (39% vs. only 23% from independent dealerships), whereas car websites and online fora were utilised much more by respondents who purchased their

car from abroad or at auctions. The following table summarises this, showing the usage of the top 6 information sources according to key socio-demographics.

Table 64 All sources of information (analysis of top six sources overall) – by socio-demographics

	Internet car portals	Partner / family / friends	Car websites	Info. from dealers	Brand / manuf. websites	Online forums & social media
<b>EU28</b>	<b>48%</b>	<b>37%</b>	<b>31%</b>	<b>29%</b>	<b>24%</b>	<b>21%</b>
EU15	48%	36%	28%	30%	22%	17%
EU13	51%	40%	43%	26%	33%	41%
Male	49%	31%	33%	29%	26%	23%
Female	47%	44%	29%	29%	23%	19%
18-34	45%	45%	33%	25%	25%	27%
35-54	51%	34%	32%	29%	25%	21%
55+	47%	31%	25%	35%	22%	13%
Primary / Partial Secondary	42%	31%	23%	25%	21%	15%
Completed Secondary	49%	37%	31%	28%	23%	20%
(Post-)Graduate	50%	39%	35%	32%	28%	24%
Low income	42%	38%	29%	27%	23%	22%
Medium income	52%	37%	31%	30%	23%	20%
High income	52%	36%	34%	32%	27%	21%
Imported from abroad	48%	33%	38%	23%	32%	35%
Franchise	45%	34%	29%	39%	29%	18%
Independent	51%	39%	32%	23%	21%	22%
Auction	45%	34%	36%	12%	24%	37%

Source: Consumer Survey Q17: In the period before you purchased the car, which was the main source of information and advice that you consulted in order to make your choice? And which other information sources did you consult?<sup>76</sup> (EU28 N=24,259)

Considering the same top 6 information sources, the following table provides the data for these at country-level.

<sup>76</sup> note that the above table only compares six information sources at country level

Table 65 All sources of information (analysis of top six sources overall) – per country

	Internet car portals	Partner / family / friends	Car websites	Info. from dealers	Brand / manuf. websites	Online forums & social media
<b>EU28</b>	<b>48%</b>	<b>37%</b>	<b>31%</b>	<b>29%</b>	<b>24%</b>	<b>21%</b>
AT	57%	41%	31%	38%	26%	18%
BE	37%	33%	22%	27%	30%	11%
BG	66%	48%	48%	36%	25%	44%
CY	9%	56%	12%	14%	7%	13%
CZ	52%	45%	45%	24%	30%	30%
DE	57%	37%	27%	31%	16%	17%
DK	48%	34%	24%	25%	24%	13%
EE	62%	44%	41%	20%	21%	49%
EL	48%	43%	38%	34%	31%	28%
ES	37%	43%	26%	35%	28%	26%
FI	57%	34%	28%	36%	27%	32%
FR	44%	34%	24%	23%	26%	9%
HR	62%	44%	40%	26%	45%	59%
HU	49%	42%	40%	13%	23%	34%
IE	57%	46%	37%	36%	21%	29%
IT	39%	36%	31%	26%	24%	13%
LT	60%	46%	41%	30%	28%	45%
LU	42%	31%	32%	38%	36%	16%
LV	68%	56%	42%	14%	13%	28%
MT	39%	58%	29%	32%	25%	26%
NL	37%	22%	30%	30%	29%	11%
PL	45%	36%	44%	25%	38%	44%
PT	46%	45%	31%	33%	32%	25%
RO	51%	38%	41%	29%	34%	36%
SE	48%	34%	32%	31%	27%	24%
SI	58%	45%	39%	32%	35%	45%
SK	60%	32%	46%	28%	35%	32%
UK	43%	39%	32%	32%	22%	20%
IS	46%	53%	16%	34%	22%	14%
NO	55%	33%	32%	30%	24%	24%

Source: Consumer Survey Q17: In the period before you purchased the car, which was the main source of information and advice that you consulted in order to make your choice? And which other information sources did you consult?<sup>77</sup> (N=25,286)

Next to consumer respondents, mystery shoppers were also asked to search for information on specific second-hand cars. Within the mystery shopping exercise, shoppers were instructed to first look online for available cars that matched the target. All of them made use of internet car portals to

<sup>77</sup> Please note that the above table only compares the top six information sources at country level



look for information, followed by the following sources of information: information from dealers (79%), brand or manufacturers' websites (48%), newspapers (19%) and automotive magazines (12%).

#### **4.2.2 Usefulness of sources of information**

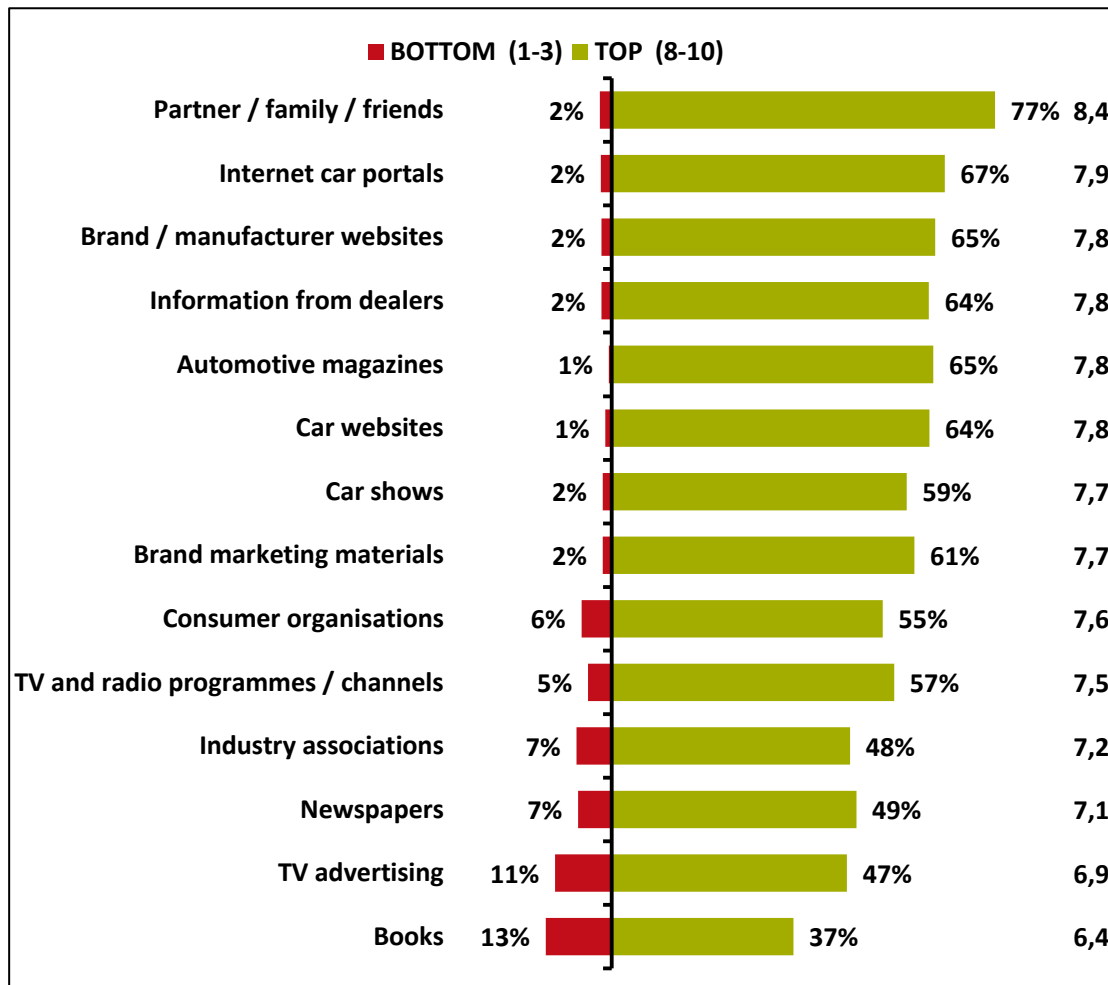
When searching and deciding on a second-hand car, the sources of information that were often consulted by respondents were most of the time considered useful. Less than 5% of respondents reported that the information found via the most important sources (car dealers, car websites, brand websites and internet portals) was not useful at all<sup>78</sup>. On the contrary, approximately two thirds of them argued that the information was very useful.<sup>79</sup> Partner, family and friends stands out for having a particularly high 'usefulness' score. Less important information sources had a somewhat higher proportion of consumers that argued that the information was not useful and a somewhat lower proportion of respondents who argued that the information was useful. This is presented in the figure below.

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<sup>78</sup> Bottom scores of 1 to 3 on a scale of 1 to 10, where 1 signifies "Not at all useful" and 10 signifies "Completely useful"

<sup>79</sup> Top scores of 8 to 10 on a scale of 1 to 10, where 1 signifies "Not at all useful" and 10 signifies "Completely useful"

Figure 43 Usefulness of the different sources of information



Source: Consumer Survey Q19: How useful was the information you received from...? Please answer on a scale from 1-10, where 1 signifies "not at all useful" and 10 signifies "completely useful" (EU28 N varies according to number of people citing each source as their main source, from 87 for Books to 6906 for Internet Car Portals).

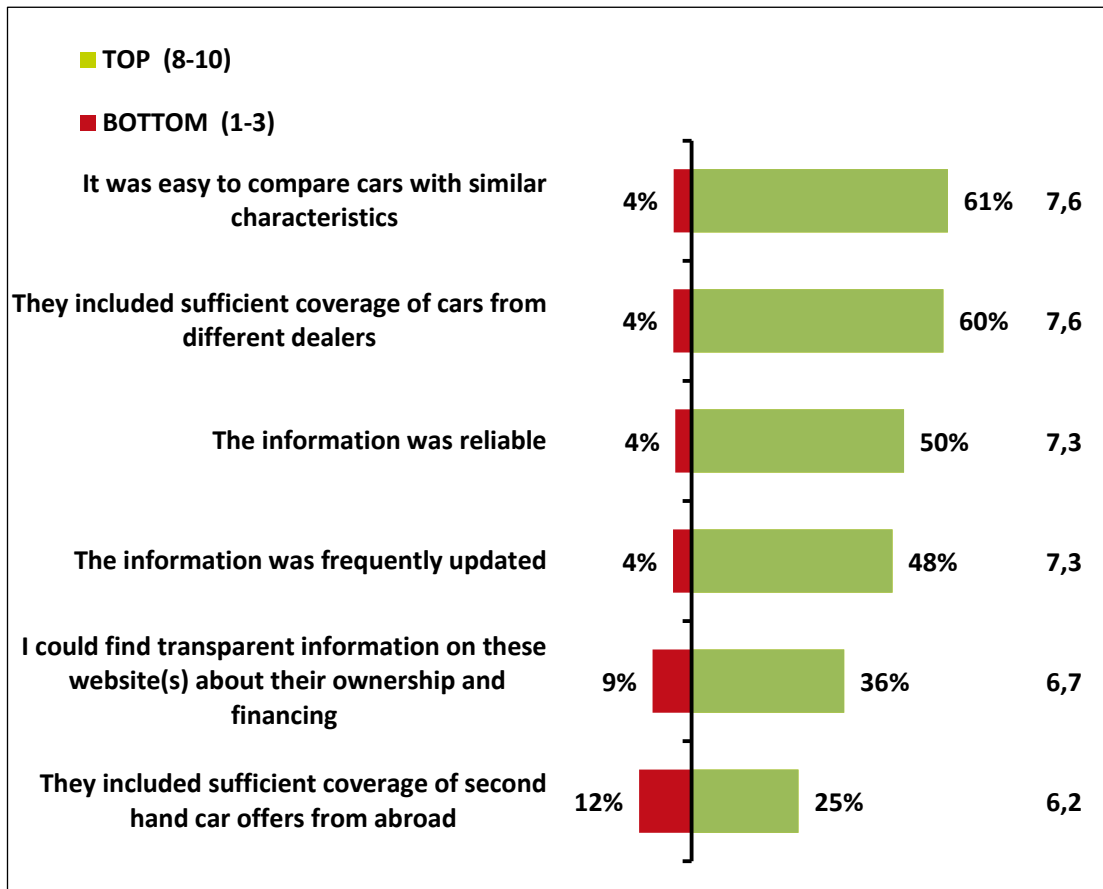
There was very little variation in these numbers according to analysis by socio-demographics or country, which relates to the smaller sample size of respondents who had assessed each information source.

### 4.2.3 Evaluation of internet car portals

This section explores the use of internet car portals in detail, since it was seen in the previous sections that internet nowadays is the most important source of information for a large proportion of consumers. Hence, users and non-users of internet car portals were asked whether they agreed with certain statements regarding the information found on Internet car portals.

Overall, almost half of consumer respondents used internet car portals as a source of information (30% as their main source and 19% as an additional source). These consumer respondents were asked specific questions about the internet car portal(s) that they consulted. In the figure hereafter, the top and bottom scores, as well as the means per item reported on, are presented.

Figure 44 Positive statements on information found on internet car portals (users)



Source: Consumer Survey Q20: Considering the Internet car portal(s) that you consulted in this information search process, to what extent do you agree or disagree with each of the following statements? Please answer on a scale from 1-10, where 1 signifies "completely disagree" and 10 signifies "completely agree" (EU28 N=11,734)

Of those respondents who used internet car portals, six out of ten completely or almost completely agreed that it was easy to compare cars with similar characteristics and that internet car portals included sufficient coverage of cars from different dealers. However, respondents less often agreed completely or almost completely with statements regarding the transparency of information on ownership and financing of these internet car portals (approximately one in three) and the offer and coverage of cars from abroad<sup>80</sup> (only one in four). Less variation is apparent when looking at the mean scores on these attitude scales (going from one to ten). Overall, consumer respondents agreed with these positively formulated statements and seemed content with the information they can find on Internet car portals.

When it comes to analysis by socio-demographics, there were no differences when it comes to how internet car portals were evaluated by either male or female respondents. However, older consumers were more likely to evaluate internet car portals very positively, while younger consumers were more likely to evaluate them less positively, with the exception on the statement

<sup>80</sup> However, on this statement, a quarter of consumers answered "don't know"

about offers from abroad. In general, it seems that younger consumers are more critical towards internet car portals. Education does not appear to have always any clear effect, whilst respondents at a higher income gave in general more positive assessment on all statements except the one on coverage from abroad.

Moreover, consumer respondents who bought their second-hand car from abroad were substantially more positive about the sufficient coverage of second-hand car offers from abroad, but also more negative about the reliability of the information and the coverage of different car dealers.

The statement on the sufficient coverage of second-hand cars from abroad was also assessed much higher by respondents in EU13 countries (7.1 vs. 5.9 in EU15) and this is evidence for the high importance of the import car market for EU13 countries. The evaluation of the reliability of information was somewhat lower for respondents in the EU13.

Table 66 Positive statements on information found on internet car portals (users), by socio-demographics

	Easy to compare cars with similar characteristics	Included sufficient coverage of cars from different dealers	The information was reliable	The information was frequently updated	Could find transparent information on these website(s) about their ownership and financing	Included sufficient coverage of second-hand car offers from abroad
<b>EU28</b>	<b>7.6</b>	<b>7.6</b>	<b>7.3</b>	<b>7.3</b>	<b>6.7</b>	<b>6.2</b>
EU15	7.7	7.7	7.4	7.3	6.7	5.9
EU13	7.6	7.5	<b>7.0</b>	7.1	6.6	<b>7.1</b>
Male	7.7	7.6	7.3	7.3	6.6	6.2
Female	7.6	7.6	7.3	7.3	6.7	6.2
18-34	7.5	7.5	7.2	<b>7.1</b>	6.6	<b>6.3</b>
35-54	7.7	7.6	7.3	7.3	6.6	6.1
55+	<b>7.8</b>	<b>7.9</b>	<b>7.5</b>	<b>7.5</b>	6.7	6.0
Primary / partial secondary	7.7	7.5	7.3	7.3	6.6	5.9
Completed secondary	7.7	<b>7.8</b>	7.4	7.3	6.7	<b>6.3</b>
(Post-)Graduate	7.5	7.5	7.3	7.2	6.6	6.1
Low income	7.5	<b>7.5</b>	7.2	<b>7.1</b>	6.6	6.2
Medium income	7.7	7.7	7.4	7.3	6.7	6.1
High income	<b>7.8</b>	7.8	<b>7.5</b>	7.4	6.7	6.2
Imported from abroad	7.5	<b>7.4</b>	<b>7.0</b>	7.2	6.6	<b>7.5</b>
Franchise dealer	7.6	7.6	7.4	7.3	6.6	6.2
Independent	7.6	7.6	7.3	7.2	6.6	6.2
Auction	7.8	7.5	7.4	7.4	<b>7.2</b>	<b>7.0</b>

Source: Consumer Survey Q20: Considering the Internet car portal(s) that you consulted in this information search process, to what extent do you agree or disagree with each of the following statements? Please answer on a scale from 1-10, where 1 signifies "completely disagree" and 10 signifies "completely agree" (EU28 N=11,734)

When it comes to analysis by country, buyers in Germany, Hungary and Romania (all 8.0) agreed more strongly that it was **easy to compare cars with similar characteristics**. The weakest agreement with this statement was noted in Slovakia (5.4), followed by Portugal (6.3).

The statement that the information on portals included **sufficient coverage of cars from different dealers** was more likely to be agreed with by respondents in Germany (mean score 8.2) and Lithuania (8.0) and less strongly agreed with in Slovakia (5.4), Iceland (6.3), Portugal (6.4) and Estonia (6.9).

Consumer respondents in Germany (7.7), the UK (7.7), Ireland (7.6) and Hungary (7.5) were more likely to find the internet car portal's website information to be **reliable**, with Slovakia displaying again a particularly low score (5.4), followed by Portugal (6.0).

In Estonia, Luxembourg, Portugal, Slovakia, Iceland and Croatia, respondents were less strongly in agreement that the information on portals is **frequently updated** (all with mean scores less than 6.7 and the lowest in Slovakia – 5.4).

Buyers in Romania (7.2), Hungary (7.1), Poland (7.0) and Norway (7.0) agreed more strongly that they could find **transparent information on these sites about their ownership and financing**. Respondents from Latvia (5.4), Slovakia (5.5), Luxembourg (5.6) and Bulgaria (5.7) appeared to agree the least.

There was strong agreement that portals included **sufficient coverage of second-hand cars from abroad** from buyers in Romania and Lithuania (both with mean scores of 7.8), followed by Bulgaria, Cyprus, Poland, Luxembourg and Malta (all with mean scores of 7.3 or above). The least agreement was by respondents in Denmark, Norway, Iceland, Slovakia and the UK (all equal to or below 5.4).

Table 67 Positive statements on information found on internet car portals (users), by country

	Easy to compare cars with similar characteristics	Included sufficient coverage of cars from different dealers	The information was reliable	The information was frequently updated	Could find transparent information on these website(s) about their ownership and financing	Included sufficient coverage of second-hand car offers from abroad
<b>EU28</b>	<b>7.6</b>	<b>7.6</b>	<b>7.3</b>	<b>7.3</b>	<b>6.7</b>	<b>6.2</b>
AT	7.1	7.4	6.9	6.9	6.2	5.9
BE	7.4	7.6	7.1	7.3	6.5	6.0
BG	7.9	7.9	6.8	7.5	5.7	7.4
CY	7.4	7.3	7.2	7.4	6.9	7.4
CZ	7.5	7.7	6.9	6.9	6.0	6.7
DE	8.0	8.2	7.7	7.7	6.9	6.1
DK	7.4	7.6	7.3	7.3	6.7	5.0
EE	7.1	6.9	6.1	6.7	6.2	7.0
EL	7.7	7.5	7.2	7.1	6.7	5.8
ES	7.5	7.3	7.0	7.1	6.5	5.8
FI	7.7	7.3	7.0	7.2	6.2	6.0
FR	7.2	7.1	7.1	6.9	6.2	5.6
HR	7.5	7.0	7.0	6.6	6.2	6.3
HU	8.0	7.6	7.5	7.3	7.1	6.8
IE	7.8	7.8	7.6	7.5	6.4	5.6
IT	7.6	7.5	7.4	7.0	6.9	6.3
LT	7.7	8.0	6.6	7.6	6.2	7.8
LU	7.3	7.5	7.0	6.6	5.6	7.3
LV	7.3	7.2	6.2	6.9	5.4	6.7
MT	7.6	7.1	7.5	7.2	6.0	7.3
NL	7.5	7.6	7.1	7.3	6.6	6.3
PL	7.8	7.6	7.2	7.1	7.0	7.4
PT	6.3	6.4	6.0	6.1	6.1	5.6
RO	8.0	7.5	7.6	7.7	7.2	7.8
SE	7.0	7.5	7.1	7.0	6.5	5.7
SI	7.8	7.9	7.5	7.4	6.6	6.3
SK	5.4	5.4	5.4	5.4	5.5	5.4
UK	7.8	7.5	7.7	7.4	6.9	5.4
IS	7.1	6.3	7.1	6.0	6.2	5.3
NO	7.3	7.6	7.2	7.6	7.0	5.1

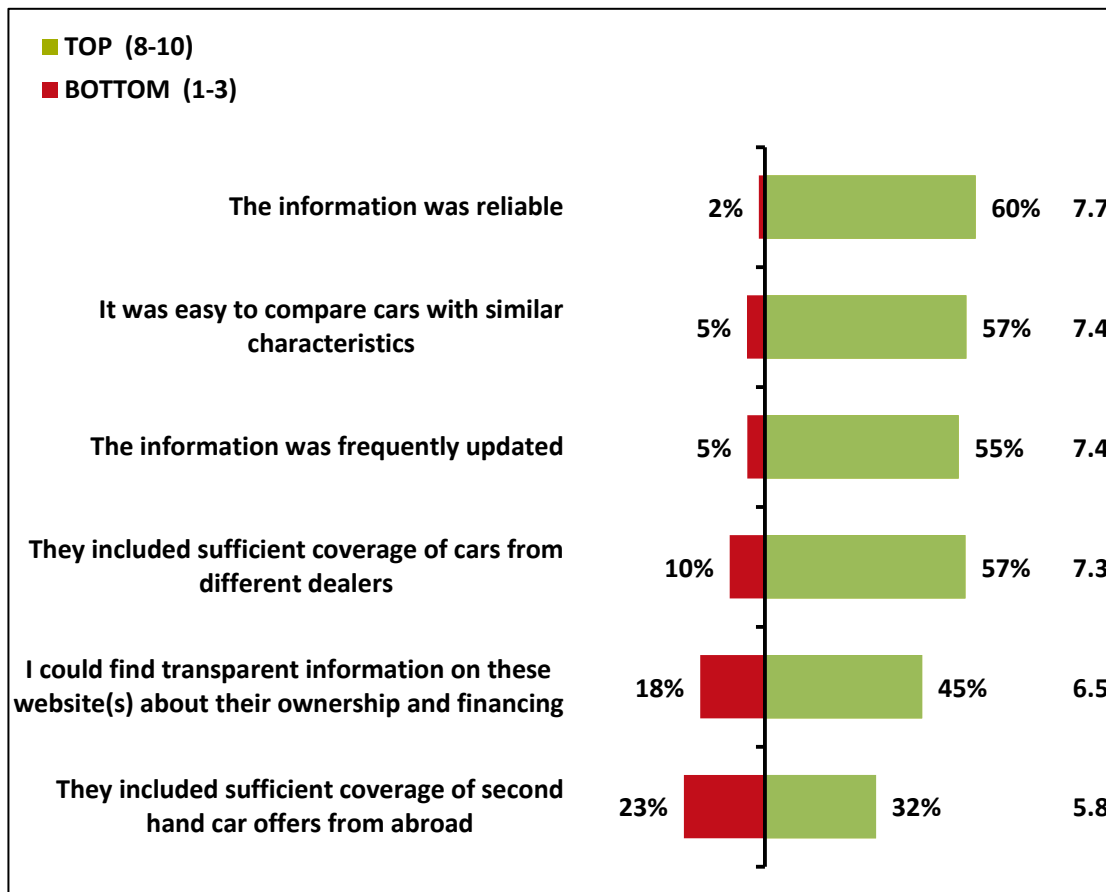
Source: Consumer Survey Q20: Considering the Internet car portal(s) that you consulted in this information search process, to what extent do you agree or disagree with each of the following statements? Please answer on a scale from 1-10, where 1 signifies "completely disagree" and 10 signifies "completely agree" (N=12,229)

Besides consumer respondents who assessed internet car portals, mystery shoppers were also asked to report on their evaluation of internet car portals. Results are reported in the figure below.

In general, 60% of the mystery shoppers completely or almost completely agreed with the statement that the information was reliable, 57% with the statement that it was easy to compare cars with similar characteristics and 57% with the statement that the internet car portal had sufficient coverage from different dealers. They less often agreed completely or almost completely with the statement regarding the fact that internet car portals included sufficient coverage of second-hand car offers from abroad (32%).

Compared to consumer survey respondents, mystery shoppers were less satisfied with the coverage of cars from different dealers on internet car portals (bottom score as high as 10% by mystery shoppers compared to only 4% by consumer respondents) and the coverage of cars from abroad (bottom score reported by 23% of mystery shoppers compared to only 12% of survey respondents). Also the transparency of information was rated lower by mystery shoppers (bottom score given by 18%) than by survey respondents (bottom score given by 9%).

Figure 45 Statements on information found on internet car portals

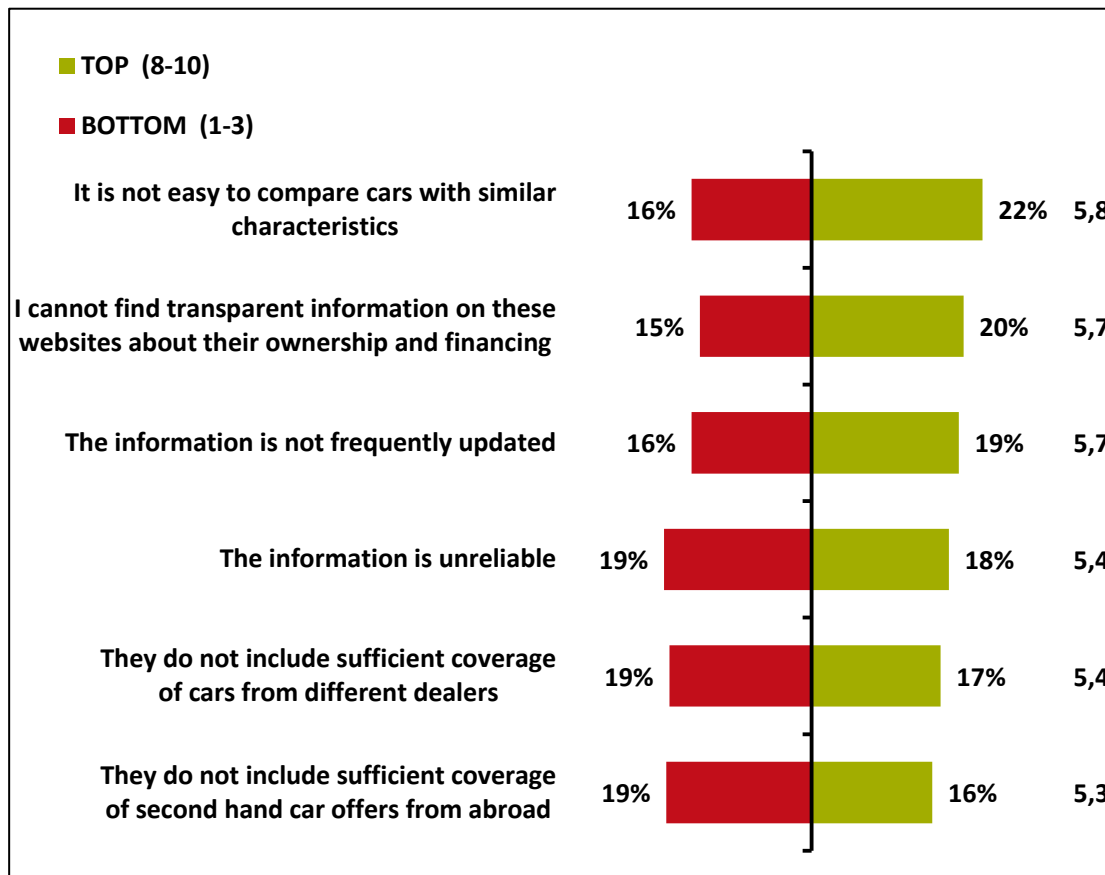


Source: Mystery Shopping Q11: Considering the Internet car portal(s) that you consulted in this information search process; to what extent do you agree or disagree with each of the following statements? Please answer using a scale from 1 to 10 where 1 is Completely Disagree and 10 is Completely Agree (EU28 N=1139)



Since around half of consumer respondents did not consult internet car portals, these non-users were also asked questions regarding their perspective on internet car portals. Therefore, the same statements about Internet car portals were posed, albeit in a negative format, to respondents who did not consult or use an Internet car portal as a source of information when buying their car. Non-users of Internet car portals were on average less positive about the ease of comparing cars with similar characteristics, the transparency of the websites' financing and ownership and the frequency with which the information is updated.

Figure 46 Information found on internet car portals (consumer respondents, non-users)

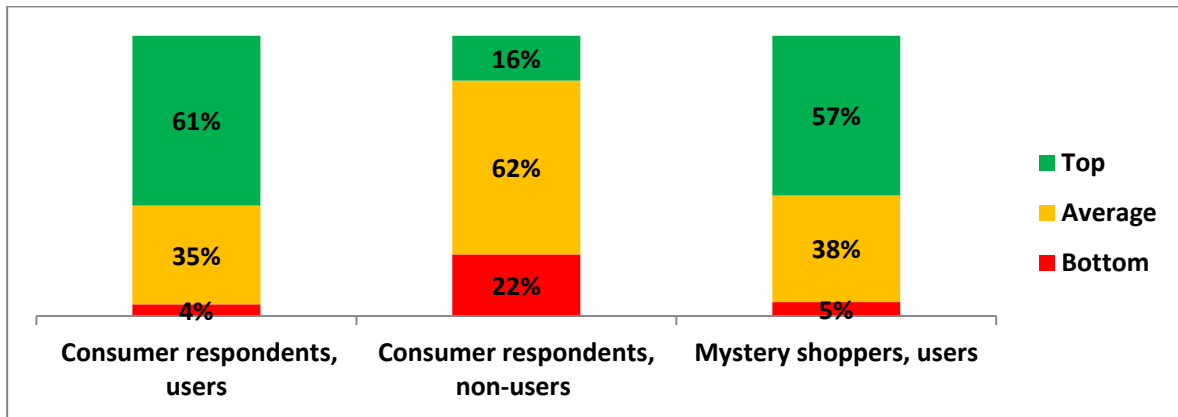


Source: Consumer Survey Q21: Considering Internet car portals in general, to what extent do you agree or disagree with each of the following statements? Please answer on a scale from 1-10, where 1 signifies "completely disagree" and 10 signifies "completely agree" (EU28 N=12,525)

The results for this group of consumer respondents are reported in the following figure, next to the percentages of the two groups that were discussed before. As the questions are negatively formulated, the green and red bars are reversed in order to be able to compare the different groups (consumer respondent users, consumer respondent non-users and mystery shoppers).

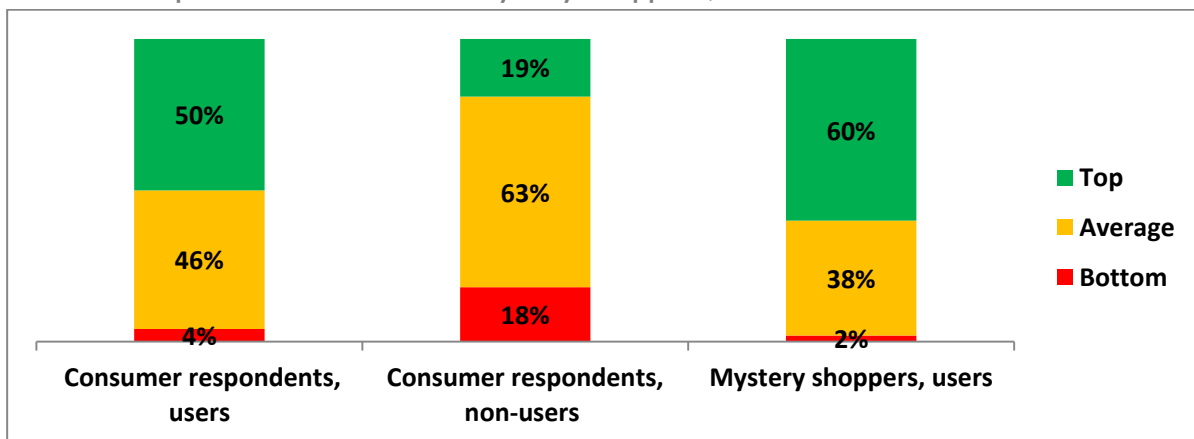
First of all, it can be seen that 6 out of 10 internet car portal users – either consumer respondents or mystery shoppers – viewed these websites useful in terms of comparability of information and only a very small minority gave a negative answer. In contrast, the proportion of negative answers for non-users was greater than the positive answers (22% versus 16%) in terms of comparability.

Figure 47 Comparable information found on internet car portals (consumer respondent users, consumer respondent non-users and mystery-shoppers)



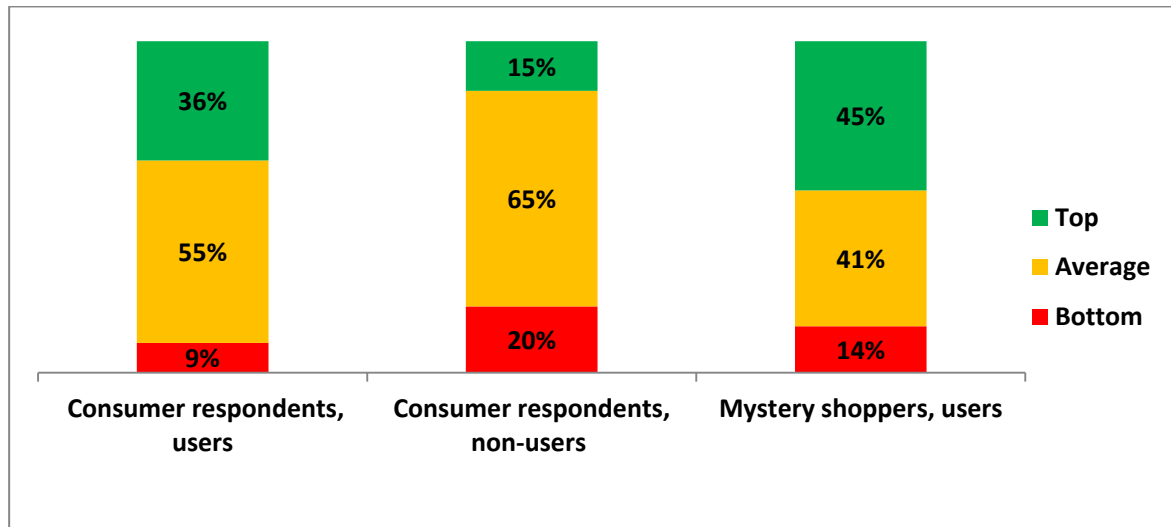
Half of consumer respondent users and 60% of mystery shopper users found the information on internet car portals to be very reliable, whilst this was the case for only a fifth (19%) of non-users.

Figure 48 Reliable information found on internet car portals (consumer respondent users, consumer respondent non-users and mystery-shoppers )



Nearly half (45%) of mystery shoppers found the information on internet car portals to be very transparent with respect to their ownership and financing, whilst this proportion was somewhat lower for consumer respondent users (36%) and considerably lower for consumer respondent non-users (15%).

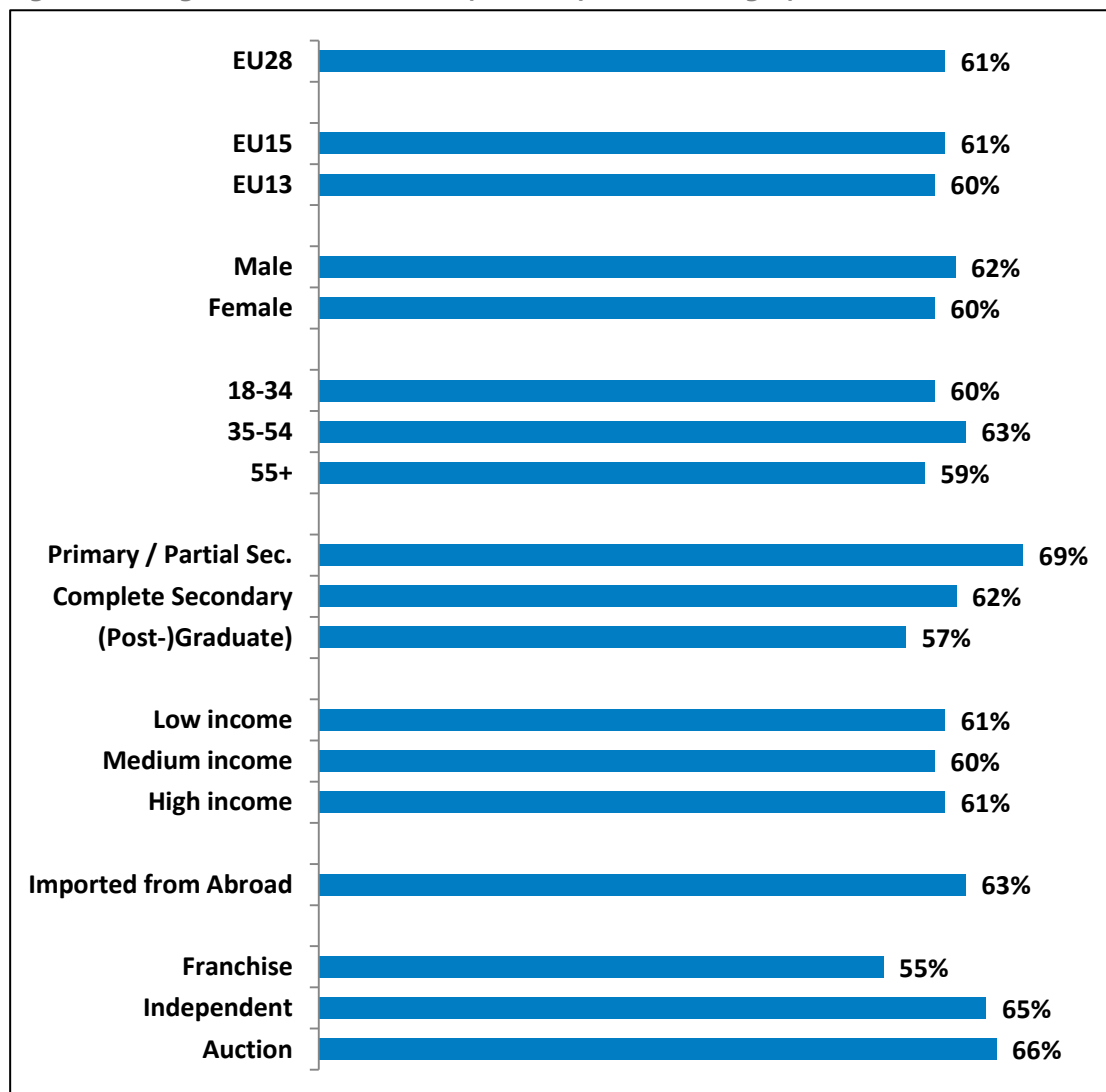
Figure 49 Transparent information found on internet car portals (consumer respondent users, consumer respondent non-users and mystery-shoppers)



#### 4.2.4 Purchasing a second-hand car online

Six out of ten (61%) consumer respondents who consulted Internet car portals also bought their car via such a portal. Buyers in the 35-54 age group were somewhat more likely to buy a car through a portal than younger and older consumer respondents. Buying from independent dealerships or at auction (65-66%) increases the likelihood of buying a car through a portal compared to buying from a franchise dealership (55%). Also, those respondents with a low education (69%) appear to be more likely to buy their second hand car via an internet car portal. There is not a clear difference between those respondents from the EU13 and those from the EU15.

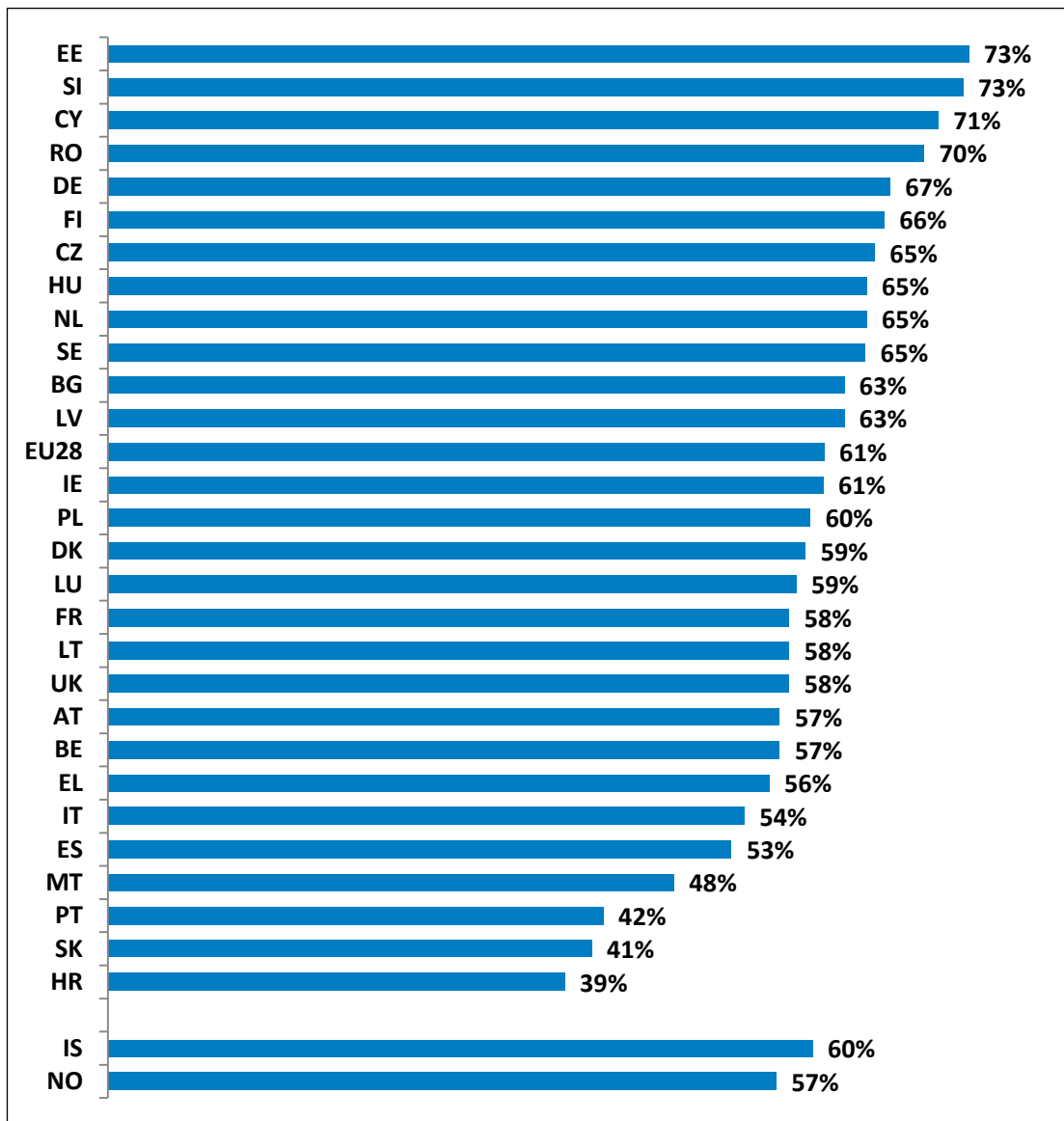
Figure 50 Bought car via internet car portal, by socio-demographics



Source: Consumer Survey Q20: % saying "yes" to the statement "I found the second-hand car I most recently purchased via such a website" (EU28 N=11,734)

Hereafter in Figure 51, country differences are shown. In some countries, the proportion of consumer respondents who actually bought a car online via internet portals remains limited. These are Croatia (39%), Slovakia (41%), Portugal (42%) and Malta (48%). Conversely, percentages were high in Estonia (73%), Slovenia (73%), Cyprus (71%) and Romania (70%).

Figure 51 Bought car via Internet Car Portal, by country



Source: Consumer Survey Q20: % saying “yes” to the statement “I found the second-hand car I most recently purchased via such a website” (N=12,229)

### 4.3 Choosing a sales channel and car trader

In this section, the evaluation of the different sales channels is examined. Choosing a sales channel comes in conjunction with the trust placed in a specific channel, the price of cars and other reasons that are evaluated in this section. Also, the use of trademarks and quality labels by a trader may lead a consumer to choose a specific trader. Questions that were posed to respondents are amongst others:

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*What is the main reason for choosing a specific sales channel?*

*Do these reasons differ per type of sales channel?*

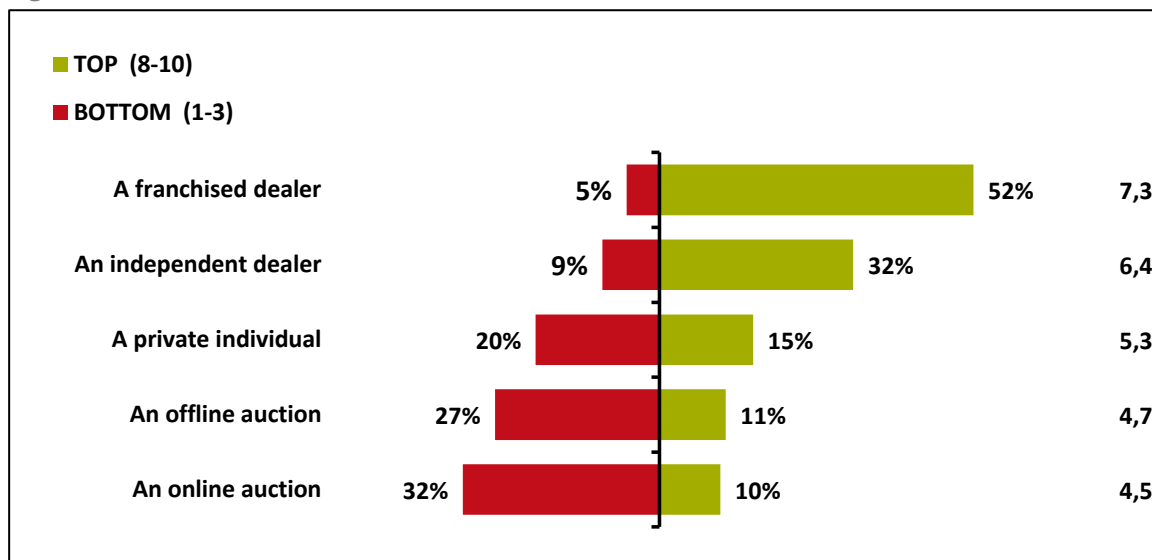
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*Do trademarks and quality labels influence the purchase behaviour of consumers?*

---

Trust in different sales channels varied considerably. Overall, trust was reported to be rather low. Those indicating a high level of trust (8 to 10 on the 10-point scale) amounted to 52% for a franchise dealership, 32% for an independent dealership, 11% for an offline auction and 10% for an online auction. This shows that consumer respondents had more trust in buying a second-hand car from a private individual (15%) than from an auction. The mean trust in these sales channels was 7.3 for franchise dealers, 6.4 for independent dealers, 4.7 for offline auctions and 4.5 for online auctions. This means that there is a clear difference between auctions (regardless of whether they are online or offline) and dealerships. This is presented in the figure below, from where it can also be seen that purchases of second hand cars between individuals were assessed much higher than from any kind of auction.

Figure 52 Level of trust in sales channels



Source: Consumer Survey Q26: In general, how trustworthy or non-trustworthy do you find the following traders of second-hand cars? Please answer using a scale from 1 to 10, where 1 is Not at all trustworthy and 10 is Extremely trustworthy. (EU28 N=24,259)

The mean score of trust can be analysed in detail by comparing different groups of consumers.

Trust in **franchise dealerships** was higher among women (7.5) than men (7.2), whilst no significant differences were reported by age. It was also lowest among those with low education (7.0), or with a low income (7.1). Franchise dealerships received a lower trust score among those who had bought their car from abroad (6.8), which suggests that they may have imported their car due to a lack of trust in cars sold by dealerships domestically.

As with the franchise dealerships, trust in **independent dealerships** was higher among women (6.6) than men (6.3), whilst no significant differences were reported by age. Independent dealerships received a lower trust score among those who had bought their car from abroad (6.1), which further supports the hypothesis that these respondents chose to import their car due to a lack of trust in cars sold by dealerships domestically.

Considering the other sales channels, men's mean score for trust in online and offline **auctions** and **private individuals** was higher than women's. This is in contrast to the higher level of trust that women had in franchise and independent dealers. Also, trust in online/offline auctions and private individuals was much higher among those aged between 18-34 years old than with any other age group and higher for respondents with a low income. When it comes to differences by EU region, trust in auctions and private individuals was much higher in EU13 vs. EU15 countries. It is interesting to note that trust in auctions in general was lower than trust in private individuals.

This analysis by socio-demographics is provided in the table below:

Table 68 Mean trust in sales channels – by socio-demographics

	A franchise dealer	An independent dealer	A private individual	An offline auction	An online auction
<b>EU28</b>	7.3	6.4	5.3	4.7	4.5
EU15	7.4	6.5	<b>5.2</b>	4.6	<b>4.3</b>
EU13	<b>7.1</b>	6.3	<b>5.9</b>	<b>5.1</b>	<b>5.1</b>
Male	7.2	6.3	5.4	<b>4.8</b>	4.6
Female	<b>7.5</b>	<b>6.6</b>	5.2	4.6	<b>4.3</b>
18-34	7.3	6.4	<b>5.6</b>	<b>5.2</b>	<b>4.9</b>
35-54	7.3	6.4	5.2	4.6	<b>4.3</b>
55+	7.4	6.4	<b>5.1</b>	<b>4.3</b>	<b>4.1</b>
Primary / partial secondary	<b>7.0</b>	6.3	5.1	4.5	4.3
Completed secondary	7.4	6.5	5.4	4.7	4.5
(Post-)Graduate	7.4	6.4	5.3	4.8	4.5
Low income	<b>7.1</b>	6.5	5.4	<b>4.9</b>	<b>4.7</b>
Medium income	7.4	6.5	5.3	4.7	4.4
High income	7.5	6.4	5.2	4.6	4.4
Imported	<b>6.8</b>	<b>6.1</b>	<b>5.8</b>	<b>5.1</b>	<b>5.2</b>
Franchise	<b>7.8</b>	6.0	<b>4.9</b>	<b>4.5</b>	<b>4.2</b>
Independent	7.0	<b>6.8</b>	5.5	4.8	4.5
Auction	6.8	6.1	<b>6.2</b>	<b>5.9</b>	<b>6.1</b>

Source: Consumer Survey Q26: In general, how trustworthy or non-trustworthy do you find the following traders of second-hand cars? Please answer using a scale from 1 to 10, where 1 is Not at all trustworthy and 10 is Extremely trustworthy. (EU28 N=24,259)

Considering differences by country:

- The countries with the lowest scores for trust in **franchise dealerships** were the Czech Republic (6.4), Latvia (6.6) and Denmark (6.7);
- Scores were lowest for trust in **independent dealers** in Estonia (5.2), Sweden (5.7) and Denmark (5.8);
- Trust in **offline auctions** was particularly low in Luxembourg (3.7) and Finland (3.8), compared to 4.7 for the sample as a whole and much higher than EU average in Romania and Poland;
- Trust in **online auctions** was by far the lowest in Cyprus (3.1) and Luxembourg (3.3) and much higher than EU average in Romania (5.6) and Poland (5.5).



Table 6g Mean trust in sales channels – by country

	A franchise dealer	An independent dealer	A private individual	An offline auction	An online auction
<b>EU28</b>	<b>7.3</b>	<b>6.4</b>	<b>5.3</b>	<b>4.7</b>	<b>4.5</b>
AT	7.3	6.0	<b>4.6</b>	4.2	4.0
BE	7.3	6.6	5.3	4.4	4.1
BG	7.3	6.3	5.8	4.9	4.4
CY	<b>8.5</b>	<b>7.3</b>	5.8	<b>4.0</b>	<b>3.1</b>
CZ	<b>6.4</b>	6.3	5.7	4.3	4.2
DE	7.6	6.4	5.3	4.5	4.4
DK	<b>6.7</b>	<b>5.8</b>	<b>4.7</b>	5.0	4.6
EE	7.2	<b>5.2</b>	<b>4.4</b>	<b>4.1</b>	<b>3.6</b>
EL	7.5	6.1	5.8	5.0	4.5
ES	7.4	6.5	5.4	<b>5.5</b>	4.3
FI	7.3	6.0	4.8	<b>3.8</b>	<b>3.8</b>
FR	7.4	6.5	4.9	4.7	4.0
HR	7.5	<b>5.9</b>	5.1	4.5	<b>3.9</b>
HU	<b>7.0</b>	6.1	5.8	5.1	4.9
IE	7.5	6.5	<b>4.6</b>	4.2	<b>3.9</b>
IT	7.1	6.7	5.7	4.4	4.4
LT	<b>6.9</b>	6.1	5.6	4.9	4.4
LU	7.4	<b>5.9</b>	4.8	<b>3.7</b>	<b>3.3</b>
LV	<b>6.6</b>	<b>5.9</b>	5.3	4.9	5.0
MT	7.1	6.6	5.6	<b>4.0</b>	<b>3.9</b>
NL	7.1	6.7	5.0	4.7	4.6
PL	7.2	6.3	<b>6.2</b>	<b>5.4</b>	<b>5.5</b>
PT	7.6	6.0	5.2	<b>4.1</b>	4.4
RO	7.2	6.7	<b>6.2</b>	<b>5.4</b>	<b>5.6</b>
SE	7.2	<b>5.7</b>	<b>4.5</b>	4.7	4.6
SI	7.3	6.0	5.5	4.9	4.5
SK	<b>7.0</b>	6.0	5.6	4.8	4.9
UK	7.2	6.6	5.2	4.8	4.6
IS	7.5	6.3	5.0	4.8	4.1
NO	<b>7.8</b>	<b>5.9</b>	<b>4.5</b>	4.4	<b>3.8</b>

Source: Consumer Survey Q26: In general, how trustworthy or non-trustworthy do you find the following traders of second-hand cars? Please answer using a scale from 1 to 10, where 1 is Not at all trustworthy and 10 is Extremely trustworthy. (N=25,286)

#### 4.3.1 Main reasons for choosing a dealership

The main reason for consumers to choose a dealership was most of the time that the specific second-hand car they were searching for was available, regardless of the type of sales channel. This can be seen in the following table. The second and third most important reasons for choosing a specific dealership are somewhat different when considering the different sales channels consumer respondents used in order to purchase their second-hand car. While dealerships seemed

to be more positively evaluated on their trustworthiness, auctions were more considered because of car price and car choice.

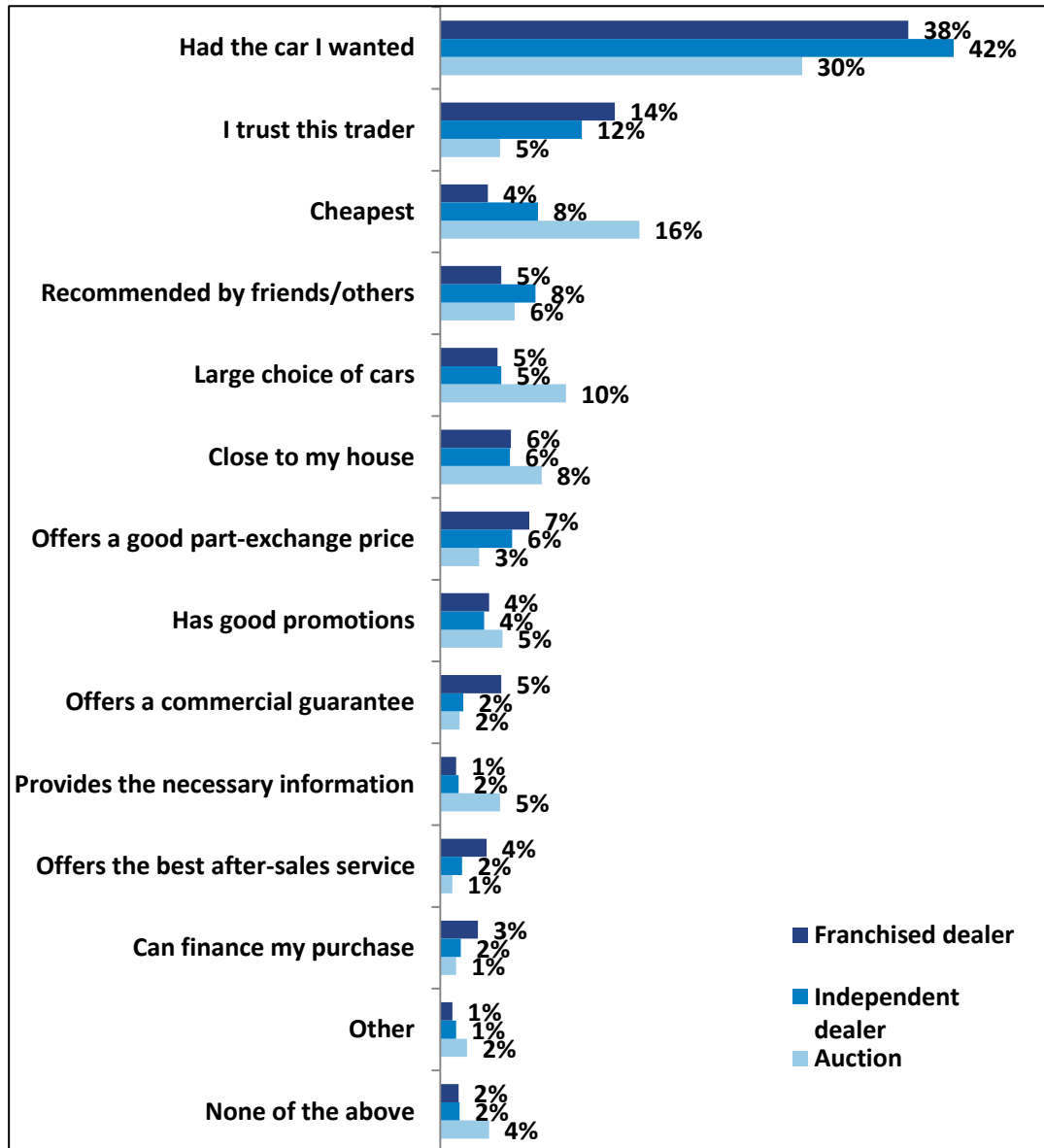
Table 70 Top 3 reasons for choosing a specific dealership

	Franchise dealership	Independent dealership	Auction
<b>Had the car I wanted</b>	Reason 1	Reason 1	Reason 1
<b>I trust this trader</b>	Reason 2	Reason 2	-
<b>Cheapest</b>	-	Reason 3	Reason 2
<b>Offers a good part-exchange price for my previous car</b>	Reason 3	-	-
<b>Large choice of cars</b>	-	-	Reason 3

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (EU28 N=24,259)

The main reason for purchasing a car per type of sales channel is depicted in the figure below:

Figure 53 Main reason for deciding to buy a second-hand car, per type of dealership



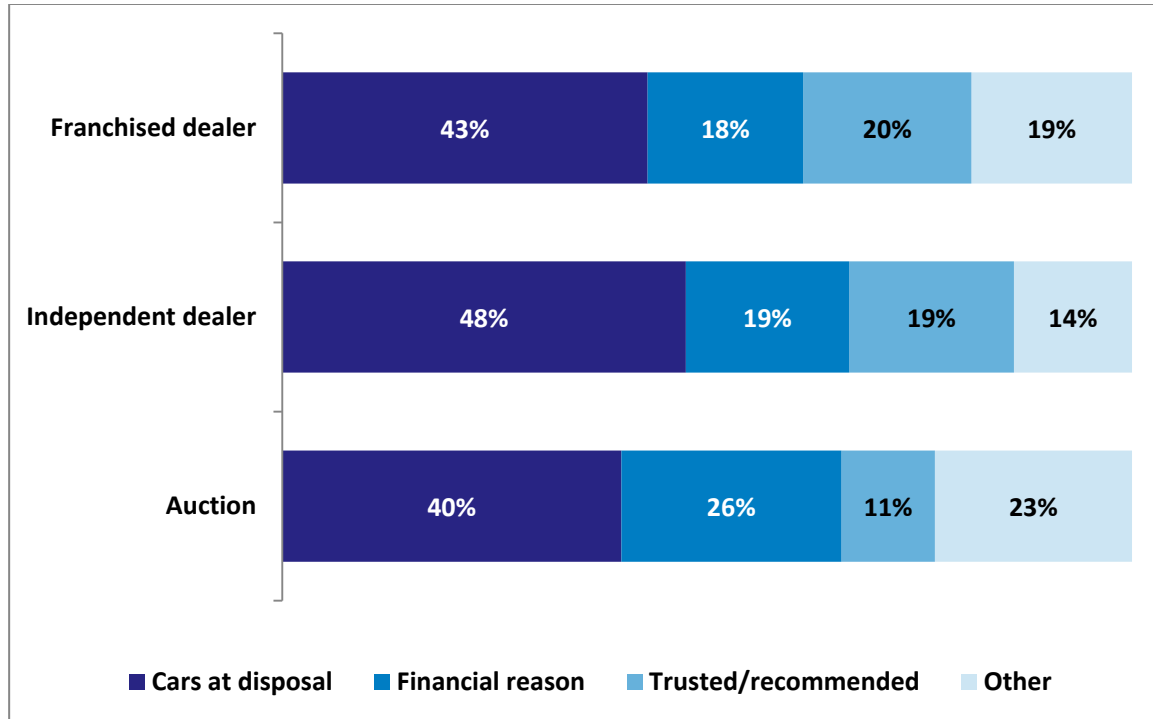
Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (EU28 N=24,259)

While the most important reason for choice of trader was having the car that the consumer wanted to buy – regardless of the type of trader but most notably for independent dealers– there were some differences between the most important reasons for buying a car according to the three sales channels. For instance, the second most important reason to buy a car at an auction was the price (the cheapest car); price was only the ninth most important reason to buy a car at a franchise dealership. Trust that was placed in the dealer was the second most important reason for choosing a car when purchasing it from a dealer (independent or franchise) and only the seventh most important reason at an auction.

Four reasons referred to economic factors: whether the trader had good promotions, whether it was possible to finance the purchase of a car, whether the trader was the cheapest and whether the trader offered a good part-exchange price for the consumers’ previous car. Summing up these four

main reasons, around one in five consumers that bought a car at a dealership and a quarter of the consumers that bought a car at an auction indicated that one of these reasons formed the main reason for their choice of trader. Trustworthiness is something which can be expressed by the individual directly or can come as a form of recommendation by others, indirectly. The following figure depicts all main reasons grouped together.

Figure 54 Main reason for deciding to buy a second-hand car, per type of dealership (grouped)

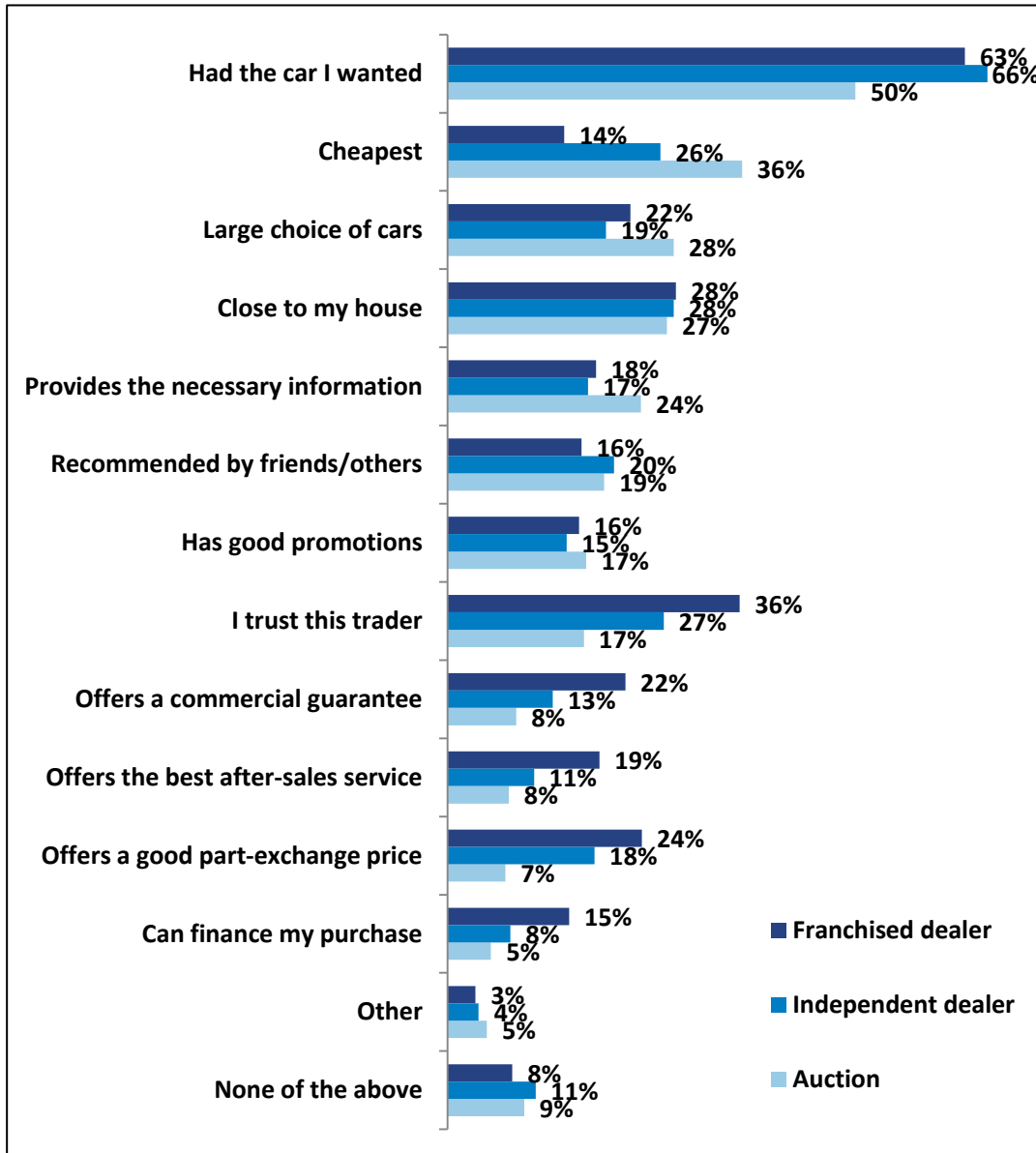


Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (N=25,286)

It can be seen that ‘cars at disposal’ (car wanted and large choice of cars) was still the main reason for the largest amount of consumer respondents in order to choose a specific dealership. However, the second reason was related mostly to budget, especially when someone decides to buy a second-hand car at an auction. Trust or recommendations were more likely to play a role when considering dealerships but not auctions.

Counting together all possible reasons for trader choice, it becomes clearer that the simple fact that the dealer/trader had the car the consumer respondent wanted is always the key reason to choose to buy the car from that source, regardless of the type of dealer. The differences in reasons for choosing a car from a franchise dealership, independent dealership, or auction in the figure hereafter are reflective of the main trends identified in the above graph.

Figure 55 All reasons for deciding to buy a second-hand car per type of dealership



Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? And what were the other reasons why you decided to buy your car from this trader? (EU28 N=24,259)

### 4.3.2 Main reason for choosing a franchise dealership

Male and female consumer respondents were very similar in terms of pinpointing the reasons that were most important to them when choosing a franchise dealership. Differences by age were more apparent. Respondents over 55 years old placed the most emphasis on trust (16% compared to 14% for the other age groups), while younger consumers more often took into account the recommendations of others (7% compared to 4-5% for the other age groups). Older respondents over 55 years old were also more likely to consider the part-exchange price (11% compared to 6-7% for the other age groups). The reason 'had the car I wanted' was more clearly the main reason for the older age groups: 43% of the middle group of 35-54 year olds, 40% of the older group of 55+ year olds, whereas only 31% for the younger age group below 35 years old reported that this was their main reason.

For those who bought their second-hand car from abroad, the main reason for choosing a franchise dealer (after car availability) was more likely to be the car being cheapest (13% vs. 4% EU average). Promotions (11%) and recommendations (9%) were also valued highly for imported cars in comparison to the other reasons.

Respondents in the EU13 placed greater emphasis on recommendations (11% compared to 5% in the EU15), large car choice (8% compared to 4% for EU15) and the car being cheap (6% vs. 4%). However, trust in dealers was higher amongst respondents in the EU15 (15% vs. 11%), as was having the car the consumer wanted (39% vs. 33%).

The focus on value-for-money (price and promotions) by certain consumer respondents may make them vulnerable in terms of focusing too much on car price rather than car quality.

A summary of the main reason for choosing a franchise dealership by socio-demographics is shown in the table below:

Table 71 Main reason for deciding to buy a second-hand car from a franchise dealership, by socio-demographics (1)

	Had the car I wanted	I trust the trader	Offers a good part-exchange price	Close to my house	Recommended by friends/others	Offers a commercial guarantee	Large choice of cars
<b>EU28</b>	<b>38%</b>	<b>14%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
EU15	39%	15%	8%	6%	5%	5%	4%
EU13	<b>33%</b>	<b>11%</b>	5%	5%	<b>11%</b>	4%	<b>8%</b>
Male	38%	14%	7%	6%	5%	5%	5%
Female	39%	15%	7%	6%	6%	5%	4%
18-34	<b>31%</b>	14%	6%	7%	7%	6%	6%
35-54	<b>43%</b>	14%	7%	5%	5%	5%	4%
55+	40%	<b>16%</b>	<b>11%</b>	6%	4%	5%	4%
Primary / partial secondary	37%	13%	9%	6%	4%	4%	4%
Completed secondary	38%	15%	8%	6%	5%	4%	5%
(Post-)Graduate	38%	14%	6%	6%	6%	6%	5%
Low income	32%	14%	6%	7%	6%	5%	6%
Medium income	37%	15%	8%	5%	6%	6%	4%
High income	<b>45%</b>	15%	6%	5%	4%	5%	4%
Imported from abroad	<b>26%</b>	<b>9%</b>	<b>3%</b>	4%	9%	7%	5%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (EU28 N=9436)

Table 72 Main reason for deciding to buy a second-hand car from a franchise dealership, by socio-demographics (2)

	Has good promotion	Cheapest	Offers the best after-sales service	Can finance my purchase	Provides the best necessary information	Others	None
<b>EU28</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>
EU15	4%	4%	4%	3%	1%	2%	2%
EU13	4%	<b>6%</b>	4%	3%	<b>3%</b>	1%	1%
Male	4%	5%	4%	4%	1%	1%	1%
Female	4%	3%	4%	3%	1%	2%	2%
18-34	5%	5%	5%	4%	2%	1%	2%
35-54	4%	4%	3%	3%	1%	2%	1%
55+	3%	<b>2%</b>	3%	3%	1%	1%	2%
Primary / partial secondary	5%	5%	<b>5%</b>	3%	2%	2%	2%
Completed secondary	4%	3%	4%	4%	1%	1%	1%
(Post-)Graduate	4%	4%	3%	2%	2%	2%	2%
Low income	5%	5%	4%	4%	2%	2%	2%
Medium income	4%	4%	4%	3%	1%	2%	1%
High income	4%	3%	3%	3%	1%	1%	1%
Imported from abroad	<b>11%</b>	<b>13%</b>	3%	<b>7%</b>	2%	0%	1%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (EU28 N=9436)



The main reason for choosing a franchise dealer varied by country. The table below shows the main reason by country. From this, the following can be observed:

- **Having the car the buyer wanted** was the main reason for choosing a franchise dealer for 38% of the sample and for over half of respondents in Denmark, Estonia, Finland, Sweden, Slovenia, Latvia, Norway and Iceland, but only for 15% in Romania;
- **Trusting the trader** was the main reason for higher proportions of buyers in Cyprus (23%), Ireland (23%), Belgium (21%) and Luxembourg (21%);
- Buyers in Hungary (12%) and Ireland (11%) were more likely to cite the amount offered for **part exchange** on their old car;
- **Recommendation** was especially important in Cyprus (21%);
- The **offer of a commercial guarantee** was most important in Malta (12%) and Hungary (10%);
- In Bulgaria, a franchise dealership **having a large choice of cars** was more than three times as likely to be the main reason for the choice than the sample as a whole (16% vs. 5%) and this reason was also important in Slovakia (12%);
- In Greece the **availability of dealers with good promotions** was twice more likely to be the main reason for choosing a franchise dealer than elsewhere (9% vs. 4%);
- **Price** as the main reason for choosing a franchise dealer was more likely to be the main reason in Cyprus (12%), Romania (11%), Bulgaria (9%) and Latvia (9%).

Table 73 Main reason for deciding to buy a second-hand car from a franchise dealership, by country (1)

	Had the car I wanted	I trust the trader	Offers a good part-exchange price	Close to my house	Recommended by friends/others	Offers a commercial guarantee	Large choice of cars
<b>EU28</b>	<b>38%</b>	<b>14%</b>	<b>7%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>
AT	38%	19%	7%	8%	4%	5%	2%
BE	27%	21%	5%	7%	5%	8%	4%
BG	31%	9%	6%	1%	7%	4%	16%
CY	23%	23%	0%	0%	21%	4%	4%
CZ	42%	10%	6%	3%	6%	5%	7%
DE	38%	16%	8%	7%	5%	3%	2%
DK	54%	12%	10%	1%	5%	2%	2%
EE	54%	11%	5%	1%	3%	5%	0%
EL	28%	18%	5%	1%	10%	9%	5%
ES	29%	13%	5%	4%	8%	8%	8%
FI	57%	11%	8%	2%	2%	3%	4%
FR	35%	13%	8%	8%	4%	9%	5%
HR	41%	6%	2%	3%	10%	2%	5%
HU	32%	15%	12%	3%	8%	10%	6%
IE	42%	23%	11%	1%	6%	4%	4%
IT	35%	11%	7%	8%	8%	5%	7%
LT	36%	17%	6%	2%	10%	8%	3%
LU	40%	21%	8%	3%	5%	3%	3%
LV	51%	12%	2%	2%	8%	1%	0%
MT	38%	7%	7%	0%	13%	12%	8%
NL	37%	18%	9%	5%	4%	5%	4%
PL	31%	12%	4%	7%	14%	4%	9%

	Had the car I wanted	I trust the trader	Offers a good part-exchange price	Close to my house	Recommended by friends/others	Offers a commercial guarantee	Large choice of cars
PT	32%	18%	8%	5%	10%	5%	2%
RO	15%	10%	3%	1%	11%	8%	9%
SE	54%	12%	6%	3%	4%	4%	3%
SI	51%	10%	7%	4%	5%	2%	4%
SK	37%	10%	6%	5%	7%	2%	12%
UK	47%	13%	7%	5%	4%	3%	7%
IS	54%	19%	9%	1%	3%	2%	3%
NO	54%	17%	8%	5%	2%	3%	1%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (N=10,026)

Table 74 Main reason for deciding to buy a second-hand car from a franchise dealership, by country (2)

	Has good promotion	Cheapest	Offers the best after-sales service	Can finance my purchase	Provides the best necessary information	Others	None
<b>EU28</b>	<b>4%</b>	<b>4%</b>	<b>4%</b>	<b>3%</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>
AT	4%	3%	4%	1%	1%	2%	2%
BE	5%	5%	5%	3%	1%	3%	1%
BG	3%	9%	5%	1%	1%	0%	3%
CY	6%	12%	1%	0%	5%	1%	6%
CZ	1%	5%	1%	5%	0%	2%	1%
DE	5%	3%	5%	4%	7%	1%	1%
DK	0%	4%	2%	3%	1%	2%	2%
EE	3%	3%	7%	0%	1%	2%	1%
EL	9%	3%	5%	4%	5%	0%	1%
ES	6%	5%	4%	6%	3%	1%	1%
FI	2%	4%	2%	1%	3%	2%	1%
FR	3%	5%	3%	3%	0%	2%	1%
HR	1%	4%	13%	4%	1%	0%	2%
HU	2%	4%	4%	2%	2%	0%	1%
IE	1%	2%	1%	3%	3%	1%	1%
IT	5%	2%	3%	6%	1%	0%	2%
LT	2%	1%	1%	1%	2%	1%	0%
LU	5%	5%	4%	2%	12%	0%	1%
LV	0%	9%	2%	6%	1%	8%	0%
MT	2%	2%	5%	0%	2%	0%	3%
NL	4%	4%	5%	2%	3%	1%	3%
PL	5%	6%	3%	3%	1%	1%	1%
PT	5%	5%	5%	2%	1%	1%	2%

	Has good promotion	Cheapest	Offers the best after-sales service	Can finance my purchase	Provides the best necessary information	Others	None
RO	7%	11%	7%	6%	1%	1%	3%
SE	4%	2%	2%	2%	8%	3%	2%
SI	0%	4%	4%	5%	1%	1%	1%
SK	3%	7%	2%	5%	3%	0%	2%
UK	2%	4%	2%	1%	3%	2%	4%
IS	0%	2%	1%	1%	1%	1%	4%
NO	1%	3%	2%	0%	1%	4%	0%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (N=10,026)

### **4.3.3 Main reason for choosing an independent dealership**

When it comes to choosing an independent dealership, there was not any difference when considering the gender of respondents. The youngest age group (18-34) was more likely to cite the cheapest car (11% vs. 4% for respondents aged 55+) and less likely to mention 'had the car I wanted' (37% vs. 44-46% for the other age groups) as their main reason for choosing an independent dealer. On the other hand, respondents aged 55+ gave greater value to trust in the dealer (15% vs. 10% of respondents aged 18-34 years old) and the offer of a good part exchange price (8% vs. 4%).

Respondents with a high (46%) and medium (44%) income were more likely to cite that the dealer had the car that they wanted than respondents with a low income (38%).

For cars bought from abroad from independent dealers, buyers were more likely to quote 'had the car I wanted' (47%) or to cite recommendation (13% vs. 8% EU average).

EU13 consumers also gave greater weight to 'had the car I wanted' (49% vs. 41% in EU15) and recommendations (11% vs. 7% in EU15) and were less likely to mention trust in the dealer (7% vs. 13% in EU15) as the main reason for dealership choice.

These results are summarised below:

Table 75 Main reason for deciding to buy a second-hand car from an independent dealership, by socio-demographics (1)

	Had the car I wanted	I trust the trader	Cheapest	Recommended by friends/others	Offers a good part-exchange price	Close to my house	Large choice of cars
<b>EU28</b>	<b>42%</b>	<b>12%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>
EU15	41%	13%	8%	7%	6%	6%	5%
EU13	<b>49%</b>	<b>7%</b>	7%	<b>11%</b>	<b>4%</b>	<b>4%</b>	6%
Male	42%	12%	8%	8%	5%	6%	5%
Female	43%	11%	8%	8%	6%	6%	5%
18-34	<b>37%</b>	10%	<b>11%</b>	9%	<b>4%</b>	6%	5%
35-54	<b>46%</b>	11%	8%	7%	6%	5%	5%
55+	44%	<b>15%</b>	<b>4%</b>	8%	<b>8%</b>	6%	4%
Primary / partial secondary	44%	10%	8%	<b>5%</b>	6%	7%	6%
Completed secondary	42%	11%	8%	<b>9%</b>	5%	6%	5%
(Post-)Graduate	42%	13%	8%	8%	5%	5%	5%
Low income	<b>38%</b>	12%	9%	9%	6%	6%	5%
Medium income	44%	12%	8%	7%	7%	6%	5%
High income	46%	11%	7%	7%	6%	5%	5%
Imported from abroad	<b>47%</b>	<b>8%</b>	8%	<b>13%</b>	5%	<b>2%</b>	3%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (EU28 N=13,974)

Table 76 Main reason for deciding to buy a second-hand car from an independent dealership, by socio-demographics (2)

	Has good promotion	Offers a commercial guarantee	Offers the best after-sales service	Can finance my purchase	Provides the best necessary information	Others	None
<b>EU28</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>
EU15	4%	2%	2%	2%	1%	1%	2%
EU13	<b>2%</b>	1%	2%	2%	3%	1%	1%
Male	4%	2%	2%	2%	2%	1%	2%
Female	3%	2%	1%	2%	1%	1%	1%
18-34	<b>5%</b>	2%	2%	2%	2%	1%	2%
35-54	3%	1%	2%	1%	1%	2%	1%
55+	3%	2%	1%	1%	1%	1%	1%
Primary / partial secondary	3%	2%	2%	2%	2%	1%	2%
Completed secondary	4%	2%	2%	2%	1%	1%	2%
(Post-)Graduate	4%	2%	2%	2%	2%	2%	1%
Low income	4%	2%	2%	2%	2%	1%	2%
Medium income	4%	2%	2%	1%	2%	1%	1%
High income	3%	1%	1%	2%	1%	2%	2%
Imported from abroad	3%	1%	2%	2%	3%	1%	1%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (EU28 N=13,974)



The table below shows the main reasons by country. Again, big variations by country were observed:

- **Having the car the buyer wanted** was very important in Estonia (69%), Iceland (67%) and Norway (63%) and least important in Cyprus (22%);
- **Trust** in an independent dealer was particularly high in Cyprus (20%), Italy (19%), Belgium and the Netherlands (18%) and less so in Finland, Lithuania and Slovakia (5%);
- Having the **cheapest** car was more likely to be the main reason in Cyprus (14%), Denmark (14%), Romania (13%) and Norway (13%);
- Buyers in Cyprus (23%), Malta (15%) and the Czech Republic (15%) were more likely than others to have chosen their independent dealer because of a **recommendation from friends or family**;
- A **good trade-in value for the previous car** was cited by higher proportions of buyers in Ireland (10%), Portugal (10%), Hungary (9%) and Denmark (9%);
- **Proximity to one's home** was most important in Germany (9%) and Austria (8%);
- **A large selection of cars** was more often the main reason for choosing an independent dealer for buyers in Romania (11%), Slovakia (9%) and the Czech Republic (8%);
- Good **promotions** were a particularly important main reason in Greece (14%).
- The **offer of a commercial guarantee** was especially important in Belgium (7%).

Table 77 Main reason for deciding to buy a second-hand car from an independent dealership, by country (1)

	Had the car I wanted	I trust the trader	Cheapest	Recommended by friends/others	Offers a good part-exchange price	Close to my house	Large choice of cars
<b>EU28</b>	<b>42%</b>	<b>12%</b>	<b>8%</b>	<b>8%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>
AT	47%	10%	8%	9%	5%	8%	2%
BE	31%	18%	9%	8%	4%	6%	3%
BG	52%	9%	12%	13%	1%	2%	6%
CY	22%	20%	14%	23%	0%	1%	3%
CZ	48%	6%	5%	15%	4%	3%	8%
DE	42%	12%	6%	6%	7%	9%	4%
DK	45%	14%	14%	4%	9%	1%	2%
EE	69%	7%	8%	4%	2%	2%	0%
EL	40%	9%	8%	13%	5%	0%	5%
ES	34%	13%	8%	10%	6%	5%	6%
FI	57%	5%	10%	4%	7%	3%	2%
FR	37%	11%	11%	9%	5%	5%	5%
HR	42%	7%	11%	13%	7%	2%	3%
HU	39%	8%	7%	9%	9%	7%	7%
IE	52%	17%	6%	9%	10%	1%	1%
IT	35%	19%	6%	8%	6%	4%	7%
LT	60%	5%	7%	9%	1%	2%	4%
LU	48%	10%	11%	6%	5%	3%	4%
LV	51%	7%	12%	7%	7%	2%	2%
MT	43%	12%	6%	15%	7%	2%	6%
NL	40%	18%	8%	3%	8%	6%	4%

	Had the car I wanted	I trust the trader	Cheapest	Recommended by friends/others	Offers a good part-exchange price	Close to my house	Large choice of cars
PL	51%	6%	5%	11%	4%	6%	5%
PT	40%	16%	7%	11%	10%	4%	3%
RO	37%	6%	13%	11%	6%	2%	11%
SE	53%	7%	10%	3%	6%	6%	4%
SI	55%	8%	11%	4%	8%	4%	2%
SK	53%	5%	9%	7%	5%	5%	9%
UK	43%	12%	10%	7%	7%	6%	6%
IS	67%	10%	4%	3%	5%	2%	3%
NO	63%	7%	13%	2%	2%	5%	1%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (N=14,372)

Table 78 Main reason for deciding to buy a second-hand car from an independent dealership, by country (2)

	Has good promotion	Offers a commercial guarantee	Offers the best after-sales service	Can finance my purchase	Provides the best necessary information	Others	None
<b>EU28</b>	<b>4%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>
AT	5%	2%	1%	1%	1%	1%	1%
BE	4%	7%	4%	2%	1%	2%	3%
BG	2%	1%	1%	1%	3%	1%	0%
CY	9%	2%	1%	0%	1%	2%	3%
CZ	0%	1%	1%	2%	4%	1%	2%
DE	5%	2%	2%	2%	1%	1%	2%
DK	0%	1%	2%	2%	1%	1%	3%
EE	2%	1%	0%	0%	1%	2%	2%
EL	14%	2%	2%	2%	1%	0%	0%
ES	6%	3%	3%	4%	2%	0%	1%
FI	3%	1%	3%	1%	1%	2%	2%
FR	4%	4%	2%	1%	2%	3%	2%
HR	2%	3%	1%	7%	1%	1%	0%
HU	2%	2%	1%	2%	3%	3%	2%
IE	1%	0%	1%	0%	1%	0%	0%
IT	7%	3%	1%	2%	2%	0%	1%
LT	1%	1%	1%	1%	6%	1%	3%
LU	3%	2%	5%	1%	0%	1%	1%
LV	0%	0%	1%	4%	3%	2%	1%
MT	2%	2%	0%	2%	1%	1%	2%
NL	5%	2%	3%	1%	1%	2%	2%
PL	3%	0%	2%	2%	3%	1%	1%

	Has good promotion	Offers a commercial guarantee	Offers the best after-sales service	Can finance my purchase	Provides the best necessary information	Others	None
PT	2%	2%	1%	2%	0%	0%	1%
RO	3%	2%	2%	1%	3%	1%	1%
SE	2%	2%	1%	2%	1%	2%	2%
SI	0%	0%	1%	4%	3%	1%	1%
SK	2%	0%	1%	3%	1%	0%	1%
UK	2%	1%	1%	2%	1%	1%	1%
IS	0%	0%	0%	0%	1%	3%	3%
NO	1%	0%	0%	2%	1%	2%	1%

Source: Consumer Survey Q24: What was the main reason why you decided to buy your car from this trader? (N=14,372)

#### 4.3.4 Main reason for choosing an auction

Due to the relatively small number of second-hand cars bought at auction, it was not possible to report much variance when looking at the reasons for which these consumer respondents chose an auction.

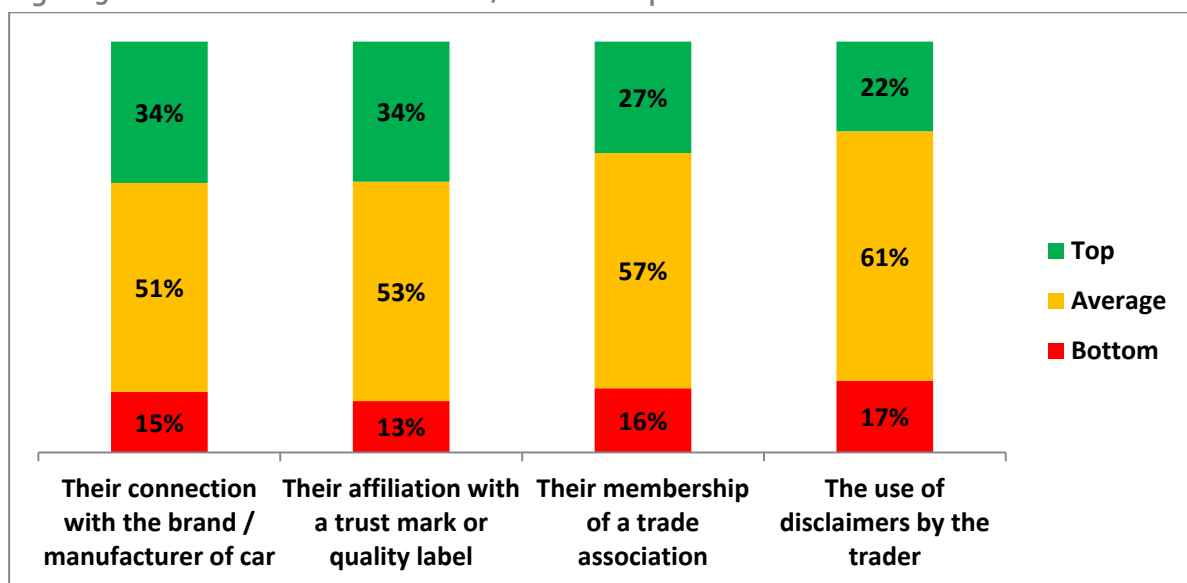
#### 4.3.5 Membership of trade associations, trustmarks / quality labels, connection to car brand and use of disclaimers

Next to the reasons that were surveyed earlier and related to trustworthiness, more specific criteria can also give consumers extra reasons to trust second-hand car dealerships and sales channels. The following markers were identified and assessed for dealerships:

- Being connected to a specific car brand or manufacturer;
- Being affiliated with a quality label or code of conduct;
- Being member of a trade association;
- Using disclaimers.

Consumer respondents were asked on a scale from 1 to 10 for the extent to which these different dealer activities and memberships influenced their choice of trader.

Figure 56 Influence of dealer activities / memberships

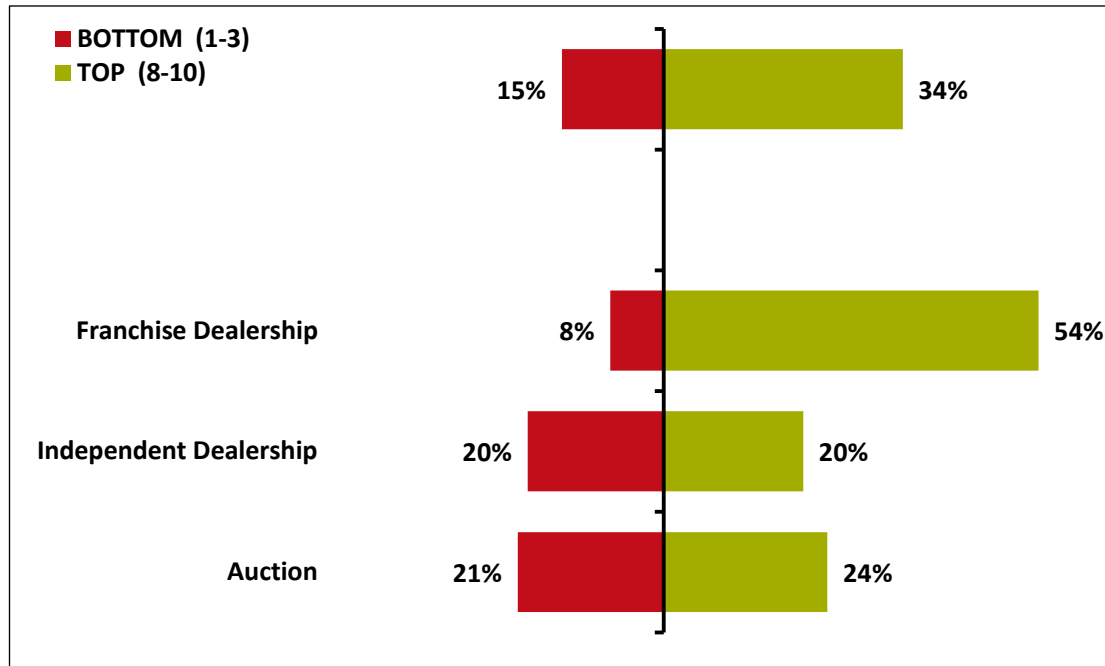


Source: Consumer Survey Q25: To what extent did...influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

The biggest influence noted was in relation to dealers' connection with the brand/car manufacturer and their affiliation with a trust mark or quality label. Each of these four factors is analysed in more detail in this section.

Over a third (34%) of respondents stated that the dealer's **connection with the car brand / manufacturer** influenced a lot their choice of car trader. Not surprisingly, association with the car brand/manufacturer was a much bigger influence for those buying from a franchise dealer (54%) than the sample as a whole (34%).

Figure 57 Influence of connection with the car brand / manufacturer on choice



Source: Consumer Survey Q25: To what extent did... Their connection with the brand / manufacturer of the car... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

In terms of socio-demographics, there was relatively little difference, although those aged 55+ were slightly more likely to be influenced by this (37% were influenced a lot, compared to an average of 33% for those aged 18-34). The score was higher in the EU15 (mean score of 6.6) than the EU13 (5.7), which may reflect the greater proliferation of franchise dealerships in the EU15. Not surprisingly, those respondents with a higher income were influenced more by the connection of a dealer to car brand (38% vs. 31% of respondents at low income who gave a top score).

Table 79 Influence of connection with the car brand / manufacturer on choice, by socio-demographics

	Bottom	Top	mean
<b>EU28</b>	<b>15%</b>	<b>34%</b>	<b>6.4</b>
EU15	13%	36%	6.6
EU13	23%	27%	5.7
Male	16%	36%	6.4
Female	13%	32%	6.5
18-34	13%	33%	6.4
35-54	15%	34%	6.4
55+	17%	37%	6.5
Primary / partial secondary	13%	36%	6.6
Completed secondary	15%	33%	6.4
(Post-)Graduate	14%	36%	6.5
Low income	15%	31%	6.3
Medium income	16%	36%	6.4
High income	15%	38%	6.6
Imported from abroad	20%	34%	6.1
Franchise	8%	54%	7.5
Independent	20%	20%	5.5
Auction	21%	24%	5.7

Source: Consumer Survey Q25: To what extent did... Their connection with the brand / manufacturer of the car... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

When analysing the results by country, this feature had the greatest influence in Cyprus and Romania – over 50% of respondents in these two countries gave this feature an 8-10 rating. The lowest average ratings were in the Czech Republic (4.7), Latvia (4.9) and Lithuania (4.9).



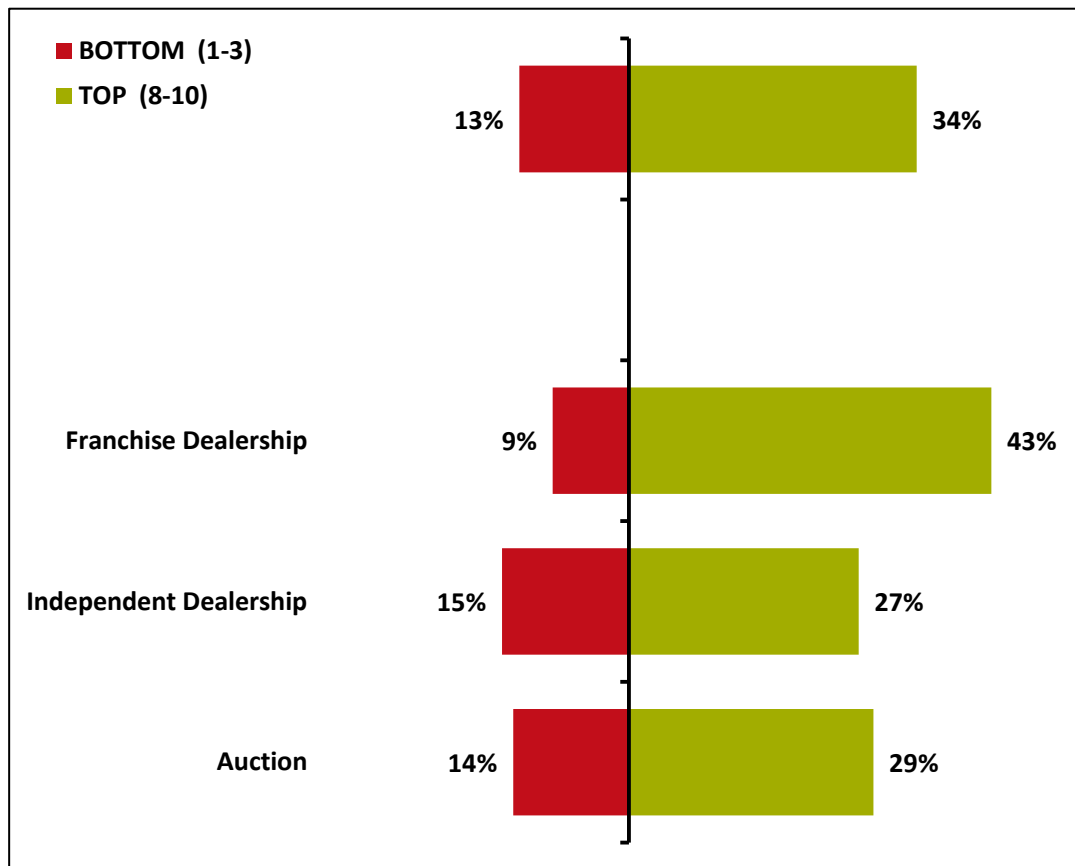
Table 8o Influence of connection with the car brand / manufacturer on choice, by country

	Bottom	Top	mean
<b>EU28</b>	<b>15%</b>	<b>34%</b>	<b>6.4</b>
AT	18%	37%	6.4
BE	8%	37%	6.9
BG	26%	30%	5.7
CY	4%	<b>65%</b>	<b>8.0</b>
CZ	<b>28%</b>	18%	<b>4.7</b>
DE	17%	32%	6.3
DK	18%	31%	6.1
EE	25%	31%	5.8
EL	11%	45%	6.9
ES	13%	42%	6.7
FI	17%	30%	6.0
FR	7%	43%	7.2
HR	17%	42%	6.6
HU	18%	36%	6.3
IE	14%	41%	6.6
IT	12%	33%	6.5
LT	<b>29%</b>	20%	<b>4.9</b>
LU	10%	46%	7.2
LV	24%	17%	<b>4.9</b>
MT	17%	26%	5.6
NL	7%	30%	6.7
PL	24%	24%	5.5
PT	15%	41%	6.6
RO	10%	<b>51%</b>	7.3
SE	16%	36%	6.4
SI	19%	32%	6.0
SK	22%	22%	5.5
UK	13%	35%	6.6
IS	21%	25%	5.3
NO	12%	43%	7.1

Source: Consumer Survey Q25: To what extent did... Their connection with the brand / manufacturer of the car... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (N=25,286)

Similarly to the previous item, over a third (34%) of consumer respondents identified **affiliation with a quality label / code of conduct** as being a very influential factor in their choice of car trader. There were stark differences by dealership type, as shown in the chart below. It is notable that independent dealerships appear to perform at a similar level to auctions (high influence for 27-29% of respondents vs. 43% for franchise dealerships), which indicates that independent garage associations and their associated codes of conduct require further efforts in order to have a greater influence on consumer choice.

Figure 58 Influence of affiliation with quality label / code of conduct on choice



Source: Consumer Survey Q25: To what extent did... Their affiliation with a quality label / code of conduct... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

In terms of socio-demographics, the influence of this factor was highest for consumers aged 55+ (38% stating ‘a great deal’ of influence). Scores were lower in the EU13 (6.2) than the EU15 (6.7), which again may be reflective of the smaller second-hand car market share of franchise dealerships in Eastern Europe. It is indicative that approximately one in five respondents in EU13 reported very low influence by the affiliation with a quality label or code of conduct.

Table 81 Influence of affiliation with quality label / code of conduct on choice, by socio-demographics

	Bottom	Top	mean
<b>EU28</b>	<b>13%</b>	<b>34%</b>	<b>6.6</b>
EU15	11%	35%	6.7
EU13	18%	31%	6.2
Male	14%	35%	6.5
Female	11%	33%	6.6
18-34	12%	33%	6.5
35-54	12%	33%	6.6
55+	15%	38%	6.7
Primary / partial secondary	11%	35%	6.7
Completed secondary	13%	32%	6.5
(Post-)Graduate	12%	37%	6.7
Low income	13%	33%	6.4
Medium income	12%	35%	6.6
High income	13%	36%	6.6
Imported from abroad	18%	35%	6.2
Franchise	9%	43%	7.1
Independent	15%	27%	6.1
Auction	14%	29%	6.2

Source: Consumer Survey Q25: To what extent did... Their affiliation with a quality label / code of conduct... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

Again, the highest score in terms of influence was noted in Cyprus (8.0, 63% reporting top scores), followed by Romania (7.4), the Netherlands (7.3) and Croatia (7.2). Consumer respondents in Latvia (5.2, with only 17% reporting top scores), Austria (5.7), Poland (5.7) and Estonia (5.7) were the least likely to be influenced by a quality label / code of conduct.

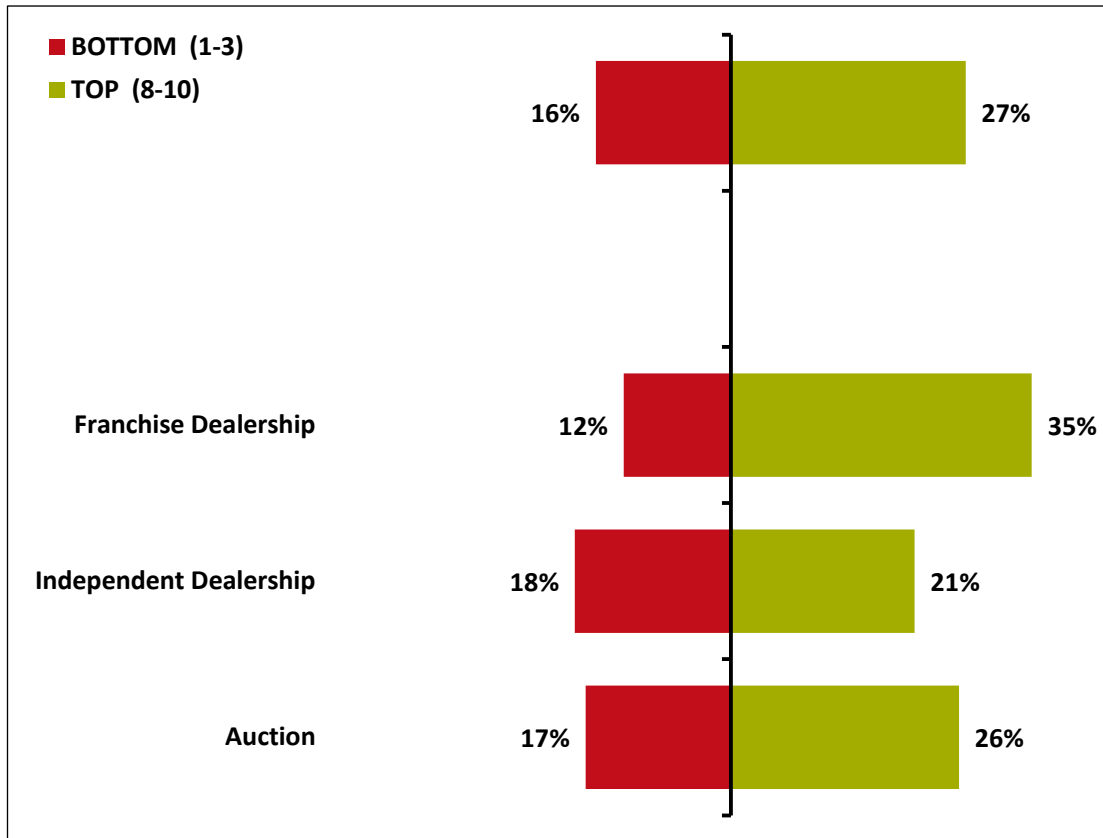
Table 82 Influence of affiliation with quality label / code of conduct on choice, by country

	Bottom	Top	mean
<b>EU28</b>	<b>13%</b>	<b>34%</b>	<b>6.6</b>
AT	20%	25%	<b>5.7</b>
BE	6%	39%	<b>7.1</b>
BG	18%	38%	6.4
CY	4%	<b>63%</b>	<b>8.0</b>
CZ	14%	32%	6.4
DE	17%	26%	6.0
DK	15%	34%	6.4
EE	22%	28%	<b>5.7</b>
EL	8%	46%	<b>7.1</b>
ES	10%	43%	6.9
FI	10%	44%	7.0
FR	7%	39%	7.0
HR	10%	<b>52%</b>	<b>7.2</b>
HU	10%	46%	7.0
IE	12%	45%	6.9
IT	11%	37%	6.7
LT	22%	30%	5.8
LU	14%	43%	7.0
LV	22%	<b>17%</b>	<b>5.2</b>
MT	9%	36%	6.6
NL	5%	41%	<b>7.3</b>
PL	21%	24%	<b>5.7</b>
PT	12%	47%	6.9
RO	8%	<b>53%</b>	<b>7.4</b>
SE	10%	42%	7.0
SI	16%	36%	6.4
SK	17%	29%	6.0
UK	10%	37%	6.9
IS	14%	29%	6.1
NO	9%	39%	<b>7.2</b>

Source: Consumer Survey Q25: To what extent did... Their affiliation with a quality label / code of conduct... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (N=25,286)

**Membership of a trade association** had a more limited impact on the consumer’s choice of trader. Just over a quarter of consumer respondents (27%) stated that it influenced their decision to a large extent, whilst 16% stated that it did not influence their decision at all. Those buying from a franchise dealer (35%) were more likely than others to be influenced in their choice by membership with a trade association. Independent dealerships scored the lowest for this item (21%), which indicates that independent garage associations require further efforts to increase awareness of their practices in order to have a greater influence on consumer choice.

Figure 59 Influence of membership of a trade association on choice



Source: Consumer Survey Q25: To what extent did... Their membership of a trade association... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

Membership of a trade association had the biggest influence among those aged 55+ (6.2, 31% reporting top scores). Those living in the EU15 (6.3) gave this a much higher score than EU13 consumer respondents (5.2), with a quarter (25%) of the latter reporting that they were ‘not at all’ influenced by the trader’s membership of a trade association.

Table 83 Influence of membership of a trade association on choice, by socio-demographics

	Bottom	Top	mean
<b>EU28</b>	<b>16%</b>	<b>27%</b>	<b>6.1</b>
EU15	14%	29%	6.3
EU13	25%	20%	5.2
Male	17%	29%	6.0
Female	14%	25%	6.1
18-34	14%	26%	6.1
35-54	16%	26%	6.0
55+	17%	31%	6.2
Primary / partial secondary	13%	31%	6.4
Completed secondary	16%	25%	6.0
(Post-)Graduate	17%	28%	6.0
Low income	16%	26%	6.0
Medium income	16%	28%	6.1
High income	17%	29%	6.1
Imported from abroad	22%	27%	5.6
Franchise	12%	35%	6.6
Independent	18%	21%	5.6
Auction	17%	26%	5.9

Source: Consumer Survey Q25: To what extent did... Their membership of a trade association... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

When countries were concerned, overall scores were highest among consumer respondents living in Cyprus (8.0, 67% reporting top scores), Sweden (7.3), the Netherlands (7.2) and France (7.0). Scores were lowest in Croatia (3.3, only 6% reporting top scores) and Estonia (3.7).

Table 84 Influence of membership of a trade association on choice, by country

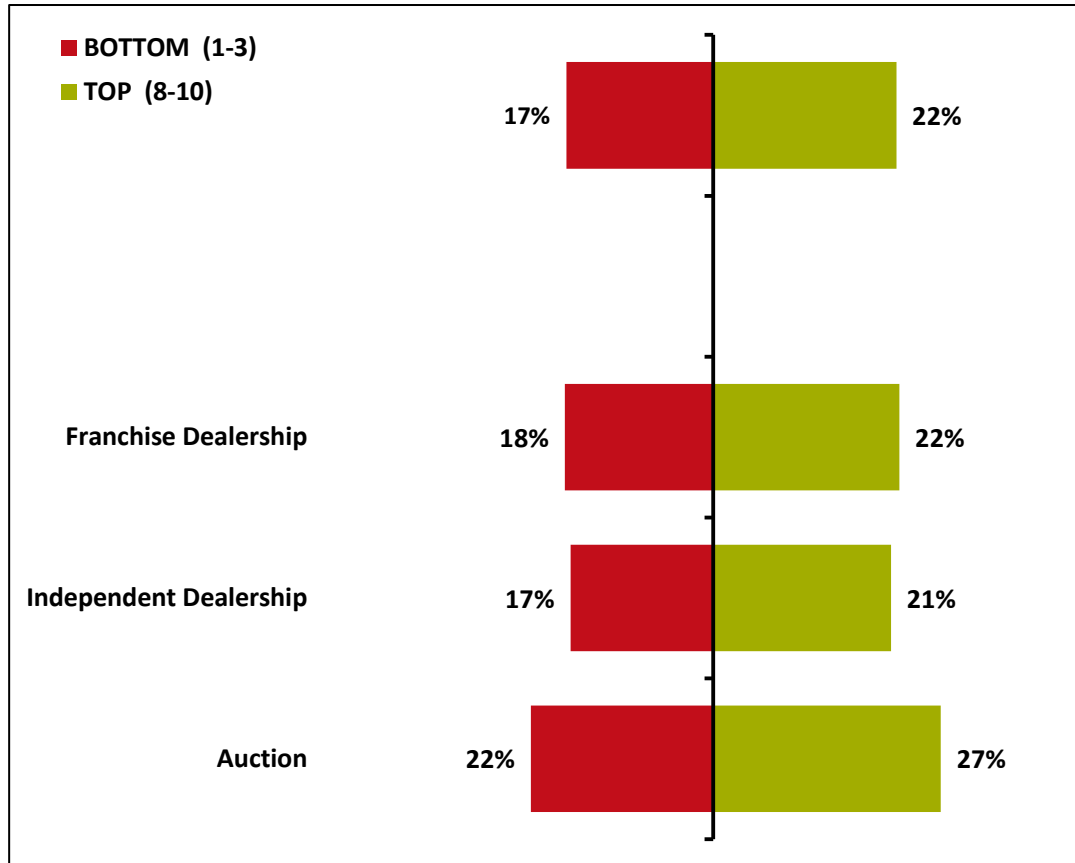
	Bottom	Top	mean
<b>EU28</b>	<b>16%</b>	<b>27%</b>	<b>6.1</b>
AT	22%	24%	5.6
BE	8%	26%	6.5
BG	32%	23%	5.1
CY	4%	<b>67%</b>	<b>8.0</b>
CZ	23%	14%	4.8
DE	18%	20%	5.6
DK	17%	29%	6.2
EE	39%	<b>10%</b>	<b>3.7</b>
EL	13%	41%	6.7
ES	18%	28%	5.9
FI	29%	<b>10%</b>	4.1
FR	7%	37%	<b>7.0</b>
HR	43%	<b>6%</b>	<b>3.3</b>
HU	28%	16%	4.8
IE	16%	36%	6.4
IT	14%	29%	6.2
LT	34%	14%	4.1
LU	16%	26%	6.1
LV	26%	12%	4.5
MT	23%	18%	5.0
NL	5%	37%	<b>7.2</b>
PL	22%	20%	5.4
PT	22%	23%	5.4
RO	14%	41%	6.7
SE	10%	<b>47%</b>	<b>7.3</b>
SI	27%	14%	4.6
SK	26%	16%	4.8
UK	12%	32%	6.5
IS	19%	14%	4.7
NO	14%	25%	6.2

Source: Consumer Survey Q25: To what extent did... Their membership of a trade association... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (N=25,286)

Considering that trade associations are important in ensuring that dealers are of standardised high quality and have a role to play in reassuring consumers about car quality, the relatively low influence of this item is indicative that work needs to be done in this area in order to increase consumer awareness, the positive impact of trade associations and to possibly make them look into reviewing their practices.

The **use of disclaimers** by the trader also had a low impact at overall level (22% strong influence, versus 17% no influence) and a very similar pattern was reported for both franchise and independent dealerships. Disclaimers had a stronger impression for second-hand cars bought at auction (27% strong influence, versus 22% no influence), which is indicative of the more prominent role of disclaimers on the higher-risk cars that can be bought at an auction.

Figure 6o Influence of disclaimers on choice



Source: Consumer Survey Q25: To what extent did... Use of disclaimers by the trader (e.g. car sold as seen, mileage not guaranteed)... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

The impact of disclaimers was highest for people aged 18-34 (27% strong influence) and lowest among those aged 55+ (17% strong influence). It scored higher in terms of influence in the EU13 (mean score 6.0) than the EU15 (mean score 5.6).



Table 85 Influence of disclaimers on choice, by socio-demographics

	Bottom	Top	mean
<b>EU28</b>	<b>17%</b>	<b>22%</b>	<b>5.7</b>
EU15	17%	<b>20%</b>	<b>5.6</b>
EU13	18%	<b>29%</b>	<b>6.0</b>
Male	<b>20%</b>	22%	5.6
Female	<b>15%</b>	21%	5.8
18-34	<b>14%</b>	<b>27%</b>	<b>6.1</b>
35-54	17%	<b>20%</b>	5.7
55+	<b>23%</b>	<b>17%</b>	<b>5.0</b>
Primary / partial secondary	17%	23%	5.8
Completed secondary	18%	22%	5.6
(Post-)Graduate	17%	22%	5.8
Low income	17%	<b>24%</b>	5.8
Medium income	18%	22%	5.7
High income	19%	21%	5.5
Imported from abroad	21%	<b>28%</b>	5.8
Franchise	18%	22%	5.7
Independent	17%	21%	5.7
Auction	<b>22%</b>	<b>27%</b>	5.8

Source: Consumer Survey Q25: To what extent did... Use of disclaimers by the trader (e.g. car sold as seen, mileage not guaranteed)... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (EU28 N=24,259)

In terms of differences by country, a third or more of consumer respondents in Cyprus (62%), Romania (46%), Bulgaria (41%) and Greece (32%) stated that disclaimers had a strong influence on their choice of trader. It is difficult to determine for these countries at this stage whether these higher scores can be attributed to the greater proliferation of disclaimers there (thus indicating a poorer performing market) or greater consumer awareness of disclaimers (thus indicating a stronger performing market).

Table 86 Influence of disclaimers on choice, by country

	Bottom	Top	mean
<b>EU28</b>	<b>17%</b>	<b>22%</b>	<b>5.7</b>
AT	20%	15%	5.1
BE	13%	20%	5.9
BG	15%	41%	6.6
CY	9%	62%	7.8
CZ	17%	29%	6.0
DE	19%	17%	5.3
DK	21%	20%	5.3
EE	18%	28%	5.9
EL	16%	32%	6.2
ES	19%	26%	5.8
FI	23%	15%	4.8
FR	13%	24%	6.1
HR	25%	18%	5.0
HU	17%	30%	6.2
IE	25%	18%	5.0
IT	23%	21%	5.3
LT	31%	19%	4.9
LU	16%	21%	5.6
LV	16%	26%	5.9
MT	17%	25%	5.8
NL	14%	17%	5.7
PL	18%	26%	5.9
PT	16%	24%	5.9
RO	14%	46%	6.9
SE	18%	29%	6.1
SI	21%	25%	5.6
SK	20%	26%	5.8
UK	16%	18%	5.7
IS	17%	17%	5.4
NO	19%	22%	5.5

Source: Consumer Survey Q25: To what extent did... Use of disclaimers by the trader (e.g. car sold as seen, mileage not guaranteed)... influence your choice of car trader? Please answer using a scale from 1 to 10, where 1 is Not at all, and 10 is A great deal (N=25,286)

## 4.4 Consumer confidence and knowledge

This section addresses consumers' level of confidence and knowledge of second-hand cars. Not only the actual knowledge about cars can influence their decision making process but also the perceived knowledge and the associated confidence are very important factors to take into consideration. Some of the research questions that were posed are the following:

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*What is the average knowledge on cars of consumers buying second-hand cars?*

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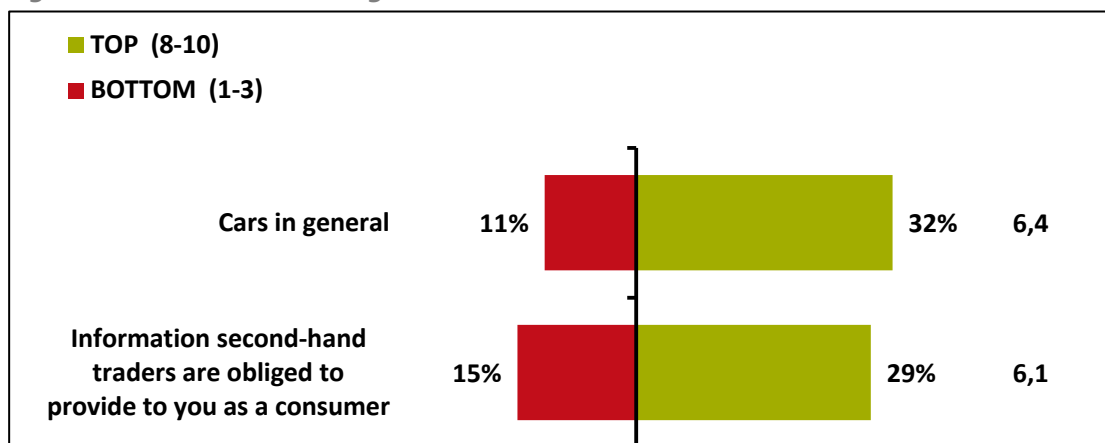
*Do consumers feel confident when searching and purchasing a second-hand car?*

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### 4.4.1 Consumer knowledge

In this section, knowledge about cars in general and about the information that should be given by traders is explored. A lack of knowledge is an indicator of consumers who are not empowered enough to make informed choices or to be able to exercise their consumer rights. Overall, knowledge about cars and the information that should be provided to consumers was rather low. Less than a third of consumer respondents believed they had a lot of knowledge about cars and the information that traders should provide. These results are described further in the Figure below.

Figure 61 Perceived knowledge about cars



Source: Consumer Survey Q50: On a scale from 1 to 10, how knowledgeable would you say that you are about the following? Please answer using a scale from 1 to 10, where 1 is Not at all knowledgeable, and 10 is Extremely knowledgeable (EU28 N=24,259)

For both types of perceived knowledge, scores were highest among men and those aged 55+ and lowest among women and respondents aged 18-34. The average knowledge ratings by socio-demographics and country are provided in the two tables below:

Table 87 Perceived knowledge about cars – by socio-demographics

	Knowledgeability about cars in general	Knowledgeability about which information second-hand traders are obliged to provide to you as a consumer
<b>Total</b>	<b>6.4</b>	<b>6.1</b>
EU28	6.4	6.1
EU15	6.3	6.1
EU13	<b>6.5</b>	6.1
Male	<b>6.7</b>	<b>6.3</b>
Female	<b>5.9</b>	<b>5.8</b>
18-34	<b>6.2</b>	<b>5.9</b>
35-54	6.4	6.1
55+	<b>6.6</b>	<b>6.4</b>
Primary / Partial Secondary	6.3	6.1
Completed Secondary	6.4	6.1
(Post-)Graduate	6.3	6.0
Low income	6.3	6.0
Medium income	6.4	6.1
High income	6.5	6.2
Imported	6.5	6.2
Franchise	6.4	6.2
Independent	6.3	6.0
Auction	6.4	<b>6.3</b>

Source: Consumer Survey Q50: On a scale from 1 to 10, how knowledgeable would you say that you are about the following? Please answer using a scale from 1 to 10, where 1 is Not at all knowledgeable, and 10 is Extremely knowledgeable (EU28 N=24,259)

Table 88 Perceived knowledge about cars – by country

	Knowledgeability about cars in general	Knowledgeability about which information second-hand traders are obliged to provide to you as a consumer
<b>EU28</b>	<b>6.4</b>	<b>6.1</b>
AT	6.3	5.8
BE	6.2	6.1
BG	6.6	5.8
CY	6.2	6.2
CZ	6.3	5.8
DE	6.4	6.2
DK	6.1	<b>5.4</b>
EE	6.6	5.9
EL	6.9	6.4
ES	6.2	6.0
FI	7.1	<b>6.7</b>
FR	<b>6.0</b>	6.1
HR	<b>7.3</b>	<b>6.6</b>
HU	6.7	6.2
IE	6.3	<b>5.5</b>
IT	7.0	<b>6.6</b>
LT	6.7	6.5
LU	6.3	<b>5.7</b>
LV	6.4	<b>5.6</b>
MT	<b>5.9</b>	<b>4.9</b>
NL	6.1	6.0
PL	6.3	6.1
PT	6.4	5.9
RO	6.7	<b>6.6</b>
SE	<b>6.0</b>	<b>5.5</b>
SI	6.8	6.3
SK	6.5	6.1
UK	6.3	5.8
IS	6.2	<b>5.3</b>
NO	6.1	5.8

Source: Consumer Survey Q50: On a scale from 1 to 10, how knowledgeable would you say that you are about the following? Please answer using a scale from 1 to 10, where 1 is Not at all knowledgeable, and 10 is Extremely knowledgeable (N=25,286)

Considering knowledge about cars in general, not a big variation by country was observed, with respondents from Malta reporting the lowest scores (5.9). When it comes to knowledge about the information that the second-hand car trader is obliged to provide to the consumer, the lowest average levels of knowledge were reported by respondents in Malta (4.9), Iceland (5.3), Denmark (5.4), Ireland (5.5), Sweden (5.5) and Latvia (5.6).

To put this perceived knowledge into perspective, consumer respondents were subsequently asked two questions to test their knowledge objectively. They were requested not to search for the answer or ask someone else, but to answer these two test questions according to their own knowledge.

First of all, consumers were asked what the function of a catalytic converter is and were presented with four possible answer options<sup>81</sup>. Around three quarters (74%) of consumer respondents answered this question correctly. Women (66% vs. 81% by men) and those aged 18-34 (62% vs. 84% by those aged 55+) scored lowest in terms of age and gender.

Secondly, consumer respondents were asked which one of various suggested factors was not a feature of an Anti-lock Braking System (ABS)<sup>82</sup>. Seven out of ten (70%) respondents answered this question correctly. There was little differentiation by age and gender, with those aged 35-54 giving a slightly higher proportion of correct answers (72%).

When assessed together, 13% of the consumers answered neither of the two questions correctly, 30% of the consumers answered one of the two questions correctly whereas a majority of 57% answered both questions correctly. Women (52%) and 18-34 year olds (49%) were less likely to answer both questions correctly, compared to men (61%) and those aged 35 and above (61%). The proportion of correct answers to both questions was significantly lower for respondents who had a low education (49% vs. 60% for respondents of the highest education), or with a low income (41% vs. 64% for high income respondents). From the table that follows, it can be seen that knowledge in general was higher for respondents who purchased their car from a franchise dealership (59% correct), as opposed to an independent one (56%), whereas those purchasing a car from abroad or from an auction gave the lowest percentages of correct answers (51% and 44% respectively).

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<sup>81</sup> Which one of the following is the function of a catalytic converter?  
To increase vehicle speed (INCORRECT); To increase vehicle safety (INCORRECT); To control vehicle emissions (CORRECT); To increase vehicle fuel economy (INCORRECT); Don't Know.

<sup>82</sup> Which one of the following is not a feature of an Anti-lock Braking System (ABS)?  
Reduction in skidding (INCORRECT); Decreased braking distances on dry and slippery surfaces (INCORRECT); Prolongation of engine's life (CORRECT); Improvement in vehicle control (INCORRECT); Don't Know.

Table 8g Knowledge test questions – by socio-demographics

	Correct answer: Catalytic Converter	Correct answer: Anti-lock Braking System (ABS)	Both answers correct
<b>EU28</b>	74%	70%	57%
EU15	74%	71%	58%
EU13	75%	<b>66%</b>	<b>54%</b>
Male	<b>81%</b>	71%	<b>61%</b>
Female	<b>66%</b>	69%	<b>52%</b>
18-34	<b>62%</b>	69%	<b>49%</b>
35-54	79%	72%	61%
55+	<b>84%</b>	<b>67%</b>	61%
Primary / partial secondary	72%	<b>62%</b>	<b>49%</b>
Completed secondary	74%	70%	57%
(Post-)Graduate	75%	73%	60%
Low income	<b>68%</b>	<b>63%</b>	<b>41%</b>
Medium income	78%	72%	58%
High income	79%	<b>76%</b>	<b>64%</b>
Imported	72%	<b>64%</b>	<b>51%</b>
Franchise	76%	72%	59%
Independent	74%	69%	56%
Auction	<b>62%</b>	<b>59%</b>	<b>44%</b>

Q51. Which one of the following is the function of a catalytic converter? (EU28 N=24,259). Q52. Which one of the following is not a feature of an Anti-lock Braking System (ABS)? (EU28 N=24,259)

At country level, the poorest performers to the ‘Catalytic Converter’ question were respondents from the Netherlands (37%), Latvia (43%), Belgium (54%), Spain (55%) and Lithuania (59% correct).

The poorest performing countries for the ‘ABS’ question were Latvia (only 37% correct), followed by Iceland (53% correct) and Lithuania (53%).

When looking at both questions together, only a fifth (19%) of respondents in Latvia answered both questions correctly.

Table 90 Knowledge test questions – by country

	Correct answer: Catalytic Converter	Correct answer: Anti-lock Braking System (ABS)	Both answers correct
<b>EU28</b>	<b>74%</b>	<b>70%</b>	<b>57%</b>
LV	<b>43%</b>	<b>37%</b>	<b>19%</b>
NL	<b>37%</b>	68%	<b>30%</b>
LT	<b>59%</b>	<b>53%</b>	<b>36%</b>
ES	<b>55%</b>	62%	<b>42%</b>
BE	<b>54%</b>	70%	<b>44%</b>
RO	72%	60%	50%
EE	74%	63%	50%
PL	70%	66%	50%
MT	65%	68%	51%
FI	<b>92%</b>	<b>57%</b>	54%
IT	68%	67%	54%
BG	<b>87%</b>	<b>59%</b>	54%
PT	69%	72%	54%
DK	67%	72%	55%
CY	69%	75%	57%
FR	79%	67%	58%
SK	80%	74%	61%
SE	74%	77%	62%
UK	77%	72%	62%
DE	79%	74%	62%
HU	81%	72%	63%
IE	76%	<b>78%</b>	63%
EL	83%	73%	65%
AT	83%	76%	67%
LU	83%	<b>79%</b>	67%
HR	<b>85%</b>	76%	<b>69%</b>
SI	<b>86%</b>	<b>79%</b>	<b>70%</b>
CZ	<b>92%</b>	75%	<b>73%</b>
IS	77%	<b>53%</b>	<b>45%</b>
NO	84%	<b>81%</b>	<b>69%</b>

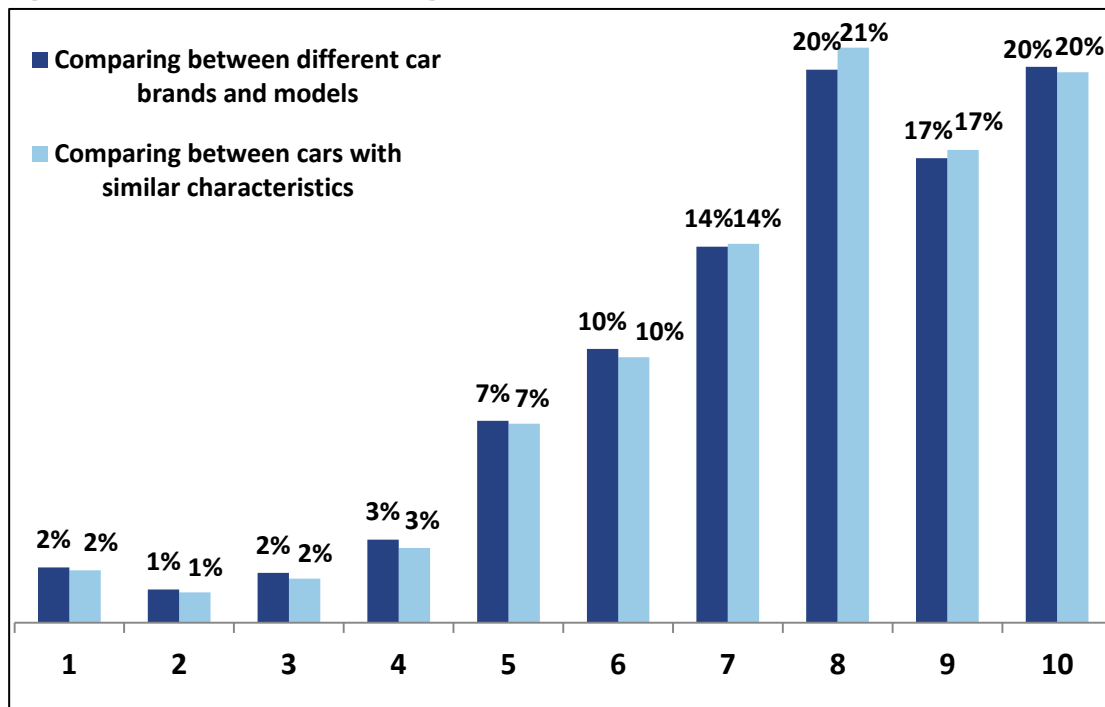
Q51. Which one of the following is the function of a catalytic converter? (N=25,286). Q52. Which one of the following is not a feature of an Anti-lock Braking System (ABS)? (N=25,286)

#### 4.4.2 Consumer confidence

Furthermore, consumer respondents were surveyed regarding their confidence in comparing different car brands and models and their confidence in comparing cars with similar characteristics. Most respondents stated that they feel very confident to compare different car brands and models (57% giving a score of 8 to 10) and cars with similar characteristics (58% giving a score of 8 to 10). Less than one out of ten consumer respondents said that they did not feel at all at ease when making comparisons between cars (giving a score of 1 to 3).



Figure 62 Confidence in comparing cars



Source: Consumer Survey Q48: To what extent are you confident or not in doing the following things? Please answer using a scale from 1 to 10, where 1 is Not at all confident, and 10 is Extremely confident. (EU28 N=24,259)

Men were more confident in comparing different brands and models than women (mean score 7.7 for men vs. 7.5 for women). The same applies to comparing cars with similar characteristics (mean score 7.7 for men, 7.5 for women). Those aged 18-34 reported the lowest confidence levels when comparing cars (7.4 vs. 7.7 of respondents of the other age groups). Confidence for both items was also lowest for those respondents who were of low education or at a lower income (both 7.4).

Table 91 Mean confidence in comparing cars, by socio-demographics

	Comparing between different car brands and models	Comparing cars with similar characteristics
EU28	7.6	7.6
EU15	7.6	7.7
EU13	7.3	7.3
Male	7.7	7.7
Female	7.5	7.5
18-34	7.4	7.4
35-54	7.7	7.7
55+	7.7	7.8
Primary / partial secondary	7.4	7.4
Completed secondary	7.7	7.7
(Post-)Graduate	7.6	7.6
Low income	7.4	7.4
Medium income	7.7	7.7
High income	7.7	7.8
Imported	7.1	7.3
Franchise	7.6	7.7
Independent	7.6	7.6
Auction	7.3	7.4

Source: Consumer Survey Q48: To what extent are you confident or not in doing the following things? Please answer using a scale from 1 to 10, where 1 is Not at all confident, and 10 is Extremely confident. (EU28 N=24,259)

In terms of country-level analysis, confidence was by far lowest for both car comparison statements for respondents in the Czech Republic and also scored low for both car comparison items in Sweden, Bulgaria and Denmark.

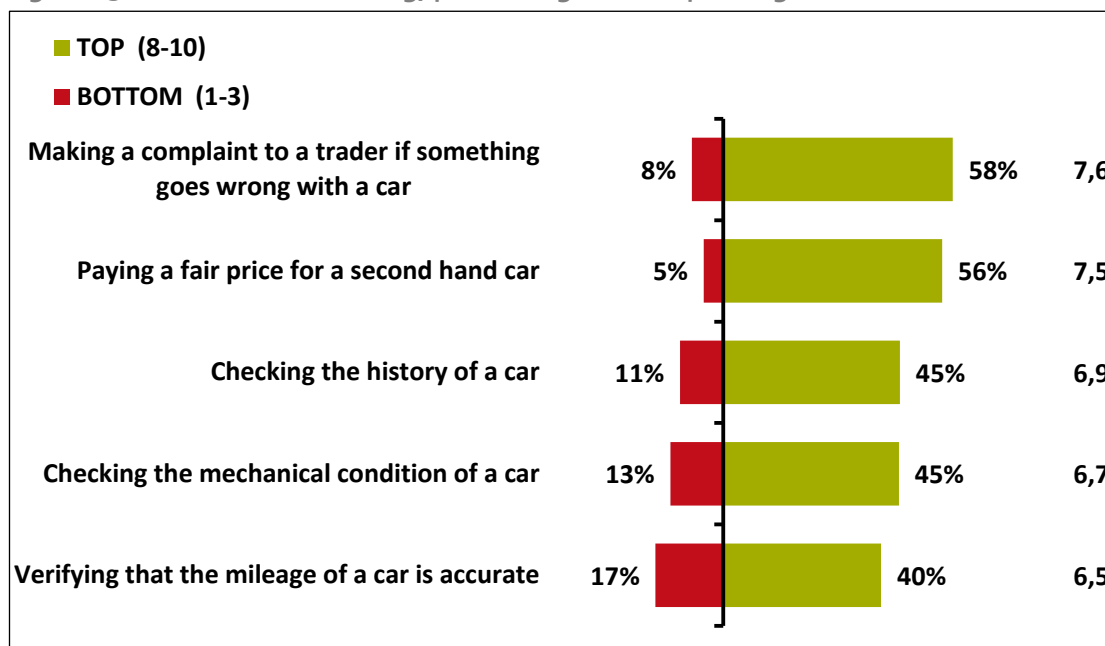
Table 92 Mean confidence in comparing cars, by country

	Comparing between different car brands and models	Comparing cars with similar characteristics
<b>EU28</b>	<b>7.6</b>	<b>7.6</b>
AT	7.8	7.7
BE	7.3	7.5
BG	<b>7.1</b>	7.3
CY	8.0	7.9
CZ	<b>6.8</b>	<b>6.8</b>
DE	8.0	7.9
DK	7.3	<b>7.1</b>
EE	<b>8.4</b>	<b>8.5</b>
EL	<b>7.2</b>	7.6
ES	7.6	7.5
FI	7.5	8.0
FR	7.4	7.5
HR	7.3	<b>7.2</b>
HU	7.3	7.3
IE	7.8	7.8
IT	7.4	7.5
LT	<b>7.2</b>	7.5
LU	7.4	7.6
LV	7.4	<b>7.2</b>
MT	7.6	7.5
NL	7.3	7.4
PL	7.3	7.3
PT	7.6	7.7
RO	7.7	7.7
SE	<b>7.2</b>	<b>7.2</b>
SI	8.0	8.0
SK	7.3	7.3
UK	7.8	7.8
IS	7.3	7.5
NO	7.9	8.0

Source: Consumer Survey Q48: To what extent are you confident or not in doing the following things? Please answer using a scale from 1 to 10, where 1 is Not at all confident, and 10 is Extremely confident. (N=25,286)

Respondents were additionally asked for their level of confidence when checking, buying and complaining about a car. Over half of consumer respondents (56%) felt very confident in paying a fair price for the car and 58% felt confident in being able to complain to the trader if something goes wrong with it. Forty-five percent of consumers who bought a second-hand car felt very confident to perform checks regarding the mechanical condition and history of the car. The fact that only two-fifths were very confident in being able to verify that the mileage of the car is accurate, whilst 17% were not at all confident in doing so, is a clear barrier to consumers being able to properly check a car pre-purchase.

Figure 63 Confidence in checking, purchasing and complaining about a car



Source: Consumer Survey Q48: To what extent are you confident or not in doing the following things? (EU28 N=24,259)

In general, women and the 18-34 age group tended to be less confident than average about the five activities described in the chart above, whilst those aged 55+ had the highest confidence in undertaking these activities. Respondents with a higher level of education had the lowest level of confidence in making a complaint or checking the mechanical condition of a car. Those with a lower income level had lower confidence in their ability to make a complaint. Also, confidence in being able to make a complaint to the trader if something goes wrong with the car was considerably higher among EU15 respondents (7.9) than in the EU13 (6.4) and with those who bought their car at a franchise dealership (7.9 vs. 6.8 from auctions and 6.6 from abroad).

Table 93 Mean confidence when checking, buying and complaining about a car, by socio-demographics

	Making a complaint to a trader if something goes wrong with a car	Paying a fair price for a second-hand car	Checking the history of a car	Checking the mechanical condition of a car	Verifying that the mileage of a car is accurate
EU28	7.6	7.5	6.9	6.7	6.5
EU15	7.9	7.6	6.9	6.7	6.5
EU13	6.4	7.3	6.8	7.0	6.4
Male	7.6	7.6	7.0	7.0	6.6
Female	7.6	7.5	6.8	6.4	6.4
18-34	7.2	7.3	6.6	6.6	6.5
35-54	7.7	7.5	6.9	6.8	6.4
55+	8.2	7.9	7.2	6.9	6.5
Primary / partial secondary	7.7	7.4	6.9	6.8	6.4
Completed secondary	7.7	7.6	6.9	6.8	6.4
(Post-)Graduate	7.4	7.4	6.9	6.6	6.5
Low income	7.3	7.4	6.8	6.8	6.5
Medium income	7.7	7.5	6.9	6.7	6.4
High income	7.9	7.6	6.9	6.7	6.4
Imported	6.6	7.3	6.9	6.9	6.6
Franchise	7.9	7.5	6.9	6.6	6.4
Independent	7.5	7.5	6.9	6.8	6.5
Auction	6.8	7.5	7.0	7.0	6.6

Source: Consumer Survey Q48: To what extent are you confident or not in doing the following things? Please answer using a scale from 1 to 10, where 1 is Not at all confident, and 10 is Extremely confident. (EU28 N=24,259)

In terms of country differentiation for these five checks, the table below shows that the Czech Republic is one of the poorest performers for all five confidence statements.

Considering confidence in checking that mileage is accurate, the poorest performing countries were the Czech Republic (5.4), Austria (5.5) and Sweden (5.6).

Table 94 Mean confidence when checking, buying and complaining about a car, by country

	Making a complaint to a trader if something goes wrong with a car	Paying a fair price for a second-hand car	Checking the history of a car	Checking the mechanical condition of a car	Verifying that the mileage of a car is accurate
<b>EU28</b>	<b>7.6</b>	<b>7.5</b>	<b>6.9</b>	<b>6.7</b>	<b>6.5</b>
AT	8.2	7.5	6.1	5.8	5.5
BE	7.4	7.4	7.1	7.0	7.2
BG	4.7	7.4	6.6	7.2	5.8
CY	8.0	8.4	7.9	8.5	7.6
CZ	6.5	6.5	6.1	6.2	5.4
DE	8.4	7.8	6.7	6.4	6.1
DK	7.6	7.3	6.1	6.6	6.0
EE	7.5	8.1	8.1	8.6	7.5
EL	6.8	7.6	7.4	7.7	7.2
ES	7.2	7.7	7.5	7.8	7.4
FI	7.6	7.1	8.2	8.5	7.8
FR	8.0	7.3	6.7	6.3	6.1
HR	6.2	7.2	6.7	7.1	6.5
HU	6.0	7.6	6.9	7.6	6.9
IE	7.6	7.7	7.0	6.4	6.2
IT	7.4	7.7	7.3	7.5	7.2
LT	5.5	7.4	7.3	8.2	7.0
LU	8.1	7.8	7.4	7.6	7.5
LV	5.2	7.2	6.7	7.5	6.3
MT	7.1	7.6	6.5	6.8	6.4
NL	7.1	7.5	7.2	7.3	7.4
PL	6.5	7.2	6.7	6.8	6.4
PT	8.0	7.7	7.2	7.3	7.1
RO	6.9	7.9	7.8	8.1	7.6
SE	7.5	7.0	6.6	6.3	5.6
SI	8.3	8.3	7.5	7.4	7.0
SK	7.5	7.1	6.4	6.4	5.8
UK	7.5	7.6	7.1	6.5	6.7
IS	7.4	7.3	7.2	6.0	5.8
NO	7.7	7.5	7.6	7.3	7.4

Source: Consumer Survey Q48: To what extent are you confident or not in doing the following things? Please answer using a scale from 1 to 10, where 1 is Not at all confident, and 10 is Extremely confident. (N=25,286)

#### 4.4.3 Vulnerable consumers

Many stakeholders cited young people as being the most vulnerable consumers for two reasons. Firstly, because of their lack of experience with second-hand car purchasing and cars in general and their lack of knowledge because of their age. Secondly, young people are most likely to buy the cheapest second-hand cars due to budget limitations and their search for a “good deal” makes them vulnerable to unscrupulous sellers of second-hand cars. This is reflected in the following comments by interviewed stakeholders:

*“Women and young people are the most vulnerable, because if a woman or young person goes alone to buy a car and doesn't have any knowledge, it's easier for the dealer to sell something that's not good” (Consumer Organisation)*

*“Those with financial problems (maybe students), a lack of knowledge and a lack of engagement with the purchase process (because they don't know about fuel prices, taxes, etc.)” (Consumer Organisation)*

*“The most vulnerable consumers are 1) consumers who don't have someone to ask or aren't technically minded; 2) women; 3) young people; 4) people with little money, as they tend to buy bad cars” (Consumer Organisation)*

*“The most vulnerable consumers are young people and 1st time buyers. Due to their limited budget, they focus too much on price and on trying to find the 'best deal' rather than the best car” (Public Authority)*

Two Eastern European stakeholders cited that older people were more vulnerable – unlike most stakeholders who had suggested young people due to their lack of income and experience. The reason for suggesting older people as vulnerable consumers in certain countries was that older people are making less use of the internet during their car search process and so are more vulnerable to relying on information from a more limited range of local car dealers.

*“Older people, because young people are more aware of their rights, they know how to negotiate and they make better/more use of the internet” (Automobile Club/Association)*

In general, stakeholders felt that consumers who do not sufficiently research the car pre-purchase, who focussed too much on finding a “good bargain” and who do not sufficiently engage with the purchase process were the most vulnerable to buying a substandard second-hand car. The general opinion of stakeholders was that if the second-hand car on offer ‘sounds too good to be true’, then there is a large risk of post-purchase problems occurring.

*“People who don't know their rights, especially their rights about the car post-sale” (Public Authority)*

*“Those who don't get enough information are the most vulnerable. Those with an urgent need to buy a car and lower educated people are at risk because they don't know their standard rights” (Public Authority)*

## 4.5 Improving information for second-hand car consumers

When asked to recommend information and advice sources for consumers in order to make an informed purchase choice, stakeholders recommended that consumers should do the following during their second-hand car search process:

### 1. Look at internet car portals and car websites

Many stakeholders recommended that consumers look at multiple cars on internet car portals as part of the search process. This way, a consumer is able to compare their intended purchase with other cars that are similar in terms of mileage, age and car type.

*“Internet car portals allow for price comparison” (Public Authority)*

*“Use the internet. First, to get an idea of price via car comparison sites and pricing sites. Also, the consumer can do a Google search on the car make/model itself to see if it is a good year for that particular car model” (Leasing Association)*

Further to looking at internet car portals, other types of car websites – such as general car information websites or websites specific to a particular car brand – are a useful tool in helping the consumer learn more about the make/model of car that they wish to buy.

*“Manufacturer websites are a good place to get a reference price. They are a more coherent and trustworthy place to get information” (Public Authority)*

### 2. Look at websites and information sources that give advice for second-hand car consumers

Many consumer organisations, such as Which? in the UK, the Automobile Club Association in France and Test-Aankoop/Test-Achats in Belgium, have sections in their magazines / websites which give advice to consumers about what they should look out for when buying a second-hand car. These websites also give advice about what consumers should ask from dealers and what the consumers’ rights are in relation to their purchase. Two example screenshots – taken from [www.which.co.uk](http://www.which.co.uk) and [www.automobile-club.org](http://www.automobile-club.org) in France – are given below:

<p><b>Buying a used car</b></p> <ul style="list-style-type: none"> <li>✓ Watch video guides to buying and inspecting a used car</li> <li>✓ Tips on taking a second-hand car for a test drive</li> <li>✓ Where to buy, and how to haggle for the best deal</li> <li>✓ Video reviews for popular used cars: what to look for</li> </ul>  <p><b>What's in this guide</b></p> <p><b>How to buy a used car</b> Top 10 tips to help you find your perfect second-hand car. Plus our how to buy a used car video</p> <p><b>Check and test-drive a used car video</b> Our video explains how to inspect and test-drive a used car, including document checks</p> <p><b>Where to buy a used car</b> The pros and cons of different routes to used car ownership</p> <p><b>Used car video reviews</b> Watch our video buying guides for popular used cars before you decide to buy</p>	<p><b>Acheter une voiture d'occasion</b></p>  <p><b>Achat chez un professionnel</b></p> <p>Les voitures exposées doivent impérativement comporter une affichette qui indique la marque et le type de véhicule, le millésime de l'année modèle (pour les véhicules d'avant 2000), la date de première mise en circulation, le kilométrage et le prix.</p> <p>Exigez de la part du professionnel qu'il porte ces mentions sur le bon de commande, à plus forte raison sur la facture qu'il doit impérativement vous remettre.</p> <p>Si une garantie vous est offerte, lisez-en attentivement les clauses. Les vendeurs sont responsables des vices cachés, c'est-à-dire des défauts non apparents allant au-delà d'une simple usure normale, sauf s'ils en avertissent l'acheteur.</p> <p>Le vendeur professionnel ne peut pas prétendre avoir ignoré l'existence d'un vice caché dans le véhicule qu'il vous a vendu. Par conséquent les clauses "voiture en l'état", "sans garantie" sont nulles.</p> <p><b>Achat chez un particulier</b></p> <p>Sachez que cette opération présente moins de garanties car il est plus difficile d'engager la responsabilité d'un particulier même en cas de vices cachés.</p> <p><b>Avant d'acheter</b></p> <ul style="list-style-type: none"> <li>• vérifiez que le vendeur vous a fourni toutes les informations concernant les caractéristiques et les défauts éventuels du véhicule</li> <li>• examinez méthodiquement le véhicule, au besoin avec l'aide d'un ami qualifié, ou dans un centre de contrôle technique indépendant</li> <li>• demander impérativement à essayer le véhicule.</li> </ul> <p>En cas de refus, ne l'achetez pas.</p>
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Furthermore, certain websites warn consumers about particular scams that are currently taking place in the second-hand car market. For example, the website [www.sicherer-autokauf.de/en](http://www.sicherer-autokauf.de/en) is a German website which lists current scams that second-hand car buyers should be cautious of in Germany. This website has been set up as a collaboration between the internet car portals



[www.autoscout24.com](http://www.autoscout24.com) and [www.mobile.de](http://www.mobile.de), in partnership with the German automobile club/association ADAC.

### 3. Thoroughly check the car

Several stakeholders emphasised the importance of the consumer checking the car thoroughly pre-purchase. This check should take into account the mechanical condition of the car, its history and its documentation. If the second-hand car dealer is unable to provide an answer or documentation on the various consumer checks, then the consumer should be very careful before proceeding further with any purchase.

*"I would try to have the service logbook and also the Car-Pass. Also, check the car dealer's reputation and generally talk to him, ask questions, and if one doesn't come to the point, be careful" (Public Authority)*

*"I would check if they are offering a quality label or if they are a member of a professional association for car dealers" (Leasing Association)*

If a user is less confident about checking a second-hand car due to self-perceived lack of experience or knowledgeability, then they should ask a more experienced friend / colleague / family member to check the car on their behalf. Furthermore, pre-purchase checks by a third party organisation can be done for a relatively small fee. This service is offered by automobile clubs/associations in a number of EU countries.

*"Ask for an expert! Your friend doesn't know better than the expert and it only costs €69" (Consumer Organisation)*

In summary, the most common advice that stakeholders gave for consumers was simply to collect as much information as possible from multiple sources. This means that consumers should look at a number of cars, compare prices between similar cars, ensure that they are aware of their rights and fully check the car and documentation before buying"

*"I recommend that consumers use all means available - the more information the consumer has at their disposal, the greater the probability of them making the correct decision. There are no Best Practices" (Public Authority)*

#### 4.6 Consumers and their search for a second hand car – information sources and the decision-making process: Summary

The consumer decision-making process, when searching for and buying a second-hand car, has several key elements to consider, namely:

1. The search process: why the consumer needed a second-hand car in the first place and the time spent on their search;
2. Which car features the consumer took into account when purchasing the car;
3. The checks that the consumer conducted on the car when he/she viewed it;
4. The information sources that the consumer used, with a particular focus on internet car portals;
5. Attitudes towards types of second-hand car traders;
6. Consumer confidence and knowledge in relation to second-hand cars.

The study's key findings for each of these six elements are summarised below:

##### 1. The search process

The consumer rationale for buying a second-hand car is a key factor in determining the search process. For example, if a consumer urgently needs to replace a car that has broken down or was stolen, then they will likely undertake a quicker search process than a consumer who is looking for a general upgrade on their current car.

- Over half (55%) of consumer respondents reported that their **main reason for buying a second-hand car** was due to **deficiencies with their previous car** (e.g. previous car broke down, was too small, etc.);
  - Seeing a **good bargain** for a second-hand car was the main reason for just 13% of consumer respondents; however, when all reasons were taken into account for buying a second hand car, this was ranked first, quoted by a significant 45% of respondents altogether. Those respondents who cited a good bargain as the main purchase reason were most likely to buy this car at an auction or from abroad;
- Considering the order of the purchase process, **three quarters (73%) of respondents decided on a second-hand car first and then chose the trader afterwards**, whilst a quarter (23%) first chose a trader and then selected a second-hand car from this trader;
  - The group who chooses the dealer before the car has a smaller range of cars to compare and select from. These consumers are therefore reliant on the dealer being trustworthy, transparent and having a sufficient range of cars;
  - The proportion of consumers choosing the trader first was especially high in Cyprus (40%), which is indicative of a more limited car choice in this country;
- The more **time that consumers spend on their car search**, the more time they have to compare cars and the more information they can gather about a specific car. Two thirds of respondents bought their car within one month of the search process and one third bought their car within two weeks of the beginning of their search;
  - Respondents who chose the trader before choosing the car had a shorter average search time than those who looked for the car before the trader;
  - The **average search time was shorter in the EU15 than the EU13**, which may be reflective of the EU15 having a greater proportion of franchise dealerships, which in general appear to be more trustworthy.

## 2. Key features taken into account

This element is important in understanding what information consumers are looking out for when searching for a car. This way, it is possible to see what information items are most important to the average second-hand car consumer.

- When asked for the three main reasons **why they bought their second-hand car**, almost two thirds (64%) of consumer respondents mentioned price. Other important factors were car mileage (35%), car brand / manufacturer (27%), the car's mechanical condition (26%) and the car's age (26%);
  - In terms of regional variation, EU15 consumer respondents placed more emphasis on price and car mileage, whilst those in the EU13 were more likely to take the car's mechanical condition and fuel consumption into account.

## 3. Pre-purchase checks

Conducting checks on a second-hand car is a key part of the purchase process. Through conducting such checks, consumers can be reassured that they are purchasing a high quality second-hand car.

- Over eight out of ten consumer respondents checked the car's interior, exterior, tyres, documentation or took the car for a test drive prior to purchase;
  - However, just **three quarters (76%) checked the car's mechanical condition** and therefore the quarter of those who didn't do so may be at risk of post-purchase mechanical problems that they had not identified in the checking phase;
  - Checking car mileage is an important pre-purchase check in order to avoid buying a car which has an inaccurate odometer. Only **63% of respondents checked if the car's mileage was accurate**, with this figure being as low as 54% in the EU13, meaning that a significant proportion of respondents would be at risk of odometer fraud;
  - Checking a car's history is also important, in order to be aware of the car's accident, repair and ownership history and thus be prepared for potential post-purchase problems. However, **less than two thirds (63%) of respondents checked the car's history**;
- The majority of **respondents found these checks to be very valuable** in their purchase decision process. In particular, 83% of respondents rated a test drive as very valuable and 80% said that checking the mechanical condition of the car was also very valuable;
- However, it is also notable that 2% of respondents conducted no checks at all pre-purchase and 10% conducted less than half of the suggested checks;
- **Over two-fifths (42%) of consumer respondents asked a friend / family member** to check the car for them. Checks by friends and family were especially common in the EU13 (63%), when the car had been bought at auction or imported (both 56%) and among younger respondents (54%) and women (47%);
  - Three quarters (74%) of respondents found the checking assistance by friends / family to be very valuable;
- **6% of respondents paid a third party** to perform a vehicle check. This happened mostly for cars imported from abroad (11%);
  - 58% of those who paid for a third party check found it to be very valuable in their purchase decision process

#### 4. Information sources

The information sources that consumers use during their second-hand car purchase is an issue that has changed considerably over the past decade, as the rising influence of internet car portals has changed the way that consumers get information about potential second-hand car purchases. The following points summarise consumer usage and attitudes towards second-hand car information sources.

- The **most commonly used information sources identified were internet car portals** (consulted by 48% of consumer respondents), friends and family (37%), car websites (31%) and information from dealers (29%). The internet in general was an important source, with consumer respondents also making considerable use of manufacturer websites (24%) and social media / online forums (21%);
  - Most information sources were more commonly consulted by men, respondents aged 18-34 and those with a higher level of education;
- Information received by a partner, friends and family got by far the highest score in terms of **usefulness** (8.4 out of 10), whilst internet car portals were the second most useful information source (7.9 out of 10);
- 61% of consumer survey respondents who consulted an internet car portal also bought their car via such a portal:
  - Respondents with a low income (68%) and low education (69%) were more likely to buy the second hand car via an internet car portal;
- **Internet car portals were assessed in further detail** by consumer respondent users, mystery shopping users and consumer respondent non-users;
  - Six out of ten consumer respondent users rated internet car portals very positively in terms of **comparability** (61%) and level of **coverage from different dealers** (60%), whilst only half of users strongly agreed that the information from internet car portals was **reliable** (50%) and **frequently updated** (48%). However, users were less likely to agree that internet car portals were **transparent** in terms of their ownership and financing (36%) and only a quarter (25%) found that internet car portals had **sufficient coverage of second hand car offers from abroad**;
  - The scores given by mystery shoppers who used internet car portals were similar to those of users from the consumer survey, with the lowest scores given to website transparency (45%) and coverage from abroad (32%);
  - **Non-users of internet car portals from the consumer survey gave lower scores to internet car portals for all items.** Close to a fifth of non-users felt that internet car portals were unreliable, lacked transparency, lacked coverage from different dealers and from abroad, were infrequently updated and that it was difficult to compare cars;
    - These low ratings from non-users are indicative that non-users of internet car portals had a low prior opinion of these websites and thus chose not to use them. Considering that 52% of the consumer respondents did not consult an internet car portal as part of their overall search process, this group of non-users is a significant group of consumers and so their low scores are indicative of significant room for improvement in relation to the activities of internet car portals and to consumer perceptions of these websites.

## 5. Attitudes towards second-hand car traders

- Consumer survey respondents rated their **level of trust in traders** as follows<sup>83</sup>:
  - Franchise dealers - 7.3;
  - Independent dealers - 6.4;
  - Private individuals - 5.3;
  - Offline auction - 4.7;
  - Online auction - 4.5;
    - The fact that consumer respondents had a lower level of trust in auctions than private individuals shows that there is considerable room for improvement for this trade source;
    - When analysing these results by socio-demographics, trust in dealers was higher among women and in the EU15, whilst trust in online and offline auctions was higher among men and in the EU13;
- The most common reason for choosing a franchise dealer, independent dealer or an auction was that **it had the car that the consumer respondent wanted**. Trust in the trader was the second most important reason for the two dealership types, whilst offering the cheapest car was the second most important reason for buying from an auction;
  - Considering franchise dealerships, having the car that the consumer wanted, trust in the dealer and having a good part-exchange price were more important factors for older respondents and those living in the EU15. Recommendations from friends / family were a more important reason behind franchise dealership choice for younger respondents and those living in the EU13;
  - Likewise for independent dealerships, EU15 and older respondents placed more emphasis on trust and part-exchange price, whilst EU13 and younger consumers were more influenced by recommendations from friends / family. Furthermore, the independent dealer having the cheapest car was more important for younger respondents;
- The respondent's choice of car trader was greatly influenced by the dealership's **association with a car brand / manufacturer** (in 35% of cases), a **quality label / code of conduct** (34%) and the dealer's **membership of a trade association** (27%);
  - These three factors were particularly important when respondents had bought a car from a franchise dealership and when they lived in the EU15 (which is also reflective of the higher proportion of franchise dealership sales in the EU15);
  - Respondents who had bought their car from an independent dealership paid less attention to a quality label / code of conduct (27%) and membership of a trade association (21%). This shows that the independent dealership sector needs to promote its practices more in order to raise awareness of such labels and the benefits of membership of a trade association and hence gain consumers' trust;
- One fifth (22%) of respondents were influenced by the trader's use of **disclaimers**. This was higher for those who bought their car from an auction (27%), which is due to the greater use of disclaimers for auction sales in general;

## 6. Consumer confidence and knowledge

- Almost three out of five consumer respondents felt very **confident** in their ability to compare between cars of different brands / models and cars of similar characteristics. Some 58% of respondents were very confident in complaining about a problem with a car

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<sup>83</sup> On a scale from 1 to 10, where 1 is 'not at all trustworthy' and 10 is 'extremely trustworthy'

and 56% were very confident in paying a fair price for a second-hand car. However, consumer respondent confidence was somewhat lower in terms of verifying that the car mileage was accurate (40% very confident) and checking the car's mechanical condition and history (both 45% very confident);

- In general, women and respondents aged 18-34 had the lowest level of confidence for all of these aspects. Low-income respondents felt less confident in their ability to complain about a car in the event of a post-purchase problem arising and so were respondents from EU13 (6.4) vs. EU15 countries (7.9);
- Less than a third of respondents felt that they had a lot of **knowledge** about cars in general (32%) and the information that second-hand car traders were obliged to present to them (29%). This augments the statement in the literature that the second-hand car market is characterised by large **information asymmetry** between buyers and sellers;
  - Self-reported knowledge scores were lowest for women and 18-34 year olds;
- **Knowledge was also tested more objectively** via two test questions, which only 57% of consumer respondents answered both correctly;
  - Respondents with a low income (41%), those buying at auction (44%), with a low level of education (49%), 18-34 year olds (49%) and females (52%) were least likely to answer both questions correctly;
- Stakeholders were asked for their perceptions of consumer typologies that can be considered **most vulnerable in the market for second-hand cars**. They cited young people, women and those with a low income in particular. They also mentioned the importance of consumers knowing their rights and thoroughly checking cars pre-purchase.

## 5 Issue 3: Problems, complaints, complaint handling and dispute resolution

The DG SANCO Market Monitoring Survey showed that the market for second-hand cars has had the highest incidence of problems of all 21 goods markets surveyed (15% in both 2012 and 2013 compared to an EU goods markets average of 7%)<sup>84</sup>. This continuously high incidence of consumer problems was the driving force behind the need to run an in-depth market study on the market for second hand cars, in order to identify how consumer conditions in this market can be improved. In addition, the 2012 Market Monitoring Survey showed that some 77% of consumers complained about the problems that they experienced with their second-hand car (compared to an EU goods markets average of 72% complaints).

This market study on second-hand cars explored the problems consumers experienced with their car after purchase and the complaints made by them from multiple angles. Consumer respondents were directly asked to describe their post-purchase problems and complaints in the consumer survey. These insights were complemented by desk research of existing figures and reports about consumer complaints, stakeholder viewpoints and mystery shopping exercises that assessed whether dealers were engaging in unfair commercial practices.

### 5.1 Problems experienced by consumers

In the consumer survey, respondents were presented with a list of several types of problems which could occur with a second-hand car (aside from expected wear and tear or normal servicing) and were asked to indicate which problem(s) they had experienced within one year of their second-hand car purchase. **A large percentage (41%) of consumers reported at least 1 problem.** This can be further divided as: 17% with one problem, 9% with two problems, 5% with three problems, whereas 11% reported four or more problems within one year of purchase.

**Men (43%) were more likely than women (39%) and the youngest age group (50%) more likely than other age groups to report having experienced problems,** reflecting partly the higher proportions of these respondents buying at auction compared to those buying from dealerships. More than four problems were experienced by 23% of respondents from the lowest income group. **Problems were also more likely to be reported by consumer respondents who bought cars from abroad (57%)** than those who bought cars sourced from their home country. Also, more than twice as many buyers of cars from abroad (22%) reported more than 3 problems than did buyers of cars from their home country (10%).

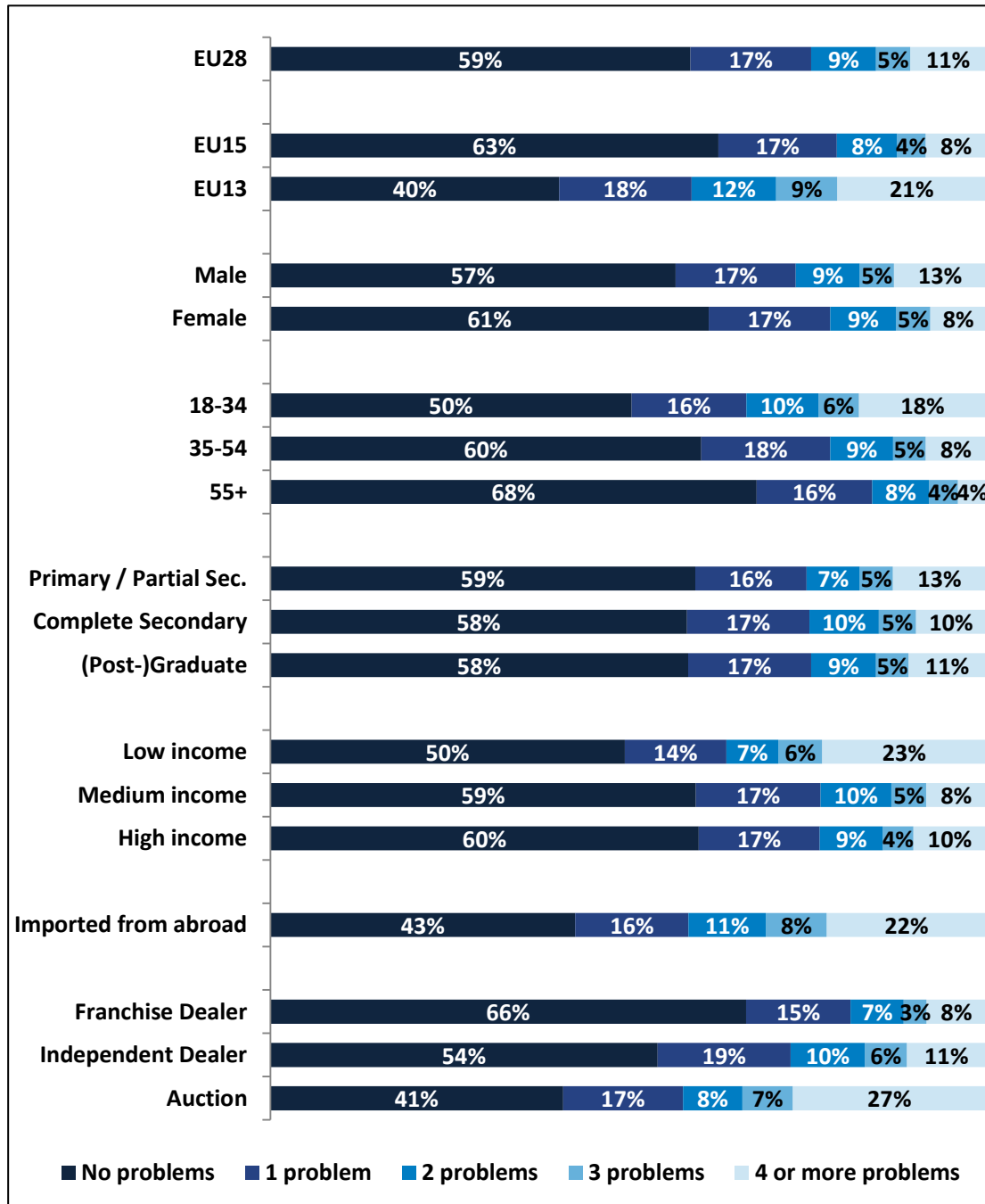
**All problems listed were most commonly experienced with cars bought at auction and least commonly when the car was bought from a franchise dealership.** Independent dealerships sat between the two, though closer to the low problems of the franchise dealerships than the relatively higher problems of second-hand cars sold at auction. Of those respondents buying from franchise dealers, 66% reported no problem: for independent dealers this proportion was 54% and for auctions only 41%. Multiple problems were also more commonly reported with a similar pattern: the proportion of buyers reporting more than 3 problems was 27% for cars bought at auction, 11% for cars bought at independent dealerships and 8% for cars bought at franchise dealerships. However, it must also be remembered that, as will be seen later on in Chapter 6 of the current study, cars

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<sup>84</sup> [http://ec.europa.eu/consumers/archive/consumer\\_research/consumer\\_market\\_monitoring\\_survey\\_en.htm](http://ec.europa.eu/consumers/archive/consumer_research/consumer_market_monitoring_survey_en.htm)

sold at auction and independent dealerships were found to be older, cheaper and to have higher mileage than cars sold at franchise dealerships, hence more likely to have more problems as a result of this.

Figure 64 Consumer problems



Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (EU28 N=24,259)

Also at **country** level, trends were more than obvious. The proportion of consumers reporting at least one problem was 37% in the EU15 but as high as 60% in the EU13.



When it comes to analysis by country, Bulgaria, Latvia, Lithuania, Poland and Estonia displayed by far the highest proportions of respondents reporting problems (between 60-70%), compared to 41% for the sample as a whole. Bulgaria and Latvia in particular had more than two thirds of respondents who reported that they experienced problems.

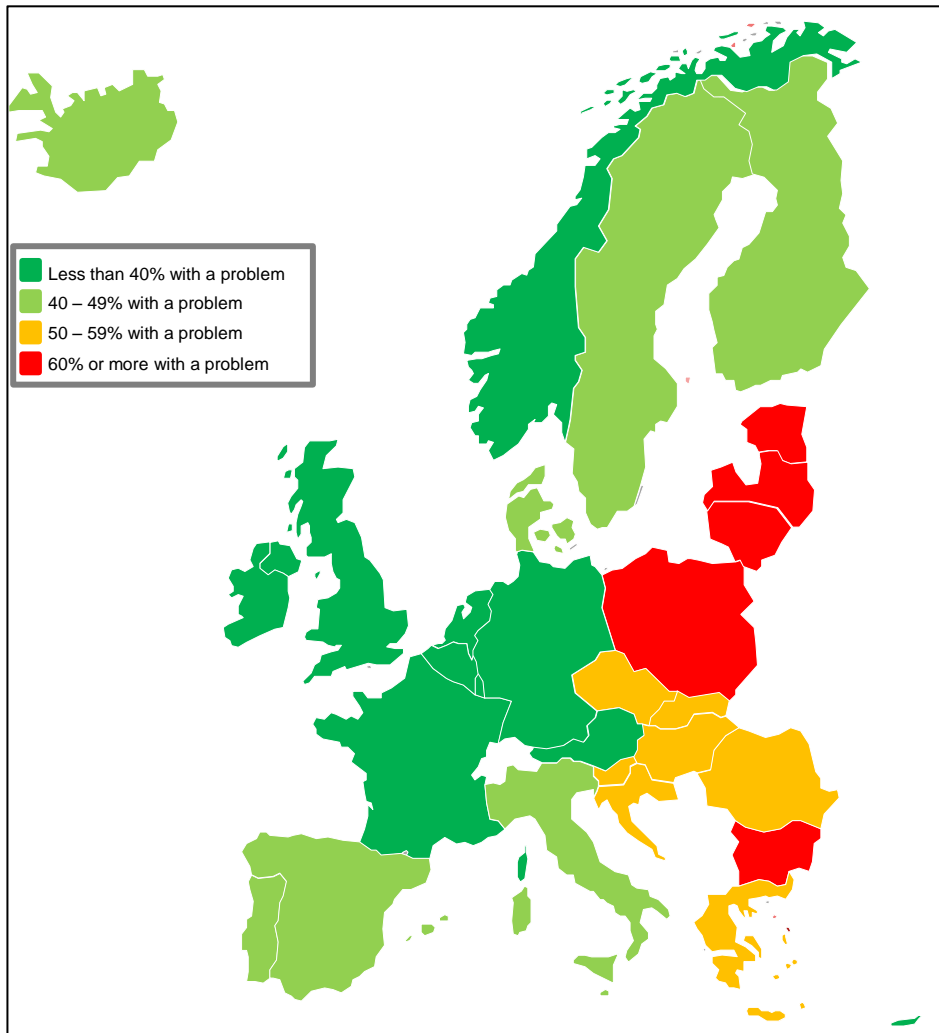
Table 95 Consumer problems per country

	No problems	1 problem	2 problems	3 problems	4 or more problems	Summary: Any problems
<b>EU28</b>	<b>59%</b>	<b>17%</b>	<b>9%</b>	<b>5%</b>	<b>11%</b>	<b>41%</b>
BG	<b>30%</b>	19%	<b>15%</b>	<b>12%</b>	<b>24%</b>	<b>70%</b>
LV	<b>33%</b>	<b>22%</b>	14%	<b>12%</b>	<b>20%</b>	<b>67%</b>
LT	<b>39%</b>	18%	<b>16%</b>	<b>10%</b>	<b>16%</b>	<b>61%</b>
PL	<b>39%</b>	18%	11%	8%	<b>24%</b>	<b>61%</b>
EE	<b>40%</b>	<b>24%</b>	<b>15%</b>	9%	13%	<b>60%</b>
HU	<b>41%</b>	18%	11%	7%	<b>22%</b>	<b>59%</b>
CZ	<b>42%</b>	<b>23%</b>	13%	9%	13%	<b>58%</b>
RO	45%	15%	11%	6%	<b>23%</b>	<b>55%</b>
SK	45%	17%	<b>16%</b>	8%	14%	<b>55%</b>
SI	47%	20%	12%	7%	15%	<b>53%</b>
EL	48%	19%	13%	8%	13%	<b>52%</b>
HR	49%	16%	11%	9%	15%	<b>51%</b>
ES	51%	17%	9%	4%	<b>19%</b>	<b>49%</b>
SE	54%	19%	9%	<b>3%</b>	<b>16%</b>	<b>46%</b>
FI	55%	21%	10%	5%	9%	<b>45%</b>
MT	55%	<b>23%</b>	9%	9%	5%	<b>45%</b>
PT	56%	18%	10%	5%	11%	<b>44%</b>
IT	57%	17%	10%	4%	12%	<b>43%</b>
DK	60%	16%	7%	5%	13%	<b>40%</b>
BE	61%	16%	9%	5%	9%	<b>39%</b>
IE	61%	<b>22%</b>	8%	4%	4%	<b>39%</b>
AT	62%	18%	9%	3%	8%	<b>38%</b>
DE	<b>64%</b>	17%	10%	4%	6%	<b>36%</b>
NL	<b>64%</b>	16%	<b>7%</b>	4%	8%	<b>36%</b>
LU	<b>65%</b>	19%	8%	5%	3%	<b>35%</b>
UK	<b>65%</b>	15%	<b>7%</b>	4%	8%	<b>35%</b>
FR	<b>68%</b>	16%	7%	<b>3%</b>	6%	<b>32%</b>
CY	<b>89%</b>	<b>9%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>11%</b>
IS	57%	<b>22%</b>	13%	4%	4%	<b>43%</b>
NO	61%	20%	10%	<b>3%</b>	7%	<b>39%</b>

Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (N=25,286)

The map below further illustrates that the proportion of respondents with at least one post-purchase problem with their second-hand car was much higher in countries of Eastern Europe than in other EU regions.

Figure 65 Proportion of consumers per country reporting at least one problem



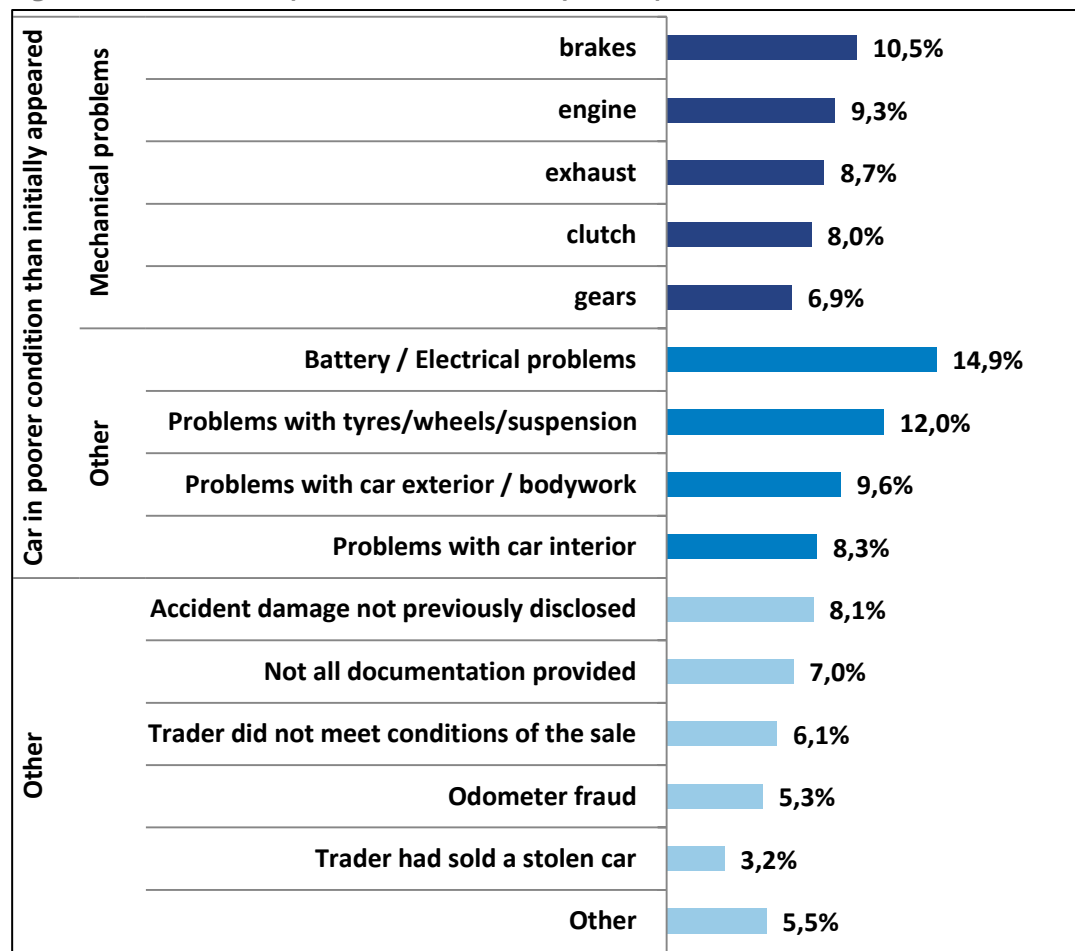
Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (N=25,286)

### 5.1.1 Types of problems experienced

The **problems consumer respondents experienced were very diverse**, as they could relate to the car being in a poorer condition than initially appeared (such as mechanical problems or problems with car interior or exterior) or could relate to other problems (such as missing documentation, odometer fraud). The most common problems were **battery and electrical problems** (experienced by 15% of all buyers), problems with tyres, wheels and suspension aside from the expected wear and tear or normal servicing (experienced by 12% of buyers) and problems with brakes and with the car exterior/bodywork (both problems reported by 10% of buyers). Problems with the engine and with the exhaust were each reported by 9% of all buyers surveyed and problems with the interior of the car or with undisclosed accident damage each by 8% of

buyers. Around 7% or even less reported experiencing other problems such as missing documentation (7%), the trader not meeting conditions of the sale (6%), odometer fraud (5%) or the car being stolen (3%). However, when it comes to the last two items, the percentages could be under-reported as it might be the case that respondents might not be aware that the odometer of their car was tampered with or that their car was indeed a stolen one.

Figure 66 Problems experienced within one year of purchase



Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (EU28 N=24,259)

In terms of socio-demographics, every one of the above problem types was significantly more common among men and those aged 18-34. This is indicative of a higher probability that men and younger people might buy “riskier” cars due to reasons of self-perceived knowledge about cars and personal financial limitations respectively. Most of the problem types, especially those linked to mechanical issues, were more common for cars aged more than 9 years old. All problem types were also significantly more common for consumers with low income, those who purchased their cars at an auction, imported them from abroad and for EU13 respondents. The latter finding reflects the poor performance of the market for second hand cars in most Eastern European countries, as seen by the detailed analysis of each individual problem. These differences are shown in the following two tables, which detail problems analysed according to socio-demographics.

Table g6 Problems experienced within one year of purchase, by socio-demographics (1)

	Battery / electrical problems	Problems with tyres/wheels/suspensions	Brakes	Problems with car exterior / bodywork	Engine	Exhaust	Problems with car interior	Accident damage that had not previously been disclosed
<b>EU28</b>	<b>15%</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>
EU15	13%	11%	9%	8%	8%	7%	7%	6%
EU13	<b>24%</b>	<b>19%</b>	<b>16%</b>	<b>17%</b>	<b>15%</b>	<b>15%</b>	<b>13%</b>	<b>17%</b>
Male	16%	13%	11%	11%	10%	10%	<b>10%</b>	10%
Female	13%	11%	9%	8%	8%	7%	7%	6%
18-34	<b>19%</b>	<b>17%</b>	<b>15%</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>	<b>13%</b>	<b>12%</b>
35-54	13%	11%	9%	9%	8%	8%	7%	7%
55+	12%	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>	<b>4%</b>	5%
Primary / partial Secondary	15%	12%	11%	11%	10%	10%	9%	9%
Completed secondary	15%	11%	11%	9%	9%	8%	8%	8%
(Post-)Graduate	15%	13%	10%	10%	10%	9%	9%	8%
Low income	<b>19%</b>	<b>16%</b>	13%	<b>14%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>	<b>12%</b>
Medium income	14%	11%	10%	8%	9%	8%	8%	6%
High income	13%	10%	9%	8%	8%	7%	6%	7%
Imported	<b>23%</b>	<b>18%</b>	<b>16%</b>	<b>21%</b>	<b>15%</b>	<b>18%</b>	<b>14%</b>	<b>19%</b>
Franchise	12%	<b>9%</b>	8%	8%	7%	6%	7%	7%
Independent	16%	13%	12%	10%	11%	10%	9%	8%
Auction	<b>27%</b>	<b>21%</b>	<b>21%</b>	<b>22%</b>	<b>18%</b>	<b>18%</b>	<b>16%</b>	<b>17%</b>

	Battery / electrical problems	Problems with tyres/wheels/suspensions	Brakes	Problems with car exterior / bodywork	Engine	Exhaust	Problems with car interior	Accident damage that had not previously been disclosed
Car <2yrs old	12%	11%	10%	11%	9%	9%	10%	10%
Car 2-4yrs old	11%	8%	7%	7%	6%	5%	6%	6%
Car 5-8yrs old	16%	12%	9%	9%	10%	6%	8%	8%
Car 9-12yrs old	19%	16%	14%	10%	12%	12%	9%	9%
Car 13+ yrs old	21%	16%	17%	13%	13%	16%	11%	9%

Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (EU28 N=24,259)

Table 97 Problems experienced within one year of purchase, by socio-demographics (2)

	Clutch	Not all documentation provided	Gears	Trader did not meet the conditions of the sale	Odometer fraud (odometer was rolled back)	Trader had sold a stolen car	Other
<b>EU28</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>3%</b>	<b>6%</b>
EU15	7%	6%	6%	5%	4%	3%	5%
EU13	<b>14%</b>	<b>13%</b>	<b>13%</b>	<b>10%</b>	<b>14%</b>	<b>6%</b>	<b>8%</b>
Male	9%	8%	8%	7%	7%	4%	7%
Female	7%	6%	6%	5%	4%	2%	4%
18-34	<b>12%</b>	<b>10%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>6%</b>	8%
35-54	7%	6%	6%	5%	4%	2%	5%
55+	4%	4%	3%	3%	2%	1%	4%
Primary / partial secondary	<b>10%</b>	8%	8%	7%	6%	5%	7%
Completed secondary	8%	6%	6%	5%	5%	3%	5%
(Post-)Graduate	8%	7%	7%	7%	5%	3%	6%
Low income	<b>12%</b>	<b>10%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	5%	8%
Medium income	7%	5%	5%	5%	4%	2%	4%
High income	6%	6%	6%	5%	5%	3%	5%
Imported	<b>17%</b>	<b>15%</b>	<b>17%</b>	<b>14%</b>	<b>15%</b>	<b>11%</b>	<b>14%</b>
Franchise	6%	5%	6%	5%	4%	3%	5%
Independent	9%	7%	7%	6%	5%	3%	5%
Auction	<b>17%</b>	<b>19%</b>	<b>18%</b>	<b>14%</b>	<b>15%</b>	<b>12%</b>	<b>14%</b>

	Clutch	Not all documentation provided	Gears	Trader did not meet the conditions of the sale	Odometer fraud (odometer was rolled back)	Trader had sold a stolen car	Other
Car <2yrs old	10%	9%	9%	8%	8%	<b>6%</b>	8%
Car 2-4yrs old	5%	5%	4%	4%	3%	2%	4%
Car 5-8yrs old	7%	6%	6%	6%	5%	3%	5%
Car 9-12yrs old	9%	8%	8%	6%	6%	2%	6%
Car 13+ yrs old	<b>14%</b>	8%	<b>11%</b>	<b>8%</b>	7%	4%	7%

Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (EU28 N=24,259)

Following the analysis by socio-demographics, the two tables that follow detail the proportion of problems experienced by respondents from each country. The key country differences to note from these tables are detailed below:

- **In general**, many of the problems specified were much more likely to occur in Estonia, Spain, the Czech Republic, Hungary, Lithuania, Latvia, Poland, Romania, Sweden, Slovenia and Slovakia;
- **Mechanical problems of all kinds** were more common than average in Poland, Romania, Slovakia, Hungary, Bulgaria and the Czech Republic;
- **Battery or electrical problems** were especially prevalent in Bulgaria, being reported by 36% of consumer respondents, followed by Lithuania (27%), Poland (25%), Hungary and Latvia (both 24%);
- Problems with **tyres/wheels/suspension** were most often reported in Bulgaria (23%), Latvia (22%) and Poland (20%);
- One fifth (20%) of consumer respondents in Poland had **problems with the car exterior/bodywork**. Some 18% of respondents in Romania, Latvia and Lithuania and 17% in Estonia and Hungary also experienced these types of problems;
- **Problems with car interior** were mostly prevalent in Romania (17%), Croatia (15%) and Spain (15%);
- **Undisclosed accident damage** was most often reported in Hungary (22%) and was also prevalent in most Eastern European countries (Lithuania 20%, Poland 19%, Romania 18%, Croatia, Bulgaria and Latvia all at 17%);
- **Documentation not being** provided by the trader was particularly a problem in Bulgaria, where it was reported by 19% of consumer respondents, followed by Poland (15%) and Hungary (13%);
- **Problems with gears** were especially high in Latvia (23%), followed by Poland (15%);
- **Odometer fraud** was four times more likely to be reported in Bulgaria than the sample as a whole (20%) and was also especially high in Romania (16%), Poland (15%), Hungary (13%) and Latvia (12%);
- A trader having sold consumers a **stolen car** was most likely to be reported by respondents in Poland (9%) and Romania (8%).



Table 98 Problems experienced within one year of purchase, by country (1)

	Battery / electrical problems	Problems with tyres/wheels/suspension	Brakes	Problems with car exterior / bodywork	Engine	Exhaust	Problems with car interior	Accident damage that had not previously been disclosed
<b>EU28</b>	<b>15%</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>8%</b>
AT	14%	9%	11%	10%	7%	8%	7%	5%
BE	12%	12%	9%	9%	10%	8%	8%	7%
BG	<b>36%</b>	<b>23%</b>	13%	<b>14%</b>	15%	<b>14%</b>	11%	<b>17%</b>
CY	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>1%</b>	<b>2%</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
CZ	16%	17%	<b>17%</b>	11%	15%	<b>15%</b>	10%	9%
DE	12%	8%	10%	<b>6%</b>	6%	7%	6%	6%
DK	15%	12%	11%	9%	9%	10%	10%	8%
EE	<b>22%</b>	16%	14%	<b>17%</b>	14%	7%	11%	<b>16%</b>
EL	<b>23%</b>	20%	10%	8%	11%	9%	11%	13%
ES	19%	18%	12%	14%	12%	11%	<b>15%</b>	14%
FI	16%	14%	11%	9%	9%	7%	7%	7%
FR	11%	9%	<b>6%</b>	<b>6%</b>	7%	<b>5%</b>	6%	<b>4%</b>
HR	<b>20%</b>	15%	12%	8%	9%	<b>14%</b>	<b>15%</b>	<b>17%</b>
HU	<b>24%</b>	20%	15%	<b>17%</b>	<b>17%</b>	12%	<b>14%</b>	<b>22%</b>
IE	13%	11%	7%	7%	7%	<b>4%</b>	7%	<b>3%</b>
IT	17%	14%	10%	11%	10%	7%	10%	9%
LT	<b>27%</b>	16%	11%	<b>18%</b>	<b>16%</b>	12%	10%	<b>20%</b>
LU	11%	13%	9%	<b>5%</b>	6%	4%	6%	3%
LV	<b>24%</b>	<b>22%</b>	13%	<b>18%</b>	14%	8%	12%	<b>17%</b>
MT	16%	17%	9%	10%	5%	4%	6%	5%
NL	13%	10%	9%	7%	7%	8%	6%	5%

	Battery / electrical problems	Problems with tyres/wheels/suspension	Brakes	Problems with car exterior / bodywork	Engine	Exhaust	Problems with car interior	Accident damage that had not previously been disclosed
PL	<b>25%</b>	<b>20%</b>	<b>18%</b>	<b>20%</b>	<b>15%</b>	<b>17%</b>	<b>14%</b>	<b>19%</b>
PT	15%	16%	9%	7%	12%	6%	10%	9%
RO	<b>22%</b>	20%	15%	<b>18%</b>	<b>16%</b>	16%	<b>17%</b>	<b>18%</b>
SE	15%	17%	15%	14%	11%	11%	11%	8%
SI	17%	15%	13%	11%	12%	10%	11%	13%
SK	17%	17%	14%	14%	12%	13%	10%	<b>15%</b>
UK	11%	10%	9%	9%	9%	8%	7%	5%
IS	12%	14%	15%	8%	6%	7%	5%	6%
NO	10%	12%	10%	7%	7%	6%	<b>4%</b>	<b>4%</b>

Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (N=25,286)

Table 99 Problems experienced within one year of purchase, by country (2)

	Clutch	Not all documentation provided	Gears	Trader did not meet the conditions of the sale	Odometer fraud (odometer was rolled back)	Trader had sold a stolen car	Other
<b>EU28</b>	<b>8%</b>	<b>7%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	<b>3%</b>	<b>6%</b>
AT	6%	4%	5%	4%	2%	2%	4%
BE	8%	6%	6%	6%	3%	3%	5%
BG	<b>17%</b>	<b>19%</b>	<b>13%</b>	7%	<b>20%</b>	4%	6%
CY	<b>2%</b>	<b>1%</b>	<b>2%</b>	<b>0%</b>	<b>1%</b>	0%	<b>0%</b>
CZ	11%	<b>12%</b>	8%	6%	8%	3%	5%
DE	5%	4%	4%	4%	2%	1%	5%
DK	8%	10%	8%	9%	6%	6%	8%
EE	6%	5%	9%	3%	8%	0%	5%
EL	11%	8%	9%	7%	9%	3%	5%
ES	<b>14%</b>	12%	11%	<b>12%</b>	10%	<b>7%</b>	<b>9%</b>
FI	6%	5%	7%	5%	3%	3%	4%
FR	7%	4%	5%	4%	2%	2%	3%
HR	8%	4%	10%	5%	6%	2%	4%
HU	<b>12%</b>	<b>13%</b>	<b>12%</b>	<b>11%</b>	<b>13%</b>	<b>5%</b>	<b>8%</b>
IE	5%	4%	4%	4%	<b>1%</b>	1%	3%
IT	10%	8%	8%	9%	7%	5%	7%
LT	9%	4%	7%	3%	9%	2%	7%
LU	5%	5%	4%	3%	2%	1%	2%
LV	8%	7%	<b>23%</b>	5%	<b>12%</b>	2%	7%
MT	7%	7%	4%	5%	3%	1%	5%

	Clutch	Not all documentation provided	Gears	Trader did not meet the conditions of the sale	Odometer fraud (odometer was rolled back)	Trader had sold a stolen car	Other
NL	7%	7%	7%	6%	3%	3%	5%
PL	<b>16%</b>	<b>15%</b>	<b>15%</b>	13%	<b>15%</b>	<b>9%</b>	<b>11%</b>
PT	9%	5%	6%	7%	4%	2%	6%
RO	<b>15%</b>	<b>12%</b>	<b>13%</b>	<b>11%</b>	<b>16%</b>	<b>8%</b>	<b>9%</b>
SE	9%	11%	10%	9%	7%	<b>6%</b>	<b>9%</b>
SI	9%	9%	7%	6%	10%	1%	5%
SK	10%	10%	9%	7%	10%	2%	3%
UK	6%	6%	5%	5%	3%	3%	4%
IS	<b>4%</b>	<b>3%</b>	5%	<b>2%</b>	<b>0%</b>	0%	3%
NO	<b>3%</b>	4%	4%	5%	<b>0%</b>	1%	7%

Source: Consumer Survey Q41: Aside from expected wear and tear or normal servicing, did you experience any of the following problems with the car within one year of purchase? (N=25,286)

### 5.1.1.1 Insights from stakeholders and desk research

The stakeholder interviews also addressed the issue of consumer problems. The most commonly cited consumer problem type, according to stakeholders surveyed, was **mechanical and electronics problems in general**. This would mean that the car was in a poorer condition than initially appeared, with differing problems quoted per country, such as:

*“This country’s freeze/thaw climate is very bad for car electronics” (Leasing Association)*

*“The most common problems are regarding mechanical problems in the engine and problems with rust on the cars bodywork or essential bodyparts” (Public Authority)*

*“The car being in poorer condition than initially appeared is the second biggest problem in this country, especially from unauthorised dealers” (Trade Association)*

*“For electronics, you can’t know if and when this will break down. The older the car is, the riskier it is” (Trade Association)*

The findings of the stakeholder interviews thus support those of the consumer survey, in that mechanical problems not identified at the time of car sale are one of the biggest problems. Certain stakeholders from the industry perspective noted that such problems are inevitable, considering the complexity of second-hand cars and the fact that consumers buying older cars ‘anticipate’ that an older, higher mileage car is more likely to have more post-purchase problems. However, performing thorough pre-purchase checks on a car can be a key solution in order to minimise the chance of post-purchase problems (e.g. checking the car for rust, looking at tyre condition).

*“Since a car is a highly complex technical product, it goes without saying that technical problems can occur. These problems however are in general sorted out by the dealer as soon as they become apparent” (Association of Dealers/Repairers)*

The second most commonly cited problem in the stakeholder survey was **mileage fraud**, which was particularly highlighted by stakeholders based in Eastern European countries. This also reflects the findings of the consumer survey, where reported mileage fraud was much more prevalent in the EU13 (14%) than the EU15 (4%):

*“This is the biggest problem in our country” (Automobile Club/Association)*

*“The problem is the same in our country as in other Eastern European countries. It is especially an issue for cross-border sales” (Leasing Association)*

*“This is sometimes a problem. The consumer can get their money back if they can prove that the dealer faked it. They need to take the car for an official test to get this proof” (Leasing Association)*

*“This is often brought up on TV shows and there is no solution at present. Manufacturers should look for a technical solution rather than waiting for better legislation” (Leasing Association)*

A 2010 survey conducted by Car-Pass on used car drivers in Germany, Belgium, France, Luxembourg and the Netherlands found that approximately 5% of respondents had previously experienced odometer fraud<sup>85</sup>, which is in line with the findings of this study. The same study found that the average car with corrected mileage had a mileage discrepancy of 68,000km. This large mileage difference clearly impacts greatly on the car's value and mechanical condition. The Car-Pass study estimated that the total cost of mileage fraud in Germany, Luxembourg, France and the Netherlands combined was €1.5 - €2.9 billion per year, which when extrapolated to EU25 level cost consumers €5.6 - €9.6 billion per year<sup>86</sup>.

Furthermore, a report published by the Office of Fair Trading (OFT) estimated that the total cost of mileage fraud in the UK was £580 million (equivalent to €710 million) per year<sup>87</sup>.

The mileage fraud detriment calculation method for both of these studies is available by following the weblinks provided at the end of this page.

However, a few stakeholders felt that odometer fraud was on the decrease due to improvements in car technology and the gradual introduction of legislation (such as the Car-Pass system in Belgium):

*"Odometer fraud is not as big as it used to be" (Association of Dealers/Repairers)*

A quarter of stakeholders also cited **problems with paperwork/insufficient documentation** as an important issue for second-hand car prospective buyers. When this information is lacking, the consumer is unable to properly check the car history in terms of owners, accidents and previous work done on the car:

*"This is especially a problem with cars bought from those professionals who don't have a physical outlet. They don't respect the same legal obligations as traditional dealers" (Association of Dealers/Repairers)*

*"There is often not enough documentation on the car's history" (Association of Dealers/Repairers)*

The potential problem of consumers having **purchased a stolen car** was only mentioned by a minority of stakeholders, who suggested that the situation in the market has improved considerably over the years. For example, a UK-based stakeholder cited that 10 years ago, 400,000 cars per year were being stolen and 150,000 cars per year simply 'disappeared' from the system. At present, 75,000 cars per year are stolen and 10-15,000 per year 'disappear', thus reflecting a five-fold decrease in such practices over the past 10 years. The reason given for this decrease was advances in car technology, such as improved locking systems and car tracking technology. However, there are still stakeholder concerns about cars being stolen and subsequently sold illegally cross-border, where it is much harder to be traced:

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<sup>85</sup> <http://www.car-pass.be/docs/car-pass-study-final-report.pdf>

<sup>86</sup> This study had data for 5 EU member states, which was extrapolated and calculated to 25 countries in total – excluding the current member states of Malta, Cyprus and Croatia

<sup>87</sup> [http://www.oftr.gov.uk/shared\\_oftr/reports/676408/oftr1217.pdf](http://www.oftr.gov.uk/shared_oftr/reports/676408/oftr1217.pdf)

*“Ex-lease cars are being stolen, re-badged and then sold illegally abroad” (Leasing Association)*

*“Stolen cars are more of a problem with cross-border sales, because it is much harder to get reliable information about an authorization of a seller” (Automobile Club/Association)*

The general viewpoint of stakeholders was that second-hand cars bought **cross-border** were more prone to post-purchase problems, thus supporting the results of the consumer survey, where 57% of respondents who had imported their second-hand cars reported at least one problem (compared to 41% on average) within 12 months of purchase.

In terms of reasons behind these problems, stakeholders gave a wide range of answers, which were often reflective of their own perspectives; for example, consumer organisations were more likely to cite irresponsible dealerships as the main source of such problems, whilst associations of dealers/repairers were more likely to cite the extremely-high consumer expectations for older cars (i.e. consumers expecting the car to be ‘as good as new’), as a cause of subsequent problems and increased consumer dissatisfaction.

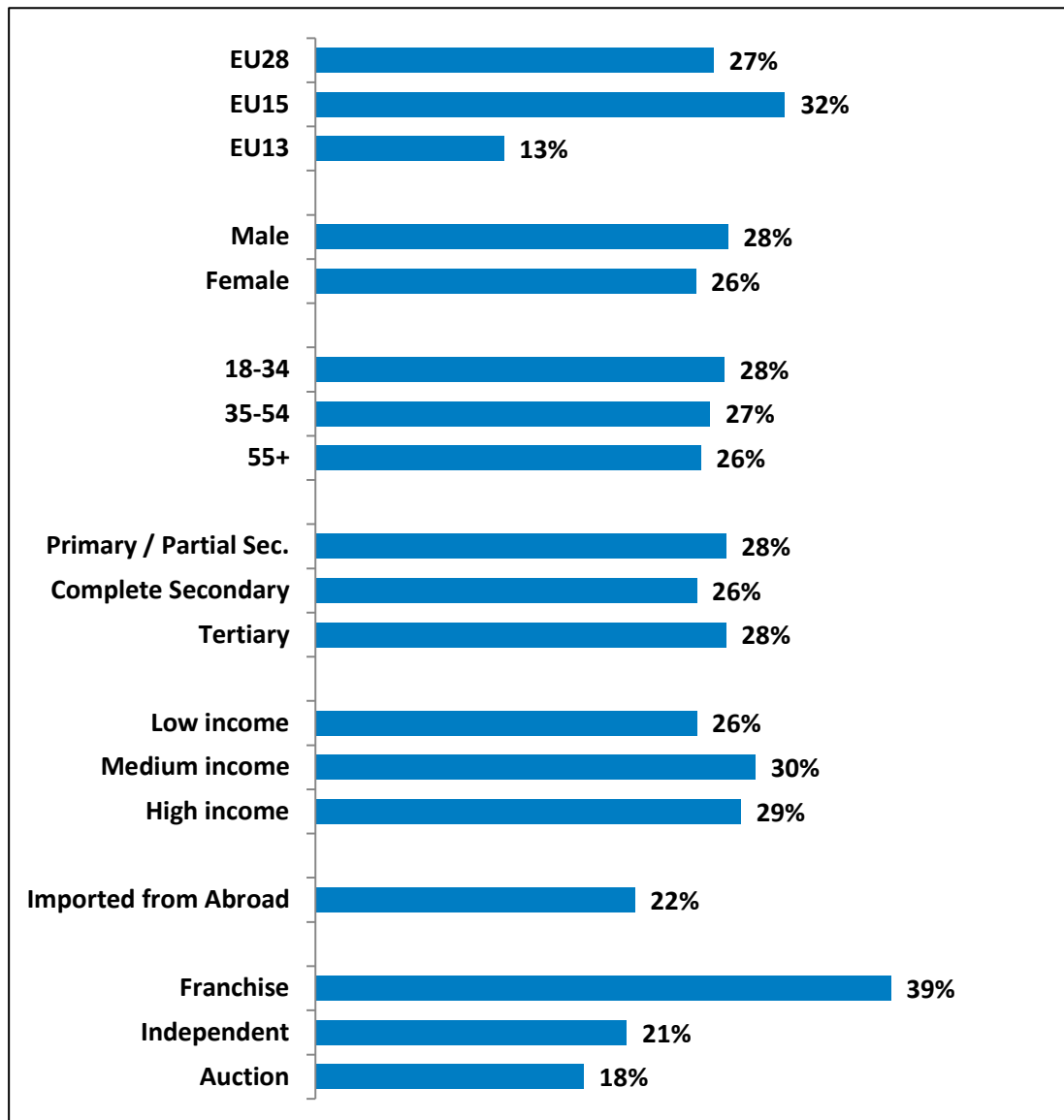
### **5.1.2 Guarantee covering the problem**

Guarantees are hugely important to consumers in allowing the potential for redress in the event that a post-purchase problem occurs with their second-hand car. With this in mind, all surveyed consumers who had reported at least one problem were then asked if the (biggest) problem that they had experienced was covered by any guarantee<sup>88</sup>. Twenty-seven percent of respondents said “yes”, 62% said “no” and 11% were unsure whether or not this problem was covered by any guarantee. Coverage by guarantee was highest among those buying their car from a franchise dealership (39% compared to 21% for a car bought from an independent dealership and 18% from an auction). Consumer socio-demographics and whether the car was bought from abroad did not significantly impact on the likelihood of the problem being covered by any guarantee.

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<sup>88</sup> The phrase “guarantee” was used for this question about post-purchase problems rather than “legal / commercial guarantee”. This simplified the question for the respondent, especially those respondents who had difficulty understanding what a legal guarantee is. It can be assumed for this question that the phrase “guarantee” implicitly includes both legal and commercial guarantees.

Figure 67 Guarantee covering the problem, by socio-demographics

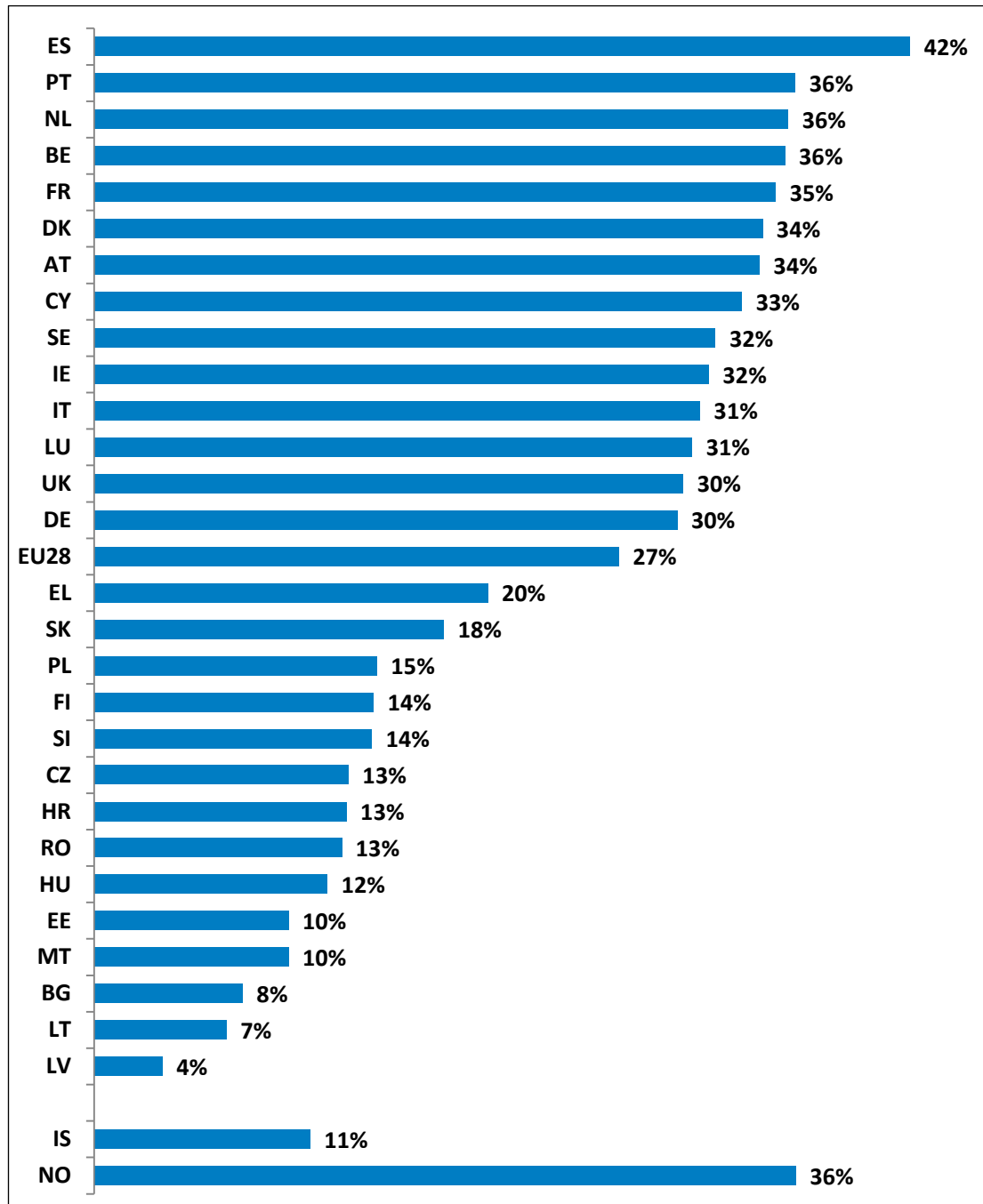


Source: Consumer Survey Q43: Thinking about the problem / biggest problem you experienced, was/is the problem covered by any guarantee? (EU28 N=11,424)

As shown in the figure above, almost a third of problems in the EU15 (32%) were covered by guarantee, compared to just 13% of problems in the EU13. This is indicative of a larger personal cost to second-hand car buyers in the EU13 in the event of a problem post-purchase. In terms of country-level differences, those countries with the lowest proportion of problems covered by any guarantee were Latvia (4%), Lithuania (7%) and Bulgaria (8%).



Figure 68 Guarantee covering the problem, by country



Source: Consumer Survey Q43: Thinking about the problem / biggest problem you experienced, was/is the problem covered by any guarantee? (N=11,812)

### 5.1.3 Time between purchase and problem

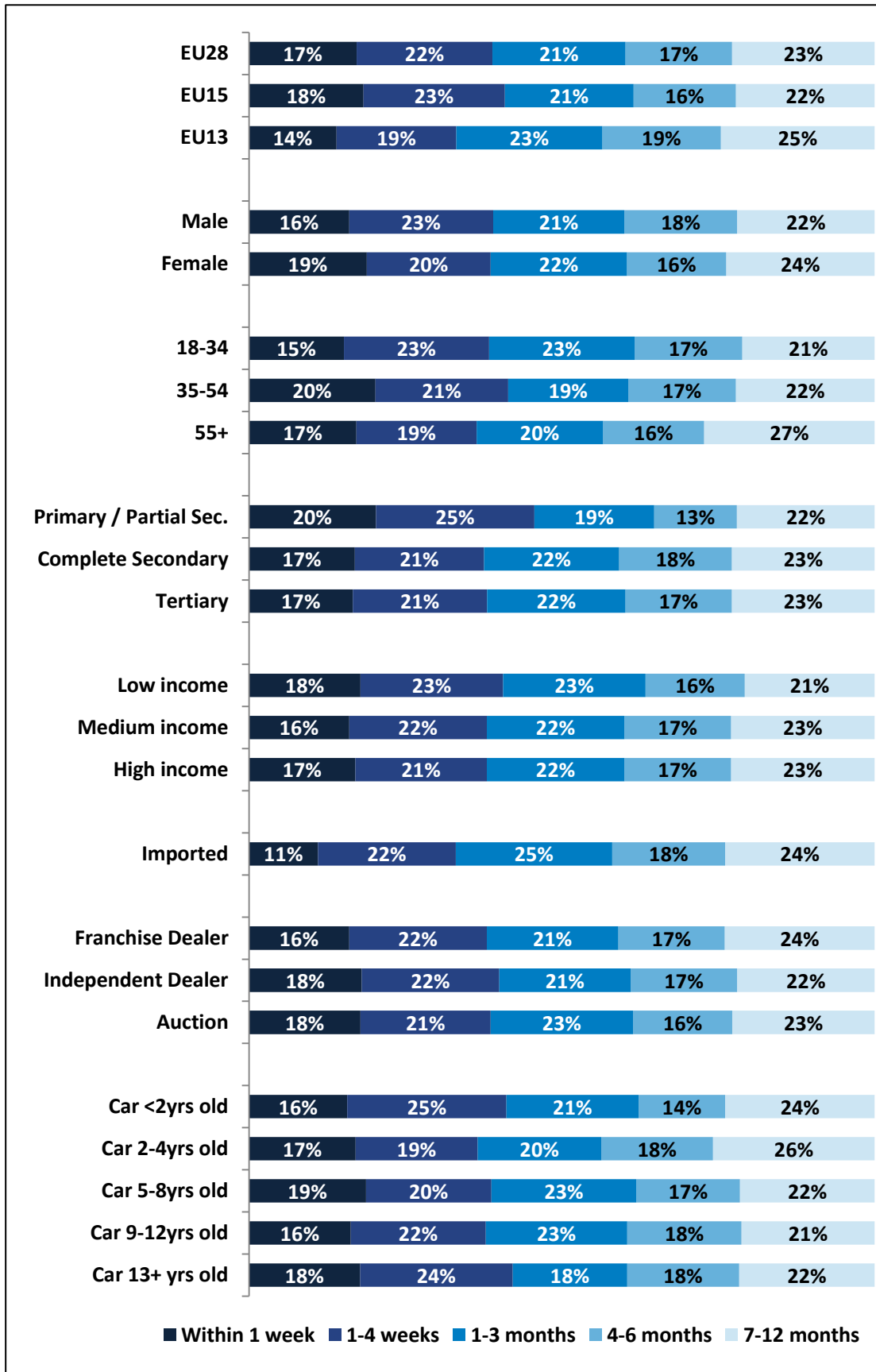
The time between the purchase and the problem(s) occurring is an important consideration in terms of market performance for the sector. It is reasonable to assume that problems which occurred within three months of purchase are indicative of problems already existing at the time of purchase rather than being due to wear and tear from normal use.

The figure hereafter shows some variation in terms of when - within one year of purchase - these problems began; Analysis of reported results shows that **over three-quarters of problems cited by respondents occurred within 6 months of the second-hand car purchase.**

The time for the problem to become apparent after purchase did not vary a great deal by socio-demographics, but earlier emerging problems (weeks rather than months after purchase) were more commonly reported by consumers aged 35-54 (20% of problems within the first week) and less common for cars bought sourced from abroad (11% of problems within the first week).

Considering the impact of the age of the car, second-hand cars aged 4 years or less were slightly more likely to have experienced these problems 7-12 months after purchase. This is indicative of newer cars being less likely to have the problem at the time of sale, whilst second-hand cars aged 5 or more years old were more likely to have experienced the problems within six months of purchase.

Figure 69 Time between purchase and problem(s)



Source: Consumer Survey Q42: How soon after purchase did the problem(s) begin? (EU28 N=11,424)

When country specific data were analysed, it was found that in Estonia, 31% of respondents who reported experiencing a problem found the problem within the first week of their purchase of a second-hand car. Greater instances of problems arising within a week were also reported in Norway (28%), Slovenia (26%), Latvia (26%), Sweden (24%) and the UK (22%). In Latvia, Estonia and the UK, around 50% or more of buyers who had experienced a problem noticed it within 4 weeks of buying their car. A summary of results at country-level is provided in the following table:

Table 100 Time between purchase and problem(s) – by country

	Within the first week of purchase	1 – 4 weeks after purchase	1 – 3 months after purchase	4 – 6 months after purchase	7 – 12 months after purchase
<b>EU28</b>	<b>17%</b>	<b>22%</b>	<b>21%</b>	<b>17%</b>	<b>23%</b>
AT	15%	20%	19%	20%	27%
BE	12%	22%	23%	16%	27%
BG	<b>11%</b>	20%	20%	18%	31%
CY	<b>10%</b>	15%	<b>27%</b>	<b>32%</b>	17%
CZ	16%	<b>13%</b>	23%	19%	29%
DE	19%	<b>25%</b>	<b>17%</b>	18%	21%
DK	20%	23%	24%	14%	19%
EE	<b>31%</b>	20%	21%	<b>13%</b>	15%
EL	<b>11%</b>	20%	21%	23%	25%
ES	16%	17%	20%	18%	28%
FI	16%	18%	20%	17%	29%
FR	16%	23%	22%	15%	25%
HR	15%	<b>13%</b>	<b>29%</b>	15%	28%
HU	20%	21%	23%	14%	22%
IE	18%	24%	22%	20%	18%
IT	17%	18%	23%	15%	27%
LT	17%	16%	<b>25%</b>	18%	24%
LU	20%	14%	<b>17%</b>	16%	<b>33%</b>
LV	<b>26%</b>	<b>29%</b>	18%	14%	<b>14%</b>
MT	16%	<b>13%</b>	23%	<b>13%</b>	<b>35%</b>
NL	18%	20%	21%	19%	22%
PL	<b>12%</b>	21%	24%	21%	23%
PT	20%	18%	20%	17%	26%
RO	<b>11%</b>	15%	21%	20%	<b>34%</b>
SE	<b>24%</b>	20%	<b>26%</b>	16%	15%
SI	<b>26%</b>	18%	22%	16%	18%
SK	18%	17%	22%	19%	24%
UK	22%	<b>26%</b>	22%	14%	15%
IS	20%	<b>26%</b>	24%	17%	<b>14%</b>
NO	<b>28%</b>	14%	<b>27%</b>	15%	16%

Source: Consumer Survey Q42: How soon after purchase did the problem(s) begin? (N=11,812)

#### 5.1.4 Cost of problems

Consumer respondents who had experienced a problem with their second-hand car were asked how much time and money this/these problem(s) had cost them.

**The average time cost of the post-purchase problem(s) experienced was 23 hours.** This was much higher for auction sales (35 hours) than cars bought from independent (23 hours) or franchise (20 hours) dealerships. Cars imported from abroad also needed a significantly greater personal

time to resolve problems (36 hours). There was also a large difference between the EU13 (40 hours) and the EU15 (17 hours).

The average **financial cost** of resolving the problem(s) (all currencies converted to Euros) was **€518**. This was higher for cars bought at auction (€648) and imported from abroad (€938) and lowest for cars bought from a franchise dealership (€470). Cars bought from an independent dealership were close to the average (€535).

When **correcting by Purchasing Power Parities (PPP)**<sup>89</sup>, the average money spent on these problems was **€575**. This did not change the pattern for performance by trade source, but it did change the pattern for the poorest performing countries dramatically, with EU13 countries now performing significantly worse once PPP has been factored in (€816 vs. €494 in the EU15).

Overall, it was observed that the youngest age groups reported by far the highest amount of personal time and money spent (27 hours, €644). Men also reported experiencing more personal time and money spent than women.

Considering the impact of car age, the average time taken for repair was lowest for cars aged 2-4 years (17 hours) and highest for cars aged 9-12 years (29 hours). Cars aged 2-4 were also cheapest in terms of cost of the repair, whilst cars aged less than 2 years and more than 12 years were the most expensive to repair. For the oldest car group, this higher repair cost is reflective of the higher proportion of problems experienced with older cars. For second-hand cars younger than 2 years old, this high repair cost may be indicative of consumer willingness to pay more on repairs for a newer and hence more valuable car.

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<sup>89</sup> PPP is used to correct for differing income levels per country. More information is available at <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=tec00120>

Table 101 Cost of the repair in terms of time and money, by socio-demographics

	Time (hours)	Money (Euro)	Money (Euro, incl. PPP)
<b>EU28</b>	<b>23</b>	<b>€ 518</b>	<b>€ 575</b>
EU15	17	€ 528	€ 494
EU13	<b>40</b>	€ 489	<b>€ 816</b>
Male	24	€ 529	€ 597
Female	21	€ 503	€ 545
18-34	27	<b>€ 644</b>	<b>€ 709</b>
35-54	22	€ 439	€ 495
55+	16	€ 406	€ 448
Primary / partial	25	€ 465	€ 510
Completed secondary	24	€ 505	€ 580
(Post-)Graduate	20	€ 548	€ 592
Low income	24	€ 752	€ 742
Medium income	21	<b>€ 440</b>	<b>€ 481</b>
High income	27	€ 569	€ 686
Imported from abroad	<b>36</b>	<b>€ 938</b>	<b>€ 1.146</b>
Franchise	20	€ 470	€ 504
Independent	23	€ 535	€ 594
Auction	<b>35</b>	<b>€ 648</b>	<b>€ 804</b>
Car <2yrs old	23	<b>€ 599</b>	<b>€ 722</b>
Car 2-4yrs old	<b>17</b>	<b>€ 405</b>	<b>€ 424</b>
Car 5-8yrs old	22	€ 488	€ 556
Car 9-12yrs old	<b>29</b>	€ 536	€ 583
Car 13+ yrs old	23	<b>€ 632</b>	<b>€ 679</b>

Source: Consumer Survey Q45: Please could you estimate the amount of money and time you needed to spend on this/these problem(s). (EU28 N=11,424)

When it comes to analysis by country, the countries with the highest time cost were all in Eastern Europe, whilst those in the West of Europe had the least amount of time assigned to solving problems. Respondents from Lithuania (54 hours), Bulgaria (50 hours), Latvia (43 hours), Poland (42 hours) and Romania (41 hours) required the largest amount of personal time to solve the encountered problems.

Considering the financial cost of resolving problems (without PPP), the poorest performing countries were Denmark (€1206), Romania (€1111), Norway (€988) and the Netherlands (€970). Once PPP was included within the cost, the poorest performing countries were Romania (€1962), the Netherlands (€899), Denmark (€856) and Poland (€838).

Table 102 Cost of the repair in terms of Time and Money, by country

	Time (hours)	Money (Euro)	Money (Euro, incl. PPP)
<b>EU28</b>	<b>23</b>	<b>€ 518</b>	<b>€ 575</b>
RO	<b>41</b>	<b>€ 1.111</b>	<b>€ 1.962</b>
NL	12	<b>€ 970</b>	<b>€ 899</b>
DK	21	<b>€ 1.206</b>	<b>€ 856</b>
PL	<b>42</b>	€ 486	<b>€ 838</b>
BG	<b>50</b>	€ 386	€ 790
EE	34	€ 584	€ 767
HU	33	€ 427	€ 695
IT	34	€ 705	€ 689
AT	13	€ 709	€ 673
LT	<b>54</b>	€ 425	€ 665
CY	35	€ 584	€ 660
SI	23	€ 548	€ 653
PT	28	€ 564	€ 651
MT	22	€ 489	€ 628
EL	28	€ 577	€ 615
SE	25	€ 764	€ 606
HR	33	€ 427	€ 588
LU	18	€ 705	€ 576
SK	31	€ 400	€ 568
ES	27	€ 539	€ 562
LV	<b>43</b>	€ 400	€ 561
FR	13	€ 543	€ 499
CZ	22	€ 354	€ 485
BE	15	€ 522	€ 479
DE	12	€ 395	€ 388
IE	18	€ 411	€ 349
UK	16	€ 395	€ 348
FI	15	€ 384	€ 315
IS	13	€ 772	€ 712
NO	8	<b>€ 988</b>	€ 631

Source: Consumer Survey Q45: Please could you estimate the amount of money and time you needed to spend on this/these problem(s). (N=11,812)

### 5.1.5 Consumer detriment due to problems

This section derives an overall estimate of the consumer detriment of the post-purchase problems (aside from wear and tear), beyond the above description of time and money spent on resolving problem(s).



### 5.1.5.1 Classifying detriment according to consumer expectations

The first step in calculating consumer detriment was to determine a rule for classifying the respondents *that faced one or more problems* according to their ex-ante expectations: low, medium or high<sup>90</sup>. No question in the consumer survey directly asked about the user's expectations at the time of purchase in terms of possible future costs and so the data was analysed in order to find the questions that most appropriately reflected differences in ex-ante expectations.

Initially, analysis was done on the difference in user satisfaction immediately after the purchase and user satisfaction six months later. The theory behind this was that an increase in user satisfaction after experiencing one or more problems would indicate low ex-ante expectations, whilst a sharp decrease in user satisfaction would indicate high ex-ante expectations. However, analysis of the user satisfaction groups did not support this theory. For example, people with increased user satisfaction reported the highest number of problems and complaints. Therefore this indicator was not used for the consumer detriment analysis.

After further analysis of other potential measures of 'expectations', based on the questionnaire used in this study, it was decided to use the difference between the price paid for the car and the average price for a similar car. The intuition behind this indicator was that a higher than average paid price would correspond to higher ex-ante expectations and vice versa.

To ensure that only similar cars were compared, there was a need to differentiate cars according to the characteristics that are most relevant in determining the price. For each of these car types, an average price could then be calculated. In defining these categories, it was important to ensure that the sample size was not limited too much by creating an excessive amount of categories. With this in mind, the following three dimensions were chosen in order to determine average price per car type:

- Car age upon purchase – 5 categories ( $\leq 2$  years;  $> 2$  years &  $\leq 4$  years;  $> 4$  years &  $\leq 6$  years;  $> 6$  years &  $\leq 10$  years;  $> 10$  years);
- Car mileage upon purchase – 4 categories ( $\leq 50,000$ km;  $> 50,000$ km and  $\leq 100,000$ km;  $> 100,000$ km and  $\leq 150,000$ km;  $> 150,000$ km);
- Country of purchase (all EU28 Member States).

These dimensions were chosen in accordance with the pricing analysis in Chapter 6.2.2, where they were found to be the main determinants of second-hand car price. The above three dimensions led to  $5 \times 4 \times 28$  dimensions = 560 categories.

Therefore, three categories of respondents were created, based on relative price differences:

- **P<sub>cheap</sub>**: those who paid 30% or more below the average purchase price (4226 respondents);
- **P<sub>average</sub>**: those who paid within 30% of the average purchase price (4685 respondents);
- **P<sub>expensive</sub>**: those who paid 30% or more above the average purchase price (2316 respondents).

The boundary of 30% was chosen so that the number of respondents was of similar magnitude for each of the three groups. Furthermore, a relative instead of an absolute price difference was used due to the large variation in prices (e.g. a difference of €1000 would be very large for older cars with a high mileage, but much smaller for younger, low mileage cars).

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<sup>90</sup> [http://ec.europa.eu/consumers/archive/rights/docs/study\\_consumer\\_detriment\\_dyna\\_packages\\_en.pdf](http://ec.europa.eu/consumers/archive/rights/docs/study_consumer_detriment_dyna_packages_en.pdf)

It should be noted that the price difference indicator can be distorted by other factors too. The average prices are estimates, due to the limited sample size per category and the fact that the price can be affected by additional factors that were not taken into account in this categorisation process (e.g. car engine size, car brand, consumer's personal characteristics, problem types etc.). Additional factors will be analysed later in this section, always in relation to the main price difference indicator.

The following tables present an analysis of the factors that were already identified in the initial development of the consumer detriment methodology, in relation to the three categories of price difference indicator. Please note that this analysis of consumer detriment is only done for the respondents that faced one or more problems with their second hand car up until 12 months after its purchase.

#### 5.1.5.1.1 Analysis of the car price difference indicator

As a first step in the analysis of differences according to the car price difference indicator, the table below explores this indicator in terms of the number of problems and types of problems experienced with the second hand car.

Table 103 Number and type of problem(s) experienced

	P <sub>cheap</sub>	P <sub>average</sub>	P <sub>expensive</sub>
Av. Number of problems experienced	<b>3.11</b>	2.54	2.99
Problems with engine	22%	20%	23%
Problems with brakes	<b>28%</b>	22%	25%
Problems with exhaust	<b>24%</b>	18%	17%
Problems with clutch	<b>22%</b>	<b>15%</b>	19%
Problems with gears	17%	<b>13%</b>	18%
Battery / Electrical problems	38%	<b>33%</b>	36%
Problems with tyres / wheels / suspension	29%	27%	29%
Problems with car interior	21%	18%	19%
Problems with car exterior / bodywork	25%	<b>20%</b>	24%
Odometer fraud	14%	<b>10%</b>	13%
Accident damage not previously disclosed	19%	18%	20%
Not all documentation provided	16%	<b>14%</b>	<b>19%</b>
Trader did not meet the conditions of the sale	15%	<b>11%</b>	16%
Trader had sold a stolen car	9%	<b>4%</b>	7%
Other problem	13%	12%	14%

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (EU28 N=10,887)

Out of those cars that had experienced at least one post-purchase problem, the table above shows that cheap cars were the most likely to face multiple problems (3.11), whereas average-priced cars had the smallest amount of problems experienced by consumers post-purchase (2.54).

The table also shows the share of respondents in each category that faced each type of problem. For example, the table above shows that problems with the exhaust were experienced by 24% of respondents who had experienced at least one problem with a cheap car, 18% of respondents who had a problem with an average-priced car and 17% of respondents who had a problem with an expensive car. Since many respondents encountered multiple problems, the shares per car type do not sum up to 100%. It can be seen that for all type of problems, the share is lowest for average-priced cars. This is partly a consequence of the lesser overall number of problems that average-priced cars faced (2.54 vs. 2.99 for expensive cars and 3.11 for cheap cars). Cheap and expensive cars are at a similar level for most problem types, although it is notable that problems with brakes, exhaust and clutch were more common for cheap cars and missing documentation was a greater problem for expensive cars.

The next table shows that the number of complaints was highest for the more expensive cars and lowest for average-priced cars. The third row of the same table below verifies that the number of complaints made per problem was highest for expensive cars, which might be explained by the fact that expectations for these cars were much higher and so respondents were more prone to complain in the event of an unexpected problem. This is further developed in the rows below, showing that 32% of problems with an expensive car did not generate a complaint, compared to 36% of cheap cars and 38% of average-priced cars. It is notable that buyers of cheap cars were least likely to complain to their trader (21%), even though on average they complained more than buyers of average-priced cars. This might indicate respondents who know that they paid little for their car and feel that the occurrence of a problem is partly foreseen.

**Table 104 Complaints made about problems**

	P <sub>cheap</sub>	P <sub>average</sub>	P <sub>expensive</sub>
Av. Number of problems experienced	<b>3.11</b>	2.54	2.99
Av. Number of complaints made	3.88	<b>3.00</b>	4.02
Proportion of complaints (Nr complaints / nr problems)	1.25	<b>1.18</b>	<b>1.34</b>
Complained to trader	<b>21%</b>	28%	30%
Complained to the manufacturer	8%	6%	8%
Complained to a third-party organisation	12%	<b>8%</b>	12%
Complained to out-of-court dispute resolution entity	10%	8%	8%
Complained to friends / family / relatives etc.	13%	13%	10%
Did not complain	36%	38%	<b>32%</b>

*Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (EU28 N=10,887)*

The following table shows that satisfaction with complaint handling was lowest for the expensive cars, which again indicates that this group had by far the highest expectations.

Looking at user satisfaction after 1 day and after 6 months of car purchase, both indicators were highest for average-priced cars and lowest for cheap cars, although the differences were rather small. However, the average group did experience the largest satisfaction decrease across the six month post-purchase period (-0.62 satisfaction points).

**Table 105 Satisfaction with complaint handling and with the car post-purchase**

	P <sub>cheap</sub>	P <sub>average</sub>	P <sub>expensive</sub>
Satisfaction complaint handling trader	5.9	6.1	5.8
Satisfaction complaint handling manufacturer	6.0	5.8	<b>5.3</b>
Satisfaction complaint handling third-party	6.2	6.5	<b>6.1</b>
Satisfaction complaint handling dispute body	6.4	6.6	<b>5.8</b>
Satisfaction complaint handling trader	5.9	6.1	5.8
Average satisfaction after 1 day	<b>7.51</b>	<b>7.86</b>	7.70
Average satisfaction after 6 months	<b>7.05</b>	<b>7.24</b>	7.13
Average satisfaction difference	<b>-0.46</b>	<b>-0.62</b>	-0.56

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (EU28 N=10,887)

The following table presents the average results on multiple questions for the three purchase price groups, in order to check if other differences between the three groups could be identified.

**Table 106 Various characteristics**

	P <sub>cheap</sub>	P <sub>average</sub>	P <sub>expensive</sub>
Average car age (years)	<b>7.84</b>	<b>6.64</b>	<b>6.77</b>
Average car mileage (kilometres)	104,124	102,338	96,037
Kilometres driven per year (kilometres per year)	13,274	<b>15,402</b>	14,182
Share of 'luxury' cars <sup>91</sup>	11%	11%	<b>41%</b>
Share of cars with a commercial guarantee	<b>24%</b>	27%	<b>33%</b>
Both knowledge test questions correct	<b>51%</b>	59%	57%
First second-hand car	19%	14%	14%
Share franchise dealer	<b>24%</b>	38%	<b>43%</b>
Share independent dealer	<b>68%</b>	59%	<b>51%</b>
Share auction	8%	4%	6%
Car imported from abroad	4%	4%	7%
Average age of respondent	39	40	39
% male respondents	57%	58%	59%
Average monthly income level	€1936	€1976	<b>€2316</b>
EU15	<b>73%</b>	75%	<b>77%</b>
EU13	<b>27%</b>	25%	<b>23%</b>

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (EU28 N=10,887)

<sup>91</sup> 'Luxury' cars are those from more expensive manufacturers, such as Audi, Jaguar and Mercedes

Based on this table, the key characteristics of each of the three car price groups could be summarised as follows:

- Cheap: These tended to be older cars, which were less likely to have a commercial guarantee. They were most likely to come from an independent dealer and least likely to come from a franchise dealer. Higher proportion of EU13 respondents when compared to the other car price categories;
- Average: Young cars, but with a higher usage per year than expensive cars;
- Expensive: Young cars, used less heavily pre-purchase than average cars. High proportion of luxury cars and cars with a commercial guarantee. In comparison to cheap or average price cars, they were most likely to come from a franchise dealer and least likely to come from an independent dealer. Consumer respondents had a higher income and were more likely to come from EU15 countries.

## Conclusion

The aim of the above analysis was to check whether a differentiation based on the proposed indicator leads to structural differences in characteristics between the groups and if these differences are intuitively consistent in the framework for classifying the respondents in groups with low, medium and high ex-ante expectations. The analysis above showed that the ratio of complaints versus problems was highest for more expensive cars and that buyers of cheap cars are least likely to complain to their trader, although they face the most problems. This evidence supports the use of purchase price as a proxy for ex-ante expectations. Therefore, in the following the low, medium and high ex-ante expectation categories coincide with the group of cheap, average-priced and expensive cars respectively.

### 5.1.5.2 Calculation consumer detriment

The average reported costs and time losses can now be calculated for the three expectation groups. The table below shows that the average costs and time losses were largest in the group with high ex-ante expectations. Cost losses were lowest for the group with low ex-ante expectations and time losses were lowest for the medium expectations group.

Table 107: Average reported costs and time losses per expectation category

	Low exp.	Medium exp.	High exp.
Average reported costs (PPP euro)	€353	€436	€569
Average reported time loss (hour)	22	20	24

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (EU28 N=10,887)

The time losses can be monetized using a 'Value of Time' (VOT). The question here is which value of time to use. In transportation economics a VOT is often used for monetizing the benefits from

reduced waiting times in traffic (see Wardman et al. (2012)<sup>92</sup> for an overview). In this case however the value for the time losses will depend on the opportunity costs: what would they have otherwise been doing and what would that be worth? It is possible that this time would have been spent working (high opportunity costs, so high VOT), or otherwise that the time was spent for leisure purposes (low opportunity costs, so low VOT). Similarly to what was proposed for the consumer detriment in the Commission study on internet access and provision<sup>93</sup> both VOT types will be used, leading to a high and low estimate for the VOT. The VOT in the case where working time was lost is taken equal to the median gross hourly earnings as reported by Eurostat per country<sup>94</sup>. The median earnings are used instead of the average earnings, because the latter are inflated compared to the former due to the tail of very high earners that are typical in income distributions. Since second-hand car purchases are expected to take place less frequently in very high income households, the median earnings are expected to be more representative. The VOT in the case where leisure time was lost is based on the ratio of the VOT in work time and the VOT in leisure time in the 2012 Ofcom study<sup>95</sup> and is taken as equal to 30% of the median gross hourly earnings. An overview of the VOT per country for work time and leisure time can be found in Appendix 3.

The incurred costs can then be calculated by the following equation.

$$Incurred\ costs = cost + VOT \times time\ loss$$

The consumer detriment can then be expressed as follows:

$$Consumer\ detriment = (1 - a^{expectation}) \times Incurred\ costs$$

where  $a^{expectation}$  is a factor that corrects the incurred losses for the ex-ante expectations. This factor is rather difficult to estimate. Its value is only known for the two extreme situations: when expectations are very high, this factor is equal to zero (none of the costs were reasonably expected, hence the detriment equals all of the incurred costs) and for very low expectations it is equal to one (all of the costs were reasonably expected, hence detriment is zero). Therefore, the consumer detriment calculation uses an interpolation between 0 and 1 along the diagonal to determine these values). Analytical tests were conducted to measure the most appropriate expectation values in terms of level of differentiation between expectations levels and overall detriment score. This results in the following table:

**Table 108: Low and high estimate of expectation correction factor  $a^{expectation}$  per expectation category**

	Low exp.	Medium exp.	High exp.
$a_{lower\ value}^{expectation}$	0.75	0.25	0
$a_{upper\ value}^{expectation}$	1	0.75	0.25

<sup>92</sup> Wardman M., Chintakayala P., de Jong G., Ferrer D., 2012. *European wide meta-analysis of values of travel time*. Final Report for the European Investment Bank

<sup>93</sup> Civic Consulting, 2012. *Consumer market study on the functioning of the market for internet access and provision from a consumer perspective*. Final Report for Executive Agency for Health and Consumers

<sup>94</sup> [http://epp.eurostat.ec.europa.eu/statistics\\_explained/index.php/Earnings\\_statistics](http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Earnings_statistics)

<sup>95</sup> Ofcom, 2012. *Consumer switching*. A consultation on proposals to change the processes for switching fixed voice and broadband providers on the Openreach copper network.

Combining the high and low estimates for the VOT and  $a^{expectation}$  enables the creation of a high and low estimate of consumer detriment for all respondents who faced problems. For respondents that did not face any problems, the consumer detriment is zero. The table below gives an overview of the average consumer detriment in euros per country for purchases where a problem occurred; both in absolute terms, as well as a percentage of the average purchase price for that country.

For most countries the higher estimate is approximately twice the value of the lower estimate. Given all uncertainty that has to be dealt with when calculating consumer detriment, this can be considered a reasonable range. A clear distinction can be made between Eastern, Central and Northern and Southern European countries. In Northern and Western European countries the (low estimate of) consumer detriment is almost never above 150€ (except for Sweden and Luxembourg). In Eastern European countries it is always above 150€ and in most cases even above 200€. In Southern Europe consumer detriment is between 180 and 205€. Norway, the United Kingdom and Finland have the lowest consumer detriment (<105€), whilst Estonia and Romania have the highest consumer detriment (>250€).

Table 109 Low and high estimate of consumer detriment per country for purchases with problem

	Consumer detriment (PPP <sup>96</sup> €)		Consumer detriment (% of average purchase price)	
	Lower estimate	Higher estimate	Lower estimate	Higher estimate
<b>EU28</b>	<b>€ 150</b>	<b>€ 323</b>	<b>2,1%</b>	<b>4,5%</b>
AT	€ 135	€ 302	1,5%	3,4%
BE	€ 139	€ 303	2,0%	4,4%
BG	<b>€ 231</b>	<b>€ 513</b>	<b>4,3%</b>	<b>9,5%</b>
CY	€ 184	€ 441	2,2%	5,3%
CZ	€ 152	€ 330	2,4%	5,3%
DE	€ 144	€ 291	1,8%	3,7%
DK	€ 137	€ 308	1,8%	4,0%
EE	<b>€ 315</b>	<b>€ 577</b>	<b>3,4%</b>	6,2%
EL	€ 193	€ 422	<b>3,3%</b>	<b>7,2%</b>
ES	€ 186	€ 385	2,6%	5,4%
FI	<b>€ 73</b>	<b>€ 161</b>	<b>0,9%</b>	<b>1,9%</b>
FR	€ 106	€ 234	1,6%	3,6%
HR	€ 210	€ 423	2,4%	4,9%
HU	€ 168	€ 364	2,1%	4,5%
IE	€ 109	€ 242	1,5%	3,3%
IT	€ 176	€ 364	2,3%	4,8%
LT	€ 198	€ 452	3,1%	<b>7,1%</b>
LU	€ 177	€ 369	1,8%	3,7%
LV	€ 168	€ 360	2,3%	4,9%
MT	€ 202	€ 381	1,7%	3,1%
NL	€ 115	€ 257	2,0%	4,5%
PL	€ 196	€ 446	2,2%	4,9%
PT	€ 201	€ 364	1,9%	3,5%
RO	<b>€ 264</b>	<b>€ 574</b>	3,1%	<b>6,7%</b>
SE	€ 159	€ 353	2,3%	5,1%
SI	€ 214	€ 435	2,9%	6,0%
SK	€ 193	€ 420	2,6%	5,7%
UK	<b>€ 78</b>	<b>€ 193</b>	1,6%	3,9%
IS	€ 213	€ 440	2,5%	5,1%
NO	€ 102	€ 253	<b>1,0%</b>	<b>2,6%</b>

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

<sup>96</sup> To be able to make a proper comparison between countries with different currencies and exclude the influence of market exchange rate fluctuations, Purchasing Power Parity (PPP) exchange rates were used to convert the incurred cost. These PPP rates are based on OECD data (<http://www.oecd.org/std/prices-ppp/>)



Following from the above calculations to determine the average consumer detriment for respondents who experienced a post-purchase problem with their second-hand car, it is then possible to use these figures to calculate the annual consumer detriment per country and at overall EU28 level. In order to do this, it is necessary to multiply the consumer detriment for consumers who had a problem by the percentage of consumers per country who had a problem and by the number of consumers per country who purchase a second hand car per year. This is summarized in the formula below:

$$\text{Annual consumer detriment} = \text{Share}_{\text{problems}} \times \text{Consumer detriment}_{\text{problems}} \times \text{Annual sales}$$

The following table outlines how  $\text{Share}_{\text{problems}}$  and  $\text{Annual sales}$  are calculated in the context of calculating a figure for annual consumer detriment. The second column of the table below provides details on the share of respondents who had a problem with their car within one year of purchase, based on the consumer survey questionnaire<sup>97</sup>. The third column shows the estimated number of second-hand car consumers per country, based on the incidence rate of consumers who had purchased a second-hand car within the last 3 years (data from the 2013 Market Monitoring Survey) multiplied by the total population aged 18+ per country<sup>98</sup>. The fourth column then divides the third column by three, to convert the total estimated number of consumers who bought a car within the past three years to an estimated number of consumers who bought a second-hand car per year (e.g. within the past year). This assumes that the number of second-hand car sales does not change drastically over time, hence the number can be divided by three to get an estimate of the annual number of consumers who bought a second-hand car from any trade source. The final column multiplies the % of consumers who had a problem with their car within one year of purchase (second column) by the number of consumers who had bought a car within the past year (fourth column).

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<sup>97</sup> Based on the proportion of consumers coding at least one problem at Q40: "Did you experience any of the following problems with the car within one year of purchase?"

<sup>98</sup> [http://ec.europa.eu/consumers/consumer\\_research/consumer\\_market\\_monitoring\\_survey\\_en.htm](http://ec.europa.eu/consumers/consumer_research/consumer_market_monitoring_survey_en.htm). This is a telephone survey of 500 respondents from the entire population of all 30 countries under the scope of this study. Incidence of second-hand car purchases per country was based on the question "Thinking about second hand cars, have you purchased a second hand car from a trade source in the past 3 years?" (e.g. if 30% of the sample of the population of a country answered "yes" to this question, this gives a 30% second-hand car incidence rate for that country).

Table 110 Share of problems and annual sales per country

	% of consumers who had at least one problem	Estimated number of consumers who bought a second-hand car in the past 3 years	Estimated number of consumers who bought a second-hand car per year	Estimated annual number of consumers who had a problem with their second-hand car within 12 months of purchase
<b>EU28</b>	<b>41%</b>	<b>93,028,562</b>	<b>31,009,521</b>	<b>12,713,903</b>
AT	38%	1,440,989	480,330	182,525
BE	39%	1,697,060	565,687	220,618
BG	70%	1,377,638	459,213	321,449
CY	11%	176,938	58,979	6,488
CZ	58%	1,615,456	538,485	312,321
DE	36%	24,302,042	8,100,681	2,916,245
DK	40%	1,152,929	384,310	153,724
EE	60%	256,879	85,626	51,376
EL	52%	1,067,747	355,916	185,076
ES	49%	3,707,569	1,235,856	605,570
FI	45%	1,261,297	420,432	189,195
FR	32%	14,770,049	4,923,350	1,575,472
HR	51%	560,090	186,697	95,215
HU	59%	951,994	317,331	187,225
IE	39%	939,852	313,284	122,181
IT	43%	6,663,632	2,221,211	955,121
LT	61%	899,921	299,974	182,984
LU	35%	145,105	48,368	16,929
LV	67%	316,485	105,495	70,682
MT	45%	84,700	28,233	12,705
NL	36%	3,498,645	1,166,215	419,837
PL	61%	7,997,139	2,665,713	1,626,085
PT	44%	1,112,513	370,838	163,169
RO	55%	1,056,363	352,121	193,667
SE	46%	2,557,254	852,418	392,112
SI	53%	385,924	128,641	68,180
SK	55%	677,526	225,842	124,213
UK	35%	12,354,829	4,118,276	1,441,397
IS	43%	684,988	228,329	98,182
NO	39%	85,349	28,450	11,095

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

Following the calculations of the above table, the total yearly consumer detriment can be calculated as the annual number of consumers who had a problem with their second hand car within 12 months of purchase (last column of the above table) multiplied by the average consumer detriment – both low and high estimates – for those consumers who experienced a problem (Table 109).

Thus, the total annual consumer detriment for second-hand car post-purchase problems that occurred within one year of purchase (excluding wear and tear) is between €1.9 billion and €4.1 billion in the EU28. The breakdown of total detriment at country level is shown in the table below:

Table 111 Low and high estimate of annual total consumer detriment per country for purchases with problem

	Total Consumer detriment (PPP €)	
	Lower estimate	Higher estimate
<b>EU28</b>	<b>€ 1.915.351.552</b>	<b>€ 4.136.718.154</b>
AT	€ 24.695.271	€ 55.078.509
BE	€ 30.685.722	€ 66.771.172
BG	€ 74.222.495	€ 164.814.842
CY	€ 1.195.817	€ 2.858.027
CZ	€ 47.555.524	€ 103.076.094
DE	€ 418.799.974	€ 848.303.861
DK	€ 21.073.283	€ 47.367.134
EE	€ 16.173.725	€ 29.658.322
EL	€ 35.784.343	€ 78.158.570
ES	€ 112.870.939	€ 233.391.213
FI	€ 13.847.731	€ 30.425.013
FR	€ 167.624.356	€ 369.034.042
HR	€ 20.032.142	€ 40.310.101
HU	€ 31.457.359	€ 68.151.584
IE	€ 13.291.759	€ 29.527.677
IT	€ 168.241.161	€ 347.840.245
LT	€ 36.185.619	€ 82.787.185
LU	€ 3.004.731	€ 6.248.970
LV	€ 11.896.428	€ 25.439.800
MT	€ 2.569.730	€ 4.838.782
NL	€ 48.327.455	€ 108.024.474
PL	€ 318.483.805	€ 724.923.363
PT	€ 32.817.700	€ 59.467.084
RO	€ 51.061.971	€ 111.140.175
SE	€ 62.509.413	€ 138.351.344
SI	€ 14.567.276	€ 29.651.668
SK	€ 24.009.597	€ 52.217.953
UK	€ 112.366.226	€ 278.860.950
IS	€ 20.912.684	€ 43.199.910
NO	€ 1.131.728	€ 2.807.129

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

It is important to note that these figures for consumer detriment are based on the time and money spent on post-purchase repairs and activities related to consumer respondent problems and their solving. It does not include the cost to the consumer in terms of car depreciation, which is a key issue for certain types of problems. Car depreciation is difficult to calculate due to the fact that it differs greatly according to problem type and car type (e.g. some car makes and models retain their value better than others) and so consumers have difficulties in knowing the true cost of a post-purchase problem. For example, if the car was noted as having odometer fraud, then this consumer detriment calculation would take into account the cost reported by the consumer respondent in terms of the time and money spent on complaining about the car and seeking a resolution, but it does not reflect the unreported cost that the car's value may be greatly reduced due to the corrected mileage impacting on the car's re-sale value.

### **5.1.5.3 Analysis of consumer detriment**

This section that follows further analyses consumer detriment by exploring where detriment was higher or lower, thus identifying the consumer groups that are particularly vulnerable.

The consumer detriment analyses in this section are based only on those consumers who experienced a problem within one year of their second-hand car purchase and thus do not include consumers who experienced no post-purchase problems.

#### **5.1.5.3.1 Matrix analysis**

The tables below report the share of respondents for the different expectation categories and for different cost categories. The thresholds for the three cost categories, expressed as a percentage of the purchase price, are 5% and 20%. Therefore, the low cost category refers to those respondents where the consumer detriment suffered was smaller than 5% of the purchase price, whereas medium costs were between 5% and 20% and high costs were above 20% of the purchase price.

Table 112 shows the shares using the low estimate of consumer detriment, whereas Table 113 uses the high estimate. For example, Table 112 indicates that in Austria 90.8% (=36.9% + 33.9% + 20.0%) of the second-hand car purchases is in the low cost category, meaning that the consumer detriment is smaller than 5% of the purchase price. This 90.8% consists of respondents with low expectations (36.9%), medium expectations (33.9%) and high expectations (20.0%).

Table 112: Share of respondents per cost category and expectation category (low estimate)

	Low cost				Medium cost				High cost			
	Low exp.	Med. exp.	High exp.	Total: Low cost	Low exp.	Med. exp.	High exp.	Total: Medium cost	Low exp.	Med. exp.	High exp.	Total: High cost
<b>EU28</b>	<b>37.8%</b>	<b>35.4%</b>	<b>15.5%</b>	<b>88.7%</b>	<b>0.0%</b>	<b>5.8%</b>	<b>3.9%</b>	<b>9.7%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>1.3%</b>	<b>1.6%</b>
AT	36.9%	33.9%	20.0%	<b>90.8%</b>	0.0%	4.7%	3.4%	<b>8.1%</b>	0.0%	0.0%	1.0%	<b>1.0%</b>
BE	37.4%	35.5%	15.5%	<b>88.4%</b>	0.0%	5.8%	4.4%	<b>10.2%</b>	0.0%	0.0%	1.5%	<b>1.5%</b>
BG	38.9%	32.8%	6.9%	<b>78.6%</b>	0.0%	12.8%	5.0%	<b>17.8%</b>	0.0%	1.5%	2.1%	<b>3.6%</b>
CY	43.3%	29.1%	10.8%	<b>83.2%</b>	0.0%	8.1%	8.6%	<b>16.7%</b>	0.0%	0.0%	0.0%	<b>0.0%</b>
CZ	33.6%	38.1%	13.5%	<b>85.2%</b>	0.0%	7.5%	6.8%	<b>14.3%</b>	0.0%	0.0%	0.5%	<b>0.5%</b>
DE	33.6%	34.1%	19.9%	<b>87.6%</b>	0.0%	6.5%	3.6%	<b>10.1%</b>	0.0%	0.5%	1.8%	<b>2.3%</b>
DK	43.8%	28.8%	17.3%	<b>89.9%</b>	0.0%	5.5%	2.5%	<b>8.0%</b>	0.0%	0.6%	1.6%	<b>2.2%</b>
EE	30.8%	36.7%	14.0%	<b>81.5%</b>	0.0%	7.8%	7.4%	<b>15.2%</b>	0.0%	0.0%	3.3%	<b>3.3%</b>
EL	36.7%	37.8%	11.0%	<b>85.5%</b>	0.0%	6.5%	5.4%	<b>11.9%</b>	0.0%	0.6%	1.9%	<b>2.5%</b>
ES	41.0%	30.8%	16.4%	<b>88.2%</b>	0.0%	5.2%	4.8%	<b>10.0%</b>	0.0%	0.4%	1.5%	<b>1.9%</b>
FI	40.4%	38.8%	17.1%	<b>96.3%</b>	0.0%	1.0%	2.6%	<b>3.6%</b>	0.0%	0.0%	0.2%	<b>0.2%</b>
FR	31.8%	43.2%	14.8%	<b>89.8%</b>	0.0%	6.4%	2.2%	<b>8.6%</b>	0.0%	0.0%	1.5%	<b>1.5%</b>
HR	32.3%	38.5%	18.8%	<b>89.6%</b>	0.0%	3.5%	6.0%	<b>9.5%</b>	0.0%	0.0%	0.9%	<b>0.9%</b>
HU	47.3%	28.8%	13.7%	<b>89.8%</b>	0.0%	4.7%	5.1%	<b>9.8%</b>	0.0%	0.2%	0.2%	<b>0.4%</b>
IE	37.0%	40.8%	12.4%	<b>90.2%</b>	0.0%	4.4%	4.2%	<b>8.6%</b>	0.0%	0.3%	0.8%	<b>1.1%</b>
IT	35.6%	35.4%	17.2%	<b>88.2%</b>	0.0%	3.5%	5.5%	<b>9.0%</b>	0.0%	0.8%	1.9%	<b>2.7%</b>
LT	36.2%	34.2%	12.3%	<b>82.7%</b>	0.0%	10.9%	4.8%	<b>15.7%</b>	0.0%	0.0%	1.6%	<b>1.6%</b>
LU	42.5%	38.7%	11.4%	<b>92.6%</b>	0.0%	2.9%	4.0%	<b>6.9%</b>	0.0%	0.0%	0.5%	<b>0.5%</b>
LV	36.1%	41.4%	11.0%	<b>88.5%</b>	0.0%	5.2%	6.1%	<b>11.3%</b>	0.0%	0.0%	0.4%	<b>0.4%</b>
MT	30.2%	38.7%	20.9%	<b>89.8%</b>	0.0%	1.2%	5.8%	<b>7.0%</b>	0.0%	1.2%	2.0%	<b>3.2%</b>
NL	38.8%	35.2%	14.7%	<b>88.7%</b>	0.0%	7.0%	2.8%	<b>9.8%</b>	0.0%	0.3%	1.3%	<b>1.6%</b>

	Low cost				Medium cost				High cost			
	Low exp.	Med. exp.	High exp.	Total: Low cost	Low exp.	Med. exp.	High exp.	Total: Medium cost	Low exp.	Med. exp.	High exp.	Total: High cost
PL	45.2%	31.4%	13.2%	<b>89.8%</b>	0.0%	5.7%	3.7%	<b>9.4%</b>	0.0%	0.0%	0.8%	<b>0.8%</b>
PT	42.5%	32.2%	16.7%	<b>91.4%</b>	0.0%	2.0%	5.1%	<b>7.1%</b>	0.0%	0.0%	1.4%	<b>1.4%</b>
RO	35.7%	36.8%	11.1%	<b>83.6%</b>	0.0%	9.6%	4.4%	<b>14.0%</b>	0.0%	0.3%	2.1%	<b>2.4%</b>
SE	37.4%	35.8%	14.7%	<b>87.9%</b>	0.0%	4.6%	6.0%	<b>10.6%</b>	0.0%	0.8%	0.8%	<b>1.6%</b>
SI	31.8%	32.3%	16.1%	<b>80.2%</b>	0.0%	9.3%	10.4%	<b>19.7%</b>	0.0%	0.0%	0.0%	<b>0.0%</b>
SK	30.9%	40.8%	14.0%	<b>85.7%</b>	0.0%	7.2%	6.0%	<b>13.2%</b>	0.0%	0.1%	1.0%	<b>1.1%</b>
UK	44.9%	35.6%	12.3%	<b>92.8%</b>	0.0%	3.8%	2.5%	<b>6.3%</b>	0.0%	0.4%	0.5%	<b>0.9%</b>
IS	40.7%	32.8%	16.0%	<b>89.5%</b>	0.0%	4.7%	4.1%	<b>8.8%</b>	0.0%	0.7%	1.1%	<b>1.8%</b>
NO	28.0%	49.1%	16.1%	<b>93.2%</b>	0.0%	5.8%	1.0%	<b>6.8%</b>	0.0%	0.0%	0.0%	<b>0.0%</b>

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

Table 113: Share of respondents per cost category and expectation category (high estimate)

	Low cost				Medium cost				High cost			
	Low exp.	Med. exp.	High exp.	Total: Low cost	Low exp.	Med. exp.	High exp.	Total: Medium cost	Low exp.	Med. exp.	High exp.	Total: High cost
<b>EU28</b>	<b>27.2%</b>	<b>26.8%</b>	<b>14.7%</b>	<b>68.7%</b>	<b>8.7%</b>	<b>10.3%</b>	<b>4.0%</b>	<b>23.0%</b>	<b>1.9%</b>	<b>4.5%</b>	<b>2.0%</b>	<b>8.4%</b>
AT	29.9%	26.7%	19.1%	<b>75.7%</b>	5.0%	8.6%	4.4%	<b>18.0%</b>	1.9%	3.3%	1.0%	<b>6.2%</b>
BE	25.1%	27.2%	14.5%	<b>66.8%</b>	9.0%	9.0%	4.6%	<b>22.6%</b>	3.3%	5.1%	2.3%	<b>10.7%</b>
BG	25.3%	17.7%	5.5%	<b>48.5%</b>	12.5%	19.2%	5.0%	<b>36.7%</b>	1.2%	10.2%	3.5%	<b>14.9%</b>
CY	30.1%	22.7%	10.8%	<b>63.6%</b>	13.2%	9.8%	8.6%	<b>31.6%</b>	0.0%	4.7%	0.0%	<b>4.7%</b>
CZ	25.2%	27.5%	12.7%	<b>65.4%</b>	6.9%	13.4%	6.7%	<b>27.0%</b>	1.4%	4.7%	1.4%	<b>7.5%</b>
DE	25.3%	25.7%	19.2%	<b>70.2%</b>	7.6%	9.7%	3.4%	<b>20.7%</b>	0.7%	5.6%	2.7%	<b>9.0%</b>
DK	32.0%	23.8%	16.4%	<b>72.2%</b>	9.9%	6.2%	2.9%	<b>19.0%</b>	1.8%	5.0%	2.0%	<b>8.8%</b>
EE	24.2%	28.4%	12.5%	<b>65.1%</b>	6.4%	10.0%	8.0%	<b>24.4%</b>	0.3%	6.0%	4.2%	<b>10.5%</b>
EL	24.1%	22.6%	9.1%	<b>55.8%</b>	11.1%	16.9%	6.1%	<b>34.1%</b>	1.5%	5.4%	3.2%	<b>10.1%</b>
ES	29.6%	24.1%	15.4%	<b>69.1%</b>	9.4%	7.7%	5.1%	<b>22.2%</b>	2.0%	4.7%	2.2%	<b>8.9%</b>
FI	32.9%	33.3%	15.6%	<b>81.8%</b>	5.2%	6.5%	4.0%	<b>15.7%</b>	2.3%	0.0%	0.2%	<b>2.5%</b>
FR	24.2%	37.2%	14.2%	<b>75.6%</b>	6.5%	9.0%	2.8%	<b>18.3%</b>	1.1%	3.4%	1.5%	<b>6.0%</b>
HR	25.6%	24.1%	18.0%	<b>67.7%</b>	6.3%	15.7%	5.8%	<b>27.8%</b>	0.4%	2.2%	1.8%	<b>4.4%</b>
HU	33.6%	20.3%	13.7%	<b>67.6%</b>	11.2%	10.4%	4.0%	<b>25.6%</b>	2.6%	3.0%	1.2%	<b>6.8%</b>
IE	27.9%	35.4%	10.9%	<b>74.2%</b>	7.6%	7.2%	5.7%	<b>20.5%</b>	1.5%	2.9%	0.8%	<b>5.2%</b>
IT	26.8%	25.0%	16.7%	<b>68.5%</b>	7.9%	11.5%	5.8%	<b>25.2%</b>	0.9%	3.3%	2.2%	<b>6.4%</b>
LT	22.1%	19.6%	11.0%	<b>52.7%</b>	13.2%	17.5%	5.1%	<b>35.8%</b>	0.9%	8.0%	2.5%	<b>11.4%</b>
LU	36.1%	28.6%	10.4%	<b>75.1%</b>	5.2%	10.9%	3.3%	<b>19.4%</b>	1.1%	2.1%	2.2%	<b>5.4%</b>
LV	24.9%	28.2%	10.2%	<b>63.3%</b>	9.7%	16.2%	5.8%	<b>31.7%</b>	1.5%	2.1%	1.4%	<b>5.0%</b>
MT	22.3%	33.0%	20.2%	<b>75.5%</b>	7.3%	6.3%	5.8%	<b>19.4%</b>	0.7%	1.9%	2.7%	<b>5.3%</b>
NL	24.9%	26.8%	14.1%	<b>65.8%</b>	10.5%	10.6%	3.5%	<b>24.6%</b>	3.4%	5.0%	1.3%	<b>9.7%</b>

	Low cost				Medium cost				High cost			
	Low exp.	Med. exp.	High exp.	Total: Low cost	Low exp.	Med. exp.	High exp.	Total: Medium cost	Low exp.	Med. exp.	High exp.	Total: High cost
PL	31.8%	21.3%	12.1%	<b>65.2%</b>	10.3%	11.6%	4.0%	<b>25.9%</b>	3.2%	4.2%	1.5%	<b>8.9%</b>
PT	32.1%	27.7%	14.6%	<b>74.4%</b>	9.1%	5.1%	5.5%	<b>19.7%</b>	1.4%	1.5%	3.2%	<b>6.1%</b>
RO	21.3%	25.9%	10.1%	<b>57.3%</b>	12.8%	17.7%	4.6%	<b>35.1%</b>	1.7%	3.1%	2.9%	<b>7.7%</b>
SE	25.0%	28.7%	13.2%	<b>66.9%</b>	8.0%	7.5%	6.5%	<b>22.0%</b>	4.4%	5.0%	1.8%	<b>11.2%</b>
SI	23.9%	19.2%	15.1%	<b>58.2%</b>	6.0%	14.8%	8.7%	<b>29.5%</b>	1.9%	7.6%	2.8%	<b>12.3%</b>
SK	22.4%	29.1%	12.3%	<b>63.8%</b>	7.4%	15.3%	7.3%	<b>30.0%</b>	1.1%	3.7%	1.4%	<b>6.2%</b>
UK	30.9%	28.6%	11.9%	<b>71.4%</b>	10.3%	7.5%	2.2%	<b>20.0%</b>	3.6%	3.7%	1.2%	<b>8.5%</b>
IS	25.5%	23.5%	14.2%	<b>63.2%</b>	14.5%	10.3%	3.5%	<b>28.3%</b>	0.7%	4.3%	3.4%	<b>8.4%</b>
NO	20.8%	43.9%	13.1%	<b>77.8%</b>	5.4%	5.9%	4.0%	<b>15.3%</b>	1.8%	5.1%	0.0%	<b>6.9%</b>

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)



The results are to some extent similar to those in Table 109, where the average consumer detriment is calculated per country. For example, in Bulgaria, where the average consumer detriment is high, the share of respondents with a high cost is also very high (1.2% + 10.2% + 3.5% = 14.9% in the high estimate case). In Finland, where the average consumer detriment is low, the share of respondents with a high cost is also very low (2.3% + 0.0% + 0.2% = 2.5% in the high estimate case above). Still, there are some differences with respect to the findings of the average consumer detriment. In Belgium, there is a large group with high costs (3.3% + 5.1% + 2.3% = 10.7% in the high estimate case), while the average consumer detriment (Table 109) was among the lower ones. This indicates that there is a large group of respondents who experienced problems, but the costs for these problems are rarely extreme. Similarly, there are countries such as Croatia where the average consumer detriment is high, but the share of respondents with a high cost is smaller than average (0.4% + 2.2% + 1.8% = 4.4% in the high estimate case). This indicates that there is a small group that experienced problems, but the costs for these problems were much more often extreme.

As explained in the methodology section, the key countries of interest are those that have many respondents who experienced high costs and who had prior high expectations, because this can indicate a low performance in the second-hand market. This combination of high encountered costs and high expectations was evident in many Eastern European countries, but also in the Netherlands, Belgium, Greece and Sweden.

When comparing tables 112 and 113, no major differences are apparent. The most notable difference is that in table 112, there is a shift compared to table 113, in terms of the shares of 'medium cost, low expectations' and 'high cost, low expectations' categories to the 'low cost, low expectations' category. This is because in the low estimate of consumer detriment, the costs for low expectations are estimated to be zero, which puts all low expectations respondents in the low cost category.

#### **5.1.5.3.2 Analysis of purchase characteristics**

This section further explores the calculated consumer detriment by analysing consumer detriment for specific groups. This is done by providing an average consumer detriment value per group type, as well as providing details on the size of each specific group, in order to measure the impact of that particular group on overall consumer detriment for the sample as a whole. It has to be noted that the sample size of each group is based on those selected respondents who experienced at least one post-purchase problem and is not based on the entire sample (i.e. does not include those respondents who experienced no post-purchase problems).

#### **Type of dealer**

This section checks for differences in consumer detriment resulting from cars bought from three groups: independent dealers, franchise dealers and auctions. The table below reports both the consumer detriment per type of dealer per country (left three columns) and the share of purchases per type of dealer (right three columns). For example, it indicates that for the EU28 as a whole the consumer detriment is €145 - €304, €146 - €323 and €219 - €429 for purchases from franchise dealers, independent dealers and auctions respectively, meaning that the level of consumer detriment is similar between independent and franchise dealerships, but much higher for cars bought at auction. The shares of purchases for these types of dealers are 34%, 60% and 6%

respectively, amongst those respondents who experienced problems with their second hand car up until 12 months after purchase.

Table 114: Consumer detriment per country in function of type of dealer

	Average detriment per dealership type			Sample share per dealership type		
	Franchise dealer	Independent dealer	Auction	Franchise dealer	Independent dealer	Auction
<b>EU28</b>	<b>€145 - €304</b>	<b>€146 - €323</b>	<b>€219 - €429</b>	<b>34%</b>	<b>60%</b>	<b>6%</b>
AT	€152 - €343	€118 - €252	€27 - €134	58%	39%	3%
BE	€138 - €284	€135 - €310	€183 - €353	38%	56%	6%
BG	€325 - €676	€210 - €476	€179 - €454	19%	80%	2%
CY	€226 - €478	€174 - €441	€0 - €77	30%	67%	3%
CZ	€207 - €469	€145 - €310	€122 - €352	13%	86%	1%
DE	€149 - €293	€143 - €294	€91 - €206	37%	60%	3%
DK	€124 - €267	€140 - €318	€180 - €448	35%	60%	6%
EE	€153 - €375	€415 - €705	€160 - €347	34%	62%	4%
EL	€192 - €433	€196 - €410	€156 - €453	51%	48%	1%
ES	€216 - €419	€157 - €351	€192 - €417	48%	49%	3%
FI	€68 - €154	€72 - €154	€174 - €371	50%	47%	3%
FR	€87 - €187	€126 - €274	€17 - €237	45%	53%	2%
HR	€220 - €443	€210 - €421	€86 - €178	37%	61%	2%
HU	€91 - €214	€188 - €404	€141 - €286	18%	77%	5%
IE	€121 - €228	€105 - €257	€13 - €72	37%	60%	2%
IT	€173 - €358	€147 - €333	€714 - €973	33%	63%	4%
LT	€307 - €695	€185 - €431	€243 - €376	9%	88%	3%
LU	€123 - €266	€304 - €606	€0 - €46	67%	32%	2%
LV	€394 - €642	€127 - €312	€308 - €475	12%	83%	5%
MT	€405 - €642	€176 - €348	€87 - €116	12%	88%	1%
NL	€97 - €252	€117 - €255	€233 - €353	30%	66%	4%
PL	€191 - €406	€187 - €454	€223 - €464	22%	56%	22%
PT	€169 - €323	€220 - €388	€60 - €181	33%	66%	1%
RO	€252 - €627	€260 - €541	€377 - €790	25%	70%	5%
SE	€176 - €368	€143 - €341	€170 - €326	46%	51%	3%
SI	€200 - €409	€220 - €451	€318 - €521	41%	57%	2%
SK	€185 - €363	€200 - €447	€36 - €222	28%	71%	2%
UK	€61 - €177	€66 - €174	€295 - €490	28%	66%	6%
IS	€93 - €248	€289 - €569	€397 - €675	42%	53%	5%
NO	€90 - €243	€123 - €277	€0 - €19	60%	39%	1%

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

In about half of the countries, the consumer detriment is smaller with franchise dealers compared to independent dealers. For the other half, it is the other way around. For most countries the difference is rather small. In countries where a large majority (more than 80%) of purchases of second hand cars that resulted in some kind of detriment came from independent dealers (Bulgaria, Czech Republic, Lithuania, Latvia, Malta), the actual consumer detriment was somewhat lower for independent dealers compared to franchise dealers, with the exception of Hungary. In Norway and Luxembourg, where more than 60% purchases that have resulted in detriment came from franchise

dealers, the consumer detriment with franchise dealers was found to be somewhat lower compared to independent dealers. For auctions the results are also diverse. This is also due to the fact that second-hand cars bought from auctions represent a large minority; the estimated consumer detriment is therefore less accurate to estimate.

### **Information search period**

In this section, consumer detriment is analysed according to the information search period, with buyers being classified according to how much time they spent searching for their second-hand car: less than 2 weeks, between 2 weeks and 1 month, or more than 1 month. Through this methodology, it is possible to assess whether those who spent less time searching experienced a larger post-purchase detriment due to problems than those who spent sufficient time looking prior to purchase. The table below reports both the consumer detriment per duration of the information search period per country (left three columns) and the share of purchases per duration of the information search period that have resulted in detriment (right three columns).

At EU28 level, consumer detriment appears to increase as the search period increases (€128 - €287 for less than 2 weeks of searching compared to €173 - €367 for more than 1 month of searching). However, this is also a result of other factors that impact on consumer detriment. For example, respondents in the EU13, where second-hand cars had a higher proportion of problems than in the EU15, tended to spend longer on their car search than respondents in the EU15. Another possible explanation might be that more experienced buyers need less time to search and are better at identifying a second-hand car in good condition.

Table 115: Consumer detriment per country in function of information search period

	Average detriment per search period			Sample share per search period		
	Less than 2 weeks	2 weeks to 1 month	More than 1 month	Less than 2 weeks	2 weeks to 1 month	More than 1 month
<b>EU28</b>	<b>€128 - €287</b>	<b>€145 - €310</b>	<b>€173 - €367</b>	<b>32%</b>	<b>33%</b>	<b>35%</b>
AT	€150 - €302	€107 - €254	€155 - €352	26%	38%	36%
BE	€117 - €262	€197 - €388	€120 - €287	45%	26%	29%
BG	€171 - €381	€242 - €524	€253 - €570	22%	33%	45%
CY	€257 - €678	€42 - €138	€208 - €453	24%	21%	55%
CZ	€70 - €190	€204 - €400	€173 - €375	28%	27%	45%
DE	€161 - €339	€110 - €228	€160 - €307	32%	33%	35%
DK	€111 - €257	€103 - €271	€182 - €376	33%	27%	40%
EE	€345 - €590	€227 - €539	€359 - €597	29%	30%	41%
EL	€169 - €439	€122 - €310	€243 - €486	14%	32%	54%
ES	€306 - €535	€138 - €306	€144 - €350	28%	35%	37%
FI	€82 - €166	€63 - €153	€71 - €161	38%	27%	35%
FR	€73 - €170	€107 - €246	€145 - €298	38%	30%	32%
HR	€153 - €300	€246 - €470	€212 - €446	21%	32%	47%
HU	€68 - €200	€212 - €416	€192 - €422	25%	36%	39%
IE	€34 - €130	€129 - €248	€138 - €307	25%	36%	39%
IT	€151 - €353	€180 - €349	€193 - €392	29%	38%	33%
LT	€144 - €338	€212 - €520	€222 - €487	28%	22%	49%
LU	€99 - €226	€98 - €291	€385 - €656	35%	38%	28%
LV	€153 - €319	€121 - €286	€200 - €419	29%	23%	49%
MT	€203 - €380	€203 - €355	€201 - €398	31%	27%	42%
NL	€63 - €172	€109 - €255	€195 - €380	41%	30%	29%
PL	€160 - €382	€203 - €446	€215 - €491	27%	36%	37%
PT	€156 - €279	€166 - €311	€260 - €466	27%	33%	40%
RO	€215 - €491	€288 - €615	€276 - €595	26%	30%	44%
SE	€192 - €412	€130 - €309	€155 - €333	36%	36%	29%
SI	€64 - €229	€164 - €396	€304 - €539	17%	35%	48%
SK	€147 - €342	€206 - €436	€210 - €452	25%	30%	46%
UK	€49 - €149	€109 - €225	€84 - €220	40%	32%	28%
IS	€195 - €378	€155 - €395	€270 - €529	35%	27%	38%
NO	€100 - €220	€75 - €254	€120 - €284	36%	25%	40%

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

At first sight, there is no clear trend present that is consistent between countries. When looking closer, consumer detriment increases with the duration of the information search period for many countries (Bulgaria, France, Ireland, Luxembourg, Latvia, Netherlands, Portugal and Slovenia). The opposite – a decreasing consumer detriment with the duration of the information search period – did not happen in any countries.

### **Extent of car knowledge**

This section checks for differences in consumer detriment between buyers classified according to their score on car knowledge questions 51 and 52 of the consumer survey questionnaire: 0 out of 2 questions correct, 1 out of 2 correct, or both correct. The table below reports both the consumer detriment per score (left three columns) and the share of second hand car purchases that have resulted in detriment per score of correct answers given by respondents (right three columns).

The following table indicates that consumer detriment is highest when respondents answered both answers incorrectly (€193 - €388), in comparison to when respondents answered either one or both knowledge test questions correctly (€139 - €328 and €144 - €304 respectively). This shows that more knowledgeable consumers tend to have a reduced level of consumer detriment in comparison to those with a low knowledge level. This was particularly notable for countries like Romania, Austria, Greece, Italy and Belgium.

Table 11.6: Consumer detriment per country in function of score on car knowledge questions

	Average detriment per knowledge level			Sample share per knowledge		
	Both incorrect	1 out of 2 correct	Both correct	Both incorrect	1 out of 2 correct	Both correct
<b>EU28</b>	<b>€193 - €388</b>	<b>€139 - €328</b>	<b>€144 - €304</b>	<b>14%</b>	<b>30%</b>	<b>56%</b>
AT	€305 - €699	€138 - €309	€113 - €249	8%	24%	67%
BE	€162 - €368	€138 - €300	€131 - €278	18%	38%	44%
BG	€315 - €597	€196 - €481	€242 - €522	8%	37%	56%
CY	€178 - €375	€155 - €377	€205 - €509	20%	31%	48%
CZ	€224 - €498	€103 - €240	€163 - €348	4%	23%	73%
DE	€180 - €312	€104 - €283	€157 - €292	9%	29%	62%
DK	€88 - €251	€126 - €290	€157 - €334	16%	29%	55%
EE	€268 - €552	€181 - €380	€423 - €727	12%	37%	51%
EL	€275 - €557	€225 - €486	€172 - €383	8%	23%	68%
ES	€183 - €378	€258 - €486	€123 - €298	24%	36%	40%
FI	€40 - €149	€93 - €187	€62 - €142	6%	40%	54%
FR	€128 - €265	€108 - €250	€100 - €219	14%	28%	57%
HR	€166 - €536	€160 - €343	€228 - €440	4%	22%	74%
HU	€190 - €347	€226 - €437	€141 - €337	11%	26%	64%
IE	€81 - €224	€51 - €111	€133 - €290	8%	24%	68%
IT	€247 - €453	€168 - €405	€155 - €311	19%	27%	54%
LT	€225 - €445	€187 - €450	€196 - €460	21%	44%	36%
LU	€254 - €398	€73 - €266	€216 - €413	7%	29%	64%
LV	€179 - €377	€169 - €344	€147 - €369	34%	47%	20%
MT	€280 - €516	€173 - €359	€186 - €334	22%	30%	48%
NL	€67 - €213	€157 - €315	€99 - €213	28%	44%	28%
PL	€263 - €515	€157 - €373	€202 - €477	17%	36%	47%
PT	€227 - €382	€175 - €353	€212 - €368	11%	34%	55%
RO	€420 - €791	€289 - €629	€191 - €459	18%	33%	49%
SE	€186 - €394	€175 - €427	€147 - €309	12%	28%	59%
SI	€66 - €242	€225 - €484	€222 - €433	6%	27%	67%
SK	€180 - €541	€153 - €356	€214 - €439	6%	30%	64%
UK	€184 - €398	€54 - €183	€60 - €145	15%	24%	60%
IS	€133 - €455	€262 - €491	€191 - €391	12%	41%	47%
NO	€35 - €125	€132 - €306	€92 - €236	3%	29%	68%

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

### Covered by guarantee

This section looks at differences in consumer detriment between cars bought with and without guarantee. It can be assumed that “guarantee” implicitly includes both legal and commercial guarantees. The table below reports both the consumer detriment for purchases with and without guarantee (left two columns) and the share of purchases of second hand cars that resulted in consumer detriment for those respondents with or without guarantee (right two columns).

As it can be seen, at EU28 level, the consumer detriment was estimated between €122 - €249 when respondents had a guarantee on their car, €161 - €353 when they did not have a guarantee and €153 – €334 when respondents did not know whether or not the (biggest) problem that they experienced was covered by guarantee. The shares of purchases with and without guarantee were 27% and 62% respectively.

Table 117: Consumer detriment per country in function of guarantee

	Average detriment by guarantee coverage			Sample share by guarantee		
	Covered by guarantee	Not covered by guarantee	Don't know	Covered by guarantee	Not covered by guarantee	Don't know
<b>EU28</b>	<b>€122 - €249</b>	<b>€161 - €353</b>	<b>€153 - €334</b>	<b>27%</b>	<b>62%</b>	<b>11%</b>
AT	€66 - €152	€148 - €346	€322 - €592	33%	58%	9%
BE	€112 - €255	€127 - €300	€256 - €435	35%	51%	14%
BG	€160 - €348	€248 - €552	€138 - €304	8%	83%	10%
CY	€59 - €160	€248 - €579	€52 - €214	29%	66%	5%
CZ	€101 - €230	€156 - €344	€170 - €346	13%	62%	25%
DE	€95 - €175	€177 - €356	€80 - €238	30%	61%	9%
DK	€107 - €214	€154 - €350	€148 - €384	35%	51%	14%
EE	€177 - €371	€323 - €580	€362 - €689	10%	73%	17%
EL	€198 - €355	€202 - €461	€88 - €218	20%	72%	7%
ES	€164 - €336	€128 - €316	€434 - €751	43%	43%	14%
FI	€75 - €161	€76 - €164	€52 - €141	13%	76%	11%
FR	€55 - €145	€146 - €295	€64 - €209	35%	56%	9%
HR	€164 - €301	€218 - €446	€214 - €405	14%	80%	6%
HU	€97 - €248	€178 - €389	€176 - €346	12%	68%	20%
IE	€59 - €108	€145 - €335	€64 - €138	31%	57%	12%
IT	€221 - €431	€149 - €332	€197 - €350	31%	59%	10%
LT	€175 - €441	€214 - €479	€71 - €226	7%	84%	9%
LU	€106 - €211	€236 - €482	€69 - €226	33%	58%	9%
LV	€63 - €183	€182 - €384	€49 - €143	4%	89%	7%
MT	€145 - €278	€242 - €431	€105 - €271	11%	68%	21%
NL	€131 - €243	€118 - €279	€56 - €210	36%	52%	12%
PL	€253 - €514	€173 - €414	€257 - €540	15%	72%	14%
PT	€174 - €290	€225 - €416	€167 - €351	36%	54%	9%
RO	€370 - €671	€243 - €553	€316 - €642	10%	79%	11%
SE	€113 - €224	€194 - €440	€130 - €306	31%	54%	15%
SI	€226 - €403	€213 - €440	€197 - €444	14%	77%	8%
SK	€206 - €428	€218 - €464	€114 - €295	18%	60%	22%
UK	€89 - €210	€80 - €202	€35 - €93	31%	59%	10%
IS	€24 - €97	€267 - €536	€64 - €176	11%	76%	14%
NO	€81 - €176	€98 - €285	€186 - €334	34%	55%	11%

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)



For most countries the consumer detriment decreases for respondents in possession of a guarantee. The opposite took place only in Spain, Italy, Poland and Romania. The difference for most countries was between 50€ and 150€ in the low estimate of consumer detriment and between 100€ and 200€ in the high estimate of consumer detriment. This decrease in case of possession of a guarantee is rather intuitive, because in the case of a guarantee some of the incurred costs would not be paid by the purchaser, but instead by the trader. An increase in case of respondents with a guarantee could be interpreted in that cars that are sold under a guarantee might be structurally different and are much more likely to incur costly problems not falling under the scope of the guarantee.

Another clear difference is that the share of cars sold under guarantee for those respondents that experienced problems was much lower in Eastern European countries (10-15%) compared to Western Europe (30-35%). Thus, it can be deduced that the high consumer detriment in Eastern Europe is likely to be linked to the lower share of cars sold under a guarantee.

### **Car age**

This section looks at differences in consumer detriment between younger and older second-hand cars. The table below reports both the consumer detriment for cars up to 2 years old, 3 to 4 years old, 5 to 6 years old, 7 to 10 years old and cars more than 10 years old (left five columns) and the share of purchases for those respondents who had purchased a car that resulted in detriment under these five categories (right five columns).

Contrary to what might have been expected, there doesn't appear to be a strong relationship between consumer detriment and car age, with the most notable finding being that cars aged 3 to 4 years old have a lower consumer detriment score (€112 - €258) than the other four car age categories. This may reflect the fact that repairs for cars of the youngest age group (< 2 years) were very expensive due to the cars' higher initial values, despite the fact that older cars had a higher prevalence of problems that required addressing and problems with older cars were less likely to be covered by a guarantee. It might also mean that those respondents who had purchased a car of a much higher age had much lower expectations with their car, a fact that was factored into the equation when estimating consumer detriment. The shares of purchases for the five age categories were 21%, 16%, 14%, 24% and 25% respectively.

Table 118: Consumer detriment per country in function of car age

	Average detriment by car age					Sample share by car age				
	Up to 2 years old	3 to 4 years old	5 to 6 years old	7 to 10 years old	More than 10 years old	Up to 2 years old	3 to 4 years old	5 to 6 years old	7 to 10 years old	More than 10 years old
<b>EU28</b>	<b>€147 - €320</b>	<b>€112 - €258</b>	<b>€158 - €360</b>	<b>€152 - €343</b>	<b>€169 - €327</b>	<b>21%</b>	<b>16%</b>	<b>14%</b>	<b>24%</b>	<b>25%</b>
AT	€175 - €400	€62 - €166	€139 - €312	€148 - €301	€140 - €306	24%	19%	16%	22%	18%
BE	€87 - €195	€132 - €308	€145 - €353	€228 - €415	€87 - €219	15%	18%	19%	23%	25%
BG	€129 - €358	€296 - €556	€671 - €1057	€255 - €556	€181 - €450	5%	4%	6%	25%	60%
CY	€51 - €209	€235 - €612	€229 - €522	€207 - €403	€98 - €194	14%	33%	20%	20%	13%
CZ	€147 - €356	€251 - €422	€271 - €496	€112 - €275	€111 - €249	27%	5%	15%	23%	30%
DE	€110 - €204	€102 - €246	€132 - €289	€176 - €395	€170 - €300	21%	16%	12%	22%	30%
DK	€103 - €230	€56 - €232	€117 - €294	€83 - €221	€226 - €436	15%	12%	14%	25%	35%
EE	€373 - €691	€461 - €858	€273 - €521	€212 - €442	€309 - €487	10%	19%	23%	22%	25%
EL	€212 - €475	€103 - €293	€268 - €570	€219 - €450	€168 - €351	12%	18%	19%	25%	26%
ES	€280 - €498	€149 - €406	€177 - €374	€104 - €254	€182 - €357	29%	18%	12%	23%	19%
FI	€79 - €199	€63 - €144	€47 - €135	€123 - €232	€42 - €97	11%	16%	19%	28%	26%
FR	€138 - €312	€46 - €116	€132 - €267	€97 - €218	€124 - €259	23%	21%	14%	21%	22%
HR	€253 - €497	€148 - €330	€229 - €438	€240 - €515	€185 - €332	19%	19%	13%	26%	24%
HU	€108 - €274	€155 - €362	€258 - €502	€231 - €473	€120 - €277	14%	11%	13%	25%	37%
IE	€94 - €268	€115 - €242	€87 - €214	€75 - €167	€273 - €491	15%	26%	24%	26%	9%
IT	€148 - €318	€195 - €374	€137 - €333	€173 - €393	€238 - €415	25%	17%	18%	22%	19%
LT	€261 - €564	€184 - €545	€278 - €563	€162 - €447	€183 - €364	12%	7%	13%	33%	36%
LU	€60 - €194	€106 - €300	€219 - €433	€128 - €347	€636 - €934	37%	20%	17%	14%	13%
LV	€27 - €101	€112 - €354	€188 - €371	€215 - €433	€160 - €340	6%	9%	14%	30%	41%
MT	€279 - €443	€123 - €242	€87 - €290	€144 - €290	€308 - €560	28%	21%	18%	12%	22%
NL	€59 - €139	€37 - €119	€169 - €461	€216 - €406	€89 - €203	17%	13%	12%	23%	35%
PL	€217 - €474	€176 - €377	€215 - €564	€204 - €496	€166 - €350	28%	12%	13%	21%	26%
PT	€147 - €284	€306 - €525	€110 - €233	€129 - €273	€254 - €430	18%	17%	13%	19%	33%

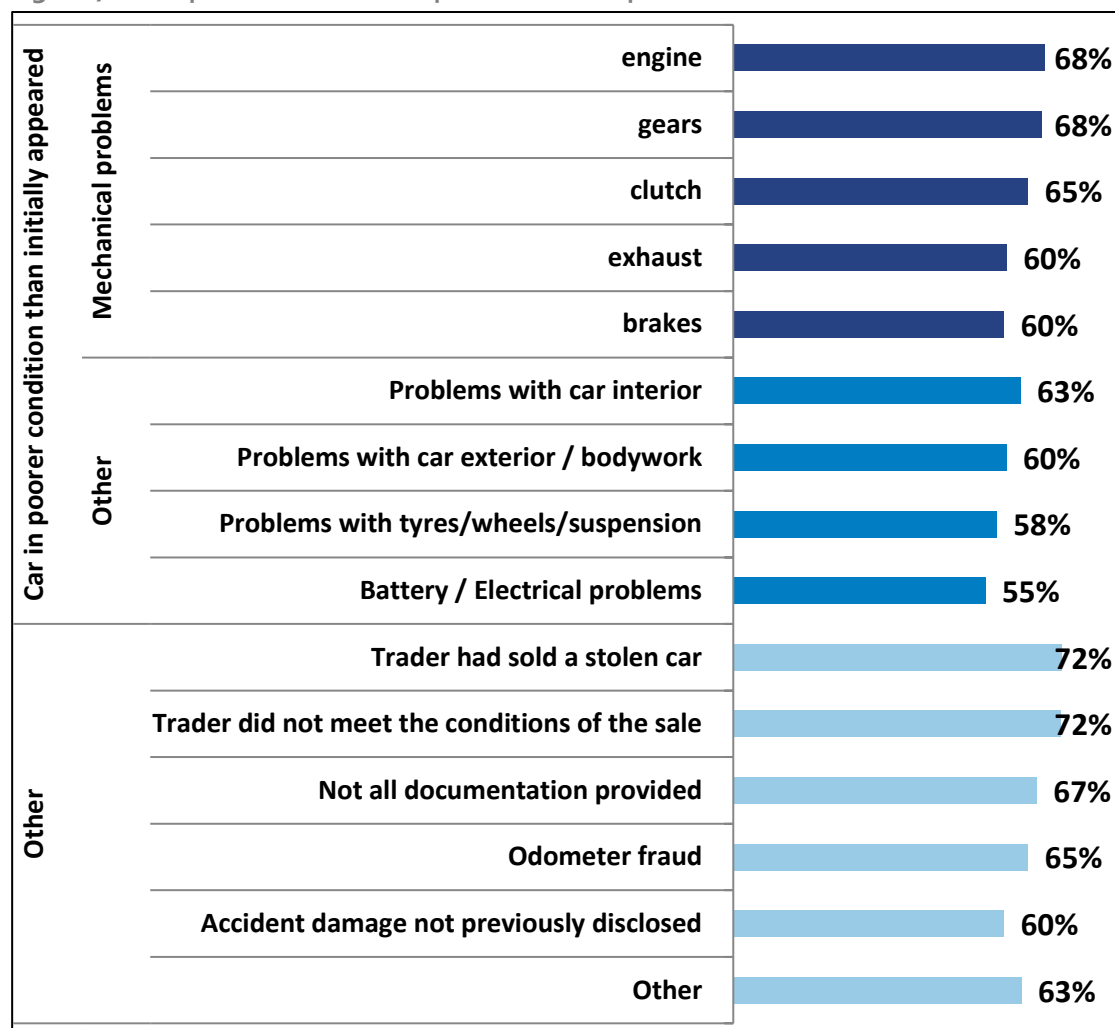
	Average detriment by car age					Sample share by car age				
	Up to 2 years old	3 to 4 years old	5 to 6 years old	7 to 10 years old	More than 10 years old	Up to 2 years old	3 to 4 years old	5 to 6 years old	7 to 10 years old	More than 10 years old
RO	€287 - €661	€240 - €539	€230 - €579	€246 - €529	€298 - €546	25%	18%	12%	24%	20%
SE	€78 - €331	€200 - €378	€250 - €527	€190 - €372	€101 - €226	17%	17%	14%	27%	24%
SI	€318 - €607	€294 - €595	€165 - €355	€219 - €460	€115 - €231	16%	14%	18%	31%	21%
SK	€162 - €413	€144 - €342	€190 - €444	€236 - €482	€203 - €394	11%	20%	21%	28%	21%
UK	€48 - €163	€36 - €119	€59 - €209	€52 - €156	€272 - €429	19%	21%	15%	32%	13%
IS	€79 - €187	€139 - €266	€291 - €533	€255 - €506	€113 - €358	6%	9%	26%	38%	21%
NO	€57 - €170	€76 - €195	€73 - €244	€116 - €281	€154 - €317	8%	23%	21%	26%	23%

Base: Consumer respondents selected for consumer detriment analysis and experiencing at least one post-purchase problem (N=11,227)

## 5.2 Complaints

When problems with the second hand car arose after the purchase, **three out of five respondents made complaints**. Respondents were most likely to complain when the car they were sold was stolen or the trader did not honour the conditions of the sale (in both cases 72% of buyers complained) and least likely to complain when the problem was associated with the car's battery or electrical equipment (55%). Sixty-five percent of those discovering that the odometer on their car had been tampered with made a complaint.

Figure 70 Complaints made when problems were present



Source: Consumer Survey Q41: For each of these problems selected, please identify whether you complained. (EU28 N=11,424)

The following table provides details on who the consumer respondent complained to about each type of problem<sup>99</sup>. Complaints about mechanical problems, particularly problems with the engine, were more likely to have been addressed to the trader (over a third of those reporting engine

<sup>99</sup> In order to facilitate comparison to the Market Monitoring survey, the bodies and individuals to which consumers may have complained are the same in this study as in the Market Monitoring study.

problems did so to the trader) than problems involving illegal activity, such as odometer fraud (only 14% complained to trader) or stolen cars (11% complained to trader). The latter problems were more likely to be reported to third party organisations<sup>100</sup> or dispute resolution entities<sup>101</sup>. Smaller proportions complained to family and friends about having been sold a stolen car than with other problems.

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<sup>100</sup> E.g. a public authority, consumer organization, or regulator

<sup>101</sup> A body that settles a dispute between a trader and a customer (e.g. an Ombudsman, a mediator, an arbitrator)

Table 119 Who the consumer respondent complained to

	Complained to trader	Complained to friends, family, relatives etc.	Complained to a third-party organisation <sup>102</sup>	Complained to out-of-court dispute resolution entity	Complained to the manufacturer	Did not complain
Mechanical Problems: engine	<b>35%</b>	13%	11%	11%	7%	<b>32%</b>
Mechanical Problems: gears	27%	14%	15%	12%	10%	<b>32%</b>
Mechanical Problems: clutch	24%	14%	15%	11%	10%	<b>35%</b>
Mechanical Problems: exhaust	25%	13%	13%	10%	7%	<b>40%</b>
Mechanical Problems: brakes	28%	12%	12%	7%	7%	<b>41%</b>
Problems with car interior	28%	14%	9%	9%	<b>10%</b>	<b>37%</b>
Problems with car exterior / bodywork	26%	14%	11%	9%	8%	<b>40%</b>
Problems with tyres/wheels/suspension	29%	14%	<b>9%</b>	7%	<b>7%</b>	<b>42%</b>
Battery / electrical problems	<b>32%</b>	11%	<b>7%</b>	<b>5%</b>	<b>6%</b>	<b>45%</b>
Trader had sold a stolen car	<b>11%</b>	<b>9%</b>	<b>25%</b>	<b>22%</b>	<b>12%</b>	<b>28%</b>
Trader did not meet the conditions of the sale	28%	15%	<b>18%</b>	13%	9%	<b>28%</b>
Not all documentation provided	30%	12%	12%	12%	8%	<b>33%</b>
Odometer fraud (odometer was rolled back)	<b>14%</b>	15%	<b>18%</b>	<b>16%</b>	10%	<b>35%</b>
Accident damage not previously been disclosed	<b>19%</b>	15%	12%	10%	9%	<b>41%</b>
Other	25%	11%	13%	13%	9%	<b>37%</b>

Source: Consumer Survey Q41: For each of these problems selected, please identify whether you complained and who you complained to. (EU28 N=11,424)

<sup>102</sup> E.g. a public authority, consumer organization, or regulator

Across all complaint types, **complaints were more commonly made directly to the trader (27% on average) if the trader was a franchise dealer (31%** and linked to this by people in the 55+ age group and in EU15 countries) and **more commonly to third parties (12% on average) if cars were purchased at an auction (18%) or imported from abroad (17%)**. Men were more likely to complain to a third party organisation or an out-of-court dispute resolution entity (14% and 11% vs. 9% and 7% for women respectively); women were more likely to complain to family or friends (16% vs. 11% for men).

Certain consumer types were generally less likely to complain across most problem types. **Respondents buying from independent dealers (41%) were consistently less likely to complain than others across all problem types**. Women (40%) were also more likely to not complain at all, across many types of problems. The oldest (49%) or middle age (42%) groups of respondents tended to be more likely to not complain about most problems than the youngest age group (32%).

When it comes to analysis by country, **those living in the EU15 were more likely to complain than EU13 respondents**. In Latvia (72%), Bulgaria (71%), Estonia (68%) and Lithuania (65%), a large proportion of respondents did not complain at all about the problems encountered. This is indicative of shortcomings in the second-hand car market in these four countries – meaning that consumer respondents are either not willing to complain, not knowing who to complain to or assessing that they won't be able to obtain a solution to a problem encountered with their second-hand car.

Conversely, consumer respondents were most likely to make a complaint in the UK (72% of respondents did complain about their problem), Austria (71%) and Germany (70%).

As shown in the tables below, complaints to the trader (27% on average) were most common in Norway (47%) and Ireland (45%), complaints to a third-party organisation (12%) were highest in Spain (17%) and Poland (16%), whereas complaints to an out-of-court dispute resolution entity (10%) were reported more by respondents in Spain (15%) and Poland (14%). Respondents in the Czech Republic (29%), Lithuania (27%) and Cyprus (23%) expressed their complaints to friends and family more often than EU average (13%).

Table 120 Who the respondent complained to, by socio-demographics

	Complained to trader	Complained to friends, family, relatives etc.	Complained to a third-party organisation	Complained to out-of-court dispute resolution entity	Complained to the manufacturer	Did not complain
<b>EU28</b>	<b>27%</b>	<b>13%</b>	<b>12%</b>	<b>10%</b>	<b>8%</b>	<b>38%</b>
EU15	31%	12%	12%	10%	9%	<b>33%</b>
EU13	<b>17%</b>	16%	12%	10%	6%	<b>47%</b>
Male	26%	<b>11%</b>	<b>14%</b>	<b>11%</b>	9%	<b>36%</b>
Female	28%	<b>16%</b>	<b>9%</b>	<b>7%</b>	6%	<b>40%</b>
18-34	<b>23%</b>	<b>15%</b>	<b>16%</b>	<b>12%</b>	<b>10%</b>	<b>32%</b>
35-54	31%	12%	8%	9%	6%	<b>42%</b>
55+	32%	9%	9%	<b>4%</b>	<b>4%</b>	<b>49%</b>
Primary / partial secondary	23%	11%	14%	12%	11%	<b>38%</b>
Completed secondary	27%	13%	<b>10%</b>	<b>8%</b>	<b>6%</b>	<b>40%</b>
(Post-)Graduate	27%	14%	14%	11%	9%	<b>35%</b>
Low income	<b>23%</b>	14%	<b>14%</b>	12%	10%	<b>35%</b>
Medium income	29%	13%	11%	<b>7%</b>	6%	<b>39%</b>
High income	31%	12%	11%	11%	8%	<b>37%</b>
Imported	<b>16%</b>	14%	<b>17%</b>	<b>14%</b>	12%	<b>32%</b>
Franchise	<b>31%</b>	12%	14%	12%	10%	<b>30%</b>
Independent	25%	14%	11%	<b>8%</b>	<b>7%</b>	<b>41%</b>
Auction	<b>18%</b>	10%	<b>18%</b>	<b>15%</b>	<b>14%</b>	<b>32%</b>

Source: Consumer Survey Q41: For each of these problems selected, please identify whether you complained and who you complained to. (EU28 N=11,424)



Table 121 Who the respondent complained to, by country

	Complained to trader	Complained to friends, family, relatives, etc	Complained to a third-party organisation	Complained to out-of-court dispute resolution entity	Complained to the manufacturer	Did not complain
<b>EU28</b>	<b>27%</b>	<b>13%</b>	<b>12%</b>	<b>10%</b>	<b>8%</b>	<b>38%</b>
LV	<b>8%</b>	18%	3%	2%	1%	<b>72%</b>
BG	<b>6%</b>	16%	3%	4%	3%	<b>71%</b>
EE	16%	15%	3%	1%	2%	<b>68%</b>
LT	<b>6%</b>	<b>27%</b>	2%	2%	1%	<b>65%</b>
MT	18%	20%	4%	1%	4%	<b>55%</b>
SK	23%	20%	5%	2%	2%	<b>52%</b>
HU	18%	16%	6%	7%	6%	<b>52%</b>
HR	27%	21%	3%	4%	3%	<b>49%</b>
SI	29%	17%	5%	2%	5%	<b>48%</b>
BE	24%	13%	8%	8%	6%	<b>46%</b>
FI	24%	14%	8%	9%	6%	<b>45%</b>
RO	14%	19%	13%	10%	8%	<b>45%</b>
CZ	20%	<b>29%</b>	8%	4%	3%	<b>42%</b>
PL	18%	12%	<b>16%</b>	<b>14%</b>	8%	<b>41%</b>
SE	22%	11%	17%	9%	6%	<b>40%</b>
FR	25%	12%	11%	10%	<b>11%</b>	<b>39%</b>
NL	25%	10%	14%	13%	8%	<b>37%</b>
CY	35%	<b>23%</b>	7%	3%	5%	<b>35%</b>
PT	<b>40%</b>	17%	7%	5%	5%	<b>35%</b>
DK	30%	<b>8%</b>	13%	10%	10%	<b>34%</b>
ES	25%	10%	<b>17%</b>	<b>15%</b>	<b>11%</b>	<b>34%</b>
IE	<b>45%</b>	14%	7%	4%	5%	<b>34%</b>
IT	26%	9%	14%	<b>13%</b>	10%	<b>33%</b>
LU	36%	19%	7%	11%	5%	<b>33%</b>

	Complained to trader	Complained to friends, family, relatives, etc	Complained to a third-party organisation	Complained to out-of-court dispute resolution entity	Complained to the manufacturer	<i>Did not complain</i>
EL	36%	22%	8%	10%	4%	<b>32%</b>
DE	<b>41%</b>	12%	10%	5%	7%	<b>30%</b>
AT	<b>42%</b>	13%	8%	6%	10%	<b>29%</b>
UK	32%	15%	15%	<b>13%</b>	<b>11%</b>	<b>28%</b>
IS	23%	12%	4%	2%	1%	<b>63%</b>
NO	<b>47%</b>	17%	3%	2%	4%	<b>38%</b>

Source: Consumer Survey Q41: For each of these problems selected, please identify whether you complained and who you complained to. (N=11,812)

### 5.3 Complaint handling

Stakeholders were asked about the extent to which car dealers would fix a problem when a consumer made a legitimate complaint. This question was asked both for problems covered by guarantee and problems not covered by guarantee<sup>103</sup>, in order to assess the importance of guarantees in terms of dealers' actions. The average score was 5.2 for legitimate complaints made that involved a problem not covered by guarantee and 7.6 for legitimate complaints made where the problem was covered by guarantee<sup>104</sup>. This shows the importance of a consumer having a guarantee on their second-hand car, in order to have increased chances to have their post-sale complaints addressed.

Considering the legitimate complaints made without guarantee, stakeholders generally quoted the following reasons for dealers resolving such complaints:

- For commercial reasons, to ensure that the consumers would use this dealership again in the future (*cited by 8 stakeholders*);
- To enhance their reputation via good word-of-mouth (*cited by 7 stakeholders*).

Considering the legitimate complaints made that were covered by guarantee, the main reasons that stakeholders gave for dealers resolving such complaints were:

- As above, for commercial reasons (both ensuring customer loyalty and enhancing reputation) (*cited by 4 stakeholders*);
- Due to legal obligations (*cited by 7 stakeholders*).

However, a significant proportion of dealers preferred not to repair the car, with stakeholders citing that dealers tried to avoid costs by not repairing cars post-sale. The likelihood of the dealer repairing the car depends greatly on whether or not the car was covered by guarantee – approximately a quarter of stakeholders said that the dealer would never or almost never repair a second-hand car not covered by guarantee, whilst approximately a tenth of stakeholders said that the dealer would never or almost never repair a second-hand car when the problem was covered by guarantee.

Answers differed by dealership type, with consumer-representing stakeholders (e.g. consumer organisations, automobile clubs) being more likely to say that dealers were acting illegally and trade-representing stakeholders (e.g. associations of dealers/repairers, trade associations) more likely to say that consumers were incorrectly complaining about problems that were not covered by a legal or commercial guarantee.

*“The dealer won’t do it, unless forced into it” (Consumer Organisation)*

*“The dealer thinks ‘if you have seen it and bought it, now it yours. I’m not guaranteeing that it won’t have problems in 3 months’ time” (Insurance Association)*

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<sup>103</sup> On a scale of 1 to 10, where 1 indicated 'never' and 10 indicated 'all of the time'. The phrase "guarantee" was used for this question about handling post-purchase problems rather than "legal / commercial guarantee". This simplified the question for the stakeholder respondents, which was necessary due to the finding that many stakeholders struggled to differentiate between legal and commercial guarantees. It can be assumed for this question that the phrase "guarantee" implicitly includes both legal and commercial guarantees.

<sup>104</sup> Based on 25 stakeholders who answered the 'not under guarantee' question and 32 stakeholders who answered the 'under guarantee' question.

*"Dealers can't just trick people on the guarantee. The burden of proof is on the dealer, so they should investigate the complaint" (Public Authority)*

*"One possible reason is that customers make excessive demands which cannot be met. Furthermore, there are cases of lacking support from the manufacturer in solving technical problems" (Association of Dealers/Repairers)*

*"There may be overly high consumer expectations - due to the consumer not understanding their contract - thus, there is a need to make things clearer" (Insurance Association)*

Consumer respondents surveyed who had made a complaint were subsequently asked how the trader reacted to their complaint. When complaining to the trader, regardless of the specific problem at hand, buyers of second-hand cars mostly got their car repaired free of charge (44%), or at a discounted rate (16%). Both of these outcomes, but particularly free repairs were much less likely to take place when the car was bought at an auction (20% vs. 44% for the sample as a whole). Franchise dealers were more likely to repair the car free of charge (for 54% of complainants) than independent dealers (40% of complainants). Furthermore, repairing the car free of charge was much more common in the EU15 (47%) than the EU13 (30%). Buyers of cars at auction were more likely than others to receive no refund or resolution at all (27% vs. 20%).

**Overall, one in five consumer respondents who complained to a trader did not receive any refund, repair, replacement or documentation necessary to fix their problem.** Partial refunds were more common for faulty cars bought at an auction (17%) or purchased from abroad (9%) than the sample as a whole (5%). A similar pattern emerges for traders replacing faulty cars (5% for auctioned cars and cars purchased from abroad, compared to only 1% for the sample as a whole).

Cars for which the problem was covered by guarantee<sup>105</sup> were much more likely to be repaired free of charge than for problems not covered by guarantee (71% vs. 21%). Conversely, those respondents who complained about a problem without having a guarantee were much more likely to state that they received no refund, repair or documentation (35% vs. 3% for those under a guarantee), which further underlines the importance of being in possession of guarantees to resolve any post-purchase problem.

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<sup>105</sup> The phrase "guarantee" was used for this question about post-purchase problems rather than "legal / commercial guarantee". This simplified the question for the respondent, especially those respondents who had difficulty understanding what a legal guarantee is. It can be assumed for this question that the phrase "guarantee" implicitly includes both legal and commercial guarantees.

Table 122 Complaint handling, by socio-demographics

	Received a full refund	Received a partial refund	Car repaired free of charge	Car was repaired at discounted rate	Trader replaced the car	Received the missing documentation	Received no refund, repair, replacement or documentation	Other
<b>EU28</b>	<b>3%</b>	<b>5%</b>	<b>44%</b>	<b>16%</b>	<b>1%</b>	<b>5%</b>	<b>20%</b>	<b>5%</b>
EU15	3%	5%	47%	16%	1%	4%	20%	5%
EU13	5%	7%	30%	17%	3%	7%	23%	7%
Male	4%	7%	43%	16%	1%	5%	19%	4%
Female	2%	3%	46%	16%	1%	4%	22%	7%
18-34	5%	7%	41%	18%	2%	4%	20%	4%
35-54	2%	4%	49%	15%	1%	4%	20%	6%
55+	1%	3%	44%	17%	1%	6%	22%	6%
Primary / partial secondary	4%	7%	40%	17%	1%	7%	20%	5%
Completed secondary	3%	6%	44%	16%	1%	4%	22%	5%
(Post-)Graduate	4%	5%	45%	16%	1%	5%	19%	5%
Low income	5%	9%	39%	16%	1%	4%	21%	5%
Medium income	1%	4%	49%	17%	1%	4%	19%	5%
High income	4%	3%	48%	15%	2%	6%	17%	5%
Imported from abroad	4%	9%	35%	20%	5%	5%	18%	5%
Franchise dealer	4%	4%	54%	15%	1%	3%	16%	3%
Independent dealer	3%	5%	40%	18%	1%	5%	23%	7%
Auction	3%	17%	20%	13%	5%	12%	27%	3%
Covered by guarantee	5%	5%	71%	10%	1%	3%	3%	3%
Not covered by guarantee	2%	6%	21%	23%	1%	5%	35%	7%
Don't know if covered	1%	3%	42%	11%	4%	9%	21%	8%

Source: Consumer Survey Q44: Thinking about the problem / biggest problem that you experienced where you complained to the trader, what was the eventual outcome of this problem? (EU28 N=4176)

When it comes to complain handling by country, in Malta (50%), Iceland (50%) and Latvia (43%), buyers who complained to a trader were the most likely to receive no refund, repair or missing documentation. However, the small base size of these countries must be noted when comparing results at country level. When it comes to the car being repaired free of charge, respondents from Lithuania (15%), Romania (19%) and Bulgaria (22%) were the least likely to quote such an outcome (EU28 average 44%).

Table 123 Complaint handling, by country

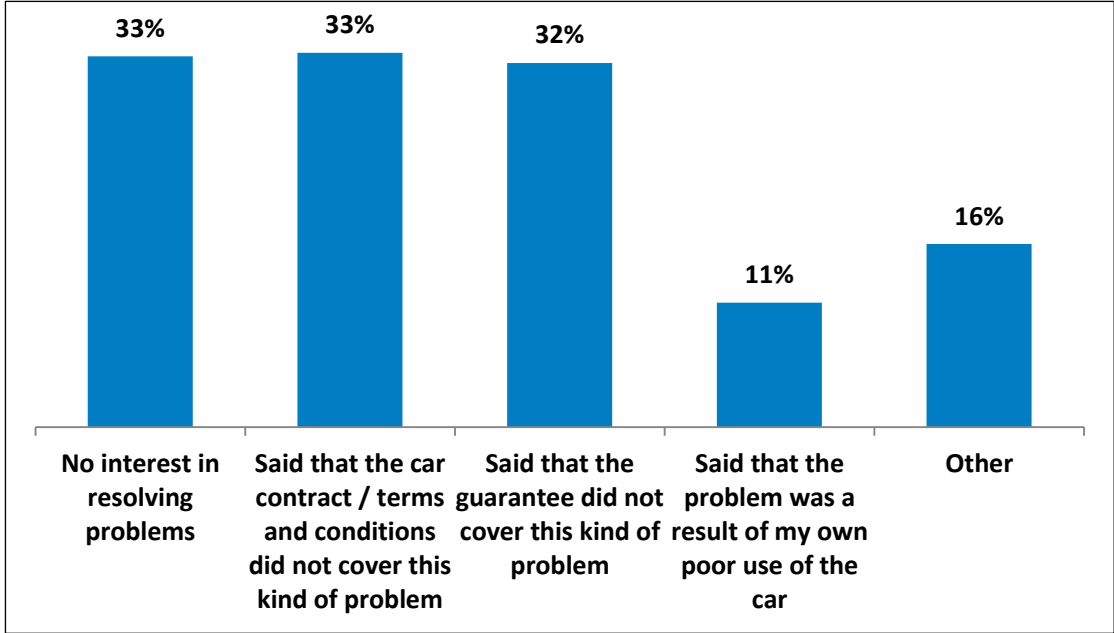
	Received a full refund	Received a partial refund	Car was repaired free of charge	Car was repaired at discounted rate	Trader replaced the car	Received the missing documentation	Received no refund, repair, replacement or documentation	Other
<b>EU28</b>	<b>3%</b>	<b>5%</b>	<b>44%</b>	<b>16%</b>	<b>1%</b>	<b>5%</b>	<b>20%</b>	<b>5%</b>
AT	1%	2%	51%	19%	1%	1%	20%	5%
BE	1%	4%	54%	17%	0%	3%	14%	7%
BG	9%	4%	22%	26%	0%	0%	26%	13%
CY	0%	0%	50%	50%	0%	0%	0%	0%
CZ	0%	8%	25%	15%	3%	12%	32%	6%
DE	3%	4%	45%	19%	1%	3%	20%	6%
DK	0%	6%	57%	10%	2%	5%	16%	5%
EE	0%	0%	33%	11%	0%	0%	33%	22%
EL	3%	3%	31%	23%	1%	3%	34%	3%
ES	2%	5%	53%	16%	1%	5%	16%	2%
FI	4%	7%	46%	17%	0%	2%	19%	6%
FR	2%	6%	49%	11%	0%	3%	23%	6%
HR	0%	7%	36%	21%	0%	0%	18%	18%
HU	7%	5%	24%	22%	2%	7%	24%	7%
IE	2%	2%	50%	12%	2%	6%	23%	4%
IT	5%	9%	37%	17%	1%	7%	19%	3%
LT	0%	15%	15%	15%	0%	0%	31%	23%

	Received a full refund	Received a partial refund	Car was repaired free of charge	Car was repaired at discounted rate	Trader replaced the car	Received the missing documentation	Received no refund, repair, replacement or documentation	Other
LU	14%	14%	29%	14%	0%	0%	14%	14%
LV	0%	0%	29%	14%	0%	0%	43%	14%
MT	0%	0%	50%	0%	0%	0%	50%	0%
NL	2%	4%	56%	15%	3%	4%	11%	6%
PL	7%	7%	34%	16%	4%	8%	18%	6%
PT	1%	1%	57%	10%	1%	3%	25%	1%
RO	8%	8%	19%	22%	3%	3%	31%	6%
SE	4%	7%	53%	8%	1%	3%	18%	7%
SI	0%	5%	35%	15%	0%	5%	35%	5%
SK	3%	7%	30%	17%	0%	3%	30%	10%
UK	4%	4%	49%	15%	0%	6%	18%	4%
IS	0%	0%	50%	0%	0%	0%	50%	0%
NO	0%	2%	47%	23%	5%	0%	14%	9%

Source: Consumer Survey Q44: Thinking about the problem / biggest problem that you experienced where you complained to the trader, what was the eventual outcome of this problem? (N=4344)

The **reasons traders gave for not resolving problems** were most often their view that the guarantee<sup>106</sup> (32%) or the car contract or terms and conditions (33%) did not cover this kind of problem. A third of buyers who had complained and didn't see their problem resolved reported that the trader did not seem to be interested in resolving the problem. One out of ten traders said that the problem was a result of the buyer's own poor use of the car.

Figure 71 Reasons for trader not resolving problems



Source: Consumer Survey Q45: What reason(s) did the trader provide for not resolving this particular problem that you experienced? (EU28 N=898)

When it comes to analysis by socio-demographics, women were more likely than men to be told by the trader that the guarantee did not cover this kind of problem (40% vs. 26%). The youngest population, the 18-34 year olds, were more likely to hear that the trader had no interest in resolving such problems (38% vs. 22% for older respondents), whilst respondents aged 35-54 were more likely to be informed that the car's contract / terms and conditions did not cover this kind of problem (40% vs. 33% on average).

Over half (57%) of respondents who bought their car at auction felt that the trader had no interest in resolving problems, whilst 52% who imported their car from abroad were informed by the trader that the car's contract / terms and conditions did not cover such problems.

<sup>106</sup> The phrase "guarantee" was used for this question about complaint handling rather than "legal / commercial guarantee". This simplified the question for the respondent, especially those respondents who had difficulty understanding what a legal guarantee is. It can be assumed for this question that the phrase "guarantee" implicitly includes both legal and commercial guarantees.



The main differences between the EU15 and EU13 were that EU15 consumer respondents were more likely to be told that their problem wouldn't be solved as it was not covered by guarantee (34% vs. 23% in the EU13), whilst EU13 respondents were more likely to be told that their problem wouldn't be resolved as it wasn't foreseen in the car's contract / terms and conditions (43% vs. 31% in the EU15). Due to a small base size for this question, country level analysis has not been undertaken. Nonetheless, traders in the EU13 showed less interest in resolving problems than in the EU15 (38% vs. 32%).

**Table 124 Reasons for trader not resolving problems, by socio-demographics**

	No interest in resolving problems	Said that contract / terms and conditions did not cover this kind of problem	Said that guarantee did not cover this kind of problem	Said that problem was a result of my own poor use of the car	Other
<b>EU28</b>	<b>33%</b>	<b>33%</b>	<b>32%</b>	<b>11%</b>	<b>16%</b>
EU15	32%	31%	34%	10%	18%
EU13	<b>38%</b>	<b>43%</b>	<b>23%</b>	19%	8%
Male	35%	36%	26%	12%	16%
Female	30%	30%	<b>40%</b>	10%	16%
18-34	<b>38%</b>	<b>27%</b>	34%	17%	14%
35-54	33%	<b>40%</b>	31%	7%	16%
55+	<b>22%</b>	33%	32%	8%	20%
Imported from abroad	<b>18%</b>	<b>52%</b>	<b>15%</b>	15%	19%
Franchise	30%	<b>26%</b>	35%	7%	22%
Independent	32%	36%	32%	13%	15%
Auction	<b>57%</b>	39%	<b>21%</b>	14%	0%

Source: Consumer Survey Q45: What reason(s) did the trader provide for not resolving this particular problem that you experienced? (EU28 N=898)

**5.3.1 Consumer satisfaction with complaint handling**

When asked to rate consumer satisfaction with after-sales service, incorporating car repairs, servicing and dealing with complaints, stakeholders felt that consumers were quite satisfied. This did vary somewhat by dealership type, as industry associations were generally more likely to defend the second-hand car industry and consumer-focused stakeholders were more negative about how the industry was treating its consumers.

*“Garages and dealers are not well-trained or qualified to deal with consumer complaints. The gap between consumers and dealers is too big” (Association of Dealers/Repairers)*

*“Dealers are often not happy to deal with these complaints. There are lots of unfounded complaints from consumers - the dealer is obliged to try to help in order to protect their own name and because they want to avoid going to court” (Trade Association)*

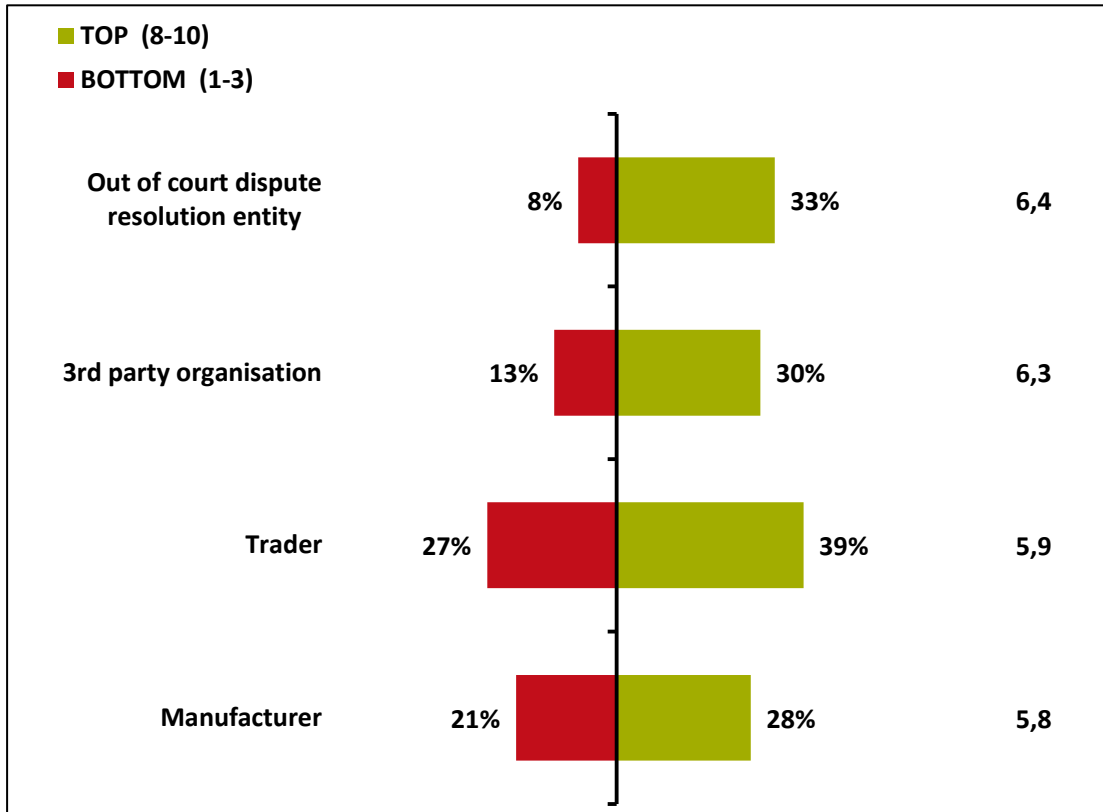
*“In general, even with newer cars, the dealer will do anything that they legally can in order to not honour the guarantee. It is dependent on the individual dealer” (Public Authority)*

Several stakeholders pointed out that dealers often gave very legitimate reasons for not resolving a consumer problem, as consumer expectations can sometimes be too high considering that the car is second-hand (cited by 6 stakeholders) and many consumers misunderstood the contents of their commercial guarantee due to not looking properly at the guarantee before complaining (cited by 9 stakeholders).

*“The one thing I know is that the older the car is, the more likely that the consumer will go to an independent dealer, because it is cheaper. Independents are cheaper because they don't have to servicing and repair. With an older car, the price of the repair is more important than the quality of the repair, whilst the opposite is the case for new and nearly new cars” (Trade Association)*

Respondents were then asked, on a scale from 1 to 10, how satisfied they were with the complaint handling of the body that they complained to. The mean score was around 6 out of 10, regardless of the specific body to which they complained (trader, manufacturer, third party organisation or out-of-court dispute resolution entity). **Only around three in ten consumer respondents were very satisfied with how the problem was handled.** Satisfaction was highest when complaints had been made to an out-of-court dispute resolution entity (mean score 6.4) and lowest for complaints made to the manufacturer (mean score 5.8); yet all satisfaction scores were rather low overall. It is interesting to note that approximately three out of ten respondents were very dissatisfied with the way their complaint was handled by the trader.

Figure 72 Satisfaction with complaint handling by...



Source: Consumer Survey Q47: For all the problem(s) experienced where you made a complaint, to what extent were you satisfied with the way your complaint(s) was/were handled by the...? Please answer using a scale from 1 to 10, where 1 is 'Not at all satisfied', and 10 is 'Very satisfied'. (EU28 N=4176 for complaint to trader, N=1042 for complaint to manufacturer, N=1259 for complaint to 3<sup>rd</sup> party organisation, N=1059 for out-of-court dispute resolution body)

In terms of satisfaction with complaint handling by the trader, **those complaining to a franchise dealer were more satisfied than those complaining to other traders** (mean score 6.3 compared to 5.8 for independent dealers and 4.4 for cars bought at auction).

Sample sizes for those complaining to a manufacturer, third party organisation or out-of-court dispute resolution entity were too small to report variance with confidence, though it can generally be seen that satisfaction levels were somewhat higher for respondents in the EU15 than the EU13 and for those respondents with a higher level of education.

Table 125 Satisfaction with complaint handling by...(by socio-demographics)

	Trader	Manufacturer	3 <sup>RD</sup> party organisation	Out of court dispute resolution entity
<b>EU28</b>	<b>5.9</b>	<b>5.8</b>	<b>6.3</b>	<b>6.4</b>
EU15	6.0	5.9	6.5	6.6
EU13	<b>5.4</b>	<b>5.4</b>	<b>5.6</b>	<b>5.8</b>
Male	6.1	5.9	6.2	6.5
Female	5.8	5.5	6.4	6.3
18-34	5.7	5.9	6.3	6.5
35-54	6.0	5.7	6.4	6.4
55+	<b>6.3</b>	5.6	<b>5.7</b>	<b>6.0</b>
Primary / partial secondary	5.6	5.7	6.2	6.2
Completed secondary	5.9	5.5	6.0	6.1
(Post-)Graduate	6.0	6.0	6.5	<b>6.7</b>
Low income	<b>5.7</b>	5.8	6.4	6.4
Medium income	6.3	6.0	6.3	6.2
High income	6.0	5.4	6.1	6.5
Imported	5.5	<b>5.0</b>	5.8	6.0
Franchise	<b>6.3</b>	<b>6.1</b>	<b>6.6</b>	<b>6.7</b>
Independent	5.8	5.8	6.3	6.5
Auction	<b>4.4</b>	<b>4.7</b>	<b>5.3</b>	<b>5.6</b>

Source: Consumer Survey Q47: For all the problem(s) experienced where you made a complaint, to what extent were you satisfied with the way your complaint(s) was/were handled by the...? Please answer using a scale from 1 to 10, where 1 is 'Not at all satisfied', and 10 is 'Very satisfied'. (EU28 N=4176 for complaint to trader, N=1042 for complaint to manufacturer, N=1259 for complaint to 3<sup>rd</sup> party organisation, N=1059 for out-of-court dispute resolution body)

Considering complaints made to the trader, respondents were most satisfied in Cyprus (7.2) and the Netherlands (6.9) and least satisfied in Lithuania (4.4) and Slovenia (4.9). The base sizes for complaints made to the manufacturer, 3<sup>rd</sup> party organisation and out-of-court dispute resolution entity were considerably smaller and so caution should be taken when analysing satisfaction scores – however, it is notable that Estonia was by far the lowest scoring country for all three of these.

Table 126 Satisfaction with complaint handling by...(by country)

	Trader	Manufacturer	3 <sup>RD</sup> party organisation	Out of court dispute resolution entity
<b>EU28</b>	<b>5.9</b>	<b>5.8</b>	<b>6.3</b>	<b>6.4</b>
AT	5.9	5.5	5.9	6.5
BE	6.3	6.1	6.2	6.1
BG	5.2	6.2	6.1	6.5
CY	<b>7.2</b>	6.3	5.8	4.0
CZ	5.3	5.6	5.8	5.7
DE	6.0	5.5	6.3	6.2
DK	6.3	4.4	5.1	5.4
EE	5.1	<b>3.4</b>	<b>4.9</b>	<b>3.4</b>
EL	5.4	6.5	6.0	6.3
ES	6.3	5.3	6.2	6.3
FI	6.1	4.9	<b>4.9</b>	4.5
FR	5.7	5.8	6.7	6.3
HR	5.2	6.1	5.9	6.1
HU	5.0	5.0	5.3	5.7
IE	6.3	5.0	6.1	7.4
IT	5.7	5.9	6.6	6.9
LT	<b>4.4</b>	5.6	6.8	7.4
LU	6.2	5.6	5.7	5.7
LV	5.0	6.5	6.4	5.3
MT	5.5	5.7	7.1	7.9
NL	<b>6.9</b>	6.5	6.7	7.0
PL	5.6	5.3	5.6	5.7
PT	5.9	6.5	6.4	6.7
RO	5.6	6.0	5.2	6.1
SE	6.3	5.9	6.3	6.5
SI	<b>4.9</b>	5.2	6.2	5.4
SK	5.2	6.6	<b>4.9</b>	6.4
UK	6.2	6.9	7.0	7.5
IS	5.7	8.5	5.5	5.8
NO	6.3	6.1	8.0	8.8

Source: Consumer Survey Q47: For all the problem(s) experienced where you made a complaint, to what extent were you satisfied with the way your complaint(s) was/were handled by the...? Please answer using a scale from 1 to 10, where 1 is 'Not at all satisfied', and 10 is 'Very satisfied'. (N=4344 for complaint to trader, N=1051 for complaint to manufacturer, N=1273 for complaint to 3<sup>rd</sup> party organisation, N=1067 for out of court dispute resolution body)

## 5.4 Unfair commercial practices

The Unfair Commercial Practices Directive<sup>107</sup> (UCPD) was adopted by the European Commission in 2005 with the objective to protect consumers from unfair business-to-consumer commercial practices, in turn enhancing fair competition amongst economic operators. The purpose of this Directive is to contribute to the proper functioning of the internal market and achieve a high level of consumer protection by approximating the laws, regulations and administrative provisions of the Member States on unfair commercial practices harming consumers' economic interests.

The Directive prohibits practices that are seen to be unfair. A commercial practice shall be unfair if<sup>108</sup>:

- It is contrary to the requirements of professional diligence;

and

- It materially distorts or is likely to materially distort the economic behaviour with regard to the product of the average consumer whom it reaches or to whom it is addressed, or of the average member of the group when a commercial practice is directed to a particular group of consumers.

In particular, Article 5.4 of the Directive highlights that a commercial practice may be regarded as unfair when it is:

- a) misleading;
- b) aggressive.

Stakeholders were asked to assess the extent to which they perceived that there were unfair commercial practices used in the second-hand car sector<sup>109</sup>. Of the 34 national and EU-level stakeholders who answered this question, the average score that they gave was 4.3, which implies a low to medium level of unfair commercial practices. Two stakeholders – based in Lithuania and Romania respectively – gave a score of 9 out of 10, implying a higher level of unfair practices in these two countries, though caution must be taken in this analysis due to the very small sample size.

Most stakeholders indicated that the extent of unfair commercial practices varied greatly according to the dealership type and also the attitudes of the individual dealer. In general, dealers who were not a member of a dealer association or who operated more 'informally' were felt to be the main perpetrators of unfair commercial practices. The most commonly cited practices included:

- Odometer fraud – cited by 6 stakeholders;
- Hiding mechanical problems about the car – cited by 5 stakeholders;
- A trader advertising a car which is not actually available (and then trying to sell another car) – cited by 5 stakeholders;
- Accident damage that had not been disclosed – cited by 4 stakeholders;
- A trader pretending to be a private seller – cited by 3 stakeholders.

Some stakeholder quotes to illustrate this are listed below:

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<sup>107</sup> Directive 2005/29/EC of 11 May 2005

<sup>108</sup> <http://eur-lex.europa.eu/legal-content/en/ALL/?jsessionid=NKkfTsdK1B8N7Z91JHHWzWCJJpl0DJL59y2pTvnp7mRvgB11pvV!-19077288?uri=CELEX:32005L0029>

<sup>109</sup> On a scale from 1 to 10, where 1 indicated 'not at all' and 10 indicated 'very much so'

*“This particularly occurs at second-hand car dealerships that are neither affiliated with a manufacturer nor to the register of craft businesses. Deception of the consumer in these matters violates existing legal provisions (especially the offence of fraud) and is strictly avenged after discovery. If such cases occur at reputable dealers, this is the absolute exception.” (Association of Dealers/Repairers)*

*“Established dealers (independent, franchise) conduct unfair commercial practices at a considerably lower level compared to hawkers and the like. They do serious business and live on a good reputation” (Automobile Club/Association)*

*“The MINORITY of dealers advertise cars that don't exist or give unrealistically low prices for their car on the advert in order to drive consumer interest” (Consumer Organisation)*

*“There are always some "bad apples", but there is generally good legislation and transparency” (Leasing Association)*

A few stakeholders noted that, although the internet had a great strength in increasing information availability for consumers in general, it also provided a platform for unscrupulous traders to engage in unfair commercial practices:

*“There are problems with internet advertisements and websales, which should respect the same rules as traditional dealers” (Association of Dealers/Repairers)*

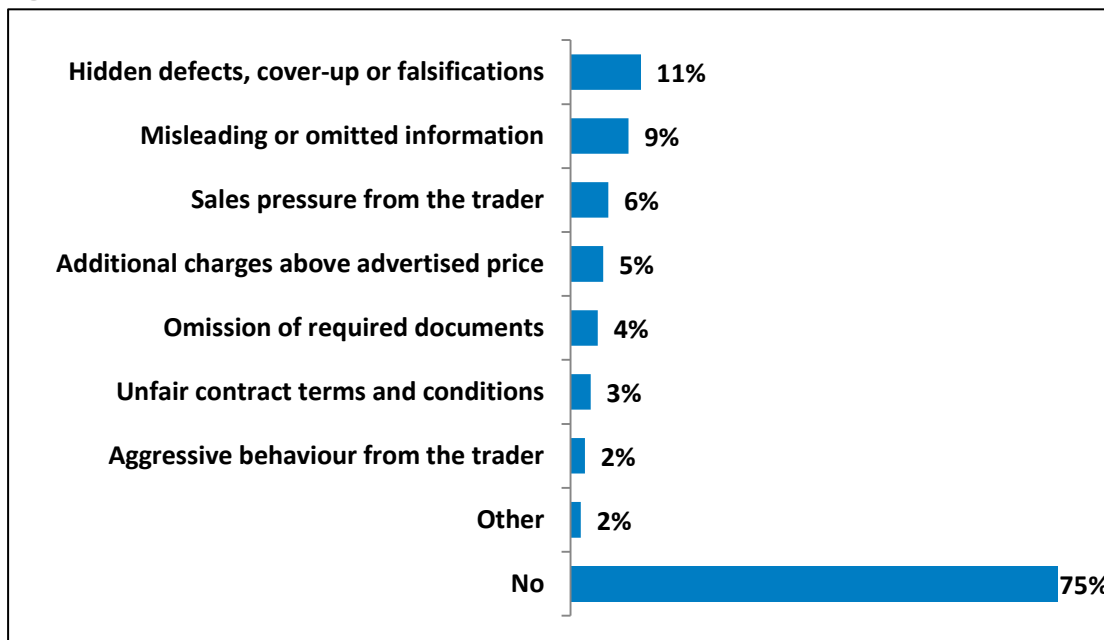
*“The anonymity of online platforms helps bringing forward unfair or dubious practices” (Automobile Club/Association)*

#### **5.4.1 Consumer survey insights**

The consumer survey asked about eight different types of unfair practices in order to determine the extent to which these occurred when consumers purchased a second-hand car and, if so, whether consumers had filed a complaint about them.

Of all consumer respondents, three quarters did not experience any unfair practices. This means that around **one quarter of consumer respondents experienced one or more unfair commercial practices** assessed in this survey. Moreover, **four out of ten who reported any unfair practice experienced multiple unfair commercial practices**. The most frequently reported ones related to ‘hidden defects, cover-up or falsifications’ (11%) and ‘misleading or omitted information’ (9%).

Figure 73 Unfair commercial practices



Source: Consumer Survey Q34: Considering the purchase of this second-hand car, did you experience any of the following unfair practices (from the trader)? (EU28 N=24,259)

Proportions reporting each of the above unfair practices were higher amongst those who had bought their car from an auction (45%), purchased their car from abroad (43%) or bought their car in the EU13 (44% vs. 21% in the EU15). Furthermore, men (28%) and those aged 18-34 (36%) were the most likely to experience unfair commercial practices, whereas respondents aged 55+ (15%) were least likely to be faced with unfair commercial practices. Data for each unfair practice reported by survey respondents is outlined hereafter, followed by a summary table.

**Hidden defects, cover-ups or falsifications** were reported by 21% of EU13 respondents (vs. 9% in EU15) and 19% of those buying at auction (vs. 8% of those buying from a franchise dealership). Also, they were much higher for those between 18-34 years old (15%) and for respondents of a low income (14%).

**Misleading or omitted information** was reported by a fifth (20%) of respondents in the EU13 (vs. 7% in the EU15) and 16% of those buying the car at auction or importing the car from abroad. Once again, they were reported the most by those aged between 18-34 years old (11%) and by respondents of a low income (11%).

**Sales pressure** was reported by 14% of those buying at auction, 11% of those buying cars from abroad, 10% in the EU13 (vs. 5% in the EU15), 9% of 18-34 year olds (vs. only 3% for those aged 55+) and 8% of respondents with a low income.

**Hidden additional charges compared to the advertised price** were reported by 10% of those buying at auction or from abroad and by 9% of consumer respondents in the EU13 (vs. 4% in the EU15). Those between 18-34 years reported hidden charges the most once again (7% vs. 3% for



those 55+). Also, respondents at a lower income reported these the highest when compared to those from the other income groups (7% vs. 4%).

**Omission of required documents** was reported by 11% of those buying at auction, 9% of those buying cars sourced from abroad and 7% in the EU13. Once again the youngest age group and those at the lowest income level reported experiencing these the most (both 6%).

**Unfair terms and conditions** were reported by 10% of those importing the car from abroad and 10% of respondents buying at auction.

Table 127 Unfair commercial practices – by socio-demographics

	Hidden defects, cover-up or falsifications	Misleading or omitted information	Sales pressure from the trader to make the purchase	Additional charges placed on the price of the car	Omission of required documents	Unfair contract terms and conditions	Aggressive behaviour (verbal or physical)	Other	Summary: Any Unfair Commercial Practices	No
EU28	11%	9%	6%	5%	4%	3%	2%	2%	<b>25%</b>	75%
EU15	9%	7%	5%	4%	4%	3%	2%	2%	<b>21%</b>	79%
EU13	<b>21%</b>	<b>20%</b>	<b>10%</b>	<b>9%</b>	<b>7%</b>	5%	3%	2%	<b>44%</b>	<b>56%</b>
Male	12%	10%	7%	6%	5%	4%	3%	2%	<b>28%</b>	72%
Female	10%	7%	5%	4%	3%	2%	2%	1%	<b>22%</b>	78%
18-34	<b>15%</b>	<b>11%</b>	<b>9%</b>	7%	6%	5%	4%	2%	<b>36%</b>	<b>64%</b>
35-54	10%	9%	5%	4%	4%	3%	2%	2%	<b>23%</b>	77%
55+	<b>7%</b>	7%	3%	3%	3%	2%	1%	1%	<b>15%</b>	<b>85%</b>
Primary / partial secondary	10%	8%	5%	5%	4%	3%	3%	1%	<b>25%</b>	75%
Completed secondary	11%	9%	5%	5%	4%	3%	2%	2%	<b>24%</b>	76%
(Post-)Graduate	11%	10%	7%	6%	4%	4%	3%	1%	<b>27%</b>	73%
Low income	<b>14%</b>	<b>11%</b>	<b>8%</b>	<b>7%</b>	<b>6%</b>	<b>5%</b>	3%	2%	<b>33%</b>	<b>67%</b>
Medium income	10%	9%	5%	4%	4%	3%	3%	2%	<b>23%</b>	77%
High income	9%	8%	5%	4%	4%	2%	2%	1%	<b>22%</b>	78%
Imported from abroad	<b>14%</b>	<b>16%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>10%</b>	4%	3%	<b>43%</b>	<b>57%</b>
Franchise	8%	7%	5%	5%	3%	3%	2%	1%	<b>21%</b>	<b>79%</b>
Independent	13%	10%	6%	5%	4%	3%	2%	2%	<b>27%</b>	73%
Auction	<b>19%</b>	<b>16%</b>	<b>14%</b>	<b>10%</b>	<b>11%</b>	<b>9%</b>	5%	2%	<b>45%</b>	<b>55%</b>

Source: Consumer Survey Q34: Considering the purchase of this second-hand car, did you experience any of the following unfair practices (from the trader)? (EU28 N=24,259)

Considering **analysis by country**, the most notable results are as follows:

- **Hidden defects, falsifications or cover-ups** were most commonly reported by respondents in Bulgaria (36%), followed by Latvia (26%) and Lithuania (24%);
- **Missing or misleading information** was also reported the most by consumers in Bulgaria (30%), followed by Slovenia (24%), Poland (22%) and Latvia (21%);
- In Poland (13%), Romania (11%) and Hungary (10%), **sales pressure to make the purchase** was more commonly reported;
- **Additional charges** were most commonly reported in Romania (15%) and Croatia (12%);
- **Missing documents** were also more likely to be reported by respondents in Romania (11%) and the Czech Republic (9%);
- **Unfair terms and conditions** were reported more in Romania (9%), the Czech Republic (8%) and Slovakia (7%);
- **Aggressive behaviour** was most commonly reported in Romania (6%).

The following table provides more detailed information at country-level. From it, it is clear that the countries with the highest proportion of respondents experiencing unfair commercial practises were mostly EU13 countries. There were particularly high percentages of consumer respondents experiencing unfair commercial practices in Bulgaria (56%), Poland (48%), Romania (45%) and Latvia (42%).

Table 128 Unfair commercial practices – by country

	Hidden defects. cover-up or falsifications	Misleading or omitted information	Sales pressure from the trader to make the purchase	Additional charges placed on the price of the car	Omission of required documents	Unfair contract terms and conditions	Aggressive behaviour (verbal or physical)	Other	Summary: Any Unfair Commercial Practices	No
<b>EU28</b>	<b>11%</b>	<b>9%</b>	<b>6%</b>	<b>5%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>25%</b>	<b>75%</b>
BG	<b>36%</b>	<b>30%</b>	6%	8%	8%	4%	4%	2%	<b>56%</b>	<b>45%</b>
PL	<b>21%</b>	<b>22%</b>	<b>13%</b>	9%	7%	5%	4%	2%	<b>48%</b>	<b>52%</b>
RO	18%	14%	<b>11%</b>	<b>15%</b>	<b>11%</b>	<b>9%</b>	<b>6%</b>	3%	<b>45%</b>	<b>55%</b>
LV	<b>26%</b>	<b>21%</b>	6%	9%	5%	2%	3%	3%	<b>42%</b>	<b>59%</b>
HU	20%	16%	<b>10%</b>	6%	8%	4%	3%	3%	<b>39%</b>	<b>62%</b>
SI	<b>22%</b>	<b>24%</b>	7%	<b>11%</b>	6%	4%	2%	2%	<b>38%</b>	<b>62%</b>
SK	17%	17%	8%	<b>11%</b>	8%	<b>7%</b>	2%	2%	<b>36%</b>	<b>64%</b>
CZ	15%	18%	7%	8%	9%	<b>8%</b>	2%	2%	<b>35%</b>	<b>65%</b>
LT	<b>24%</b>	17%	5%	4%	3%	2%	1%	2%	<b>35%</b>	<b>65%</b>
EL	<b>21%</b>	13%	9%	7%	6%	4%	2%	1%	<b>35%</b>	<b>65%</b>
EE	<b>22%</b>	20%	5%	4%	4%	2%	2%	2%	<b>35%</b>	<b>65%</b>
ES	12%	8%	7%	7%	6%	5%	3%	2%	<b>33%</b>	<b>68%</b>
SE	12%	10%	8%	5%	6%	3%	4%	2%	<b>30%</b>	<b>70%</b>
HR	14%	13%	5%	<b>12%</b>	5%	4%	1%	2%	<b>29%</b>	<b>71%</b>
IT	10%	6%	6%	7%	4%	4%	2%	2%	<b>26%</b>	<b>74%</b>
MT	13%	7%	5%	4%	4%	2%	0%	2%	<b>24%</b>	<b>76%</b>
PT	9%	10%	6%	7%	4%	4%	2%	1%	<b>24%</b>	<b>76%</b>
UK	8%	6%	7%	4%	3%	3%	2%	1%	<b>22%</b>	<b>78%</b>
BE	8%	7%	4%	5%	3%	3%	2%	3%	<b>22%</b>	<b>78%</b>
DK	6%	6%	5%	4%	3%	4%	4%	3%	<b>21%</b>	<b>79%</b>

	Hidden defects. cover-up or falsifications	Misleading or omitted information	Sales pressure from the trader to make the purchase	Additional charges placed on the price of the car	Omission of required documents	Unfair contract terms and conditions	Aggressive behaviour (verbal or physical)	Other	Summary: Any Unfair Commercial Practices	No
AT	10%	7%	7%	2%	4%	2%	2%	1%	<b>21%</b>	<b>79%</b>
FI	9%	8%	5%	4%	3%	2%	3%	2%	<b>20%</b>	<b>80%</b>
DE	10%	7%	4%	2%	4%	3%	2%	2%	<b>20%</b>	<b>80%</b>
NL	7%	6%	5%	6%	3%	2%	1%	2%	<b>20%</b>	<b>80%</b>
IE	9%	7%	5%	3%	4%	2%	2%	1%	<b>19%</b>	<b>81%</b>
LU	6%	6%	5%	4%	4%	4%	1%	1%	<b>19%</b>	<b>81%</b>
FR	6%	5%	3%	5%	2%	1%	1%	1%	<b>17%</b>	<b>83%</b>
CY	4%	1%	2%	0%	0%	0%	0%	2%	<b>8%</b>	<b>92%</b>
IS	7%	8%	4%	4%	3%	1%	1%	1%	<b>17%</b>	<b>83%</b>
NO	8%	10%	5%	2%	3%	2%	1%	<b>5%</b>	<b>24%</b>	<b>76%</b>

Source: Consumer Survey Q34: Considering the purchase of this second-hand car, did you experience any of the following unfair practices (from the trader)? (N=25,286)

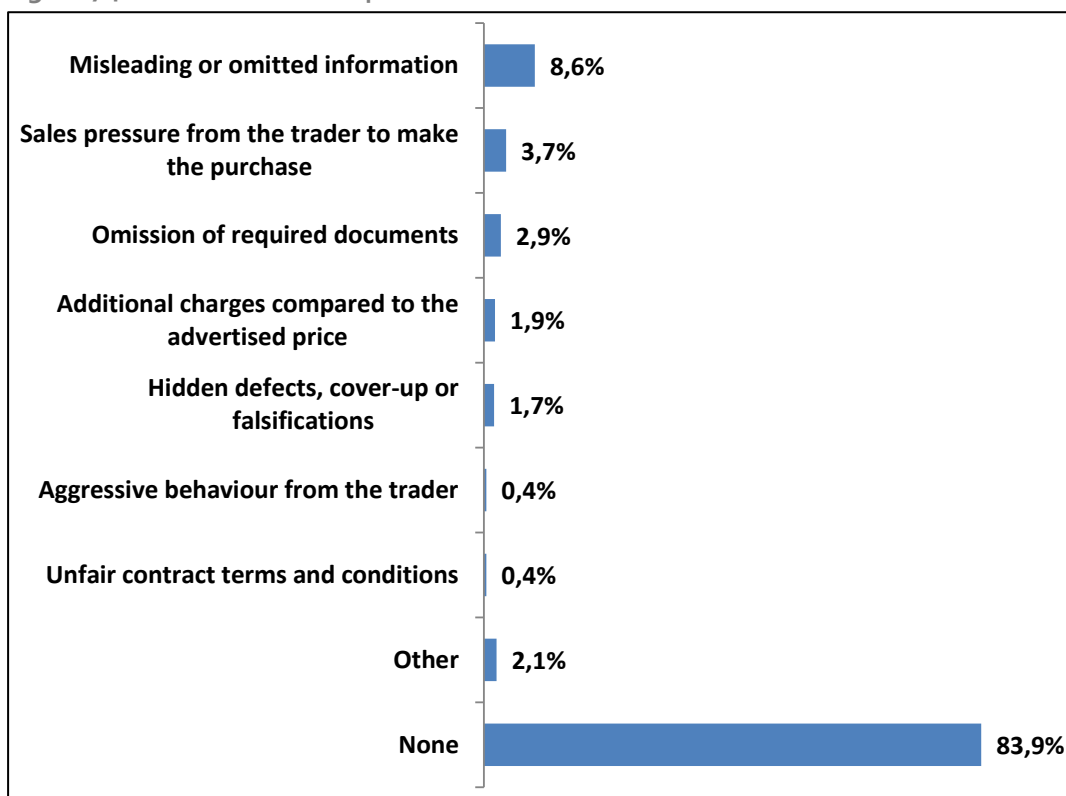
## 5.4.2 Mystery shopping insights

The exercise asked mystery shoppers to report on the same eight different types of unfair practices in order to determine the extent to which they occur during the process of purchasing a second-hand car.

Overall, 84% of mystery shoppers did not experience any unfair practices, in contrast to 75% of respondents in the consumer survey. This means that around **16% of mystery shoppers experienced one or more unfair commercial practices**. The most frequently reported unfair commercial practice related to the trader providing misleading or omitted information (9%, the same incidence as in the consumer survey).

A key reason behind there being fewer unfair commercial practices reported in the mystery shopping exercise than the consumer survey is that many issues with a car can only be identified post-purchase. For example, 'hidden defects, cover-up or falsifications' was reported by 11% of respondents in the consumer survey and by only 2% in the mystery shopping exercise, because hidden defects can only be found once the consumer is in full ownership of the car and has had experience of using it. Thus, the fact that 16% of mystery shoppers did experience unfair commercial practices is indicative of a high proportion of unfair dealer practices, considering that the mystery shopper only engaged with the car for a relatively short period of time.

Figure 74 Unfair commercial practices



Source: Mystery Shopping Q30: Considering this Mystery Shopping exercise, did you experience any of the following unfair practices (from the trader)? (EU28 N=1139)

At franchise dealerships 12% of mystery shoppers did experience unfair commercial practices, whereas at independent dealerships this rose to 19%. The proportions of almost all suggested unfair practices, except additional charges, were **higher amongst those who visited an independent dealership**. Detailed data for each unfair practice per type of dealership is shown in the table below.

**Table 129 Unfair commercial practices – by dealership type**

	EU28	Franchise dealership	Independent dealership
<b>Any unfair commercial practice</b>	<b>16%</b>	<b>12%</b>	<b>19%</b>
Misleading or omitted information	9%	6%	10%
Sales pressure from the trader to make purchase	4%	2%	4%
Omission of required documents	3%	2%	4%
Additional charges compared to advertised price	2%	2%	2%
Hidden defects, cover-up or falsifications	2%	1%	2%
Aggressive behaviour from the trader	0%	0%	1%
Unfair contract terms and conditions	0%	1%	1%
Other	2%	2%	2%

Source: Mystery Shopping Q30: Considering this Mystery Shopping exercise, did you experience any of the following unfair practices (from the trader)? (EU28 N=1139)

For the younger car segment, 14% of mystery shoppers reported experiencing unfair practices, whereas the proportions were higher for mystery shoppers who assessed middle-aged cars (16%) and older cars (18%).

**Table 130 Unfair commercial practices – by car segment**

	Younger (small) cars	Middle-aged (medium) cars	Older (large) cars
<b>Any unfair commercial practice</b>	<b>14%</b>	<b>16%</b>	<b>18%</b>
Misleading or omitted information	7%	10%	8%
Sales pressure from the trader to make purchase	3%	3%	5%
Omission of required documents	3%	3%	3%
Additional charges compared to advertised price	3%	1%	2%
Hidden defects, cover-up or falsifications	1%	2%	2%
Aggressive behaviour from the trader	0%	1%	0%
Unfair contract terms and conditions	0%	0%	1%
Other	1%	3%	3%

Source: Mystery Shopping Q30: Considering this Mystery Shopping exercise, did you experience any of the following unfair practices (from the trader)? (EU28 N=1139)

Looking across EU regions, unfair practices were somewhat less common in EU15 countries, where 14% of shoppers experienced unfair commercial practices, versus 18% in the EU13 countries. Data for each unfair practice in the EU28, EU15 and EU13 is shown below, from where it can be seen that a striking 13% of misleading or omitted information was reported by mystery shoppers in the EU13 (vs. only 5% in EU15).

Table 131 Unfair commercial practices – by region

	EU28	EU15	EU13
<b>Any unfair commercial practice</b>	<b>16%</b>	<b>14%</b>	<b>18%</b>
Misleading or omitted information	9%	5%	13%
Sales pressure from the trader to make purchase	4%	5%	2%
Omission of required documents	3%	2%	4%
Additional charges compared to advertised price	2%	3%	1%
Hidden defects, cover-up or falsifications	2%	2%	1%
Aggressive behaviour from the trader	0%	0%	1%
Unfair contract terms and conditions	0%	0%	1%
Other	2%	2%	3%

Source: Mystery Shopping Q30: Considering this Mystery Shopping exercise, did you experience any of the following unfair practices (from the trader)? (N=1199)

#### Considering analysis by country:

- The only country where no unfair practices were experienced was Luxembourg. The Czech Republic, Slovenia and Sweden also scored very well, with mystery shoppers reporting no unfair practices in 98% of the cases;
- Countries with the highest incidence of unfair practices were Malta, Italy, Portugal, Romania, Slovakia, Bulgaria and Poland. In these countries in 30% to 40% of the cases, mystery shoppers reported experiencing unfair commercial practices;
- **Missing or misleading information** was reported more by mystery shoppers in Malta (40%), Romania (28%) and Poland (25%) than elsewhere;
- In Portugal (25%), **sales pressure exerted by the trader** so that the consumer completes the purchase was more commonly reported than elsewhere;
- **Missing documents** were more likely to be reported by mystery shoppers in Greece (16%) and Slovakia (15%) than the sample as a whole;
- **Additional charges** were more reported in Italy (13%) and the Netherlands (10%);
- **Hidden defects, falsifications or cover-ups** were more reported in Italy and Greece (both 10%);
- **Aggressive behaviour and unfair terms and conditions** were more commonly reported by mystery shoppers in Poland (both 8%).



Table 132 Unfair commercial practices – by country

	Misleading or omitted information	Sales pressure from the trader to make the purchase	Omission of required documents	Hidden defects. cover-up or falsifications	Additional charges placed on the price of the car	Unfair contract terms and conditions	Aggressive behaviour (verbal or physical)	Other	Summary: Any Unfair Commercial Practices	No
<b>EU28</b>	<b>9%</b>	<b>4%</b>	<b>3%</b>	<b>2%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>2%</b>	<b>16%</b>	<b>84%</b>
MT	<b>40%</b>	-	5%	-	-	-	-	-	<b>40%</b>	60%
IT	18%	8%	3%	10%	<b>13%</b>	5%	-	3%	<b>38%</b>	63%
PT	8%	<b>25%</b>	5%	3%	3%	-	-	-	<b>35%</b>	65%
RO	<b>28%</b>	5%	5%	-	5%	-	-	3%	<b>35%</b>	65%
PL	25%	10%	8%	8%	3%	8%	8%	3%	<b>33%</b>	68%
SK	18%	5%	<b>15%</b>	-	-	-	3%	-	<b>33%</b>	68%
BG	13%	3%	10%	3%	5%	-	-	15%	<b>30%</b>	70%
EL	15%	-	<b>15%</b>	10%	5%	-	-	5%	23%	78%
DK	5%	13%	3%	-	-	-	-	3%	18%	83%
NL	-	8%	3%	-	10%	-	3%	3%	18%	83%
ES	5%	3%	5%	-	3%	-	-	3%	18%	83%
UK	8%	10%	-	-	3%	-	-	3%	18%	83%
HR	-	-	-	-	-	-	-	15%	15%	85%
HU	8%	5%	3%	5%	-	-	-	3%	15%	85%
FI	5%	-	-	3%	5%	-	-	3%	13%	88%
IE	-	10%	-	-	-	-	-	-	10%	90%
LV	10%	-	-	-	-	-	-	-	10%	90%
LT	10%	-	-	-	-	-	-	-	10%	90%
AT	5%	-	-	3%	-	-	-	3%	8%	93%
EE	8%	-	-	-	-	-	-	-	8%	93%

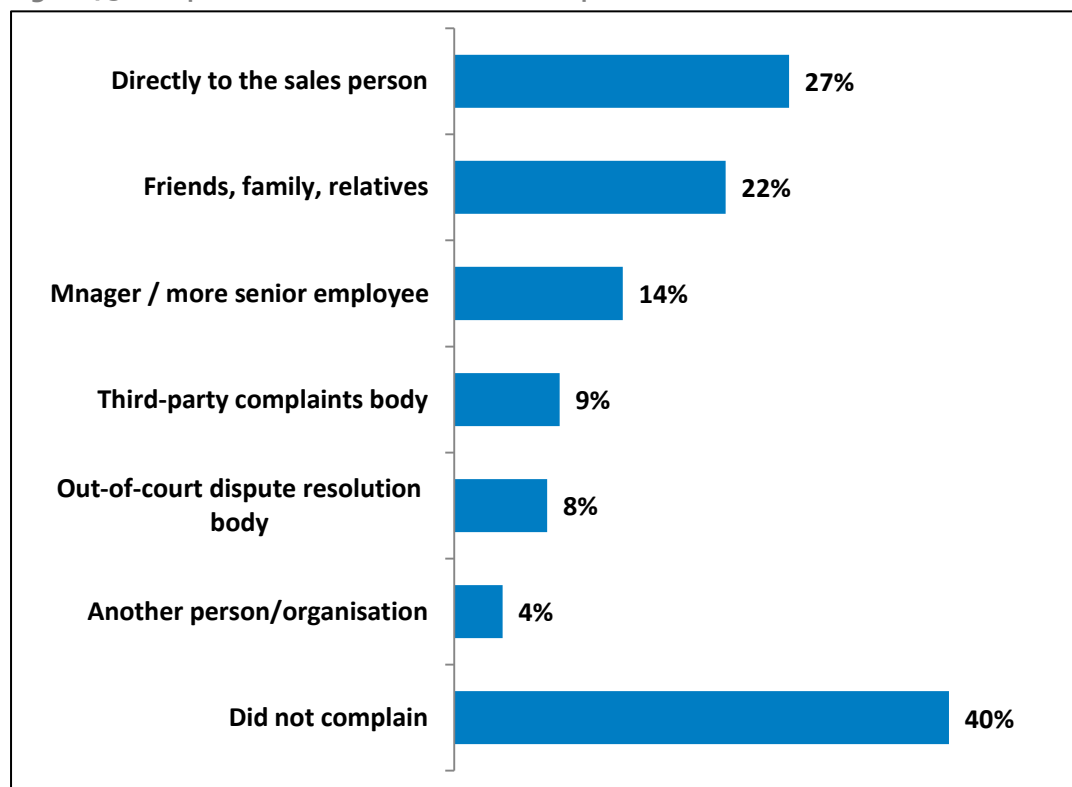
	Misleading or omitted information	Sales pressure from the trader to make the purchase	Omission of required documents	Hidden defects. cover-up or falsifications	Additional charges placed on the price of the car	Unfair contract terms and conditions	Aggressive behaviour (verbal or physical)	Other	Summary: Any Unfair Commercial Practices	No
FR	3%	-	-	3%	3%	-	-	-	8%	93%
BE	3%	-	-	-	3%	-	-	3%	5%	95%
CY	5%	-	5%	-	-	-	-	-	5%	95%
DE	3%	-	-	5%	-	-	-	-	5%	95%
CZ	-	3%	-	-	-	-	-	-	3%	98%
SI	3%	-	-	-	-	-	-	-	3%	98%
SE	3%	-	-	-	-	-	-	-	3%	98%
LU	-	-	-	-	-	-	-	-	0%	100%
IS	-	-	-	5%	-	-	-	-	5%	95%
NO	5%	-	5%	3%	3%	3%	3%	-	10%	90%

Source: Mystery Shopping Q30: Considering this Mystery Shopping exercise, did you experience any of the following unfair practices (from the trader)? (N=1199)

### 5.4.3 Complaints about unfair commercial practices

Of those consumer respondents surveyed who experienced such unfair commercial practices, **three out of five made a complaint about them**. Complaints were mostly expressed directly at the sales person they were dealing with (27%) or to their friends and family (22%). However, still two out of five consumer respondents did not complain at all.

Figure 75 Complaint about unfair commercial practices



Source: Consumer Survey Q35: Did you complain about the unfair practices which you experienced? (EU28 N=7163)

Respondents who experienced unfair commercial practices but did not complain are of particular concern, as this is indicative that they are either unable or unwilling to exert their consumer rights.

Those in the older age groups wouldn't complain more often than others (47% of respondents 55+ did not complain vs. 35% of 18-34 year olds). When the trader was an independent dealer, complaints were also less likely to have been expressed (46% did not complain compared to only 30% of those buying from an auction and 33% of those buying from a franchise dealership). Almost half (49%) of EU13 respondents did not complain about experiencing unfair commercial practices, compared to 36% in the EU15.

When it comes to those who complained about an unfair commercial practice experienced, respondents between 18-34 years old were more likely to complain to a third party (11%) or to friends / family (25%) than the other two age groups. Also, respondents in the EU15 were much more likely to complain to the salesperson (31%) than those in EU13 (19%).

Table 133 Complaint about unfair commercial practices – by socio-demographics

	Yes. directly to the sales person	Yes. to friends, family, relatives etc.	Yes. to a manager / more senior employee	Yes. to a third-party complaints body	Yes. to an out-of-court dispute resolution	Yes. to another person/organisation	No
<b>EU28</b>	<b>27%</b>	<b>22%</b>	<b>14%</b>	<b>9%</b>	<b>8%</b>	<b>4%</b>	<b>40%</b>
EU15	31%	22%	14%	9%	8%	4%	36%
EU13	19%	23%	12%	8%	7%	5%	49%
Male	27%	21%	15%	10%	9%	4%	39%
Female	28%	23%	12%	6%	5%	4%	42%
18-34	27%	25%	14%	11%	9%	4%	35%
35-54	27%	19%	14%	6%	7%	4%	44%
55+	30%	19%	12%	5%	4%	4%	47%
Primary / partial	25%	20%	16%	11%	9%	6%	35%
Completed secondary	28%	20%	12%	6%	7%	3%	43%
(Post)-Grad	28%	26%	16%	10%	8%	4%	37%
Low income	26%	25%	13%	10%	9%	4%	36%
Medium	29%	18%	11%	7%	7%	3%	43%
High income	29%	23%	16%	8%	9%	4%	40%
Imported	20%	23%	19%	14%	12%	10%	29%
Franchise	29%	24%	18%	10%	9%	4%	33%
Independent	26%	21%	11%	7%	6%	3%	46%
Auction	27%	23%	16%	14%	17%	8%	30%

Source: Consumer Survey Q35: Did you complain about the unfair practices which you experienced? (EU28 N=7163)

Key findings per country are as follows:

- Consumer respondents in Norway (42%), Croatia (40%), Greece and Slovenia (both 39%) more commonly complained directly to the trader they were dealing with;
- Complaints to friends/family/relatives etc. were much more likely to take place by respondents in Croatia (49%), Greece (44%) and Cyprus (40%);
- Complaints to a senior manager at the trader source were most likely in the UK (20%), Spain and Norway (both 19%);
- Third party complaints bodies were more likely to have been used to report a complaint in Denmark (16%) and Spain (14%);
- In Romania, 15% of respondents complained to an out-of-court dispute resolution entity;
- The proportion of respondents not complaining at all was highest in the three Baltic countries, namely Latvia (78%), Estonia (66%) and Lithuania (61%) and in Bulgaria (70%).

Table 134 Complaint about unfair commercial practices – by country

	Yes. directly to the sales person	Yes. to friends, family, relatives etc.	Yes. to a manager / more senior employee	Yes. to a third-party complaints body	Yes. to an out-of-court dispute resolution entity	Yes. to another person/ organisation	No
<b>EU28</b>	<b>27%</b>	<b>22%</b>	<b>14%</b>	<b>9%</b>	<b>8%</b>	<b>4%</b>	<b>40%</b>
AT	35%	23%	14%	6%	3%	4%	34%
BE	22%	17%	9%	7%	6%	4%	49%
BG	7%	19%	5%	4%	2%	1%	<b>70%</b>
CY	13%	<b>40%</b>	15%	-	<b>12%</b>	<b>7%</b>	25%
CZ	23%	<b>33%</b>	15%	4%	3%	4%	47%
DE	<b>37%</b>	17%	10%	5%	8%	3%	38%
DK	29%	27%	16%	<b>16%</b>	9%	<b>7%</b>	27%
EE	17%	11%	8%	3%	2%	3%	<b>66%</b>
EL	<b>39%</b>	<b>44%</b>	15%	9%	6%	4%	18%
ES	24%	18%	<b>19%</b>	<b>14%</b>	<b>11%</b>	6%	35%
FI	32%	14%	12%	5%	7%	4%	46%
FR	27%	<b>32%</b>	15%	8%	5%	6%	33%
HR	<b>40%</b>	<b>49%</b>	16%	3%	4%	4%	26%
HU	18%	23%	11%	7%	6%	5%	49%
IE	<b>37%</b>	19%	12%	8%	5%	4%	38%
IT	32%	21%	<b>17%</b>	10%	<b>11%</b>	2%	32%
LT	16%	19%	5%	2%	2%	1%	<b>61%</b>
LU	36%	32%	<b>18%</b>	8%	6%	4%	33%
LV	9%	15%	4%	1%	1%	5%	<b>78%</b>
MT	32%	25%	5%	1%	-	5%	43%
NL	18%	14%	12%	11%	4%	3%	50%
PL	18%	20%	14%	10%	9%	6%	46%
PT	29%	21%	13%	9%	6%	4%	41%
RO	20%	31%	13%	<b>12%</b>	<b>15%</b>	<b>7%</b>	38%
SE	31%	20%	13%	10%	6%	5%	37%
SI	<b>39%</b>	29%	12%	6%	5%	1%	38%
SK	28%	27%	12%	5%	2%	3%	<b>50%</b>
UK	31%	22%	<b>20%</b>	<b>12%</b>	10%	2%	32%
IS	30%	12%	7%	5%	5%	4%	<b>60%</b>
NO	<b>42%</b>	16%	<b>19%</b>	4%	3%	4%	49%

Source: Consumer Survey Q35: Did you complain about the unfair practices which you experienced? (N=7342)

## 5.5 Out-of-court dispute resolution entities

Many of the stakeholders interviewed in this study are members of or affiliated with second-hand car dispute resolution entities. These include dealer associations with quality labels, consumer organisations and public authorities.

*“This is what we do within our association. We are completely independent. We bring in professional experts to make decisions on disputes. Our members are aware of this” (Association of Dealers/Repairers)*

*“There are two out-of-court groups in this country. The first is government-backed. It is a ‘light version’ of a court to decide a solution - their ruling carries the same weight as a mainstream court. Consumers use it a lot and have higher awareness and it costs the consumer almost no money. The second is the complaint body made by the Dealer Association and Automobile Club/Association, but the decisions of this second entity are not legally binding” (Automobile Club/Association)*

Also, industry-focused and consumer-focused organisations often work together on such issues, such as the former collaboration between Federauto and Test-Aankoop/Achats in Belgium. However, this collaboration is no longer in place due to the financial challenges met, as reported in the stakeholder quote below:

*“There used to be a conciliation system between Test-Aankoop and Federauto - they would appoint an expert to give a decision on the car, which the dealer and consumer would accept: in 50% of cases brought to this body, the dealer made the repair for free. We like the idea of such a body re-starting, but it needs subsidising because it is expensive to maintain” (Consumer Organisation)*

Based on the interviews conducted during the stakeholder consultation, a considerable variation in how out-of-court dispute resolution entities operate by country was reported. Stakeholders in certain countries felt that the general lack of consumer awareness and the lack of enforcement by these bodies were barriers to them being more effective.

*“We would like to have that role in this country. However, we did a consumer survey to test attitudes to this potential move and found that consumers did not perceive our organisation in that way” (Automobile Club/Association)*

*“In our country, we have an organisation that acts as a mediator. There is very low consumer awareness of this organisation, because consumers only know if they've used it and the organisation doesn't actively advertise itself to the public” (Consumer Organisation)*

*“It's not something that is picking up on a grand scale. The dealers and consumers are aware, but they simply prefer going to court. They are available, but not being used much” (Insurance Association)*

*“Decisions aren't all legally binding - voluntary agreements have their limits” (Automobile Club/Association)*

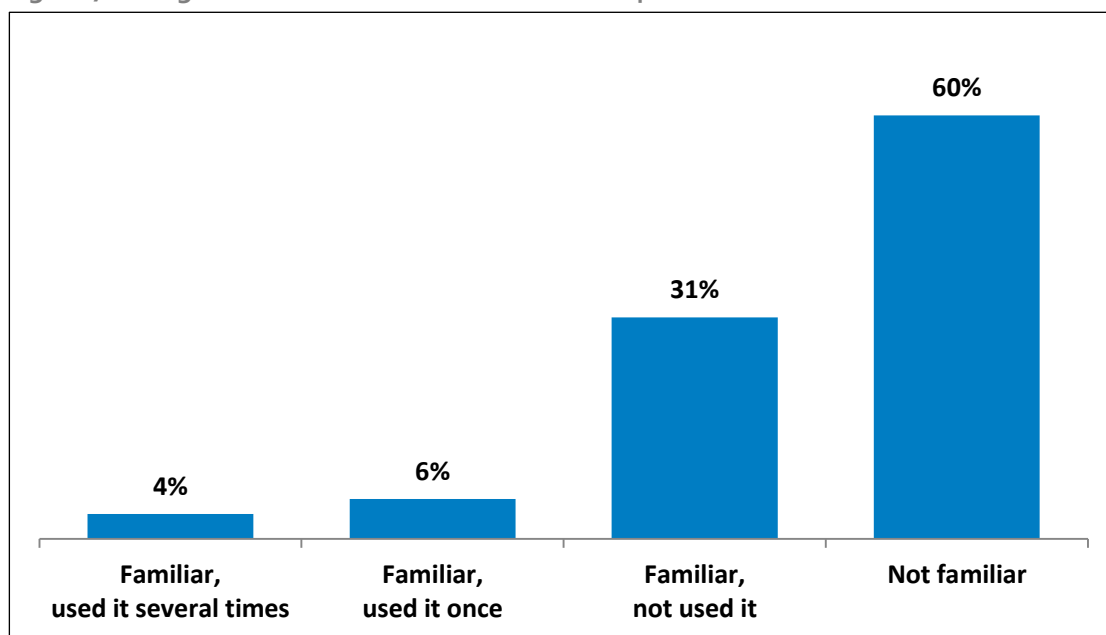
*“No, there is nothing. Court cases take between 1 and 3 years to find a solution. Consumers cry about bad cars, but they don't go to court. It takes too long. You lose time and money on the case” (Trade Association)*

*“There should be a body for car checks and complaints at EU level (thinking especially of cross-border sales)” (Public Authority)*

Consumer respondents were further asked whether they were familiar with out-of-court dispute resolution entities in order to resolve disputes with traders of second-hand cars. As seen earlier, out of those respondents who experienced unfair commercial practices, almost one out of ten used an out-of-court dispute resolution entity (e.g. an ombudsman, a mediator or arbitrator) to express a complaint.

Out of all surveyed respondents, a large proportion (40%) was indeed familiar with out-of-court dispute resolution entities. However only 10% had used one (2 in 5 of these respondents had used an out of court dispute resolution entity more than once).

**Figure 76 Usage and awareness of out-of-court dispute resolution entities**



*Source: Consumer Survey Q36: Are you familiar and have you used any out-of-court dispute resolution body in order to resolve a dispute you had with the trader of a second-hand car? (EU28 N=24,259)*

However, there was a notably high proportion of respondents who were not familiar with out-of-court dispute resolution entities (60%). Women were more likely than men to not be familiar with these (67% vs. 54% for men). Respondents in the younger age groups were more likely to not be aware of them (61-62%) than the older age group (54%). However, half of those buying cars from abroad and 49% of those buying a car at Auction had heard of dispute resolution entities, a higher proportion than observed by those who purchased their car from an independent or franchise dealer (40%).

Table 135 Usage and awareness of out-of-court dispute resolution bodies, by socio-demographics

	I am familiar with it and I have used it several times	I am familiar with it and I have used it once	I am familiar with it but I have not used it	I am not familiar with any out of court dispute resolution entities
<b>EU28</b>	<b>4%</b>	<b>6%</b>	<b>31%</b>	<b>60%</b>
EU15	3%	6%	32%	59%
EU13	5%	6%	27%	62%
Male	4%	7%	35%	54%
Female	3%	4%	26%	67%
18-34	6%	9%	24%	61%
35-54	3%	4%	31%	62%
55+	1%	3%	42%	55%
Primary / partial secondary	5%	7%	29%	60%
Completed secondary	3%	4%	32%	61%
(Post-)Graduate	4%	7%	31%	58%
Low income	5%	8%	28%	59%
Medium income	3%	5%	31%	62%
High income	3%	5%	36%	57%
Imported from abroad	7%	14%	30%	50%
Franchise	4%	5%	31%	60%
Independent	3%	5%	32%	61%
Auction	9%	14%	26%	51%

Source: Consumer Survey Q36: Are you familiar and have you used any out-of-court dispute resolution body in order to resolve a dispute you had with the trader of a second-hand car? (EU28 N=24,259)

When it comes to analysis by country, awareness was lowest in the Czech Republic (78%), Malta (74%) and Cyprus (73%). In contrast, 62% of consumer respondents in the Netherlands were aware of an out-of-court dispute resolution entity and 9% of respondents in Spain had used one several times before.



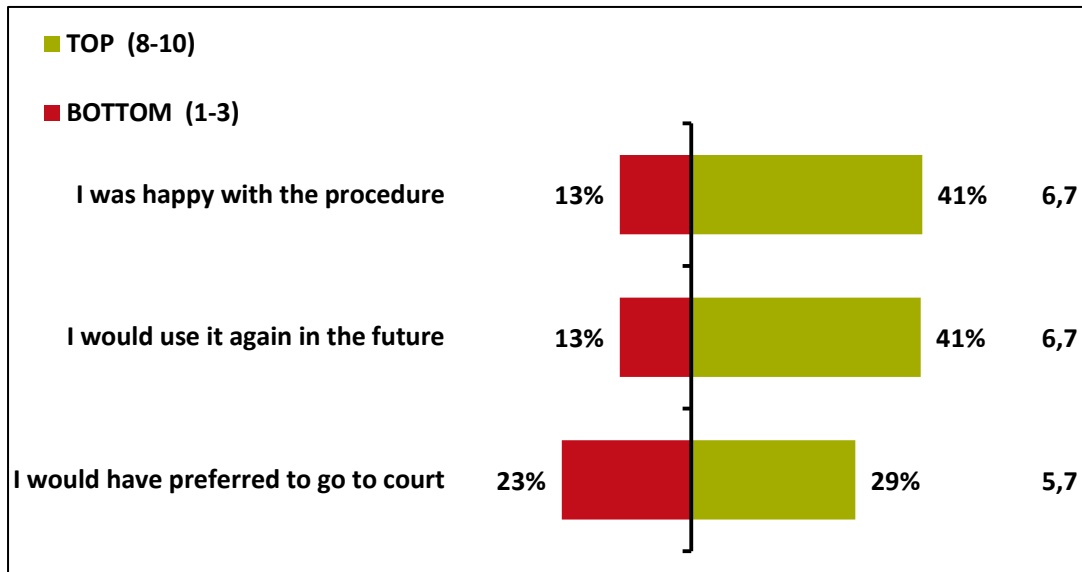
Table 136 Usage and awareness of out-of-court dispute resolution entities - by country

	I am familiar with it and I have used it several times	I am familiar with it and I have used it once	I am familiar with it but I have not used it	I am not familiar with any out of court dispute resolution entities
<b>EU28</b>	<b>4%</b>	<b>6%</b>	<b>31%</b>	<b>60%</b>
AT	2%	4%	31%	63%
BE	3%	4%	24%	68%
BG	4%	4%	30%	62%
CY	0%	2%	25%	<b>73%</b>
CZ	1%	2%	18%	<b>78%</b>
DE	2%	4%	38%	56%
DK	5%	8%	32%	55%
EE	2%	2%	50%	47%
EL	3%	7%	33%	57%
ES	<b>9%</b>	9%	17%	65%
FI	2%	5%	43%	50%
FR	2%	5%	23%	70%
HR	3%	3%	33%	61%
HU	3%	5%	35%	57%
IE	2%	3%	34%	61%
IT	7%	6%	30%	58%
LT	3%	2%	30%	65%
LU	3%	5%	26%	66%
LV	0%	1%	40%	59%
MT	0%	0%	26%	<b>74%</b>
NL	2%	5%	55%	<b>38%</b>
PL	7%	9%	24%	60%
PT	3%	3%	39%	55%
RO	6%	7%	20%	67%
SE	4%	10%	31%	55%
SI	2%	3%	52%	43%
SK	3%	3%	32%	62%
UK	4%	8%	29%	60%
IS	0%	5%	27%	68%
NO	1%	4%	59%	37%

Source: Consumer Survey Q36: Are you familiar and have you used any out-of-court dispute resolution body in order to resolve a dispute you had with the trader of a second-hand car? (N=25,286)

In terms of attitudes towards such entities, those respondents who had experience of using these at least once before were asked about their experience. A large proportion of respondents were relatively happy with the procedure and would use it again (mean score of 6.7 for both items). However, significant numbers (three out of ten) claimed that they would have preferred to go to court instead.

Figure 77 Attitudes towards out-of-court dispute resolution entities



Source: Consumer Survey Q37: Considering your experience of an out-of-court dispute resolution body that you used in order to resolve a dispute with a trader over the second-hand car that you purchased, to what extent do you agree or disagree with each of the following statements? (EU28 N=2092)

Mean scores for the extent to which consumer respondents who had used this procedure were happy with it and would use it again in the future were generally consistent across all consumer types and trade sources, but scores were slightly lower for imported cars (6.0 and 5.9 respectively), for consumer respondents in the EU13 (both items averaging 6.1) and for those of low education (6.1 and 6.0 respectively). Those respondents aged 55+ were slightly less likely to say that they would have preferred to go to court (4.3 vs. scores of 5.9-6.0 for the other age groups), which is indicative of a higher satisfaction with the out-of-court dispute resolution process.

Table 137 Attitudes towards out-of-court dispute resolution entities, by socio-demographics

	I was happy with the procedure	I would use it again in future	I would have preferred to go to court
<b>EU28</b>	<b>6.7</b>	<b>6.7</b>	<b>5.7</b>
EU15	6.9	6.8	5.8
EU13	<b>6.1</b>	<b>6.1</b>	5.5
Male	6.6	6.6	5.8
Female	6.8	6.9	5.6
18-34	<b>6.5</b>	<b>6.4</b>	5.9
35-54	7.0	7.1	6.0
55+	7.1	7.0	<b>4.3</b>
Primary / partial secondary	<b>6.1</b>	<b>6.0</b>	5.6
Completed secondary	6.6	6.7	5.9
(Post-)Graduate	7.0	6.9	5.8
Low income	<b>6.5</b>	<b>6.5</b>	<b>6.0</b>
Medium income	<b>7.1</b>	7.0	5.5
High income	6.9	6.8	5.4
Imported from abroad	<b>6.0</b>	<b>5.9</b>	5.3
Franchise	6.7	6.8	5.9
Independent	6.7	6.6	5.7
Auction	6.5	6.4	5.6

Source: Consumer Survey Q37: Considering your experience of an out-of-court dispute resolution body that you used in order to resolve a dispute with a trader over the second-hand car that you purchased, to what extent do you agree or disagree with each of the following statements? (EU28 N=2092)

Sample base sizes were rather small to allow for a robust comparison by country, although the table below indicates that consumers in the UK and Italy were most likely to say that they would have preferred to go to court (both scoring an average of 6.5 at this item), despite being happier than EU28 average.

Table 138 Attitudes towards out-of-court dispute resolution entities, by country

	I was happy with the procedure	I would use it again in future	I would have preferred to go to court
<b>EU28</b>	<b>6.7</b>	<b>6.7</b>	<b>5.7</b>
AT	5.8	6.3	5.9
BE	6.9	6.8	5.6
BG	6.1	5.6	5.8
CY	<b>5.6</b>	7.7	<b>2.8</b>
CZ	<b>5.7</b>	<b>5.6</b>	5.8
DE	6.9	6.6	4.6
DK	5.9	5.8	4.7
EE	7.8	7.2	6.4
EL	6.7	7.5	6.3
ES	6.6	6.7	5.8
FI	6.5	6.6	4.4
FR	6.6	6.5	6.1
HR	6.4	6.8	6.1
HU	6.2	6.4	5.7
IE	6.9	7.1	4.9
IT	7.1	7.0	<b>6.5</b>
LT	7.8	7.8	5.2
LU	7.1	7.3	4.6
LV	6.6	7.8	4.4
MT	<b>8.3</b>	<b>8.7</b>	<b>3.9</b>
NL	6.7	7.0	5.9
PL	6.0	6.0	5.4
PT	6.7	6.6	5.5
RO	6.7	6.7	6.4
SE	6.5	6.7	5.6
SI	6.6	7.2	4.6
SK	6.4	6.6	5.6
UK	7.3	7.3	<b>6.5</b>
IS	6.3	7.3	<b>3.8</b>
NO	8.0	8.1	<b>2.7</b>

Source: Consumer Survey Q37: Considering your experience of an out-of-court dispute resolution body that you used in order to resolve a dispute with a trader over the second-hand car that you purchased, to what extent do you agree or disagree with each of the following statements? (N=2148)

## 5.6 Problems, complaints, complaint handling and dispute resolution: Summary

The key findings of Issue 3 are summarised below, under three sub-headings:

1. Post-sale problems
2. Complaints and complaint handling
3. Unfair commercial practices

### 1. Post-sale problems

- **Two-fifths (41%) of consumer respondents reported experiencing at least one problem** within a year of buying their second-hand car, beyond expected wear and tear. This 41% is broken down as 17% who experienced one problem, 9% experiencing two problems, 5% experiencing three problems and 11% experiencing four or more problems within one year of second-hand car purchase;
- This proportion experiencing at least one problem (41%) is very high and is indicative of poor market performance. The **consumer types experiencing a particularly high proportion of problems** is as follows:
  - Respondents living in the EU13 - 60% experiencing one or more problems;
  - Those who bought their car at auction - 59%;
  - Respondents who had imported their car from abroad - 57%;
  - Respondents aged 18-34 or with a low level of income - 50% with problems;
    - These consumer typologies are typically those with either less disposable income and thus reliant on cheaper cars which are more prone to post-purchase problems, or bought their car from a source where the consumer is not able to thoroughly check the car pre-purchase;
- The **most common problem types** were battery / electrical problems (experienced by 15% of all buyers), problems with tyres, wheels and suspension (12%) and problems with brakes and with the car exterior/bodywork (both 10%);
  - In terms of socio-demographics, every one of the above problem types was significantly more common among men, respondents aged 18-34, those with a low income, buying the car from an auction, importing from abroad and living in the EU13;
  - **In some EU13 countries, certain problems that can put the consumer at serious risk were reported two or three times more when compared to the EU average (between 15-20% of all respondents in Bulgaria, Romania and Poland reported experiencing odometer fraud, whereas two out of ten respondents from Hungary, Poland, Romania and Lithuania reported an undisclosed accident damage);**
- Two-fifths of all problems experienced occurred within one month of car purchase and three-fifths occurred within three months of purchase;
- Approximately a quarter (27%) of respondents said that their (biggest) problem was **covered by guarantee**;
  - This proportion was much higher in the EU15 (32%) than the EU13 (13%);
  - The proportion of guarantees was relatively low with imported cars, cars bought at an independent dealership and purchased at an auction;

- **The average problem(s) took the consumer respondent 23 hours to address and cost €518. When correcting by PPP<sup>110</sup>, the average money spent on these problems was €575;**
  - The average time cost was highest in the EU13 (40 hours), with cars imported from abroad (36 hours) and cars bought at auction (35 hours);
  - The average financial cost – without PPP – was higher for cars bought at auction (€648) and imported from abroad (€938) and lowest for cars bought from a franchise dealership (€470);
  - In terms of region, the average financial cost in the EU15 and EU13 was similar without PPP, but much higher for EU13 respondents when PPP was factored in (€816 vs. €494 in the EU15);
- **Consumer detriment** from post-purchase problems was calculated by combining the financial cost to the consumer with the monetized value of the time that the consumer spent addressing the problem, taking into consideration the reasonable expectations respondents had with their car prior to purchase. Consumer detriment – both as an absolute value and as a proportion of average car purchase price per country – was highest in Eastern and Southern European countries and lowest in Northern and Western European countries;
  - **Total annual consumer detriment for second-hand car post-purchase problems that occurred within one year of purchase (excluding wear and tear) was estimated between €1.9 billion and €4.1 billion in the EU28;**
  - When analysing average consumer detriment, it was found to be highest for cars bought at auction and when the respondents had a low level of knowledge and lowest when the problem was covered by guarantee.

## 2. Complaints & complaint handling

- When problems arose after the second hand car purchase, **62% consumer respondents made complaints:**
  - The proportion of complaints was higher in the EU15 (67%) than the EU13 (53%);
  - The biggest difference by socio-demographics was in terms of age - respondents aged 55+ were least likely to complain (51% complaining), whereas those aged 18-34 were most likely to complain (68%);
  - When considering the impact of problem type on the likelihood to complain, respondents were most likely to complain when the car was stolen or the trader did not honour the conditions of the sale (in both cases 72% complained) and least likely to complain when the problem was associated with the car's battery or electrical equipment (55%);
- Across all problem types, respondents were **most likely to complain to the trader (27%)**. Complaints made to friends / family, third party organisation, out-of-court dispute resolution entities and to the manufacturer were made for 8-13% of problem types;
  - Complaints about mechanical problems were more likely to have been addressed to the trader (over a third of those reporting engine problems did so to the trader). Problems involving illegal activity, such as odometer fraud or stolen cars were

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<sup>110</sup> Purchasing Power Parities (PPP) is used to correct for differing income levels per country

- more likely to be reported to third party organisations or dispute resolution entities;
- When complaining to the trader about a problem, consumer respondents mostly got their car repaired free of charge (44%), or at a discounted rate (16%). However, 20% did not receive any refund, repair, replacement or documentation necessary to fix their problem;
    - Those respondents who complained without having a guarantee were much more likely to state that they received no refund, repair or documentation (35% vs. 3% for those under a guarantee), which further underlines the importance of being in possession of guarantees to resolve any post-purchase problem.
  - Regardless of where they complained (trader, manufacturer, third party organisation or out of court dispute resolution entity), **consumer satisfaction about the complaint handling was on average 6 out of 10<sup>111</sup>**:
    - Satisfaction with complaint handling was higher in the EU15 than the EU13;
    - In terms of satisfaction with complaint handling by the trader, those complaining to a franchise dealer were more satisfied than those complaining to other traders (mean score 6.3 compared to 5.8 for independent dealers and 4.4 for cars bought at auction).
  - When asked about **out-of-court dispute resolution entities**, 40% of consumer respondents were familiar with them. However only 10% had used one before;
    - Familiarity with out-of-court dispute resolution entities was lowest among women and young people;
    - Out of those respondents who had used an out-of-court dispute resolution entity before, two-fifths said that they were happy with the procedure and would use it again, but a third reported that they would have preferred to go to court instead.

### 3. Unfair commercial practices

- **25% of consumer respondents experienced at least one unfair commercial practice** from the dealer;
  - This proportion was much higher in the EU13 (44%) than the EU15 (21%); It was particularly high in Bulgaria (56%), Poland (48%), Romania (45%) and Latvia (42%);
  - As was the case with post-purchase problems, unfair commercial practices were more commonly experienced for respondents aged 18-34, from the low income group, those importing their car from abroad or buying their car from an auction;
  - The most frequently reported unfair commercial practices were 'hidden defects, cover-up or falsifications' (11%) and 'misleading or omitted information' (9%).
- When tested in the mystery shopping exercises, **16% of mystery shoppers noticed unfair commercial practices**. These were most common for older cars, in the EU13 and for cars found at an independent dealership (rather than a franchise dealership);
- Out of those consumer respondents who experienced unfair commercial practices, **a significant proportion (40%) did not complain about them**;

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<sup>111</sup> On a scale from 1 to 10 where 1 is 'Not at all satisfied', and 10 is 'Very satisfied'

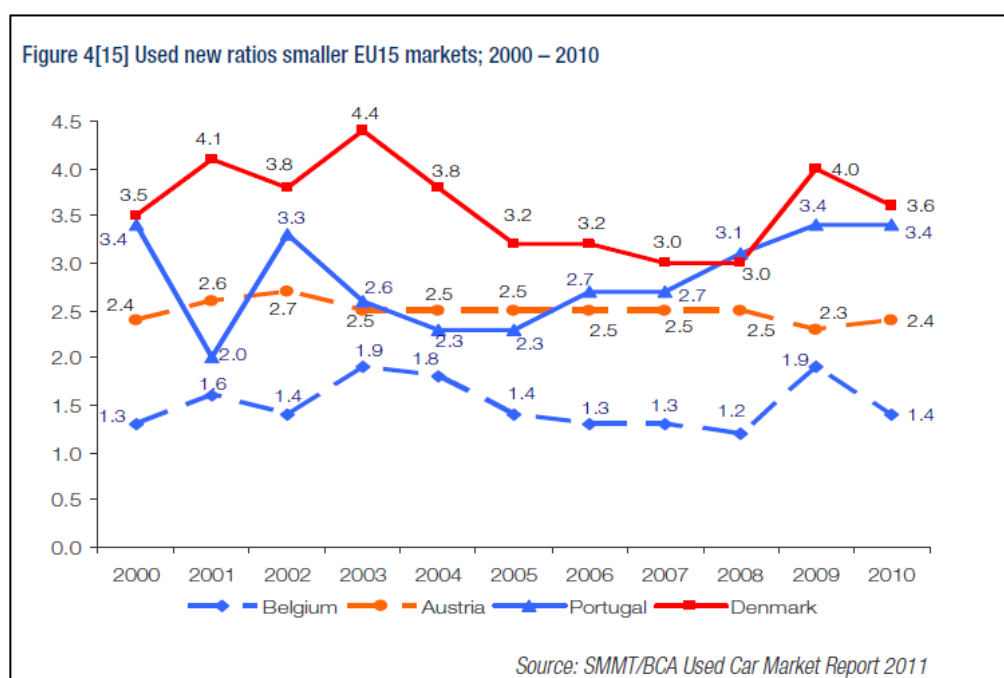
- In particular, 49% of EU13 respondents and 46% of those who bought their car from an independent dealership did not complain about the unfair commercial practices they had experienced.



## 6 Issue 4: Market features – supply and demand structure, cross-border trade, prices

### 6.1 Supply and demand structure

According to a 2012 CarFax report, there are more than 40 million registration transfers of cars in Europe per annum<sup>112</sup>, showing the huge value of the second-hand car market in the EU. Approximately 66% of European second-hand car purchases are carried out through dealerships (authorized and independent), while 34 percent are acquired from private individuals. As shown in the graph below<sup>113</sup> – based on the University of Buckingham Used Car Report – used car sales outstrip new car sales in Europe. Anecdotal evidence from the stakeholders surveyed in the same report indicates that the ratio of used car sales to new car sales is as much as 8:1 in some Eastern European countries, where consumers have lower incomes.



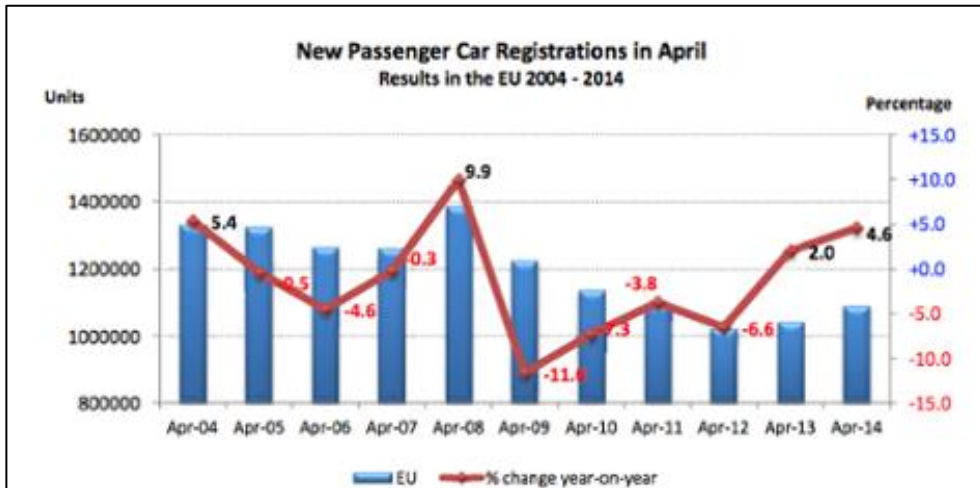
The financial crisis of 2009 had a big impact on the European second-hand car market. Due to the financial constraints for certain EU member states at that time, consumers would buy fewer new cars and so demand for new cars decreased, thus causing the production of new cars to decrease in an immediate reaction to this<sup>114</sup>. The graph below, based on ACEA data, shows that new car registrations decreased by 12% in 2009 and have still not recovered to their pre-crisis level in the EU<sup>115</sup>.

<sup>112</sup> CarFax Report, 2012: Used Cars – from outsider to market driver.

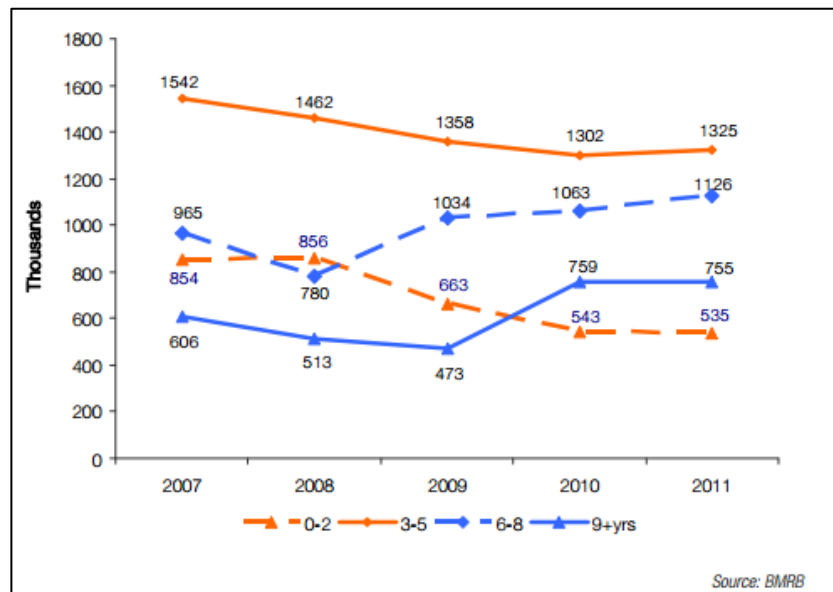
<sup>113</sup> <http://www.buckingham.ac.uk/wp-content/uploads/2010/11/pnc-European-Used-Car-Market-Report-2012.pdf>

<sup>114</sup> <http://news.bbc.co.uk/2/hi/8251920.stm>

<sup>115</sup> <http://www.theguardian.com/business/2014/may/16/weak-european-car-sales-markets-eon-fine-live>



As a result, there are currently fewer “nearly new” second-hand cars (i.e. cars aged two years or less) on the market, despite a steady demand for nearly new cars from consumers. The graph below<sup>116</sup> shows UK second hand car sales by dealer according to the age of the car. Since 2008/2009 the numbers of cars sold that are between 0-5 years old has seen a downward trend, while sales for those cars that are 6+ years old are increasing, which partly reflects the more limited supply for cars aged between 0-5 years old. This means that prices for new cars are depreciating at a slower rate because demand for nearly new, good quality cars outstrips supply.



<sup>116</sup> <http://www.buckingham.ac.uk/wp-content/uploads/2010/11/pnc-European-Used-Car-Market-Report-2012.pdf>

Despite the afore-mentioned supply fluctuations for new and second-hand cars, the general stakeholder viewpoint in the current study was that there was sufficient supply and choice of second-hand cars to meet consumer demands. When stakeholders were asked to assess consumer choice on a scale from 1 to 10, the average score given was 8.6. The only two low scores (5 out of 10) were given both by stakeholders based in Cyprus, who stressed the country's small size and reliance on imports as the key reason for this lower choice score.

Stakeholders in particular cited the importance of internet car portals in increasing consumer choice – consumers are now no longer reliant on a network of local second-hand cars, but can instead look at all second-hand cars within a certain acceptable radius of their home. In addition, the use of internet portals aids consumers in making more informed choices for their second hand car purchase, because it allows them to actively compare prices and features, as well as search for background information on their potential purchases.

### **6.1.1 The role of leasing in the second-hand car market**

Based on stakeholder interviews, it is clear that ex-lease cars have a very important role to play in terms of the supply of second-hand cars per country. Due to the financial difficulties in Europe, in 2009/10 in particular, fewer lease cars were bought new, which translates to a current shortage of 3-4 year-old ex-lease cars in the second-hand car market at present. This reduction in supply, coupled with a continually high demand from consumers for 3 and 4 year-old cars, has led to an increase in price for these cars across Europe.

The manner in which ex-lease cars enter the second-hand car market differs by country, due to differences in legislation and differing market structures. In Denmark and Germany, over 90% of ex-lease cars are sold business-to-business due to the fact that they would need to give a 1-year guarantee on the car when selling it directly to a consumer, which adds too much complication for the leasing companies.

The Leasing Association stakeholders interviewed indicated that lease cars are almost always new cars. When looking at the second hand car markets of Germany, France, the Netherlands, Belgium and Luxembourg, these stakeholder respondents said that lease cars only make up between 0-3% of the second-hand car market. The only cases of second-hand cars entering the leasing market are when a client from a leasing company requests a specific luxury car that is only available second-hand, but these are very isolated incidents.

Despite the previous statements, there has been an increase in the proportion of lease cars that are second-hand (for example, 20% of lease cars in Italy are second-hand). However, these cars may simply be "zero kilometre" cars that are essentially new. This commonly happens when the new car market is in trouble. Car manufacturers would employ this tactic to diminish their excess inventory of new cars.

From a consumer perspective, the main difference between buying an ex-lease car compared to a second-hand car that was previously privately owned is that the ex-lease car would have been regularly serviced by an authorised garage and it should contain more documentation about the car's history. Therefore, there is usually more information available for a consumer buying an ex-lease car than a car that was previously privately owned.

Leasing Associations expressed the viewpoint that they would like to be able to export ex-lease cars more than is currently the case, but the time and costs of obtaining a Certificate of Conformity in the import country is a barrier to the free movement of ex-lease cars in the EU.

### 6.1.2 The role of insurance in the second-hand car market

Stakeholders did not feel that insurance had a large role to play in the second-hand car market. Based on the interviews conducted, it was felt that insurance premiums were fair and that they were not an unreasonable barrier to the potential purchase of a second-hand car. Stakeholders strongly agreed with the statement that *“it is easy for consumers to obtain a reasonable insurance premium for a second-hand car”*, giving it a score of 8.1 out of 10<sup>117</sup>.

*“It’s quite easy and open. It depends more on your personal situation than on whether the car is new or used” (Association of Dealers / Repairers)*

*“This is more related to the driver’s history rather than the car type” (Public Authority)*

An important distinction to make is between 3rd Party and Comprehensive insurance. For 3rd Party insurance, a second-hand car is essentially treated the same as a new car in terms of calculating the insurance premium. For Comprehensive insurance, the most important thing for the insurer to know when calculating the premium is how old the car is.

The only noticeable difficulty with obtaining a second-hand car premium is among young people. Young people generally pay higher insurance premiums, as they are a higher risk category, whilst they are also the group with the lowest disposable income and so likely to buy cheaper cars. Therefore, the cost of insurance as a percentage of their car value could be very high.

In relation to the issue of odometer fraud in particular, the insurer would not know about it, unless the tampering was somehow detected. If discovered, it is likely that the insurance contract would be either cancelled (if the consumer lied about it) or negotiated (if consumers can prove that they were previously unaware that their car has had its odometer manipulated).

### 6.1.3 Trader type

When asked from which trade source they had bought their most recent second-hand car, 54% of consumer survey respondents reported purchasing it from an independent dealership, 42% from a franchise dealership and the remaining 4% from an auction. Those in the 55+ age range were more likely than other age groups to have bought their most recent second-hand car from a franchise dealership (44%) and those in the 18-34 age range more likely to have used an auction for this purchase (6%). Men (5%) were also more likely than women (3%) to have bought it from an auction. In terms of income, households with a low or medium income were more likely to buy the car from an independent dealership (58% and 56% respectively), whilst households with a high income were mostly likely to buy the second-hand car from a franchise dealership (48%).

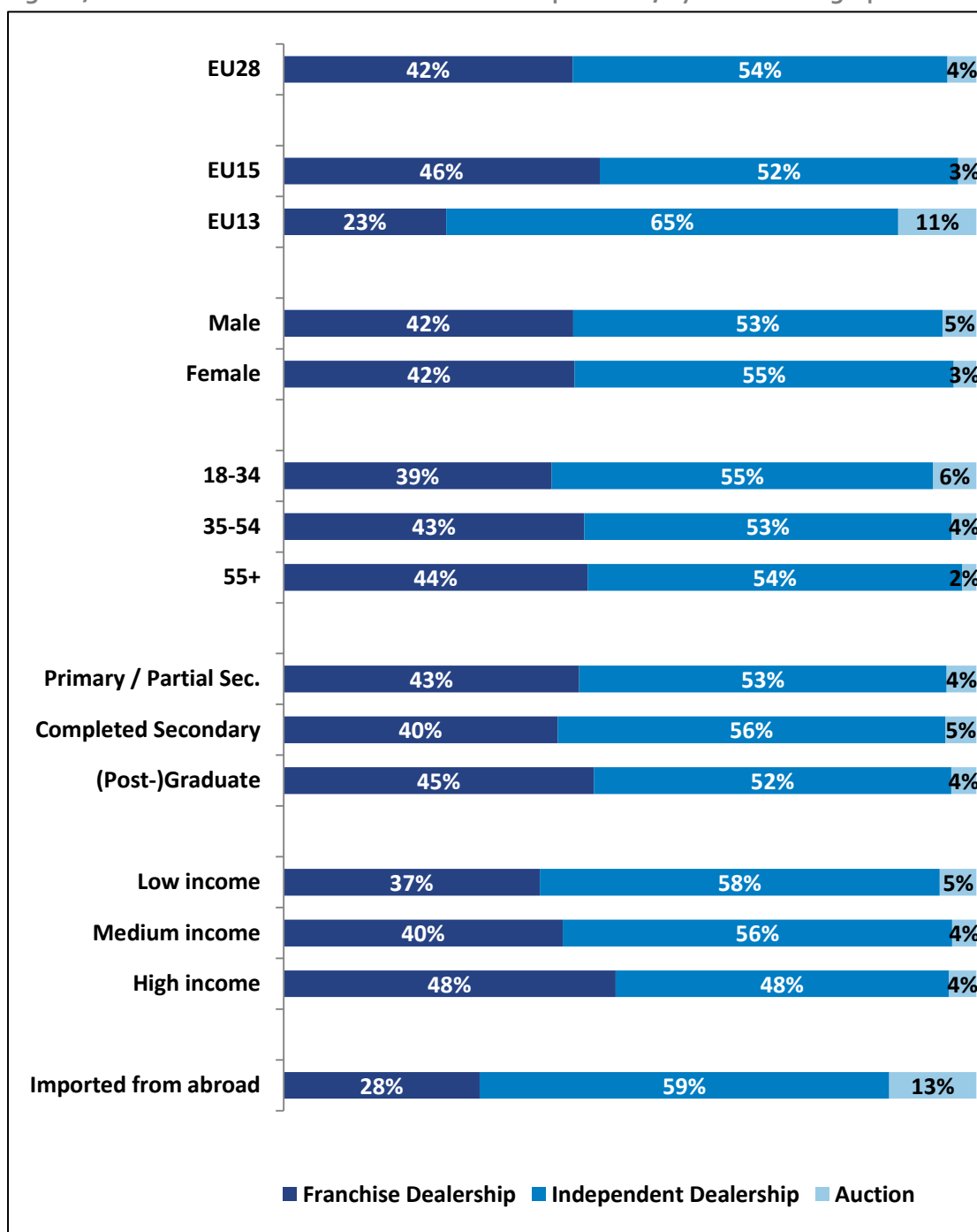
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<sup>117</sup> On a scale from 1 to 10, where 1 means “strongly disagree” and a 10 means “strongly agree”. Based on 47 stakeholder answers

Cars that were imported from abroad were less likely than average to be from a franchise dealership (28%) and more likely to be from an independent dealership (59%) or an auction (13%). Considering results according to country groupings, franchise dealerships were twice more common in the EU15 than in the EU13 (46% vs. 23%), whilst respondents in the EU13 showed a greater preference for independent dealerships (65% vs. 52% in the EU15) and auction sales (11% vs. 3% in the EU15).

A summary of these results is provided in the following figure.

Figure 78 Source of most recent second-hand car purchase, by socio-demographics



Source: Consumer Survey Q4: From what trade source did you most recently buy a second-hand car? (EU28 N=24,259)

Extensive **country-level differences were observed**, as shown in the table below, an indication of the difference in the second-hand car market supply structure by country. Independent dealerships were generally more prevalent in Eastern European countries (e.g. Czech Republic, Latvia and Lithuania) and smaller countries (e.g. Cyprus and Malta). Consumers were most likely to buy their second-hand car from a franchise dealership in Luxembourg (71%), Austria (64%) and Norway (63%). In terms of sales of second-hand cars via auctions, Poland (20%) stands out as having a particularly high proportion of sales via this trade source.

Table 139 Source of most recent second-hand car purchase by country, consumer survey

	Franchise Dealership	Independent Dealership	Auction
<b>EU28</b>	<b>42%</b>	<b>54%</b>	<b>4%</b>
AT	64%	34%	2%
BE	42%	55%	4%
BG	20%	79%	2%
CY	19%	81%	1%
CZ	15%	82%	3%
DE	47%	51%	2%
DK	40%	55%	5%
EE	38%	57%	4%
EL	51%	47%	2%
ES	49%	48%	3%
FI	55%	43%	2%
FR	53%	45%	2%
HR	47%	51%	2%
HU	22%	74%	4%
IE	46%	52%	2%
IT	36%	62%	2%
LT	13%	83%	4%
LU	71%	28%	1%
LV	12%	84%	3%
MT	12%	87%	1%
NL	35%	64%	2%
PL	23%	57%	20%
PT	43%	56%	1%
RO	29%	65%	7%
SE	54%	42%	4%
SI	46%	53%	1%
SK	32%	66%	2%
UK	37%	58%	6%
IS	49%	45%	6%
NO	63%	35%	2%

Source: Consumer Survey Q4: From what trade source did you most recently buy a second-hand car? (N=25,286)

The mystery shopping exercise had intended to conduct a 50:50 even split of exercises between independent and franchise dealerships. However, limitations in the number of franchise dealerships in the EU13 and the smaller countries (like Malta and Cyprus) led to a total of 41% of the exercises been conducted at a franchise dealership (split out as 44% in the EU15 and 37% in the EU13), as mystery shoppers reported. The table below provides a breakdown per country, which supports precisely the consumer survey findings by giving further evidence of the low proportion of franchise dealerships in certain EU13 countries.

Table 140 Trade source by country, mystery Shopping

	Franchise Dealership	Independent Dealership
<b>EU28</b>	<b>41%</b>	<b>59%</b>
AT	52%	48%
BE	52%	48%
BG	22%	78%
CY	30%	70%
CZ	30%	70%
DE	48%	53%
DK	32%	68%
EE	47%	53%
EL	26%	74%
ES	40%	60%
FI	60%	40%
FR	50%	50%
HR	33%	67%
HU	33%	68%
IE	65%	35%
IT	52%	48%
LT	33%	67%
LU	20%	80%
LV	67%	33%
MT	10%	90%
NL	50%	50%
PL	40%	60%
PT	25%	75%
RO	50%	50%
SE	58%	43%
SI	40%	60%
SK	35%	65%
UK	30%	70%
IS	70%	30%
NO	50%	50%

Source: Mystery Shopping Q12. What type of Dealership is this? (N=1199)

#### 6.1.4 Cross-border trade

One way of addressing problems of consumer demand exceeding domestic supply is for consumers to import their second-hand car from abroad.

At overall level, 3.6% of all consumers surveyed had bought their most recent second-hand car from abroad<sup>118</sup>. This means that the large majority bought their car from within their own country.

In terms of **socio-demographic differences**, men (4.3%) were more likely to make a cross-border second-hand car purchase than women (2.7%). Respondents aged 18-34 were more likely to buy the car cross-border (4.7%), in comparison to those aged 35-54 (3.3%) and those aged 55+ (2.4%). In terms of employment, imports were significantly higher among the self-employed (6.8%).

When it comes to differences by **trade source**, those buying their second-hand car from an auction were more likely to buy the car cross-border (10.9%) than those buying the car from an independent dealership (3.9%) or a franchise one (2.4%).

When comparing the EU15 with the EU13, there were **significantly more cars purchased cross-border by consumers in the EU13** (12.6%) than in the EU15 (1.7%).

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<sup>118</sup> Based on the question "Did you purchase this second-hand car from abroad?" – the respondent answer was based on personal perception, hence it can include both cases where the consumer bought the car from a foreign-based dealer, as well as cases where the consumer asked a trader to import a car on their behalf.



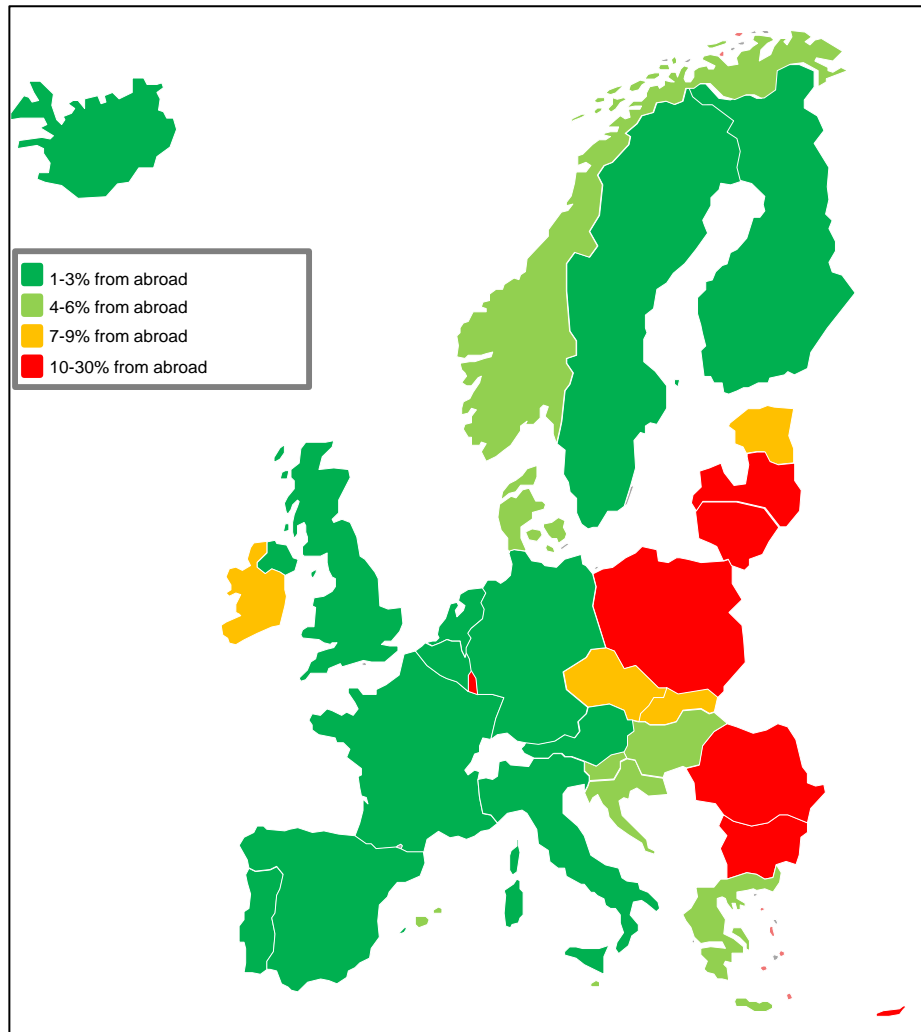
Table 141 Purchases from abroad, by socio-demographics

Purchases from abroad	%
<b>EU28</b>	<b>3.6%</b>
EU15	1.7%
EU13	12.6%
Male	4.3%
Female	2.7%
18-34	4.7%
35-54	3.3%
55+	2.4%
Primary / partial secondary	2.7%
Completed secondary	3.7%
(Post-)Graduate	3.9%
Low income	4.2%
Medium income	3.0%
High income	3.8%
Employed full time	3.9%
Employed part time	2.5%
Self-employed	6.8%
Unemployed but looking for a job	3.9%
Unemployed and not looking for a job / looking after the home	2.2%
Unable to work due to long-term illness or disability	1.0%
Retired	2.4%
In full time education / student	2.6%
Other	4.5%
Franchise	2.4%
Independent	3.9%
Auction	10.9%

Source: Consumer Survey Q12a. Did you purchase this second-hand car from abroad? (EU28 N=24,259)

According to results from the consumer survey, there was a greater tendency for cars to be imported from abroad by respondents in Eastern European and smaller countries, as illustrated in the following map.

Figure 79 Map showing proportion of second-hand cars purchased cross-border



Source: Consumer Survey Q12a: Did you purchase this second-hand car from abroad? (N=25,286)

The countries with the highest proportion of second-hand cars imported directly by consumers were Romania (30%), Malta (27%), Luxembourg (18%), Bulgaria (16%), Cyprus (15%), Latvia (14%), Poland (13%) and Lithuania (12%). This map also shows that the largest EU member states, the “Big Five” (the UK, France, Germany, Spain and Italy) have sufficiently large domestic second-hand car markets and hence it was found that consumers from these countries imported only 1-2% of their second hand cars from abroad<sup>119</sup>. The exact import figures are also shown in the table below:

<sup>119</sup> It should be further noted that these figures are for consumer imports of second-hand cars and so do not take into account any business-to-business import of the car of which the consumer was not aware.

Table 142 Purchases from abroad, by country

	%
<b>EU28</b>	<b>3.6%</b>
RO	30%
MT	27%
LU	18%
BG	16%
CY	15%
LV	14%
PL	13%
LT	12%
EE	9%
IE	8%
CZ	8%
SK	8%
HR	5%
EL	4%
SI	4%
DK	4%
HU	4%
AT	3%
PT	3%
FI	3%
BE	2%
ES	2%
NL	2%
SE	2%
FR	2%
IT	2%
UK	1%
DE	1%
IS	0%
NO	4%

Source: Consumer Survey Q12a: Did you purchase this second-hand car from abroad? (N=25,286)

#### 6.1.4.1 Country of origin for imported cars

Consumer respondents who had bought a second-hand car from abroad were then asked from which country the car was imported. Of the second-hand cars purchased cross-border, Germany was by far the most common country source; 42% of imported cars were from Germany. Other source countries accounting for significant proportions of imported cars were Belgium (9% of imports), Italy (6%) and the UK (5%).

Due to Germany's large second-hand market and its central geographical location, German cars were exported to consumers in a number of Eastern European countries. Belgian and Italian second-hand car exports went to a wide range of countries, whilst UK exports mainly

focused on consumers from Malta, Cyprus and Ireland. This is due to cars in these countries having the steering wheel on the right hand side (as in the UK); hence demand for British cars was highest.

### 6.1.5 Car brands / models

When asked which brand of second-hand car they had most recently purchased, the most commonly mentioned brand overall was Ford (11%), followed by Renault (10%), Volkswagen (9%), Opel (9%), Peugeot (7%) and Citroën (6%).

These six car brands made up the top six for both men and women, with relatively little difference according to **gender**. In terms of the impact of **age** on these six car brands, the biggest distinctions can be seen for Volkswagen (10% for 18-34 year olds, compared to 8% for those aged 55+) and Opel (11% for those aged 55+, compared to 8% for those aged 18-34).

There were more differences according to **dealership type**, as illustrated in the table hereafter. Ford cars were more commonly sold at auction and independent dealerships, Renault were more commonly sold at franchise dealerships, whereas Opel and Peugeot were comparatively rare at auctions.

A key distinction can be seen according to whether or not the car had been **imported from abroad**. Contrary to the brands described above, the most common brands for cars purchased cross-border were BMW (11%), Volkswagen (11%), Audi (8%), Opel (7%), Ford (6%) and Mercedes-Benz (6%). This emphasis by consumers on luxury cars in the import market is indicative that smaller second-hand car markets with a lack of luxury cars are importing these from abroad, especially from Germany in order to meet consumer demand for high-quality cars.

When comparing the key brands in the EU15 with those in the EU13, the only notable difference is that the French brands (Renault, Peugeot and Citroën) were much more common in the EU15 than the EU13.

Table 143 Brand of most recent second-hand car purchase, by socio-demographics

	Ford	Renault	Volkswagen	Opel	Peugeot	Citroën
<b>EU28</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>
EU15	11%	11%	9%	9%	8%	7%
EU13	10%	8%	10%	10%	<b>4%</b>	<b>4%</b>
Male	10%	10%	9%	10%	7%	6%
Female	12%	11%	10%	8%	8%	6%
18-34	11%	9%	10%	<b>8%</b>	8%	6%
35-54	11%	10%	9%	9%	8%	7%
55+	11%	11%	<b>8%</b>	11%	7%	7%
Primary / partial secondary	10%	<b>14%</b>	7%	9%	9%	<b>9%</b>
Completed secondary	11%	9%	10%	10%	7%	6%
(Post-)Graduate	12%	11%	9%	7%	8%	6%
Low income	11%	11%	9%	9%	6%	8%
Medium income	11%	12%	9%	9%	8%	6%
High income	11%	8%	9%	8%	7%	5%
Imported from abroad	<b>6%</b>	<b>5%</b>	11%	7%	<b>3%</b>	5%
Franchise dealership	10%	11%	9%	9%	8%	6%
Independent dealership	12%	10%	9%	10%	7%	6%
Auction	<b>13%</b>	<b>8%</b>	8%	<b>5%</b>	<b>2%</b>	5%

Source: Consumer Survey Q5: Thinking about the second-hand car that you most recently purchased, what is the brand of this car? (EU28 N=24,259)

Analysis of consumer survey data showed a wide variation in the brand of car purchased by **country**, which reflects both national manufacturing bases and differences in car needs and tastes per country. For example, Ford is by far the most common second-hand car brand identified by respondents in the UK (bought by 22% of UK respondents). Renault is most common in France (26%), Slovenia (19%) and Portugal (14%). Volkswagen is most common in Austria and Germany (both 14%) and in several Eastern European countries (e.g. 18% in both Latvia and Romania), which may also reflect the export of that car from Germany to Eastern Europe. Opel is more common in Romania (15%), Bulgaria (15%), Germany (14%) and Croatia (13%). As would be expected, Peugeot and Citroen were both much more common to find in France (19% and 16% respectively).

Table 144 Brand of most recent second-hand car purchase, by country

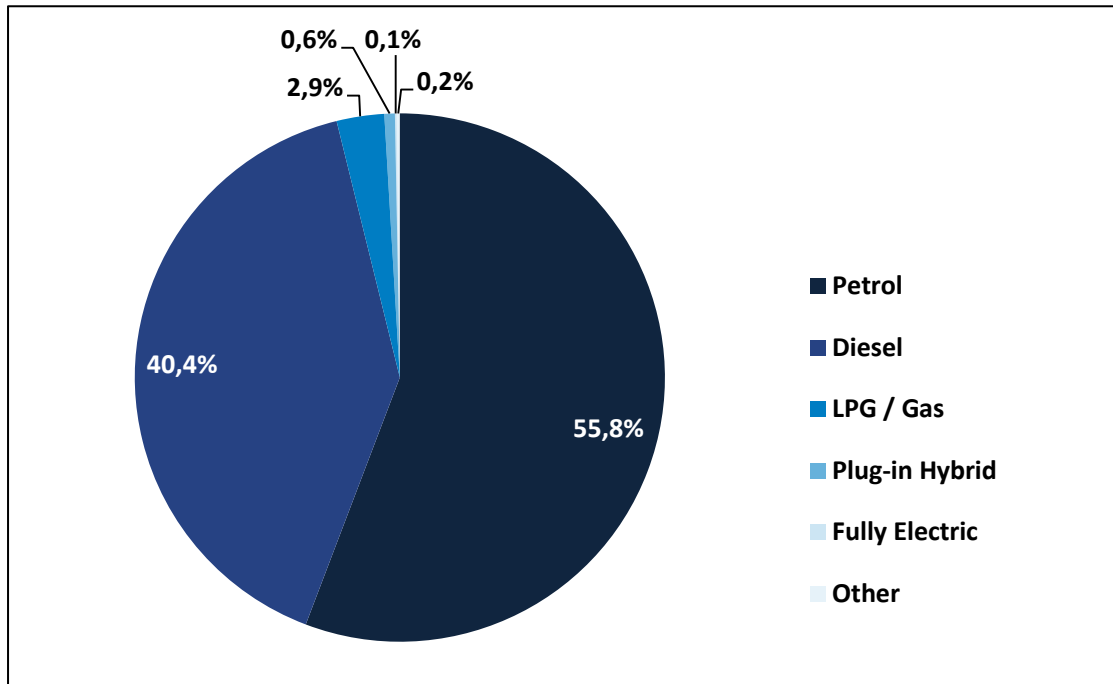
	Ford	Renault	Volkswagen	Opel	Peugeot	Citroën
<b>EU28</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>7%</b>	<b>6%</b>
AT	7%	5%	14%	7%	6%	4%
BE	10%	8%	7%	11%	8%	9%
BG	8%	12%	10%	15%	5%	5%
CY	4%	1%	6%	3%	2%	2%
CZ	14%	9%	8%	6%	5%	7%
DE	10%	8%	14%	14%	4%	2%
DK	9%	3%	8%	7%	9%	8%
EE	8%	2%	14%	4%	4%	3%
EL	7%	3%	7%	10%	6%	5%
ES	12%	9%	5%	8%	10%	10%
FI	9%	3%	9%	5%	5%	5%
FR	6%	26%	4%	5%	19%	16%
HR	7%	12%	10%	13%	10%	5%
HU	11%	8%	7%	13%	4%	5%
IE	12%	4%	9%	6%	6%	4%
IT	11%	6%	5%	5%	4%	6%
LT	7%	4%	11%	11%	3%	4%
LU	5%	9%	14%	4%	7%	4%
LV	9%	3%	18%	10%	2%	1%
MT	2%	3%	5%	3%	6%	1%
NL	10%	8%	7%	10%	9%	6%
PL	9%	7%	10%	10%	3%	4%
PT	7%	14%	6%	9%	10%	7%
RO	12%	6%	18%	15%	3%	2%
SE	7%	3%	8%	3%	3%	3%
SI	7%	19%	8%	8%	6%	8%
SK	11%	8%	8%	7%	8%	5%
UK	22%	7%	9%	6%	6%	6%
IS	7%	3%	8%	2%	2%	1%
NO	9%	1%	10%	6%	6%	3%

Source: Consumer Survey Q5: Thinking about the second-hand car that you most recently purchased, what is the brand of this car? (N=25,286)

### 6.1.6 Fuel type

Of the second-hand cars bought by consumers surveyed, 56% ran on petrol and 40% on diesel. LPG / gas accounted for approximately 3% of second-hand cars and the remaining others totalled 0.9%.

Figure 8o Fuel type, overall



Source: Consumer Survey Q7: What is the car's fuel type? (EU28 N=24,259)

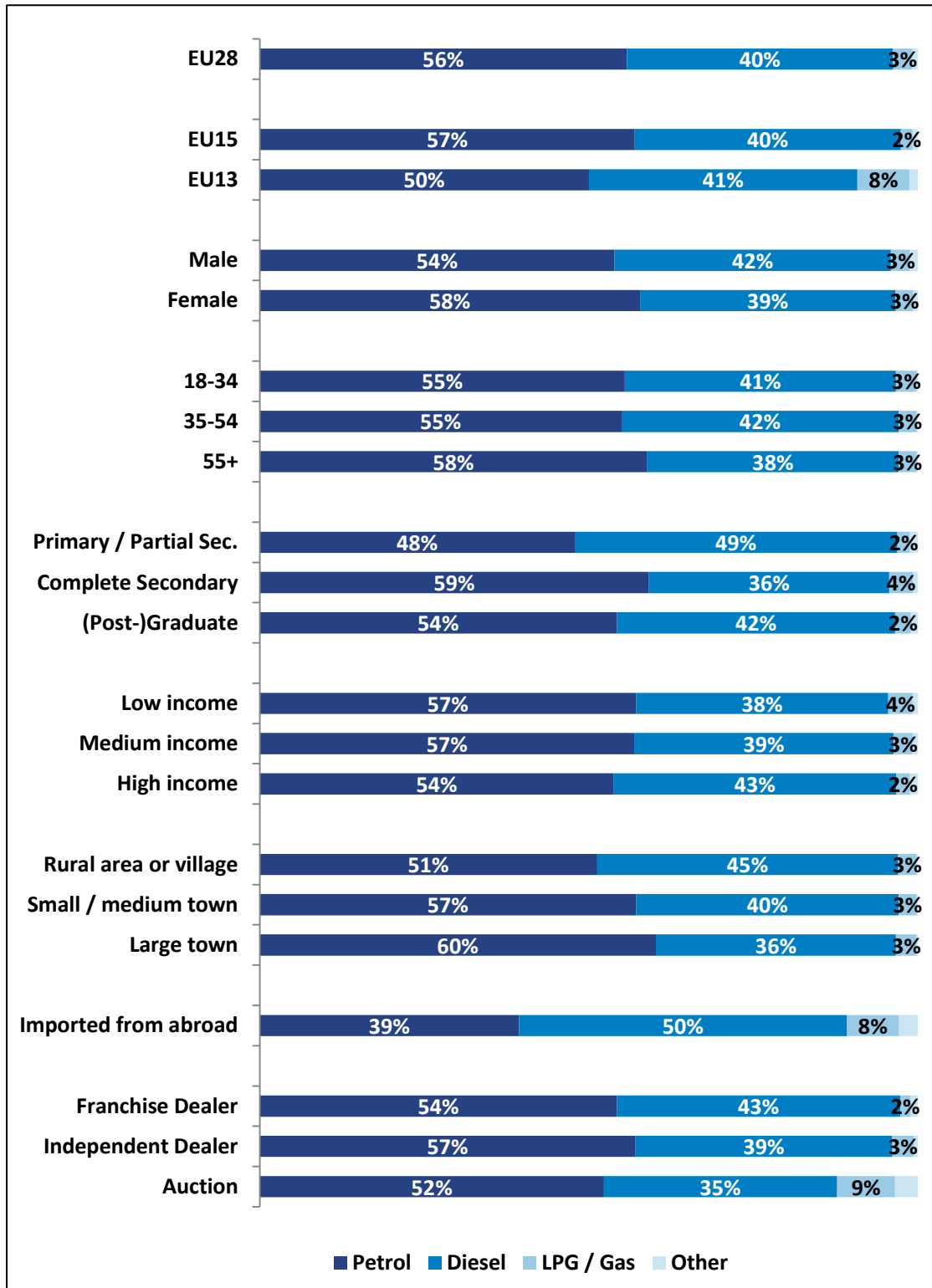
Petrol was more common in the EU15 than the EU13 (57% vs. 50%), there was no difference for Diesel, whereas LPG / gas was more common in the EU13 than the EU15 (8% vs. 2%).

In terms of **socio-demographic variation**, women were more likely than men to have a petrol car (58% compared to 54%) and likewise men were more likely than women to have a diesel car (42% compared to 39%). The only difference by age was that those aged 55+ were more likely than the younger age groups to have bought a petrol car (58%) and less likely a diesel car (38%). Diesel cars were most common among those with primary / partial secondary education (49%). Considering household income, respondents from the high income groups were the most likely to have bought a diesel car (43% vs. 38% of respondents from the low income group).

Level of **urbanisation** also impacted on fuel type, with diesel being most popular in rural areas (45%) and least popular in large towns (36%). Conversely, petrol was most popular in large towns (60%) and least common in rural areas (51%).

Considering **dealership type**, petrol cars were the most commonly bought from independent dealerships (57%), diesel cars from franchise dealerships (43%) and LPG / gas cars were much more common amongst cars bought at auction (9%). Half of cars **imported from abroad** used diesel for fuel, which may reflect the fact that import cars tend to be larger models that are more likely to have a diesel engine.

Figure 81 Fuel type, by socio-demographics



Source: Consumer Survey Q7: What is the car's fuel type? (EU28 N=24,259)

The countries with the highest proportion of petrol cars in the survey were Cyprus (93%), Greece (89%) and the Netherlands (81%). The countries with the most diesel cars were France (72%), Luxembourg (65%), Lithuania (64%) and Belgium (63%). In some countries a



sizeable minority of cars bought by respondents were fuelled by LPG / gas – notably Poland (12%), Italy (9%), Latvia (7%) and Lithuania (6%). The results are further described in the table below.

Table 145 Fuel type, by country

	Petrol	Diesel	LPG + Other
<b>EU28</b>	<b>56%</b>	<b>40%</b>	<b>4%</b>
AT	44%	55%	1%
BE	35%	63%	2%
BG	57%	35%	8%
CY	93%	7%	1%
CZ	54%	41%	5%
DE	74%	24%	2%
DK	64%	34%	2%
EE	58%	41%	0%
EL	89%	8%	3%
ES	42%	57%	1%
FI	69%	30%	2%
FR	27%	72%	1%
HR	53%	42%	5%
HU	67%	31%	3%
IE	58%	42%	0%
IT	40%	48%	11%
LT	30%	64%	7%
LU	35%	65%	1%
LV	40%	51%	9%
MT	69%	30%	0%
NL	81%	15%	3%
PL	46%	40%	14%
PT	40%	58%	2%
RO	56%	41%	3%
SE	67%	25%	8%
SI	53%	46%	1%
SK	49%	49%	1%
UK	65%	34%	1%
IS	73%	26%	1%
NO	42%	56%	2%

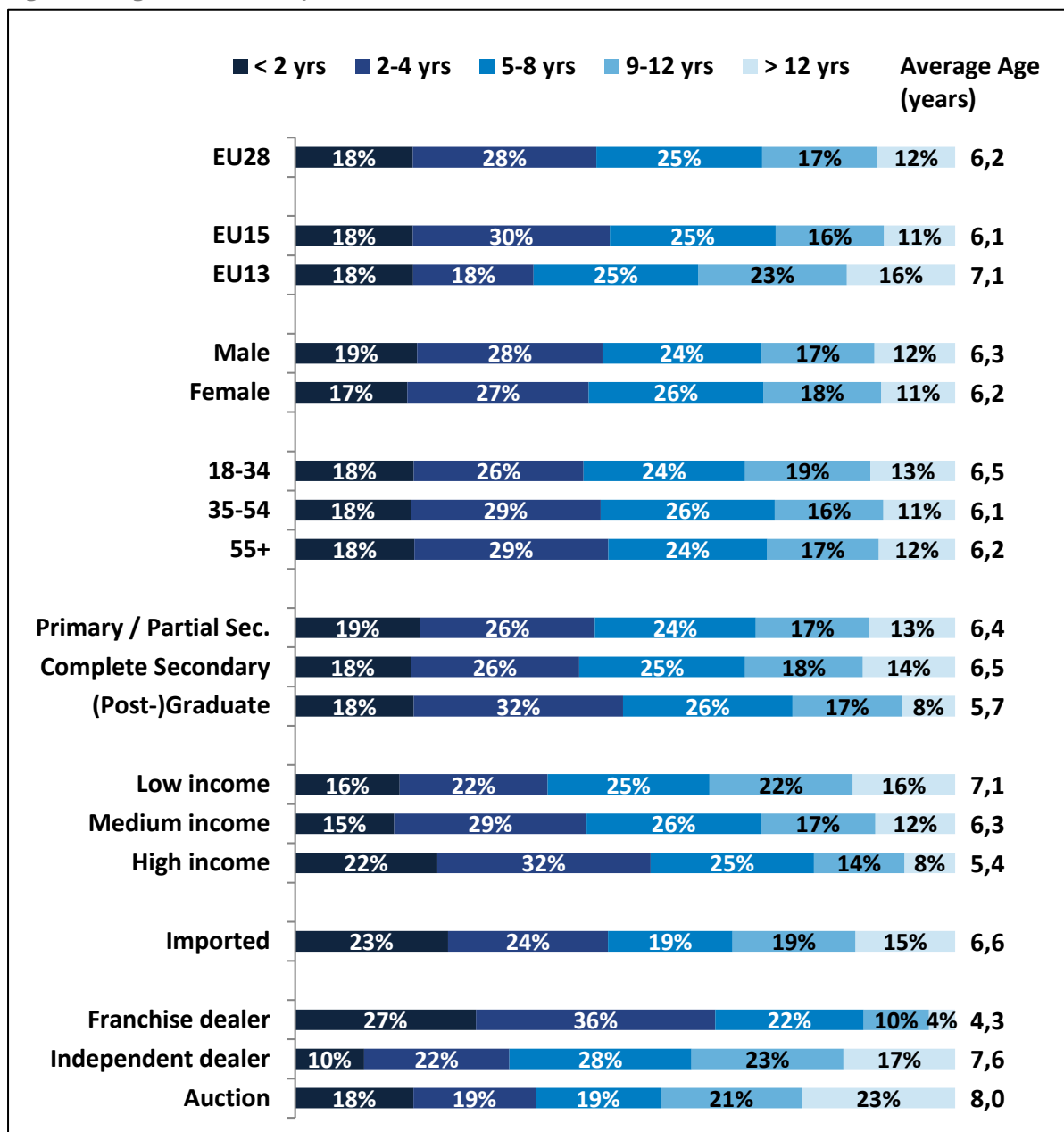
Source: Consumer Survey Q7: What is the car's fuel type? (N=25,286)

### 6.1.7 Car age

Consumer survey respondents were asked in which year they bought their car – within the past three years – and in which year the car was first registered. By taking the difference between these two years, the age of the second-hand car (in years) at purchase could be calculated.

At overall level, the average age of the purchased car was 6.2 years old. Of the cars assessed in the consumer survey, 18% were less than 2 years old, 28% were 2 to 4 years old, a quarter were 5 to 8 years old, 17% were 9 to 12 years old and 12% were more than 12 years old. This overall result, plus analysis by socio-demographics and dealership type, is shown in the figure below.

Figure 82 Age of car when purchased



Source: Consumer Survey Q8: In what year did you purchase this second-hand car? Q9: In what year was this car first registered? (EU28 N=24,259)

In terms of **socio-demographics**, younger people were most likely to buy an older car. The average car age for those aged 18-34 was 6.5 years, compared to an average of 6.2 years at overall level. This age group was particularly more likely to buy a car aged 9 to 12 years old (19%, compared to 16% for respondents aged 35-54). Education and income also had an impact, with graduates buying cars that were on average 5.7 years old (vs. 6.2 years on average) and respondents from the highest income group buying cars that were on average 5.4 years old (vs. 7.1 years old for respondents from the low income group).

More variation was seen according to **dealership type**. The average car age of a second-hand car bought from a franchise dealership was 4.3 years, compared to 7.6 years for an independent dealership and 8.0 years for a second-hand car bought at auction. As shown in the graph above, over a quarter (27%) of second-hand cars bought at a franchise dealership were less than 2 years old, compared to just one in ten second-hand cars bought at an independent dealership. In addition, over 23% of cars bought in an auction were older than 12 years. This difference in car age by dealership type shows the differing and complementary role of different dealership types. In order for a second-hand car market to thrive in a given country, there needs to be a good mix of both franchise and independent dealerships, to ensure that consumers have sufficient choice of car age.

Second-hand cars that had been **imported from abroad** were in general older than average (6.6 years, compared to 6.2 years at total level). However, the percentage of imported cars less than 2 years old was higher than that at total level (23% vs. 18%).

Table 146 Age of car when purchased, by country

	Less than 2 years old	2-4 years old	5-8 years old	9 to 12 years old	More than 12 years old	Average age
<b>EU28</b>	<b>18%</b>	<b>28%</b>	<b>25%</b>	<b>18%</b>	<b>12%</b>	<b>6.2</b>
AT	27%	29%	24%	12%	8%	5.1
BE	14%	31%	28%	16%	11%	6.2
BG	5%	6%	17%	36%	37%	10.7
CY	8%	42%	29%	13%	8%	5.7
CZ	26%	13%	25%	23%	14%	6.5
DE	21%	25%	23%	16%	15%	6.4
DK	19%	24%	25%	16%	17%	7.0
EE	7%	24%	36%	17%	17%	7.4
EL	8%	26%	35%	20%	11%	6.9
ES	17%	32%	27%	16%	9%	6.2
FI	11%	28%	31%	18%	13%	6.9
FR	20%	35%	22%	14%	9%	5.4
HR	17%	28%	25%	21%	9%	6.1
HU	12%	17%	28%	23%	20%	8.2
IE	14%	35%	34%	13%	4%	5.1
IT	14%	32%	29%	17%	7%	5.7
LT	12%	12%	30%	29%	17%	8.0
LU	36%	31%	21%	7%	5%	4.3
LV	5%	13%	27%	26%	28%	9.4
MT	24%	35%	25%	9%	8%	4.8
NL	10%	26%	26%	21%	17%	7.4
PL	21%	19%	24%	21%	15%	6.6
PT	19%	29%	20%	18%	15%	7.0
RO	22%	26%	26%	15%	12%	6.1
SE	12%	31%	26%	17%	13%	6.8
SI	13%	26%	32%	18%	12%	6.6
SK	8%	30%	32%	20%	9%	6.4
UK	15%	34%	28%	18%	5%	5.6
IS	11%	22%	42%	17%	10%	6.6
NO	15%	33%	30%	12%	9%	5.8

Source: Consumer Survey Q8: In what year did you purchase this second-hand car? Q9: In what year was this car first registered? (N=25,286)

The average car age in EU15 countries (6.1) was lower than the EU13 average (7.1). When further analysing the results by **country**, the countries with the oldest average age of car bought were Bulgaria (10.7 years), Latvia (9.4), Hungary (8.2) and Lithuania (8.0). Seventy-three percent of second-hand cars bought in Bulgaria were 9 or more years old, compared to 54% in Latvia, 46% in Lithuania, 43% in Hungary – and 30% across the sample as a whole. This is indicative of the large number of old cars in several Eastern European countries, where lower GDP per capita and a smaller supply of nearly-new cars creates a situation

where the average second-hand car is rather old. The youngest average age of car bought was in Luxembourg (4.3 years), Malta (4.8), Austria and Ireland (both 5.1).

### 6.1.8 Car mileage

The average mileage of a second-hand car identified in the consumer survey was 87,045km. Considering that the average age of these cars was 6.2 years, it can be summarised that the average car had been driven 14,040km per year pre-purchase.

Table 147 Age and mileage of car when purchased, by socio-demographics

	Average mileage (kilometres)	Average usage pre-purchase (kilometres per year)
<b>EU28</b>	<b>87045</b>	<b>14040</b>
EU15	80078	13128
EU13	121891	17168
Male	90804	14516
Female	81714	13126
18-34	91841	14217
35-54	85307	14046
55+	83318	13413
Primary / partial secondary	88073	13806
Completed secondary	90996	13898
(Post-)Graduate	81115	14159
Low income	94310	13296
Medium income	90772	14301
High income	76581	14308
Imported from abroad	109306	16539
Franchise dealer	62056	14348
Independent dealer	104549	13790
Auction	120150	14927

Source: Consumer Survey Q8: In what year did you purchase this second-hand car? Q9: In what year was this car first registered? Q10: Upon purchase, what was the approximate mileage of this vehicle? (EU28 N=24,259)

In terms of **gender**, men tended to buy cars with higher mileage than women (90,800 for men, compared to 81,700 for women). When analysing the results by **age**, the trends seen for car age were also observed for car mileage. Namely, younger people tended to buy older cars with higher mileage than older people. The average mileage for someone aged 18-34 was 91,800km, compared to 85,300km for those aged 35-54 and 83,300km for those aged 55+. Considering education level, graduates tended to buy younger cars, hence the average second-hand car mileage of a graduate was 10,000km less than for respondents who left

school after completing secondary education. **Income** also impacted on car mileage, with low income group respondents buying cars with an average car mileage of over 94,000km and high income group respondents buying cars with an average mileage of 76,500km.

Car age variation by **dealership type** was also reflected in mileage variation, as would be expected. The average mileage for a car bought at a franchise dealership was 62,000km, compared to 104,500km at an independent dealership and 120,000km for a car bought at auction. When comparing average mileage to average age for the three trade sources, it can be summarised that, prior to purchase, a second-hand car sold at a franchise dealership had been driven 14,350km per year, compared to 13,800km per year for a car bought at an independent dealership and 14,900km per year for a second-hand car bought at auction.

Cars that had been **imported from abroad** had been driven an average of 109,300km pre-purchase. Considering that imported cars were on average 6.6 years old, this equates to a pre-sale mileage of 16,500km per year, which is significantly higher than the average figure of 14,000km per year and indicative of import cars being used more heavily pre-purchase than domestically purchased cars.

With an average mileage of 121,900km and average usage pre-purchase of 17,200km per annum, second-hand cars bought in the **EU13** had been more heavily used pre-purchase than those bought in the EU15 (80,100 and 13,100 km respectively).

When analysing the results by **country**, it can be seen from the following table that the highest pre-purchase mileages were in Latvia, Lithuania, Estonia and Bulgaria, which can be mainly attributed to buyers in those four countries purchasing older than average second-hand cars. When dividing mileage by age in order to estimate the usage of the second-hand car pre-purchase, it can be seen that cars in Lithuania, Estonia, Poland and the Czech Republic had been used most heavily pre-purchase. In contrast, cars in Sweden, Greece and Luxembourg had been used much less than average.

Table 148 Age and Mileage of car when purchased, by country

	Average age (years)	Average mileage (kilometres)	Average usage pre- purchase (kilometres per year)
<b>EU28</b>	<b>6.2</b>	<b>87045</b>	<b>14040</b>
AT	5.1	73110	14287
BE	6.2	88665	14356
BG	<b>10.7</b>	<b>136260</b>	12692
CY	5.7	74883	13249
CZ	6.5	118189	<b>18311</b>
DE	6.4	82061	12827
DK	7.0	110364	15771
EE	7.4	<b>143285</b>	<b>19440</b>
EL	6.9	75858	<b>11033</b>
ES	6.2	73679	11918
FI	6.9	116791	17022
FR	5.4	78678	14590
HR	6.1	102215	16630
HU	<b>8.2</b>	114203	13960
IE	5.1	78604	15318
IT	5.7	<b>68527</b>	11988
LT	<b>8.0</b>	<b>159150</b>	<b>19889</b>
LU	<b>4.3</b>	<b>47887</b>	<b>11222</b>
LV	<b>9.4</b>	<b>160250</b>	17052
MT	<b>4.8</b>	<b>62824</b>	13083
NL	7.4	95240	12819
PL	6.6	121975	<b>18378</b>
PT	7.0	83270	11868
RO	6.1	107036	17416
SE	6.8	<b>51348</b>	<b>7560</b>
SI	6.6	100340	15101
SK	6.4	112510	17454
UK	5.6	80591	14304
IS	6.6	95993	14465
NO	5.8	78641	13517

Source: Consumer Survey Q8: In what year did you purchase this second-hand car? Q9: In what year was this car first registered? Q10: Upon purchase, what was the approximate mileage of this vehicle? (N=25,286)

## 6.2 Second-hand car pricing

### 6.2.1 Price paid for the second-hand car

Respondents were asked how much they paid for their most recently purchased second-hand car. They provided details of this in their local currency and then this was converted post-fieldwork into Euros for all countries, based on the exchange rate of the year of purchase. Using this methodology, the **average second-hand car price of the consumer respondents interviewed in the study was €9,358**. There was considerable differentiation by dealership type, with the average price being approximately €12,700 for a car bought at a franchise dealership and €7,000 for a car bought at an independent dealership or at auction. The average price of an imported car was €12,500.

**Pricing data was then converted using the Purchasing Power Parities (PPP)** rate for each country. This was taken from the Eurostat index of PPP per year<sup>120</sup>, where the EU28 PPP = 100 and the PPP per country is calculated based on the GDP per country and other factors against the EU28 average, in order to normalise prices for all countries. This is further explained on the Eurostat website (see footnote 91).

Once converted via PPP, the average second-hand car price rose very slightly to **€9,559** at overall level, fell slightly to €12,400 for a car bought at a franchise dealership and rose slightly to €7,400 for a car bought at an independent dealership. Much bigger changes were seen for cars bought at auction (average price rose to €9,100) and imported cars (average price rose to €15,700). This is explained by auction and import sales taking place mainly in Eastern European countries, which are mainly the countries where price would increase when the PPP is applied.

The table below shows the average car price according to gender, age, dealership type, whether the car was imported and by country grouping:

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<sup>120</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=tec00120>



Table 149 Price of car purchased, by socio-demographics

	Average car price (converted to Euros)	Average car price (converted to Euros and PPP)
EU28	€9,358	€9,559
EU15	€9,980	€9,359
EU13	<b>€6,433</b>	<b>€10,499</b>
Male	€9,667	€10,015
Female	€8,980	€8,998
18-34	€8,748	€9,225
35-54	€9,614	€9,767
55+	€9,803	€9,688
Primary / partial	€10,434	€10,224
Completed secondary	<b>€8,672</b>	<b>€9,054</b>
(Post-)Graduate	€9,766	€9,928
Low income	€9,973	€9,913
Medium income	<b>€8,636</b>	<b>€8,686</b>
High income	<b>€10,308</b>	<b>€10,877</b>
Imported from abroad	<b>€12,492</b>	<b>€15,675</b>
Franchise	<b>€12,661</b>	<b>€12,440</b>
Independent	€6,987	<b>€7,369</b>
Auction	€7,051	€9,115

Source: Consumer Survey Q11: Please can you tell us what price you paid for this car? (EU28 N=24,259)

The **average car price per country** can be seen in the table below (both in terms of Euros and Euros plus PPP). The most expensive second-hand cars when using only Euros were in Scandinavia, Portugal and Luxembourg. The effect of including PPP is to decrease the prices in Scandinavia and increase the prices in Eastern Europe. Hence, after this correction took place, the most expensive cars were to be found in Portugal, Norway, Malta and also in Hungary, Finland and Austria.

Table 150 Price of car purchased, by country

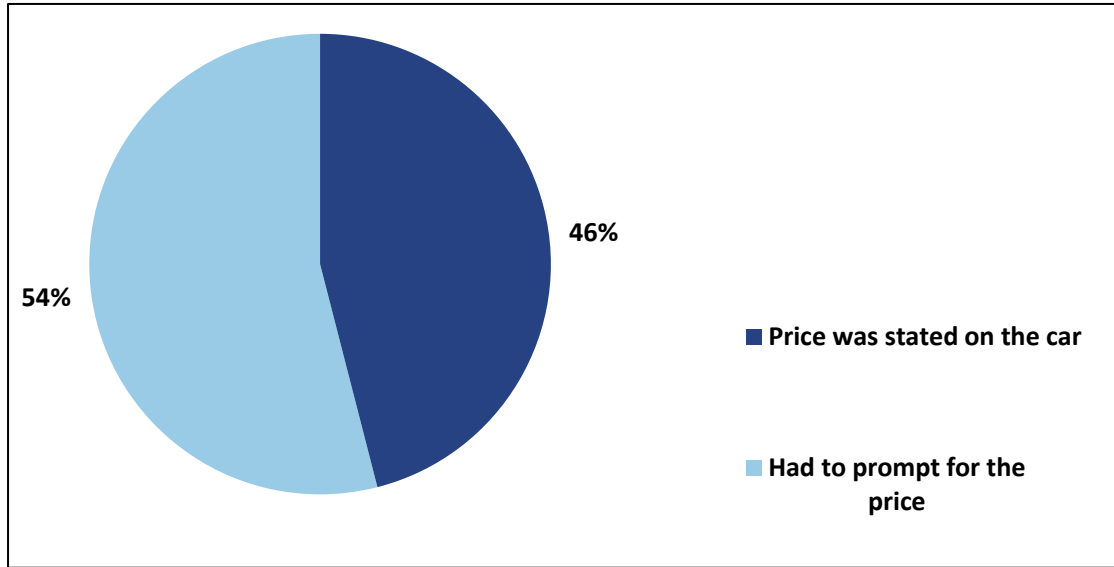
	Average car price (converted to Euros)	Average car price (converted to Euros and PPP)
<b>EU28</b>	<b>€9,358</b>	<b>€9,559</b>
AT	€12,955	€12,283
BE	€9,188	€8,421
BG	<b>€3,212</b>	<b>€6,557</b>
CY	€8,429	€9,554
CZ	<b>€4,970</b>	<b>€6,792</b>
DE	€10,018	€9,848
DK	<b>€16,970</b>	€12,028
EE	€8,166	€10,706
EL	€7,257	€7,745
ES	€8,580	€8,957
FI	<b>€15,493</b>	€12,716
FR	€10,539	€9,687
HR	€7,369	€10,200
HU	€7,819	€12,726
IE	€10,834	€9,208
IT	€9,871	€9,648
LT	€5,800	€9,064
LU	<b>€16,692</b>	€13,638
LV	€5,865	€8,235
MT	€10,945	<b>€14,052</b>
NL	€8,423	€7,810
PL	€7,004	€12,114
PT	€13,819	<b>€15,936</b>
RO	€5,719	€10,072
SE	€11,688	€9,237
SI	€7,469	€8,855
SK	€6,938	€9,847
UK	€8,102	<b>€7,139</b>
IS	€11,474	€10,594
NO	<b>€24,823</b>	<b>€15,786</b>

Source: Consumer Survey Q11: Please can you tell us what price you paid for this car? (N=25,286)

### 6.2.1.1 Mystery shopping insights

During the mystery shopping exercises, the price for the second-hand cars that shoppers had pre-selected was spontaneously mentioned in 72% of the cases. When this information was not provided unprompted, mystery shoppers had to look for it on the car itself or ask the dealer. In these cases, 46% of mystery shoppers found the price stated on the car itself and 54% asked the dealer directly. At franchise dealers, the price was stated on the car in 50% of the cases, whereas at independent dealers this was only 44%.

Figure 83 Price information source when not provided unprompted



Source: Mystery Shopping Q19: You stated the sales person did not spontaneously give you information about the price, how did you know the price of the car? (EU28 N=326)

Mystery shoppers noted down the price for the selected second-hand car. They provided details of this in their local currency and then this was converted post-fieldwork into Euros for all countries, based on the most recent exchange rate.

Using this methodology, the **average second-hand car price was €6,856<sup>121</sup>**. There was considerable differentiation by dealership type, with the average price being approximately €7,092 for a car assessed at a franchise dealership and just over €6,697 for a car at an independent dealership. When comparing this with the price stated in the advert, the price at the dealer was slightly lower for franchise dealers, but higher for independent dealers.

**Pricing data was then converted using the Purchasing Power Parities (PPP)** rate for each country. This was taken from the Eurostat index of PPP per year<sup>122</sup>, where the EU28 PPP = 100 and the PPP per country is calculated based on the GDP per country and other factors against the EU28 average, in order to normalise prices for all countries. This is further explained on the Eurostat website.

Once converted via PPP, the average second-hand car price became **€7,773** at overall level, €7,771 for a car at a franchise dealership and nearly identical (€7,774) for a car at an independent dealership.

The table below shows the **average car price per dealership type, car age and EU region** (both in terms of Euros and PPP). The most expensive second-hand cars were the younger in age cars, as would be expected.

<sup>121</sup> This differs considerably from the consumer survey average price due to the mystery shopping exercise selecting three specific car typologies to assess. The price is thus reflective of these car typologies.

<sup>122</sup> <http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=tec00120>

Table 151 Average price of car

	Average car price (converted to Euros)	Average car price (converted to Euros and PPP)
<b>EU28</b>	<b>€6,856</b>	<b>€7,773</b>
EU15	<b>€7,635</b>	€6,931
EU13	€5,955	<b>€8,747</b>
Franchise Dealership	€7,092	€7,771
Independent Dealership	€6,697	€7,774
Younger (small) cars	<b>€8,409</b>	<b>€9,668</b>
Middle-aged (medium) cars	€6,388	€7,274
Older (large) cars	<b>€5,797</b>	<b>€6,405</b>

Source: Mystery Shopping Q19: What is the sales price of this vehicle? (EU28 N=1139)

The table hereafter shows in detail the average car price per **country** (both in terms of Euros and Euros plus PPP). The most expensive second-hand cars when using only Euros were found in Denmark, Norway and Finland. The effect of including PPP was to decrease the prices in Scandinavia and increase the prices in Eastern Europe, as seen earlier. Once PPP was taken into account, the most expensive sales prices were noted in Hungary and Malta.

Table 152 Average price of car, by country

	Average car price (converted to Euros)	Average car price (converted to Euros and PPP)
<b>EU28</b>	<b>€6,856</b>	<b>€7,773</b>
AT	€7,716	€7,314
BE	€6,359	€5,855
BG	<b>€4,080</b>	€8,448
CY	€8,497	€9,722
CZ	€4,538	€6,286
DE	€6,603	€6,531
DK	<b>€13,876</b>	€9,876
EE	€5,388	€7,006
EL	€6,310	€6,851
ES	€6,999	€7,375
FI	<b>€10,847</b>	€8,912
FR	€7,100	€6,568
HR	€6,374	€9,118
HU	€8,766	<b>€14,537</b>
IE	€6,632	€5,669
IT	€5,464	€5,331
LT	€4,551	€7,121
LU	€7,532	€6,169
LV	€5,596	€7,816
MT	<b>€9,390</b>	<b>€12,070</b>
NL	€8,408	€7,814
PL	€5,302	€9,351
PT	€8,385	€9,762
RO	€5,314	€9,592
SE	€7,714	€5,999
SI	€5,143	€6,204
SK	€4,648	€6,602
UK	€4,562	<b>€3,916</b>
IS	€8,321	€7,620
NO	<b>€12,010</b>	€7,563

Source: Mystery Shopping Q19: What is the sales price of this vehicle? (N=1199)

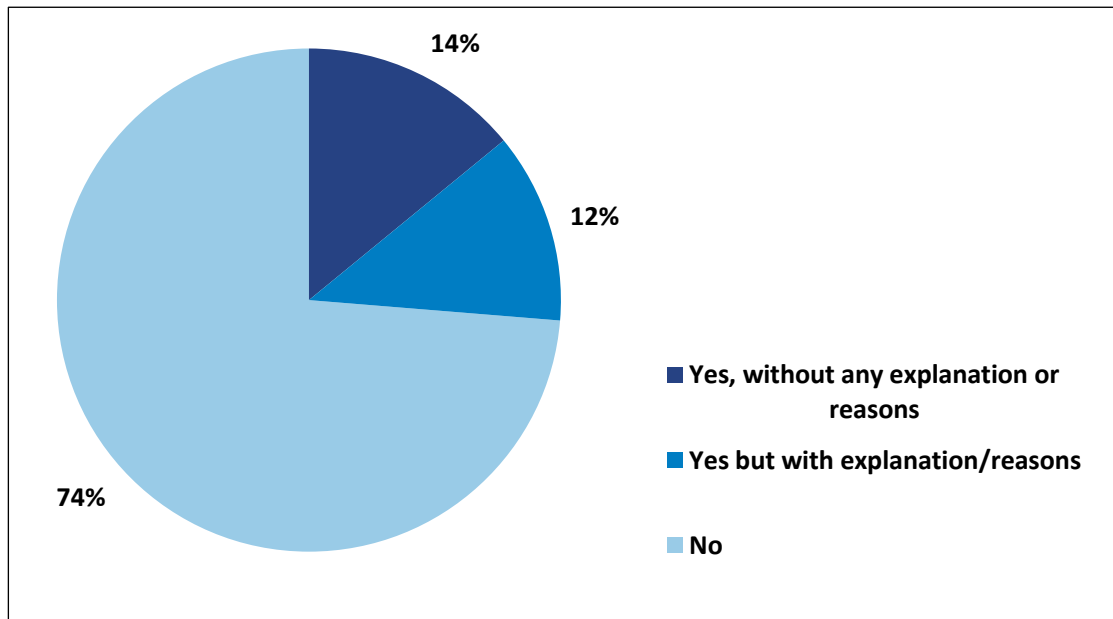
#### 6.2.1.1.1 Discount

The Mystery Shopping exercise also highlighted that a discount was offered by 26% of the dealers assessed, 14% without reason and 12% when prompted.

There was hardly any variation by trade source, with a discount being offered marginally more by franchise dealerships (27%) than independent ones (26%).

The car segments also showed a very small variation, with a discount being offered more for the younger (28%) than the older cars (26%).

Figure 84 Discount



Source: Mystery Shopping Q21: Did the sales person offer you any discount on the car? (EU28 N=1139)

Hardly any variation was noted between EU15 (26%) and EU13 countries (27%). The countries where dealers were least likely to offer a discount were the Czech Republic (3%), Belgium (5%) and Latvia (7%). On the contrary, the country where dealers were most likely to offer a discount was Ireland (80%).

Table 153 Discount offered, by country

Discount offered in ...% of the cases	
<b>EU28</b>	<b>26%</b>
IE	<b>80%</b>
LT	57%
FI	56%
RO	50%
PL	48%
BG	46%
PT	40%
FR	38%
SK	30%
HU	25%
SI	25%
DK	23%
CY	20%
DE	20%
MT	20%
ES	18%
SE	18%
UK	17%
AT	15%
IT	15%
LU	15%
EL	14%
EE	13%
HR	13%
NL	13%
LV	<b>7%</b>
BE	<b>5%</b>
CZ	<b>3%</b>
IS	30%
NO	18%

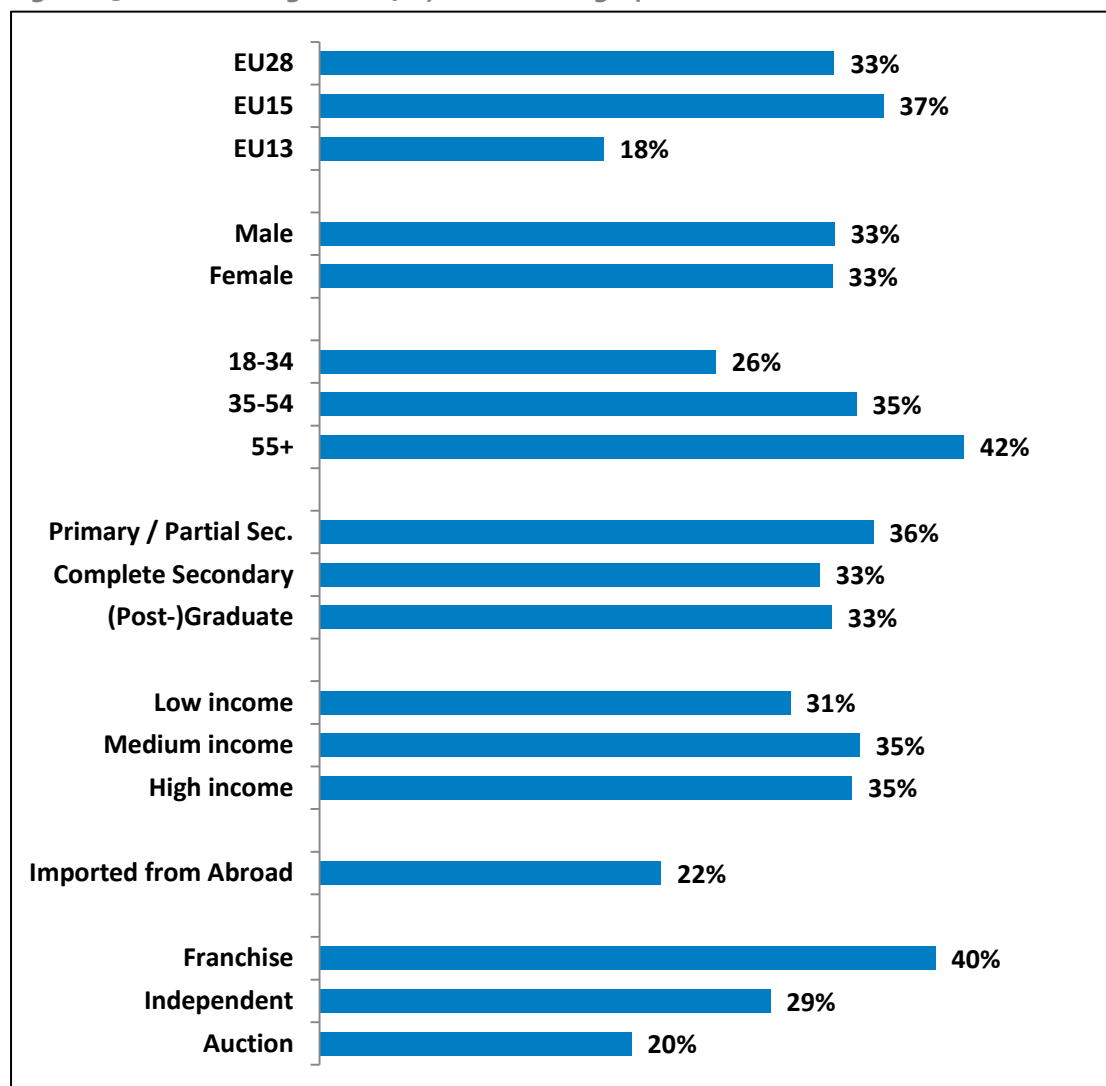
Source: Mystery Shopping Q21: Did the sales person offer you any discount on the car? (N=1199)

### 6.2.1.2 Part-exchange of cars

**Results from the consumer survey indicated that one third of consumer respondents (33%) gave another car in part-exchange** for the second-hand car that they bought from the dealer. As expected, part-exchange was more prevalent from a franchise dealership (40% using a part-exchange) than from an independent dealership (29%), auction (20%) or imported car (22%). It was considerably more prevalent for those aged 55+ (42% vs. 26% by respondents aged 18-34) and in the top two income brackets, but much less the case in EU13 (18% vs. 37% in the EU15) and in the bottom income bracket (31%).

Further differences by socio-demographics are summarised in the graph below:

Figure 85 Part-exchange of car, by socio-demographics



Source: Consumer Survey Q38: Did you give any other car in part-exchange for the second-hand car you purchased? (EU28 N=24,259)

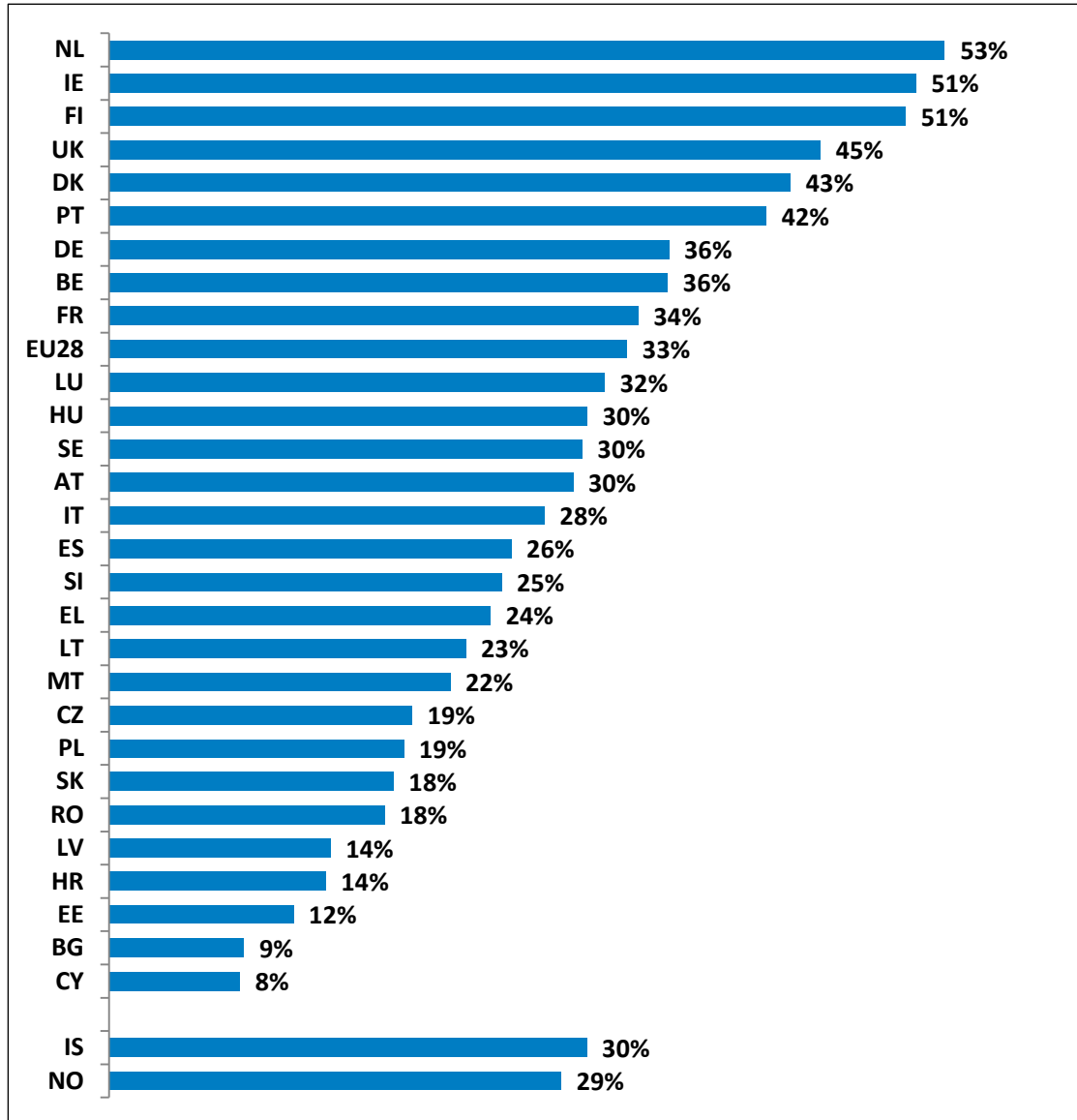
As indicated by the EU15 results above, the countries with the highest proportion of part-exchange cars were those in Western Europe, where the proliferation of franchise dealerships is largest. Namely, in countries such as the Netherlands (53% part-exchange), Ireland (51%), Finland (51%), as well as the UK (45%).

The countries with the lowest proportion of part-exchange cars were those in Eastern Europe, where more cars were sold via an independent dealership or an auction and the role of cars imported from abroad was higher. The countries with the lowest proportion of part-exchanges were thus Cyprus (8%), Bulgaria (9%), Estonia (12%), Croatia and Latvia (both 14%).

All country-level results are summarised in the graph below, ranked from highest to lowest proportion of part-exchanges:



Figure 86 Part-exchange of car, by country



Source: Consumer Survey Q38: Did you give any other car in part-exchange for the second-hand car you purchased? (N=25,286)

### 6.2.2 Pricing analysis

This section analyses the pricing data that was collected during the price collection and analysis task of this study. The first stage of this task was to select specific car makes/models for price collection and analysis, based on the following elements:

1. Market segment based on vehicle size
2. Car age and mileage
3. Total sales volume
4. "Coverage" per country

Nine specific car makes/models were identified, with the make/model selected according to the top-selling cars per year per segment in Europe and mileage brackets selected according

to expected car usage per year. The table below shows the specifications of the cars that were selected:

**Table 154 Specifications of selected cars**

	Registered in 2009 40-60,000km driven	Registered in 2005 100-125,000km driven	Registered in 2001 125-150,000km driven
B segment (small)	Skoda Fabia	Toyota Yaris	Peugeot 206
C segment (medium)	Renault Megane	Ford Focus	VW Golf
D segment (large)	Nissan Qashqai	BMW 3-Series	Audi A4

A web-search of second-hand cars (available from trade sources, according to the above specifications) was conducted for all 30 countries under the scope of this study (the EU28, plus Iceland and Norway). The main second-hand car websites per country were identified by mystery shoppers in each country, thus ensuring that local knowledge was implemented in the search process. In this way, prices were collected for 5348 cars.

In order to improve the coverage of the survey and to get more reliable parameter estimates from the car price analysis, the data collection was supplemented by cars from the mystery shopping exercise and further supplemented by a large number of cars from Internet websites and with a wider age and mileage interval (when compared to table 154). In the extra data collection, both car registration year and mileage interval were expanded, as shown below.

**Table 155 Specifications of additional selected cars**

	Registered 2007-2011 More than 10,000km driven	Registered 2003-2007 More than 10,000km driven	Registered in 1999-2003 More than 10,000km driven
B segment (small)	Skoda Fabia	Toyota Yaris	Peugeot 206
C segment (medium)	Renault Megane	Ford Focus	VW Golf
D segment (large)	Nissan Qashqai	BMW 3-Series	Audi A4

This led to a total sample size for price analysis of 72684 observations, based on data collected from a large number of internet car portals and the mystery shopping task.

For more information about the car pricing collection, please refer to Appendix 1.

The tables below show the average car prices collected for the present study<sup>123</sup>. It should be noted that some differences between countries may be due to small differences in age or mileage etc., even though the analytical model attempted to minimise the impact of this as much as possible by maximising sample size and building in car age and mileage into the price analysis model. Certain prices may be particularly high due to a small sample size (e.g. only one Nissan Qashqai of the appropriate age and mileage was found for sale in Bulgaria, thus explaining why Bulgaria has a particularly high average price for this car type). The parameter estimates of the country specific constants in the regression analysis, presented later in this chapter, give a more precise picture of differences between countries.

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<sup>123</sup> It should be noted that all prices are prices seen in car adverts from internet car portals, not final sales prices. Websites consulted included autoscout and a large number of local internet car portals, so that an average of 6.5 internet car portals was consulted per country.

Table 156 Average car prices from survey, euro, not corrected for PPP

	Peugeot 206	VW Golf	Audi A4	Toyota Yaris	Ford Focus	BMW 3- Series	Skoda Fabia	Renault Megane	Nissan Qashqai
	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
	2001	2001	2001	2005	2005	2005	2009	2009	2009
AT	€ 2.427	€ 3.806	€ 5.688	€ 5.190	€ 5.597	€ 11.990	€ 7.450	€ 9.995	€ 12.557
BE	€ 2.311	€ 3.095	€ 4.241	€ 4.814	€ 4.283	€ 9.650	€ 6.913	€ 9.216	€ 11.484
BG	€ 1.926	€ 2.728	€ 3.540	€ 4.475	€ 4.049	€ 7.934	€ 5.712	€ 8.605	€ 31.999
CY		€ 5.900		€ 5.900		€ 13.500			€ 9.900
CZ	€ 2.073	€ 3.222	€ 4.021	€ 3.549	€ 3.586	€ 8.666	€ 5.521	€ 6.236	€ 10.478
DE	€ 2.602	€ 3.203	€ 5.277	€ 5.088	€ 5.022	€ 10.212	€ 7.858	€ 10.168	€ 13.844
DK	€ 4.958	€ 9.447	€ 12.546	€ 7.911	€ 11.882	€ 18.364	€ 14.132	€ 14.351	€ 21.427
EE	€ 1.224	€ 2.981	€ 3.600	€ 4.275	€ 3.863	€ 9.165	€ 7.458	€ 5.908	€ 10.956
EL	€ 3.021	€ 3.703	€ 6.999	€ 5.875	€ 5.209	€ 12.051	€ 6.031	€ 9.131	€ 12.434
ES	€ 2.694	€ 3.695	€ 5.548	€ 4.641	€ 5.225	€ 11.925	€ 6.534	€ 9.120	€ 13.230
FI		€ 5.490	€ 10.281	€ 8.509	€ 8.923	€ 13.776	€ 14.850	€ 13.463	€ 17.649
FR	€ 3.191	€ 3.867	€ 5.811	€ 4.928	€ 5.241	€ 12.354	€ 8.172	€ 10.665	€ 13.951
HR	€ 2.564	€ 4.504	€ 5.975	€ 4.485	€ 5.237	€ 10.146	€ 5.710	€ 7.365	€ 12.091
HU	€ 1.912	€ 3.317	€ 4.666	€ 3.920	€ 4.417	€ 6.231	€ 5.399	€ 8.210	€ 11.377
IE	€ 2.192	€ 2.560	€ 3.258	€ 5.794	€ 4.957	€ 7.172	€ 8.457	€ 9.162	€ 14.509
IT	€ 2.327	€ 2.980	€ 4.324	€ 4.564	€ 4.209	€ 9.963	€ 6.475	€ 9.142	€ 12.888
LT	€ 1.420	€ 2.312	€ 2.749	€ 3.062	€ 3.812	€ 6.359	€ 4.234	€ 5.052	€ 9.541
LU	€ 1.911	€ 4.196	€ 4.873	€ 4.203	€ 6.031	€ 12.529	€ 7.844	€ 10.958	€ 15.498
LV	€ 4.274	€ 3.238	€ 4.860	€ 5.225	€ 4.753	€ 9.253	€ 6.471		€ 11.755
MT	€ 2.500			€ 10.500		€ 10.958		€ 8.933	€ 17.500
NL	€ 2.807	€ 3.033	€ 5.372	€ 6.125	€ 5.396	€ 11.398	€ 8.712	€ 11.289	€ 15.397
PL	€ 1.683	€ 3.030	€ 4.542	€ 3.921	€ 3.679	€ 6.634	€ 5.832	€ 6.772	€ 9.095
PT	€ 3.574	€ 5.074	€ 9.112	€ 5.900	€ 7.532	€ 15.567	€ 7.837	€ 14.390	€ 18.757
RO	€ 1.643	€ 2.565	€ 3.910	€ 4.950	€ 4.353	€ 6.333	€ 5.688	€ 6.492	€ 18.500
SE	€ 3.394	€ 4.685	€ 5.357	€ 6.099	€ 5.433	€ 11.608	€ 9.150	€ 10.310	€ 14.131
SI	€ 1.788	€ 2.677	€ 3.846	€ 3.868	€ 3.963	€ 8.749	€ 6.432	€ 7.499	€ 11.391
SK	€ 1.825	€ 4.660	€ 3.673	€ 5.100	€ 4.092	€ 5.860	€ 5.064	€ 5.338	€ 9.142
UK	€ 1.542	€ 2.395	€ 2.745	€ 3.645	€ 3.886	€ 7.916	€ 7.187	€ 7.657	€ 12.083
IS	€ 3.612	€ 4.577	€ 6.744	€ 7.418	€ 7.943	€ 14.912	€ 11.546	€ 13.461	€ 22.511
NO	€ 5.034	€ 8.010	€ 13.335	€ 12.923	€ 12.120	€ 10.462	€ 15.062	€ 17.119	€ 25.960

Table 157 Average car prices from survey, euro, corrected for PPP

	Peugeot 206	VW Golf	Audi A4	Toyota Yaris	Ford Focus	BMW 3- Series	Skoda Fabia	Renault Megane	Nissan Qashqai
	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
	2001	2001	2001	2005	2005	2005	2009	2009	2009
AT	€ 2.300	€ 3.607	€ 5.391	€ 4.919	€ 5.305	€ 11.365	€ 7.061	€ 9.474	€ 11.902
BE	€ 2.128	€ 2.850	€ 3.905	€ 4.432	€ 3.943	€ 8.886	€ 6.366	€ 8.486	€ 10.575
BG	€ 3.987	€ 5.648	€ 7.330	€ 9.266	€ 8.384	€ 16.427	€ 11.826	€ 17.816	€ 66.251
CY		€ 6.751		€ 6.751		€ 15.446			€ 11.327
CZ	€ 2.871	€ 4.463	€ 5.570	€ 4.915	€ 4.967	€ 12.003	€ 7.647	€ 8.637	€ 14.513
DE	€ 2.573	€ 3.168	€ 5.220	€ 5.032	€ 4.967	€ 10.101	€ 7.772	€ 10.057	€ 13.694
DK	€ 3.529	€ 6.724	€ 8.929	€ 5.631	€ 8.457	€ 13.070	€ 10.058	€ 10.214	€ 15.250
EE	€ 1.591	€ 3.877	€ 4.681	€ 5.559	€ 5.023	€ 11.918	€ 9.698	€ 7.682	€ 14.247
EL	€ 3.280	€ 4.021	€ 7.599	€ 6.379	€ 5.656	€ 13.085	€ 6.548	€ 9.914	€ 13.501
ES	€ 2.839	€ 3.893	€ 5.847	€ 4.890	€ 5.506	€ 12.566	€ 6.885	€ 9.610	€ 13.941
FI		€ 4.511	€ 8.448	€ 6.992	€ 7.332	€ 11.320	€ 12.202	€ 11.062	€ 14.502
FR	€ 2.951	€ 3.577	€ 5.376	€ 4.559	€ 4.848	€ 11.429	€ 7.560	€ 9.865	€ 12.906
HR	€ 3.669	€ 6.443	€ 8.548	€ 6.416	€ 7.492	€ 14.515	€ 8.169	€ 10.537	€ 17.297
HU	€ 3.170	€ 5.501	€ 7.738	€ 6.501	€ 7.326	€ 10.334	€ 8.954	€ 13.616	€ 18.868
IE	€ 1.874	€ 2.188	€ 2.785	€ 4.952	€ 4.237	€ 6.130	€ 7.228	€ 7.831	€ 12.401
IT	€ 2.270	€ 2.907	€ 4.218	€ 4.452	€ 4.107	€ 9.720	€ 6.317	€ 8.919	€ 12.574
LT	€ 2.222	€ 3.619	€ 4.302	€ 4.792	€ 5.965	€ 9.951	€ 6.626	€ 7.907	€ 14.931
LU	€ 1.565	€ 3.437	€ 3.991	€ 3.443	€ 4.940	€ 10.261	€ 6.424	€ 8.975	€ 12.693
LV	€ 5.970	€ 4.523	€ 6.788	€ 7.297	€ 6.638	€ 12.924	€ 9.038		€ 16.418
MT	€ 3.213			€ 13.496		€ 14.084		€ 11.482	€ 22.494
NL	€ 2.609	€ 2.819	€ 4.993	€ 5.693	€ 5.014	€ 10.593	€ 8.097	€ 10.491	€ 14.310
PL	€ 2.969	€ 5.343	€ 8.010	€ 6.915	€ 6.489	€ 11.701	€ 10.286	€ 11.943	€ 16.040
PT	€ 4.160	€ 5.907	€ 10.607	€ 6.868	€ 8.769	€ 18.122	€ 9.123	€ 16.752	€ 21.836
RO	€ 2.965	€ 4.629	€ 7.057	€ 8.935	€ 7.858	€ 11.432	€ 10.266	€ 11.718	€ 33.394
SE	€ 2.639	€ 3.643	€ 4.165	€ 4.743	€ 4.225	€ 9.026	€ 7.115	€ 8.017	€ 10.988
SI	€ 2.157	€ 3.230	€ 4.639	€ 4.665	€ 4.781	€ 10.554	€ 7.759	€ 9.046	€ 13.741
SK	€ 2.592	€ 6.619	€ 5.217	€ 7.244	€ 5.813	€ 8.324	€ 7.194	€ 7.582	€ 12.985
UK	€ 1.324	€ 2.055	€ 2.356	€ 3.129	€ 3.336	€ 6.794	€ 6.169	€ 6.573	€ 10.372
IS	€ 3.308	€ 4.192	€ 6.176	€ 6.793	€ 7.274	€ 13.656	€ 10.573	€ 12.327	€ 20.614
NO	€ 3.170	€ 5.044	€ 8.397	€ 8.138	€ 7.632	€ 6.588	€ 9.485	€ 10.780	€ 16.348

### 6.2.2.1 Price drivers within markets

The expected selling price of any product is the result of demand versus supply. If demand is higher than supply, the expected selling price tends to go up. If demand is lower than supply, the expected selling price goes down.

The car price analysis of this study is based on a regression analysis. The method involved building a model with the aim to describe which factors mostly determine the price of cars. After doing this, prices for similar cars between countries could be compared.

Differences between countries were tested by entering country specific constants and testing if these constants were significantly different from zero.

The most important factors determining the price of a second hand car are said to be: make/model, fuel type, car type, age, car size, mileage, engine size and condition of the car.

The following characteristics were thus entered in the regression model.

**Mileage** will affect how high a price a car dealer can sell the car in the market. A car with many kilometres will have a lower price because the car buyer will expect that there is a higher risk that there may be high maintenance costs associated with it.

**Fuel:** a dummy variable<sup>124</sup> was used equal to 1 for diesel cars and 0 for other fuels (here: petrol). Typically, diesel vehicles are more expensive in the second hand market. This is due to higher prices for new diesel vehicles and may also be supported by the fact that diesel vehicles are known to have lower fuel costs. However, care must be taken since the dependency on fuel is closely linked to other factors like car taxation, annual tax differences between petrol and diesel cars and differences in fuel taxes.

**Age** of the car: it would only be intuitive to assume that the higher the car age, the lower a price a dealer can request for any second hand car traded

**Car type:** some types are more valuable in the market compared to others. One example is the station wagon, which typically has a somewhat higher price compared to hatchback and sedan, due to its larger size. Dummy variables were used for: station wagon, cabriolet, compact, convertible, coupe, hatchback and MPV (the reference type being a sedan).

#### **Car size and make/model (based on car segment):**

- Small cars: Peugeot 206, Skoda Fabia and Toyota Yaris
- Medium cars: Ford Focus, Renault Megane, VW Golf
- Large cars: Audi A4, BMW 3-Series, Nissan Qashqai

Here, dummy variables were defined for small and large cars (the reference being medium cars), but also for the different brands (the selected make/model combinations; the reference being the Peugeot 206).

**Engine size:** the engine size is an indicator for the luxury class of the vehicle. However, care must be taken with this assumption, as it is not just the size of the engine which is mostly

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<sup>124</sup> In statistics and econometrics, particularly in regression analysis, a dummy variable is one that takes the value 0 or 1 to indicate the absence or presence of some categorical effect that may be expected to shift the outcome

relevant. Instead, it is the performance (**engine power**) that counts. New small engines may have better performance compared to older but larger engines. The engine performance is at the same time an indicator for the equipment class of the vehicle, since cars with more equipment/accessories would typically also have better performing engines, quicker acceleration, higher maximum speed etc.

Estimations showed that the best model fit was obtained in a model where the price has been transformed logarithmically, focussing on relative prices instead of absolute prices and parameter estimates.

The following model<sup>125</sup> has been put together, taking all the above elements into account:

$$\text{Log}(P) = \alpha + \beta * km + \kappa * kW + \delta * ccm + \tau_i * \text{Type}_i + \mu * \text{diesel} + \rho * \text{age} + \sigma * \text{size} + \theta_m * \text{Make}_m$$

where...

*P*: Car price

*Type<sub>i</sub>*: Dummy for car type (eg. Sedan, Station wagon etc.)

*km*: Car mileage

*kW*: Engine power

*ccm*: Engine size

*diesel*: Dummy, equals 1 if diesel engine

*Age*: Age of vehicle

*Size*: Small, medium or large

*Make<sub>m</sub>*: Dummy for make/model (e.g. Peugeot 206 or BMW 3 series).

$\alpha, \beta, \kappa, \delta, \tau_i, \mu, \rho, \sigma, \theta_m$ : Coefficients to be estimated.

Only significant parameters were kept in the model. The model explains 86% of the variation in car prices, which gives it a very high explanatory power. Furthermore, as can be seen from the high t-values in the results' tables later in this chapter, the parameter estimates were estimated with high precision and significance.

The following table shows which parameters were the most important factors explaining the car price in the model.

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<sup>125</sup> Later on in the analysis, country was added to the model to test for differences in prices between countries (see below). The equation presented does not contain a term for all other influences than the variables shown, but the estimation allows for unexplained variation (residual component); 14% of the variation in car prices cannot be explained by the factors presented.

Table 158 Explanatory power of different types of variables used in the model

Share of explanatory power	
<b>Fuel (diesel/petrol)</b>	2%
<b>Age</b>	13%
<b>Engine size and power</b>	12%
<b>Car size</b>	2%
<b>Car type</b>	7%
<b>Mileage</b>	30%
<b>Brand (make/model)</b>	7%
<b>Country</b>	27%

Note: Share in explanatory power is measured by the estimated (standardized) coefficients ('beta-coefficients') in the model.

As can be seen the most important explanatory factor is the car mileage (30%). After that, differences between countries accounted for 27% of the car price variation. Furthermore, engine size and age were also found to be quite important factors.

Regarding engine size and power, the analysis showed that engine power is much more important than engine size. This seems reasonable because it is the engine power that provides the comfort in driving. The engine size is more an indicator for engine power and class.

Below, estimated results for the individual components can be seen:

Table 159 Impact of fuel type, age, engine size and power on car price

	Beta	t-value <sup>126</sup>
<b>Diesel</b>	6.5%	25.9
<b>Age</b>	-14.1%	-178.9
<b>Engine size (litre)</b>	3.9%	9.5
<b>Engine power (kW)</b>	0.5%	74.4

As already mentioned, this model uses a logarithmic transformation of the price. Thus, the interpretation of the parameter estimates (Beta-coefficients) is that they give the impact of a variable in question (a change of one unit, e.g. one year or a shift from 0 to 1 in a dummy variable) on the car price P (in percentages of the observed value). For instance:

- Diesel cars were found to be approximately 6.5% more expensive than petrol vehicles;
- Cars that are 1 year older were found to be approximately 14.1% less expensive;

<sup>126</sup> The t-value is the beta-coefficient divided by its standard deviation; t values below -1.96 or above 1.96 indicate that the estimated coefficient is statistically significant at the 95% confidence level. Otherwise the systematic effect indicated by the Beta coefficient could simply be due to random effects. When presented together with the estimated Beta-coefficients, t-values provide essentially the same information as standard deviations or 95% confidence intervals around the estimated coefficient values.



- An increase of 1 kW increases the price by 0.5% (or one litre extra in terms of engine size increases the price by 3.9%).

The high associated t-values here indicate that the parameter estimates in question were estimated with high precision and were not due to random variation in the data sources.

The following table looks at the impact of car size and car type. This table shows that small cars on average have a 20.3% lower price (relative to medium-sized cars), whereas the largest price premium was found to be for convertibles (relative to sedan).

**Table 160 Impact of car size and type on car price**

	Beta	t-value
<b>Small car</b>	-20.3%	-19.2
<b>Large car</b>	7.1%	5.5
<b>Stationwagon</b>	0.6%	2.4
<b>Cabriolet</b>	17.2%	6.5
<b>Compact</b>	1.4%	3.5
<b>Convertible</b>	26.6%	61.8
<b>Coupe</b>	8.3%	19.1
<b>Hatchback</b>	3.1%	3.6
<b>MPV</b>	18.8%	3.5

The table below looks at the effect of an additional 10,000km on the odometer for the different make/model combinations.

**Table 161 Impact of car mileage (in the form of 10,000 km extra) on car price, by make/model**

	Beta	t-value
<b>1999 – 2003</b>		
Km_Peugeot 206 (Small)	-2.7%	-49.8
Km_VW Golf (Medium)	-1.5%	-45.7
Km_Audi A4 (Large)	-2.3%	-46.0
<b>2003 – 2007</b>		
Km_Toyota Yaris (Small)	-3.0%	-28.0
Km_Ford Focus (Medium)	-4.3%	-73.3
Km_BMW 3-series (Large)	-2.7%	-74.2
<b>2007 – 2011</b>		
Km_Skoda Fabia (Small)	-2.1%	-22.7
Km_Renault Megane (Medium)	-3.3%	-52.1
Km_Nissan Qashqai (Large)	-1.3%	-13.6

For example, a Peugeot 206 with 10,000 more kilometres driven would be approximately 2.7% cheaper than a Peugeot 206 without the extra kilometres.

There appears to be no systematic difference in the impact of mileage in terms of whether the car is old, middle-aged or relatively new, although there may be a weak tendency that the impact is highest for the middle-aged cars. The reason could be that new cars tend to have a relatively low mileage and so an additional 10,000km will still leave the car with a rather low mileage, but many middle-aged cars have been driven a large number of kilometres and so the consumer is more likely to look at mileage when making their decision. For the old vehicles, they have probably all been driven a lot of kilometres and so 10,000km extra may seem relatively small in the context of such a high mileage.

The following table shows the brand effects.

**Table 162 Impact of brand (make/model) on car price**

	Beta	t-value
<b>1999 – 2003</b>		
<i>Peugeot 206 (Small)</i>	<i>0% (reference brand)</i>	<i>N/A</i>
VW Golf (Medium)	20%	19.2
Audi A4 (Large)	55%	41.1
<b>2003 – 2007</b>		
Toyota Yaris (Small)	17%	11.6
Ford Focus (Medium)	28%	22.6
BMW 3-series (Large)	59%	55.1
<b>2007 – 2011</b>		
Skoda Fabia (Small)	-13%	-9.9
Renault Megane (Medium)	4%	3.4
Nissan Qashqai (Large)	27%	20.1

The brand parameter is a combination of size and brand. The reference is the Peugeot 206. In interpreting the findings of the Table above, an Audi A4 would be 55% more expensive compared to the Peugeot 206. Approximately half of this difference is due to the size of the Audi A4. The Skoda Fabia was found to be 13% cheaper compared to the Peugeot, despite having a much later year of registration. In all cases differences in age, mileage, engine size and power have already been accounted for in the model estimation. All of these variables were entered in the model together with the brand dummies.

### 6.2.2.2 Depreciation

The analysis of depreciation is done in a similar way to the price analysis described above. In this case, depreciation is the dependent variable, measured as the second hand car price share of the new car price. Depreciation is a practical measure for comparison, since it normalises the second-hand car price relative to the new car price. This method eliminates most of the price differences between brands. However, it must be noted from previous

experience that some brands hold their price better than others, because certain car brands were built to drive for more years than others.

The model for estimating car depreciation has the following formulation:

$$D = \alpha + \beta * km + \kappa * kW + \delta * ccm + \tau_i * Type_i + \mu * Diesel + \rho * age + \sigma * size + \theta_m * Make_m$$

where D equals the second hand car price share (%) of the new car price.

The new car price is taken from the EU new car price archive<sup>127</sup>. This source contains car prices for the most common variant for each model per country. Thus, in order to ensure consistent comparison, only similar models and variants were selected from the second-hand car data. For example, the new car price for a Skoda Fabia is reported for a XN 1.1 (5p), 1.1 litre, petrol sedan. In order to facilitate an analysis of the impact of car depreciation, the formulation would only be applied to those Skoda Fabias in the database that have a 1.1 litre petrol engine.

Estimations showed that the best model fit is obtained in a model where the price has been transformed logarithmically, focussing on relative prices instead of absolute prices and parameter estimates.

The model explains 83% of the variation in car prices, which is a very high explanatory power for the model. Furthermore, as can be seen from the high t-values in the result tables later in this chapter, the parameter estimates are estimated with high precision and significance.

The following table shows which parameters are the most important factors explaining the car price depreciation in the model.

**Table 163 Explanatory power of different types of explanatory variables in the model**

Share of explanatory power	
<b>Fuel (diesel/petrol)</b>	2%
<b>Age</b>	11%
<b>Engine size and power</b>	13%
<b>Brand &amp; size</b>	14%
<b>Car type</b>	7%
<b>Mileage</b>	31%
<b>Country</b>	21%

*Note: Share in explanatory power is measured by the estimated (standardized) coefficients ('beta-coefficients') in the model.*

As can be seen, the most important explanatory factor to explain depreciation is the car mileage. After that, differences between countries can explain 21% of the variation.

<sup>127</sup> [http://ec.europa.eu/competition/sectors/motor\\_vehicles/prices/archive.html](http://ec.europa.eu/competition/sectors/motor_vehicles/prices/archive.html)

Furthermore, engine size, brand, car size and car age was also found to be very important factors.

Below the estimated results for the individual components are presented:

**Table 164 Impact on depreciation from fuel type, age, engine size and power**

	Beta	t-value
<b>Diesel</b>	-2.7%	-32.98
<b>Age</b>	3.9%	153.58
<b>Engine Size (litres)</b>	-1.2%	-8.88
<b>Power (kW)</b>	-0.2%	-85.48

The dependent variable of the regression model is the share (in %) of the overall depreciation, measured as the second hand car price offered at the Internet websites divided by the new car price from the EU car price archive. Thus, the interpretation of the parameter estimates (Beta's) in the regression model is the impact on the percentual depreciation of the car price for a change in one unit of the explanatory variable.

For example, from the above table it can be seen that the depreciation of diesel cars is approx. 2.7% lower compared to petrol cars. A car with an engine of one litre more has 1.2% less depreciation (everything else remaining constant) and a car with one additional kW has 0.2% less depreciation.

The average car depreciates 3.9% each year, as shown in the table above. On top of the depreciation due to age comes additional depreciation due to the mileage. The following table shows the depreciation of the cars due to mileage. The unit is set at 20.000 km, meaning that the percentages shown (Beta's) represent the additional depreciation based on an additional 20.000km mileage.

**Table 165 Impact on depreciation from mileage (impact of additional 20.000km)**

	Beta	t-value
<b>1999 – 2003</b>		
Km_Peugeot 206 (Small)	1.1%	30.4
Km_VW Golf (Medium)	0.7%	31.4
Km_Audi A4 (Large)	0.7%	22.1
<b>2003 – 2007</b>		
Km_Toyota Yaris (Small)	2.7%	39.6
Km_Ford Focus (Medium)	2.0%	52.7
Km_BMW 3-series (Large)	1.8%	73.0
<b>2007 – 2011</b>		
Km_Skoda Fabia (Small)	3.7%	61.8
Km_Renault Megane (Medium)	2.9%	71.3
Km_Nissan Qashqai (Large)	3.4%	53.4

An additional 20.000 km for a Peugeot 206 would result in an extra depreciation of 1.1% (everything else remaining the same).

Results show that there is a clear tendency that the marginal impact of mileage is smaller for old cars. Furthermore, there is a clear tendency that the impact of mileage on car price depreciation is higher for small cars (Peugeot 206, Toyota Yaris and Skoda Fabia) compared to bigger cars. This conclusion fits well with the fact that small cars get worn out quicker than larger cars.

Pure brand effects are not reported. Brand dummies were included in the model to avoid systematic bias on other parameter estimates.

### 6.2.2.3 Comparison of different countries

#### 6.2.2.3.1 Car prices

Comparing price levels and variations between countries is done by entering a country/region/segment specific dummy in the analysis and test if this dummy is significantly different from zero<sup>128</sup>.

Comparison has been done both for price:

$$P = \alpha + \beta * km + \kappa * kW + \delta * ccm + \tau_i * Type_i + \mu * Diesel + \rho * age + \sigma * size + \theta_m * Make_m + \varphi_c * C_c$$

and depreciation

$$D = \alpha + \beta * km + \kappa * kW + \delta * ccm + \tau_i * Type_i + \mu * Diesel + \rho * age + \sigma * size + \theta_m * Make_m + \varphi_c * C_c$$

where  $C_c$  is a dummy for country c, 1 if country = c and otherwise zero.

The parameter estimates  $\varphi_c$  give the size of the price difference for a specific country/region/segment, c. The size of this parameter will tell if the difference is significant.

Since a comprehensive set of price data has been collected, it was possible to estimate significant parameter estimates for almost all countries. The reference country was chosen to be Germany.

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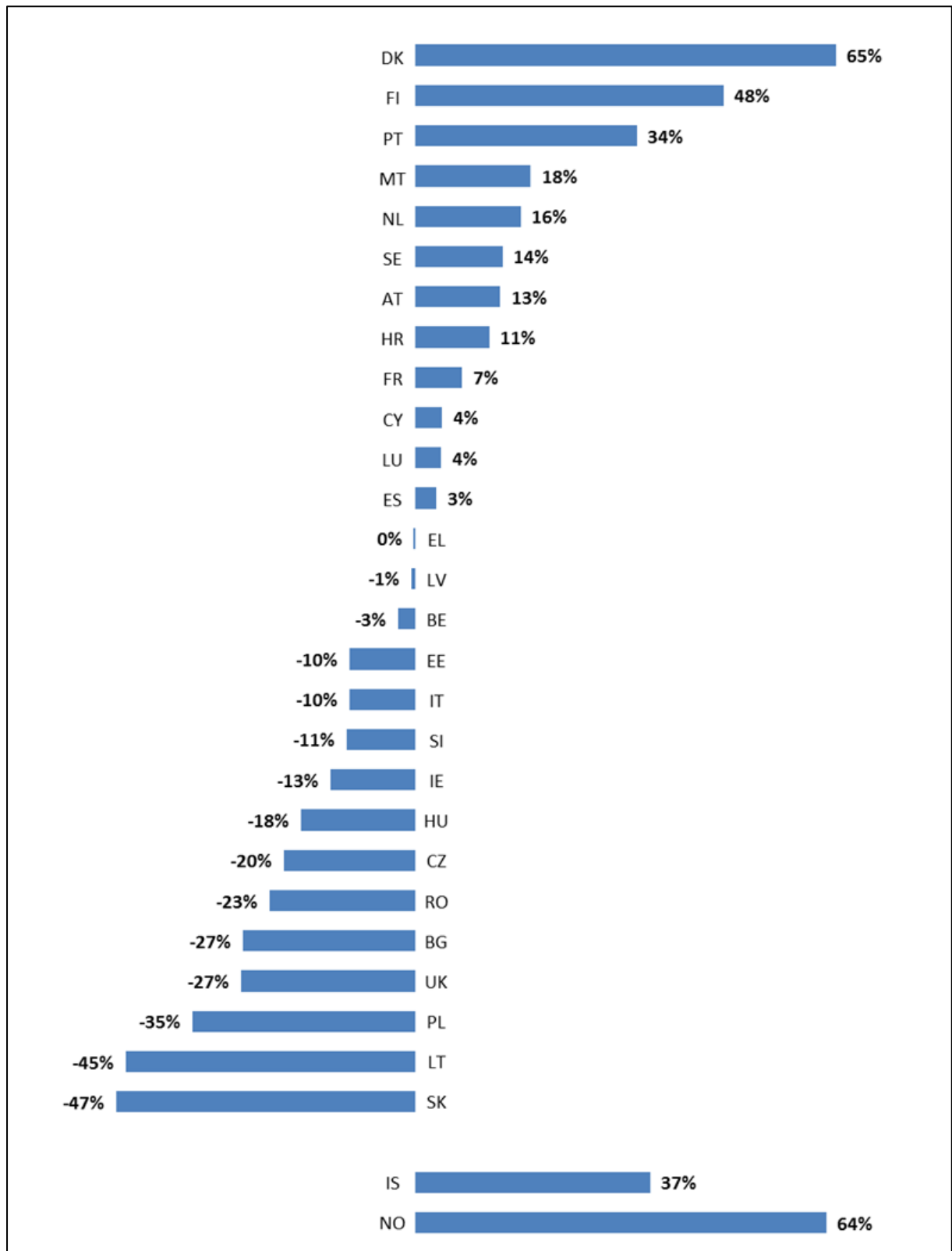
<sup>128</sup> In case of more country/region dummies, we may also need to test if these are significantly different from one another

Table 166 Comparison of car price for different countries

	Beta (without PPP)	Beta (with PPP)	t-value
DK	65%	32%	23.3
FI	48%	29%	18.5
PT	34%	51%	13.1
MT	18%	44%	2.0
NL	16%	10%	45.2
SE	14%	-11%	5.6
AT	13%	9%	27.6
HR	11%	48%	15.1
FR	7%	1%	17.4
CY	4%	19%	0.4
LU	4%	-15%	2.0
ES	3%	10%	7.1
DE	N/A	N/A	N/A
EL	0%	9%	-0.2
LV	-1%	34%	-0.2
BE	-3%	-10%	-6.1
EE	-10%	17%	-7.2
IT	-10%	-12%	-31.7
SI	-11%	9%	-12.4
IE	-13%	-28%	-15.2
HU	-18%	34%	-5.4
CZ	-20%	13%	-16.3
RO	-23%	37%	-8.1
BG	-27%	47%	-13.5
UK	-27%	-41%	-24.3
PL	-35%	23%	-14.6
LT	-45%	1%	-12.6
SK	-47%	-10%	-18.5
IS	37%	19%	12.7
NO	64%	32%	19.6

As can be seen from the table above, there are large variations in car prices between countries. Denmark and Norway have the highest prices, with prices in Denmark and Norway being 65% and 64% respectively higher compared to car prices in Germany. Also, other countries like Finland and Portugal have high car prices compared to Germany. In all these cases, the high prices are due to high car taxation in these countries.

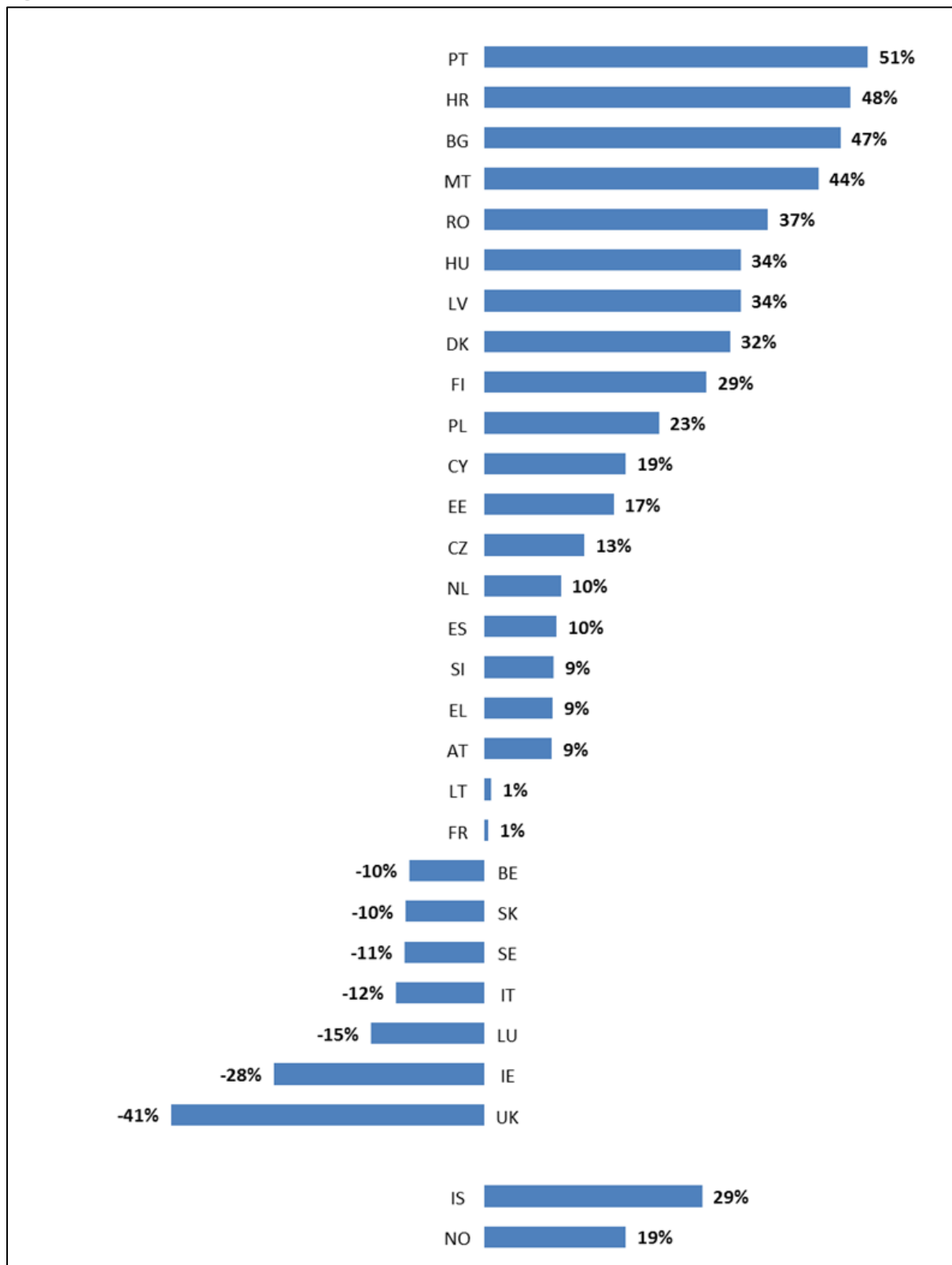
Figure 87 Car price differences (without PPP)



The picture changes a lot when looking at the car prices corrected for purchasing power index. As can be seen in the figure below, for certain EU15 countries with high car prices (Denmark, Finland, the Netherlands and Sweden) the PPP correction results in significantly

lower car prices. This essentially means that cars may be costly in these countries, but that products are generally a lot more expensive there. Once PPP is included in the equation, the most expensive cars were found to be in Portugal, Croatia, Bulgaria and Malta.

Figure 88 Car price differences (with PPP)



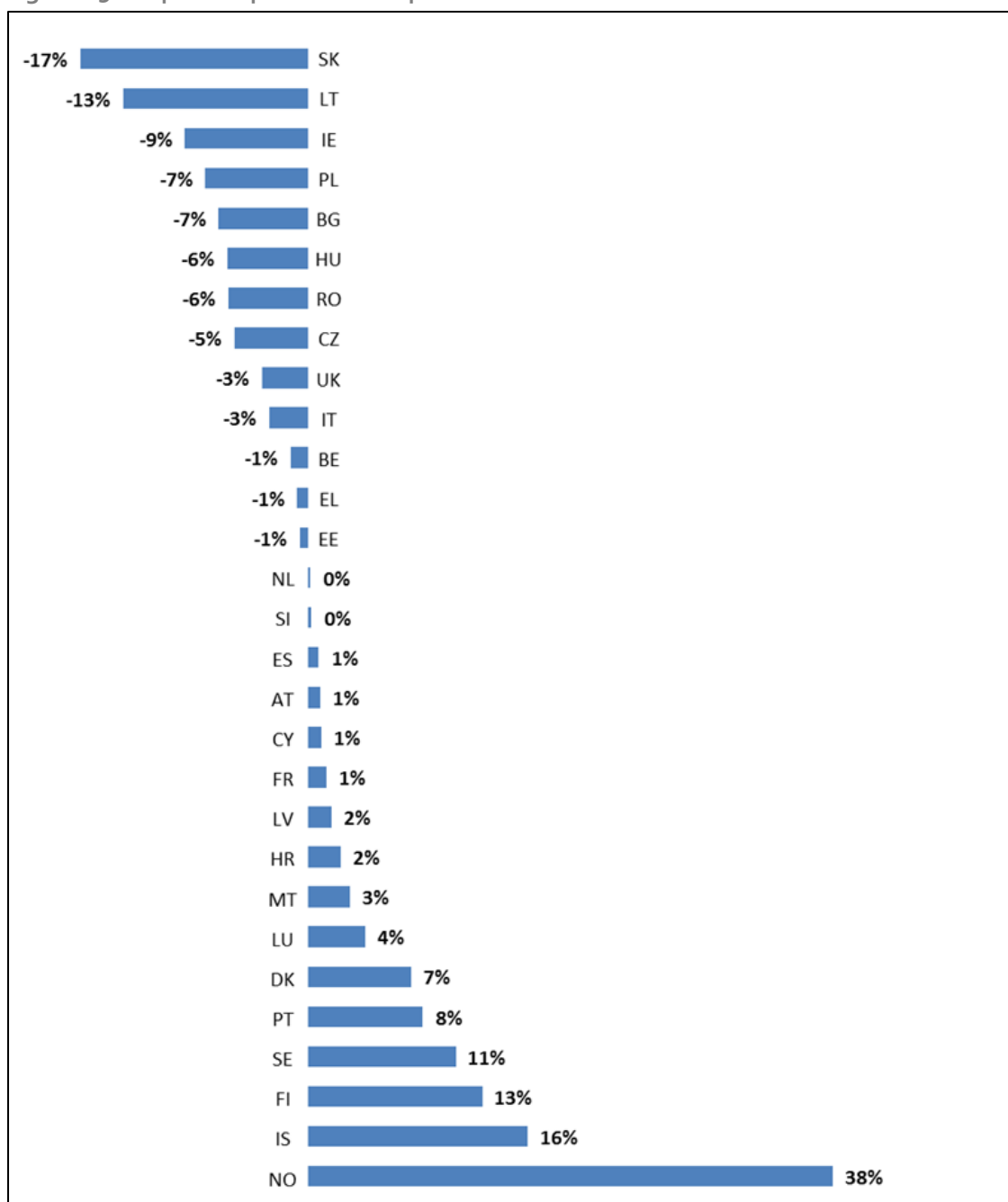


### 6.2.2.3.2 Car price depreciation

The following chart shows differences in the car price depreciation in the different markets. The differences are estimated based on the country specific constants in the regression model explaining the car price depreciation discussed earlier.

The reference is the car price depreciation in Germany. From the figure below it can be seen that the average depreciation in Slovakia is approximately 17% lower compared to the level of depreciation in Germany. On the other hand price depreciation in Sweden is approximately 11% higher than in Germany.

Figure 8g Car price depreciation in specific countries



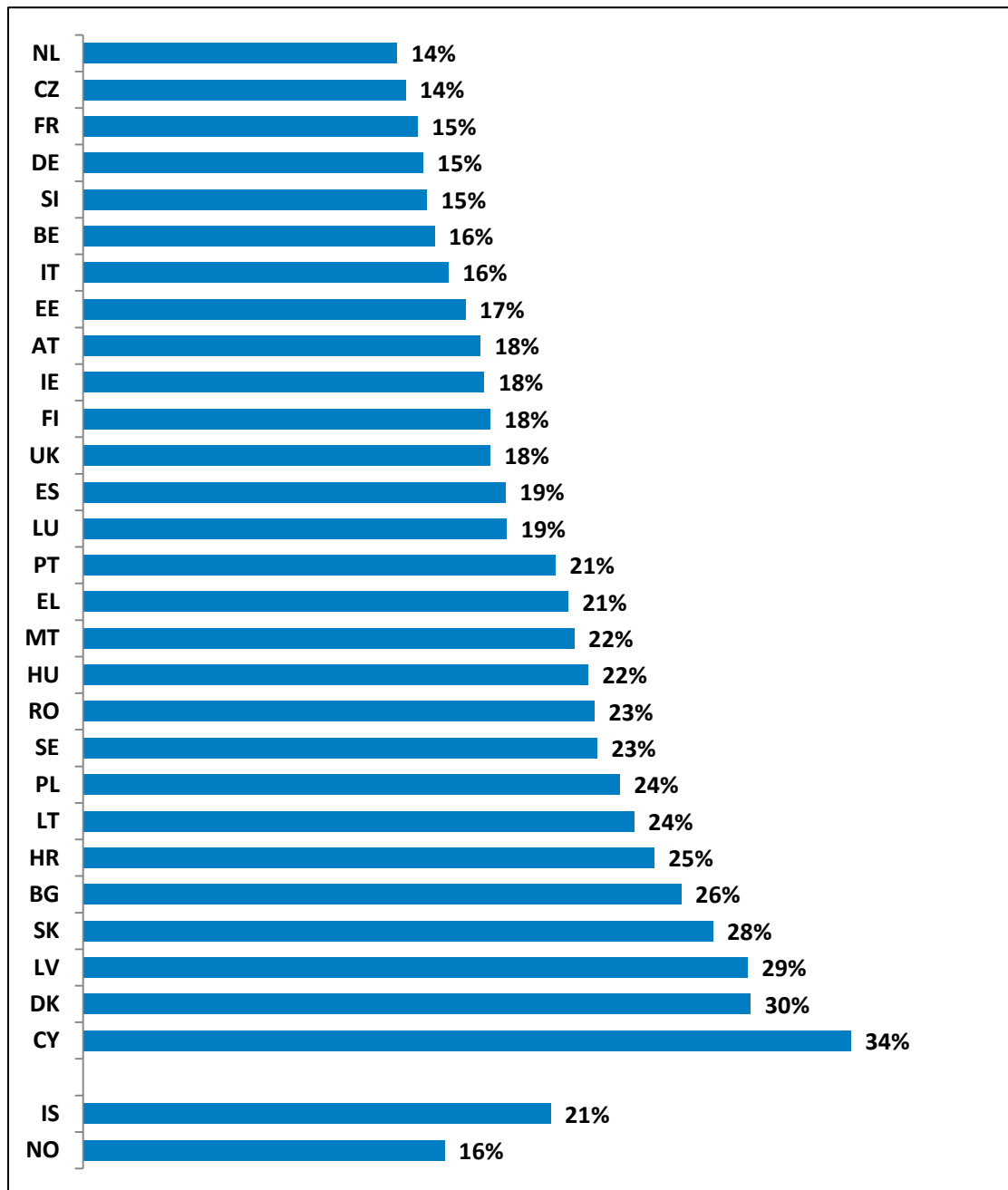
The general picture is that the price depreciation is much lower in many Eastern European countries compared to Northern European countries. Thus, it seems that cars in Eastern Europe are keeping higher prices for old cars compared to Northern and Western Europe countries.

#### **6.2.2.4 Price variations**

One thing is the second-hand car price levels, but another thing is the variation of prices. With larger variation in prices, it will be more difficult for the consumer to decode the price signals in the market.

The analysis of the price variations is based on the unexplained part of the car prices from the regression analysis. The chart below shows the average unexplained variation in car prices in the model.

Figure 90 Unexplained part of car prices



The average unexplained part of the car prices ranges from 14 to 34%. As can be seen from the chart above, the general picture is that Eastern European and smaller countries have a higher variation in car prices compared to Western and Northern European countries, as a larger proportion of their prices are unexplained. The exception to this is Denmark, due to the very high car taxes in the country.

### 6.3 Market features – supply and demand structure, cross-border trade, prices: Summary

The key findings of this issue are summarised below, grouped under two sub-headings:

1. Supply and demand structure
2. Second-hand car pricing

#### 1. Supply and demand structure

- Based on the second-hand car sales data presented in Chapter 6.1, there is a huge level of supply and demand for second-hand cars throughout Europe, with **sales of second-hand cars outstripping new car sales** in all countries;
  - **Internet car portals are increasing consumer choice** – consumers are now no longer reliant on a network of local second-hand cars, but can instead look at all second-hand cars within a certain acceptable radius of their home;
  - The financial crisis of 2009 has led to supply challenges for the second-hand car market. Due to fewer new cars being purchased in 2009-2011, there are fewer ‘nearly new’ cars and ex-lease cars coming into the current second-hand car market;
- **54% of consumer survey respondents bought their most recent second-hand car from an independent dealership, 42% from a franchise dealership and the remaining 4% from an auction;**
  - Independent dealership sales were most common in the EU13 (65%), for imported cars (59%) and among low income consumers (58%);
  - Purchases from franchise dealerships were notably higher among high income consumer respondents (48%), those residing in the EU15 (46%) and among post-graduates (45%);
  - Purchases from auctions were most common for imported cars (13%) and in the EU13 (11%);
- When local supply of second-hand cars cannot meet local demand, the import market has a key role within the EU28. Approximately **4% of respondents bought their most recent second-hand car from abroad;**
  - This figure was much higher in the EU13 (13%) than the EU15 (2%). The countries with the highest proportion of cars imported by respondents were Romania (30%), Malta (28%), Luxembourg (18%) and Bulgaria (16%);
  - 42% of imported cars cited in the consumer survey were imported from Germany, which shows the importance of the German second-hand car market within the EU. Other source countries accounting for significant proportions of imported cars were Belgium (9% of imports), Italy (6%) and the UK (5%).
- The most **commonly sold second-hand car brands** were Ford (11%), Renault (10%), Volkswagen (9%) and Opel (9%);
  - There was relatively little difference in terms of socio-demographics. The most notable difference was that imported cars tended to be more luxury brands, such as BMW and Mercedes.
- The most **common fuel types** were Petrol (56%), Diesel (40%) and LPG / Gas (3%);
- **The average second-hand car was 6.2 years old and had been driven 87,000km previously**, thus implying that it had been driven **14,000km per year pre-purchase:**

- Average car age and mileage were lower in franchise dealerships (4.3 years and 62,000km) than independent dealerships (7.6 years and 104,500km) or Auctions (8.0 years and 120,000km). This difference in car age by dealership type shows the differing and complementary role of different dealership types;
- Average car age and mileage were lower in the EU15 (6.1 years and 80,000km) than the EU13 (7.1 years and 122,000km);
- Pre-purchase usage of the second-hand cars was most intensive for cars sold in the EU13 (17,000km per year) and for cars purchased from abroad (16,500km per year).

## 2. Second-hand car prices:

- **The average second-hand car price from the consumer survey was €9,358;**
  - This differed considerably by dealership type, from approximately €12,700 for a car bought at a franchise dealership to €7,000 for a car bought at an independent dealership or at auction. The average price of an imported car was €12,500;
  - The highest average prices were found in Scandinavia, Portugal and Luxembourg;
- **Once converted via PPP<sup>129</sup>, the average second-hand car price was €9,559;**
  - This was €12,400 for a car bought at a franchise dealership and €7,400 for a car bought at an independent dealership. Bigger changes were seen for cars bought at auction (average price rose to €9,100) and imported cars (average price rose to €15,700), due to the larger import and auction markets of the low-GDP countries, which were more impacted by the PPP conversion;
  - Once PPP was taken into consideration, the most expensive cars were to be found in Portugal, Norway, Malta, Hungary, Finland and Austria;
- The impact of PPP was also noted in the mystery shopping exercise. Without PPP, the average car price was €2,000 more in the EU15 than the EU13, considering that similar cars were compared. Once PPP was taken into account, this situation was reversed, with the EU13 average price being approximately €2,000 more than the EU15 average price;
- **Pricing data for over 70,000 second-hand cars was gathered and compared in the price collection and analysis task.** Based on this dataset and a regression model built, more robust analysis of price differences could be undertaken;
  - This analysis showed that car price differences and the level of second-hand car depreciation were affected primarily by car mileage, followed by car country of purchase;
    - In terms of car price differences, car mileage and country of purchase accounted for 30% and 27% respectively;
    - In terms of level of second-hand car price depreciation, mileage and country accounted for 31% and 21% respectively;

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<sup>129</sup> Purchasing Power Parities (PPP) is used to correct for differing income levels per country.

- Without taking PPP into account, the highest second-hand car prices (after correcting for relevant characteristics of the car) were to be found in Denmark, Norway, Finland, Iceland and Portugal;
- Once PPP was taken into account, the most expensive countries were Portugal, Croatia, Malta and Bulgaria;
- The level of depreciation of car prices was highest in Scandinavia, whilst second-hand cars sold in Eastern European countries were most likely to retain their value (i.e. have a lower level of depreciation);
- Summarising the prices collected using a series of different sources as part of this study (consumer survey, mystery shopping exercise and price collection and analysis exercise), **second-hand car prices were highest without PPP in Scandinavia and highest with PPP in Eastern Europe;**
- One third of consumer respondents gave another car in **part-exchange** for their purchase;
  - This proportion was higher when the car was bought from a franchise dealer (40%) than at an independent dealership (29%) or auction (20%);
  - Part-exchanges were also more prevalent in the EU15, among high-income consumer respondents and those aged 55+. This reflects that these consumer typologies were more likely to buy from a franchise dealership, where part-exchanges were much more commonplace than at the other trader types;
- 26% of the mystery shoppers were **offered a discount** on the originally advertised second-hand car price. There was little variation according to region, dealership type or car age.

## 7 Overall Assessment

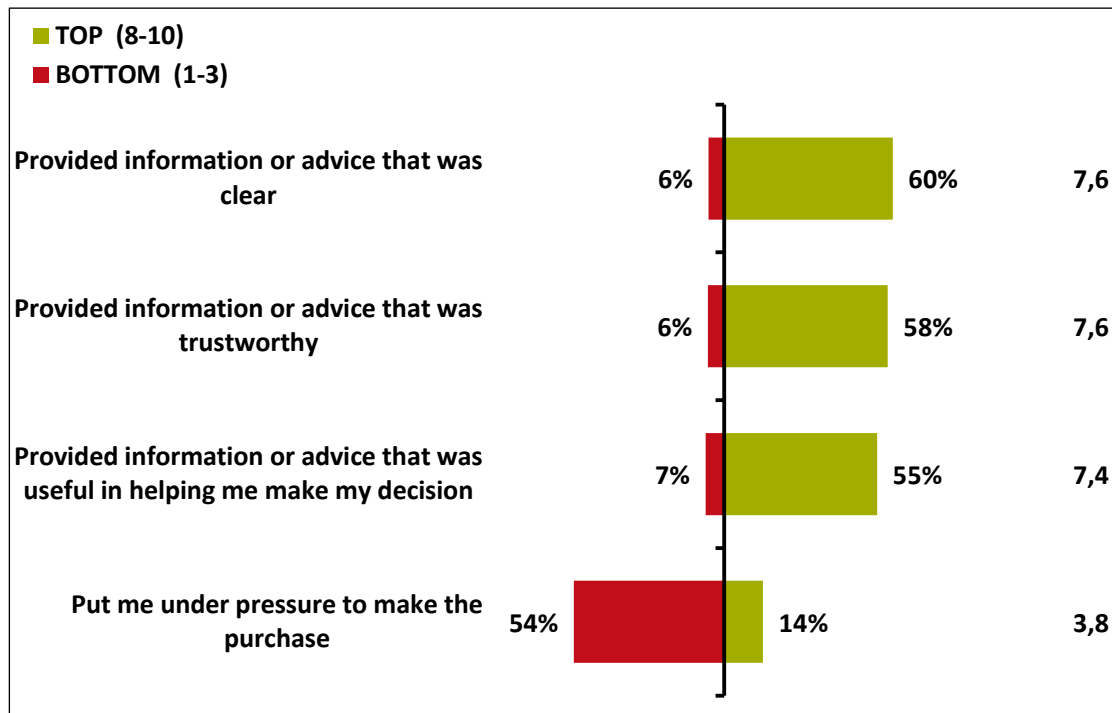
For the three fieldwork tasks (stakeholder survey, consumer survey and mystery shopping task), concluding questions were asked at the end of each interview/mystery shopping exercise in order to obtain an overall assessment of the second-hand car market for consumers.

1. First of all, the performance of the dealer was assessed in both the consumer survey and mystery shopping exercise in terms of the quality of the information provided;
2. Secondly, the concluding questions of the consumer survey provided information on consumer satisfaction with their second-hand car post-purchase;
3. Thirdly, the stakeholder survey provided an assessment of the second-hand car market overall, taking into consideration the consumer, trade and legislative perspective.

### 7.1 Assessment of the information and advice provided by the dealer

Since there are a number of different important aspects in the information provided by the trader or sales representative, it is interesting to examine how consumers perceived this information. Overall, when information is given by traders, this was perceived as **clear**, **trustworthy** and **useful**, with over half of consumers at overall level giving a high score to these three elements (60% 'very clear', 58% 'very trustworthy' and 55% 'very useful'). However, 14% stated that they felt under pressure during the purchase of a second-hand car.

Figure 91 Assessment of the dealer



Source: Consumer Survey Q33: Thinking about your most recent second-hand car purchase, to what extent do you agree with the following statements? "The trader/sales representative..." Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. (EU28 N=24,259)

For the three positively-phrased statements, **women and those aged 55 and above gave higher than average scores** and they all gave a lower score to the negatively-phrased statement. In contrast, men, 18-34 year olds and respondents with a low income were less likely to perceive the information to be clear, trustworthy and helpful and they were more likely to say that they were put under pressure by the trader (the latter was quoted in much higher proportions by the younger age group). The table below details the difference in average score for each of the four statements, showing clearly that performance was highest in franchise dealerships and lowest at auctions and for cars imported from abroad. Considering performance by region, there were notably better assessments in the EU15 than the EU13, as shown below:

Table 167 Assessment of the dealer – by socio-demographics

	Provided information or advice that was clear	Provided information or advice that was trustworthy	Provided information or advice that was useful in helping me make my decision	Put me under pressure to make the purchase
<b>EU28</b>	<b>7.6</b>	<b>7.6</b>	<b>7.4</b>	<b>3.8</b>
EU15	7.7	7.6	7.5	3.7
EU13	<b>7.3</b>	<b>7.1</b>	<b>7.0</b>	3.8
Male	7.5	7.4	7.2	3.9
Female	<b>7.8</b>	<b>7.7</b>	<b>7.6</b>	3.6
18-34	<b>7.2</b>	<b>7.2</b>	<b>7.0</b>	<b>4.5</b>
35-54	7.7	7.6	7.4	3.6
55 +	<b>8.1</b>	<b>8.0</b>	<b>7.8</b>	3.1
Primary / partial	7.5	7.4	7.2	4.0
Completed secondary	7.7	7.6	7.5	3.5
(Post-)Graduate	7.6	7.5	7.3	4.1
Low income	<b>7.4</b>	<b>7.3</b>	<b>7.2</b>	<b>4.1</b>
Medium income	7.7	7.6	7.4	3.7
High income	7.8	7.7	7.5	3.6
Imported from abroad	<b>7.1</b>	<b>7.1</b>	<b>6.9</b>	3.9
Franchise	<b>7.9</b>	<b>7.8</b>	<b>7.6</b>	3.8
Independent	7.5	7.4	7.2	3.7
Auction	<b>7.0</b>	<b>7.0</b>	<b>6.8</b>	<b>4.5</b>

Source: Consumer Survey Q33: Thinking about your most recent second-hand car purchase, to what extent do you agree with the following statements? Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. (EU28 N=24,259)

The **countries** giving a lower than average score for all three of the positive statements (clear, trustworthy and useful) were Bulgaria, the Czech Republic, Denmark, Estonia, Lithuania, Latvia, Poland, Slovakia and Portugal (the latter displaying by far the worst results).



Respondents from Portugal also gave by far the highest score for the negative statement (6.0).

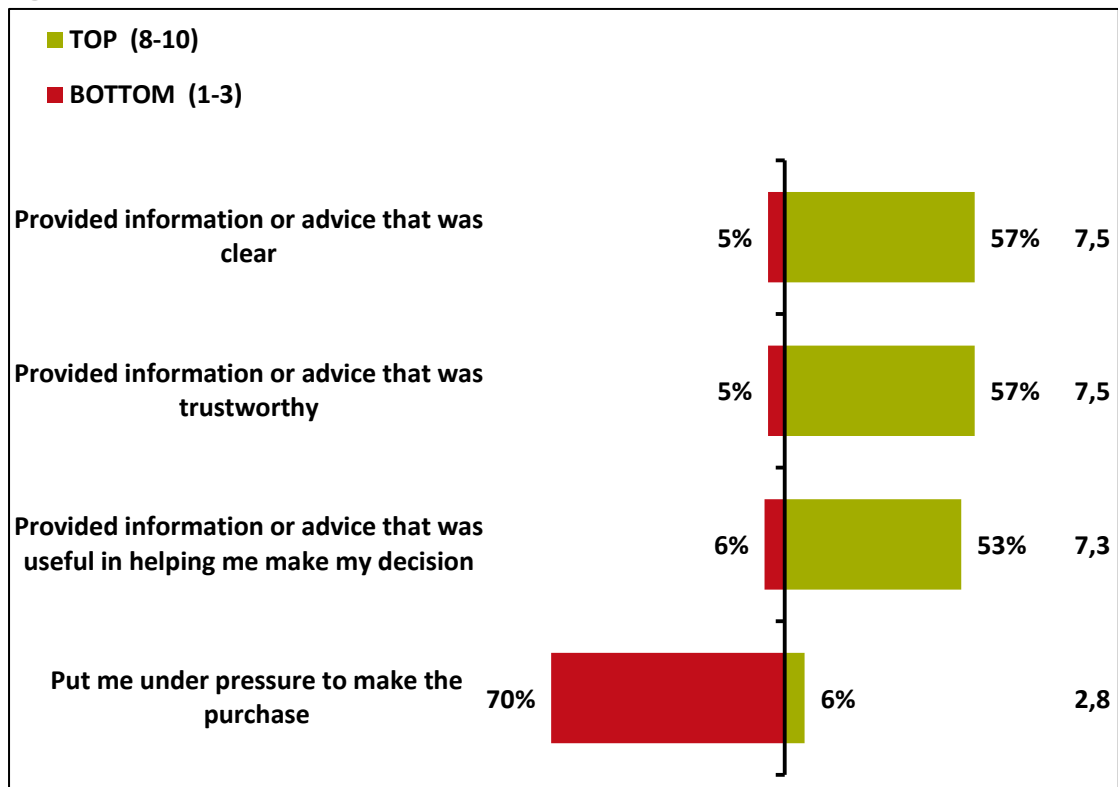
Table 168 Assessment of the dealer – by country

	Provided information or advice that was clear	Provided information or advice that was trustworthy	Provided information or advice that was useful in helping me make my decision	Put me under pressure to make the purchase
<b>EU28</b>	<b>7.6</b>	<b>7.6</b>	<b>7.4</b>	<b>3.8</b>
AT	7.7	7.7	7.4	3.2
BE	7.8	7.7	7.5	3.7
BG	6.9	6.8	6.8	2.9
CY	8.0	7.8	7.8	3.0
CZ	7.5	6.8	6.5	3.0
DE	7.9	7.9	7.7	2.8
DK	7.2	7.2	6.7	3.0
EE	6.9	6.7	6.3	2.9
EL	7.4	7.5	7.3	4.3
ES	7.4	7.3	7.2	4.1
FI	7.5	7.4	7.0	3.1
FR	7.7	7.6	7.4	4.5
HR	7.5	7.3	7.4	3.2
HU	7.2	7.0	6.9	4.5
IE	7.8	7.7	7.6	3.6
IT	7.6	7.4	7.4	4.3
LT	6.9	6.7	6.5	2.5
LU	7.6	7.5	6.9	2.8
LV	7.3	6.8	6.6	3.1
MT	7.7	7.5	7.5	3.3
NL	7.7	7.6	7.4	3.5
PL	7.2	7.3	7.1	4.4
PT	6.0	5.8	5.9	6.0
RO	7.6	7.5	7.6	4.2
SE	7.3	7.3	6.5	3.6
SI	7.7	7.6	7.4	3.3
SK	7.0	6.8	6.6	3.7
UK	7.8	7.7	7.6	4.3
IS	7.1	7.1	6.9	2.8
NO	7.4	7.5	7.2	3.3

Source: Consumer Survey Q33: Thinking about your most recent second-hand car purchase, to what extent do you agree with the following statements? Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. (N=25,286)

The same four statements were asked in the mystery shopping exercise. Overall, the information given by traders was perceived as **clear**, **trustworthy** and **useful**, with half or over half of mystery shoppers at overall level giving a high score to these three elements. This time, 6% felt under pressure during the purchase of a second-hand car and approximately 1 in 20 assessed the information as not at all clear, trustworthy or useful.

Figure 92 Assessment of the Dealer



Source: Mystery Shopping Q29: Thinking about this Mystery Shopping exercise, to what extent do you agree with the following statements? Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. The trader/sales representative... (EU28 N=1139)

The table below details the difference in average score for each of the four statements, showing clearly that performance was highest at franchise dealerships and lowest at independent dealerships (with the exception for the negatively phrased statement where the opposite was observed).

Table 169 Assessment of the dealer – by dealership type

	Franchise dealership	Independent dealership
...provided information or advice that was clear	7.8	7.3
...provided information or advice that was trustworthy	7.9	7.3
...provided information or advice that was useful in helping me make my decision	7.6	7.1
...put me under pressure to make the purchase	3.0	2.7

Source: Mystery Shopping Q29: Thinking about this Mystery Shopping exercise, to what extent do you agree with the following statements? Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. The trader/sales representative... (EU28 N=1139)

This assessment was also made according to car segment. The difference in average scores for each of the four statements shows that the assessment was lower when the dealer was contacted for an older car, except when the pressure exerted by the trader was concerned, where mystery shoppers assessed that traders of younger cars also exerted equal pressure to sell these cars.

Table 170 Assessment of the dealer – by car segment

	Younger (small) cars	Middle-aged (medium) cars	Older (large) cars
...provided information or advice that was clear	7.7	7.5	7.3
...provided information or advice that was trustworthy	7.8	7.5	7.2
...provided information or advice that was useful in helping me make my decision	7.5	7.3	7.2
...put me under pressure to make the purchase	3.0	2.4	2.9

Source: Mystery Shopping Q29: Thinking about this Mystery Shopping exercise, to what extent do you agree with the following statements? Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. The trader/sales representative... (EU28 N=1139)

The **countries** scoring the highest on all three positive statements (clear, trustworthy and useful) were Croatia and Cyprus. Those mystery shoppers giving the lowest assessments were from: Italy, Poland, Iceland, Malta, Luxembourg and Spain. The countries scoring the highest on the negative statement (put me under pressure) were Portugal, Italy and Ireland

Table 171 Assessment of the dealer – by country

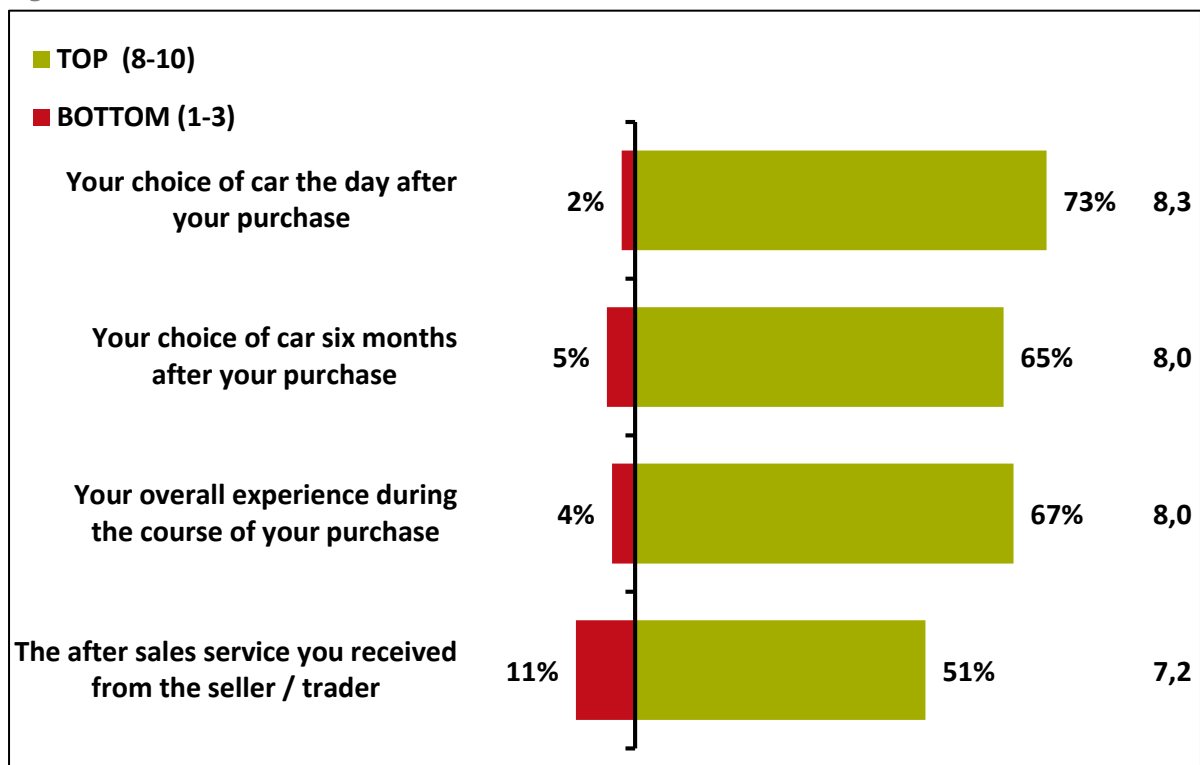
	...provided information or advice that was clear	...provided information or advice that was trustworthy	...provided information or advice that was useful in helping	...put me under pressure to make the purchase
<b>EU28</b>	<b>7.5</b>	<b>7.5</b>	<b>7.3</b>	<b>2.8</b>
AT	7.8	7.6	7.4	1.6
BE	7.0	7.1	<b>6.7</b>	2.6
BG	7.0	7.1	7.0	2.2
CY	<b>8.5</b>	<b>8.5</b>	<b>8.6</b>	2.0
CZ	7.8	7.6	7.5	2.6
DE	8.0	7.8	7.3	2.3
DK	7.4	7.7	7.4	3.4
EE	7.0	7.3	6.9	3.3
EL	7.4	7.3	7.3	3.8
ES	7.0	<b>6.7</b>	6.8	2.7
FI	<b>8.6</b>	8.4	8.0	2.7
FR	7.6	7.7	7.6	3.0
HR	<b>8.7</b>	<b>8.7</b>	<b>8.3</b>	2.2
HU	8.0	8.3	7.7	2.8
IE	8.2	8.4	8.2	4.1
IT	<b>6.6</b>	<b>6.6</b>	<b>6.6</b>	4.2
LT	7.0	7.2	7.0	2.0
LU	<b>6.8</b>	<b>6.4</b>	<b>6.7</b>	3.0
LV	7.6	7.9	7.8	1.3
MT	<b>6.5</b>	<b>6.9</b>	<b>6.7</b>	1.2
NL	7.3	7.3	7.0	3.3
PL	<b>6.9</b>	<b>6.5</b>	<b>6.2</b>	3.5
PT	7.2	7.2	7.0	<b>4.8</b>
RO	7.7	7.7	7.7	3.6
SE	7.5	7.7	7.7	2.8
SI	7.9	8.0	8.1	1.2
SK	7.4	7.4	7.0	2.7
UK	7.2	7.4	7.2	3.4
IS	<b>6.3</b>	<b>6.6</b>	<b>6.4</b>	<b>1.1</b>
NO	8.5	<b>8.6</b>	8.2	1.4

Source: Mystery Shopping Q29: Thinking about this Mystery Shopping exercise, to what extent do you agree with the following statements? Please answer using a scale from 1 to 10, where 1 is Strongly disagree, and 10 is Strongly agree. The trader/sales representative... (N=1199)

## 7.2 Consumer satisfaction post-purchase

At the end of the questionnaire, consumer survey respondents were asked to summarise their purchase and post-purchase experience in terms of their satisfaction with the car immediately post-purchase and 6 months after the purchase, as well as in terms of satisfaction with the trader's after-sales service and with their overall purchase experience. The graph below summarises these results.

Figure 93 Overall satisfaction



Source: Consumer Survey Q49: Considering your most recent second-hand car purchase from a trade source, how satisfied were you with each of the following aspects? (EU28 N=24,259)

The overall trend was to indicate a rather high level of consumer satisfaction post-purchase. The high satisfaction scores for choice after one day, choice after six months and the overall experience were somewhat surprising, considering that 41% of consumer respondents had experienced at least one post-purchase problem with their second-hand car (see Issue 3).

**Satisfaction with car choice the day after purchase** was higher among women (8.4) than men (8.2) and also increased with age (8.7 for respondents aged 55+ vs. 7.9 for 18-34 year olds). However, it scored considerably lower (only 7.6) among the lowest income group respondents. It was also higher among franchise dealers (8.5) than independent dealers (8.2), auctions (7.5) and cars imported from abroad (7.8).

**Satisfaction with car choice six months after purchase** reflected the same trends in terms of gender (women 8.1 vs. men 7.9) and age (8.5 for respondents aged 55+ vs. 7.5 for 18-34 year olds). Once again, it scored lowest among the low income group (7.3). The same trend was also observed for trade source, but this time scores were somewhat lower than before;

8.2 for franchise dealers, 7.9 for independent dealers, 7.2 for auctions and 7.6 for cars purchased from abroad.

**Satisfaction with the overall purchase experience** reflects the same trend as shown for the above two satisfaction elements. Namely, it was slightly higher for women than men (8.0 versus 7.9) and was lowest among younger people (7.5 for 18-34 year olds, versus 8.5 for those aged 55+). It was also lowest for cars bought at auction (7.5) and cars purchased cross-border (7.6) or at an independent dealership (7.8) and highest for cars bought at a franchise (8.2).

Contrary to the very low trust respondents expressed towards all sales channels, the particularly high percentage of reported problems with their car within 12 months after purchase and the low satisfaction with complaint handling, respondents' satisfaction scores for all three statements above were on a rather high scale. However, this could be interpreted by the fact that these all relate to their own personal choice and experience and consumers are often reluctant to admit that they have made a choice which was rather problematic or average to say the least.

Hence, when it comes to the assessment of their **satisfaction with the after sales service from dealers**, scores were notably lower (only half of respondents were very satisfied with it). This scored similarly for both men and women and higher according to age (7.8 for 55+, 7.3 for 35-54 and 6.8 for 18-34 year olds). It also scored higher among franchise dealers (7.7) than independent ones (6.9), auctions (6.3) and cars imported from abroad (6.6).

The table below summarises these socio-demographics differences. Furthermore, this table includes a column to compare the difference in assessment after one day and after six months of purchase, in order to look for any large drops in satisfaction which may indicate poor post-purchase experiences. When looking at the impact of the age of the purchased car, it is clear that satisfaction decreased with cars of increased age; however, the highest satisfaction was noted for cars between 2-4 years of age.

Table 172 Overall satisfaction with...(by socio-demographics)

	Choice after 1 day	Choice after 6 months	Difference	After-sales service	Overall purchase experience
<b>EU28</b>	<b>8.3</b>	<b>8.0</b>	<b>-0.3</b>	<b>7.2</b>	<b>8.0</b>
EU15	8.4	8.1	-0.3	7.5	8.0
EU13	<b>7.9</b>	<b>7.5</b>	<b>-0.4</b>	<b>6.1</b>	<b>7.6</b>
Male	8.2	7.9	-0.2	7.2	7.9
Female	<b>8.4</b>	8.1	-0.3	7.3	8.0
18-34	<b>7.9</b>	<b>7.5</b>	<b>-0.4</b>	<b>6.8</b>	<b>7.5</b>
35-54	8.4	8.1	-0.3	7.3	8.0
55+	<b>8.7</b>	<b>8.5</b>	<b>-0.2</b>	<b>7.8</b>	<b>8.5</b>
Primary / partial secondary	8.1	7.9	-0.2	7.3	7.9
Completed secondary	8.3	8.0	-0.3	7.2	8.0
(Post-)Graduate	8.3	8.0	-0.3	7.2	7.9
Low income	<b>7.6</b>	<b>7.3</b>	<b>-0.4</b>	<b>6.8</b>	<b>7.4</b>
Medium income	8.4	8.1	-0.3	7.3	8.0
High income	8.4	8.2	-0.3	7.3	8.1
Imported	<b>7.8</b>	<b>7.6</b>	<b>-0.2</b>	<b>6.6</b>	<b>7.6</b>
Franchise	<b>8.5</b>	<b>8.2</b>	<b>-0.3</b>	<b>7.7</b>	<b>8.2</b>
Independent	8.2	7.9	-0.3	6.9	7.8
Auction	<b>7.5</b>	<b>7.2</b>	<b>-0.3</b>	<b>6.3</b>	<b>7.5</b>
Car <2yrs old	8.3	8.1	-0.2	7.6	8.1
Car 2-4yrs old	8.5	8.3	-0.2	7.6	8.2
Car 5-8yrs old	8.3	8.0	-0.3	7.2	8.0
Car 9-12yrs old	<b>8.1</b>	<b>7.7</b>	<b>-0.4</b>	<b>6.8</b>	<b>7.7</b>
Car 13+ yrs old	<b>8.0</b>	<b>7.6</b>	<b>-0.3</b>	<b>6.6</b>	<b>7.6</b>

Source: Consumer Survey Q49: Considering your most recent second-hand car purchase from a trade source, how satisfied were you with each of the following aspects? (EU28 N=24,259)

The above table also showed that EU13 consumers reported considerably lower satisfaction scores for all four elements than consumers living in the EU15, especially when it comes to after sales service (6.1 vs. 7.5 in EU15). In order to get more insights from country level analysis, the table that follows summarises the results of all four satisfaction statements by country.

Table 173 Overall satisfaction with...(by country)

	Choice after 1 day	Choice after 6 months	Difference	After-sales service	Overall purchase experience
<b>EU28</b>	<b>8.3</b>	<b>8.0</b>	<b>-0.3</b>	<b>7.2</b>	<b>8.0</b>
AT	8.5	8.2	-0.3	7.5	8.1
BE	8.3	8.0	-0.3	7.6	8.1
BG	<b>8.1</b>	<b>7.5</b>	<b>-0.5</b>	<b>4.9</b>	<b>7.4</b>
CY	8.5	8.3	-0.2	7.4	8.1
CZ	8.2	7.9	-0.3	6.6	<b>7.6</b>
DE	8.6	8.3	-0.3	7.6	8.2
DK	8.5	8.3	-0.2	7.6	8.0
EE	8.5	8.1	<b>-0.5</b>	7.2	8.2
EL	<b>8.0</b>	7.7	-0.3	6.9	7.7
ES	8.2	7.9	-0.2	7.4	7.8
FI	8.7	8.4	-0.3	<b>7.9</b>	8.1
FR	8.2	8.0	-0.2	7.4	8.0
HR	8.2	7.8	-0.4	6.6	<b>7.5</b>
HU	8.2	8.1	-0.2	7.3	7.7
IE	<b>8.8</b>	<b>8.5</b>	-0.3	7.6	8.2
IT	<b>7.8</b>	7.7	<b>-0.1</b>	7.2	7.7
LT	8.7	8.1	<b>-0.5</b>	<b>6.1</b>	8.0
LU	8.6	8.4	-0.2	7.5	8.1
LV	8.5	8.1	-0.3	<b>6.2</b>	7.8
MT	<b>8.8</b>	<b>8.6</b>	-0.3	7.4	8.2
NL	8.2	8.0	-0.2	7.6	8.0
PL	<b>7.6</b>	<b>7.1</b>	-0.4	<b>5.8</b>	<b>7.4</b>
PT	8.2	7.9	-0.3	7.3	7.9
RO	<b>7.9</b>	<b>7.6</b>	-0.4	6.9	7.8
SE	8.5	8.2	-0.3	7.3	7.8
SI	8.5	8.2	-0.4	7.2	8.0
SK	<b>8.1</b>	<b>7.6</b>	<b>-0.5</b>	<b>6.2</b>	<b>7.4</b>
UK	8.5	8.3	-0.2	7.4	8.1
IS	8.7	8.3	-0.4	6.8	8.1
NO	<b>8.9</b>	<b>8.5</b>	-0.4	7.6	8.3

Source: Consumer Survey Q49: Considering your most recent second-hand car purchase from a trade source, how satisfied were you with each of the following aspects? (N=25,286)

Looking at these results, it can be seen that respondents from **Eastern European countries generally gave lower assessments than those in the West of Europe in terms of consumer satisfaction**. This was the case for respondents from Bulgaria, Poland and Slovakia in particular. Those from Bulgaria gave notably lower scores than the other countries in terms of satisfaction with after-sales service from the trader (4.9 compared to an average of 7.3). Respondents from Poland gave the lowest scores for consumer satisfaction with their



purchase choice after 1 day (7.6) and after 6 months (7.1). Respondents from countries in the South of Europe also reported lower scores than EU average.

### 7.3 Market performance

The final question of the stakeholder survey asked stakeholders to assess the second-hand car market in their countries (for national-level stakeholders) or in the EU as a whole (for EU-level stakeholders). Based on the 46 stakeholders who answered this question, the average score given by stakeholders was 6.1 out of 10<sup>130</sup>.

Many stakeholders noted that the market was performing better now than 10 years ago, mainly due to the role internet car portals play in increasing price transparency and offering more choice for consumers.

When breaking down these results by stakeholder typology, those representing the trade perspective<sup>131</sup> gave an average score of 6.4, whilst those representing the consumer perspective<sup>132</sup> gave an average score of 5.8. In particular, consumer organisations gave the lowest average score to the market (5.1). This score was due to concerns that consumers were still not receiving enough information when buying a second-hand car and there were also worries about the unfair commercial practices of unregulated second-hand car traders (rather than the larger and franchise dealerships).

Stakeholders in larger countries, such as Germany and the UK, gave a higher performance score in reflection of the greater maturity of the second-hand car market in those countries:

*"It's regulated enough and not overly-regulated. Consumers have enough choice, they can compare offers and there are stable prices. From the dealer perspective, there is plenty of healthy competition, there is lots of trade of nearly new cars, there is the input from ex-lease cars and there are chances for profit. It's working well. I wouldn't actually do much about it" (Association of Dealers/Repairers)*

*"Supply and demand work together well, performance depends on the specific dealer rather than dealership type" (Association of Dealers/Repairers)*

*"After a lot of problems, increased imports have reduced problems because imported cars are better quality" (Consumer Organisation)*

However, stakeholders did note certain areas where the second-hand car market was underperforming, as outlined in the following quotes:

*"There is a big consumer-to-consumer market for second-hand cars in this country, because dealers aren't addressing consumers' needs" (Association of Dealers/Repairers)*

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<sup>130</sup> Using a 10-point scale where 1 means that the market is malfunctioning and 10 means that the market is functioning well

<sup>131</sup> Based on the 26 responses from the representatives of associations of dealers/repairers, trade associations, insurance associations and leasing associations who answered this question

<sup>132</sup> Based on the 20 responses from consumer organisations, automobile clubs/associations and public authorities who answered this question

*"I'd like to see the following...1) a standardised technical report on all second-hand cars that are for sale. 2) a Car-Pass-style certificate. 3) a document showing the car history in terms of number of owners and service history" (Automobile Club/Association)*

*"From the perspective of a franchise car dealer, I can't even participate in the used car market due to low prices and unfair practices from unregulated traders. I'm losing out on a lot of potential income and market share this way" (Trade Association)*

*"I give this low score due to the lack of information / transparency and the lack of sufficient regulations. The best performing country in Europe is Germany, due to its regulations and checks on cars and registration documents" (Public Authority)*

*"This low score is especially linked to Unfair Commercial Practices related to guarantees" (Automobile Club/Association)*

## 8 Conclusions & Recommendations

In the past 3 years, out of all goods markets assessed by consumers in the DG SANCO Market Monitoring Survey (MMS), the market for second-hand cars was by far the lowest performer<sup>133</sup>. The purpose of this study on the second-hand car market from a consumer perspective has therefore been to pinpoint key reasons why this market is underperforming and to be able to suggest areas for improvement of consumer conditions. The focus of the study has been on second-hand cars purchased from a 'trade source' (e.g. purchased from a dealer or auction and not bought privately from another individual) due to the different legislation in place and the varying activities/practices during the trade sales in comparison to private sales<sup>134</sup>.

It is particularly important that the consumer situation in the market for second-hand cars be improved due to fact that a second-hand car purchase is a large household expenditure and considering the importance of this market within the European economy<sup>135</sup>.

The following subchapters highlight the key findings of the study, focusing on reasons why this market is performing poorly from a consumer perspective and recommendations to improve the situation. In view of this, the second-hand car market is explored from multiple angles by addressing the following four research issues that were identified at the beginning of this study:

1. Dealer practices within the existing regulatory framework
2. The consumer information-collecting and decision-making process when searching for and buying a second-hand car
3. The consumer post-purchase experience
4. Second-hand car market features

Although the focus of this study is placed on the consumer perspective, the conclusions and recommendations also take into account the industry and regulatory perspective, where possible. In this way, it is ensured that any recommendations made to improve the market from a consumer perspective are realistic and not overly burdensome to traders of second-hand cars.

### 8.1 Dealer practices

The very low Market Performance Index (MPI) score for the second-hand cars sector in the Market Monitoring Survey for the past 3 years was driven by particularly low component scores for consumer trust, satisfaction and comparability<sup>136</sup>. This points to a lack of

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<sup>133</sup> [http://ec.europa.eu/consumers/archive/consumer\\_research/consumer\\_market\\_monitoring\\_survey\\_en.htm](http://ec.europa.eu/consumers/archive/consumer_research/consumer_market_monitoring_survey_en.htm)

<sup>134</sup> In order to be eligible for the consumer survey, respondents must have bought a second-hand car from a trade source within the past three years.

<sup>135</sup> The economic impact of the second-hand car market can be demonstrated by the simple fact that within Europe, the sales volume of second-hand cars is much higher than that of new cars, in some countries even by a factor of more than three.

<sup>136</sup> The MPI is a composite index taking into account four key aspects of consumer experience:

1. the ease of comparing goods or services on offer;
2. consumers' trust in retailers/suppliers to comply with consumer protection rules;
3. problems experienced and the degree to which they have led to complaints; and
4. consumer satisfaction (the extent to which the market lives up to what consumers expect).

transparency between the dealer and the consumer in the second-hand car market, which is corroborated by the findings of this study.

Looking in more detail at the **trust scores** reported by consumer survey respondents towards the various second-hand car sales channels, these varied from 7.3 out of 10 for franchise dealers, 6.4 for independent dealers, 4.7 for offline auctions and 4.5 for online auctions<sup>137</sup>. This is indicative of a need for large improvements in the operating practices of independent dealerships and auctions in particular. Trust in dealers was lower in the EU13 than in the EU15<sup>138</sup>. This is particularly an issue in the Eastern European countries that have a limited supply of franchise dealerships<sup>139</sup>, where consumers have a smaller choice of dealers that they can trust. Furthermore, only one respondent in ten had a high level of trust in auctions – either online or offline – which is indicative of consumer concerns about buying a second-hand car from this sales channel. Thus, the results of this consumer survey confirm the low trust in second-hand car trader scores given by respondents in the Market Monitoring Survey.

Over half of consumer survey respondents agreed with the statements that the information or advice that they received from the dealer was very clear (60%), very trustworthy (58%) and very useful in helping them make their decision (55%). These scores were very similar for the mystery shopping exercise (57%, 57% and 53% respectively). When analysing these results, it was clear that the score for these three statements was higher among franchise dealerships than independent dealerships. Furthermore, assessments for dealers were lowest in the EU13, among men, respondents aged 18-34, those from the lowest education and income groups and respondents who had purchased their most recent second-hand car from an auction or imported it from abroad.

Further to this, 14% of consumer respondents said that the dealer put them under pressure to make the purchase. The proportion of respondents who felt under pressure from the dealer was highest among young people, those with a lower income and those buying the car at auction. Young people and those with a low income are most likely to buy a lower-priced car due to their own financial constraints, which indicates consumer vulnerability at the lower end of the second-hand car price scale.

Overall, this consumer assessment of trader practices indicates that independent dealers and auctions can benefit to some extent by learning from the best practices employed by franchise dealerships. However, it should also be noted that franchise dealerships do tend to sell more expensive second-hand cars and have higher operating costs due in part to their higher quality standards. While the first two reasons that consumer respondents quoted for choosing franchise and independent dealers were the car itself (“dealer had the car I wanted”) and the trust placed in the respective trader, the reasons behind the choice of a second-hand car at an auction did not relate to trust, but rather to price. Auctions were chosen as they appear to provide the cheapest offers for consumers. The results of the study showed that 16% of the consumer respondents indicated that the cheapest price was the main reason in choosing to buy a car at an auction, compared to only 4% at a franchise dealership and 8% at

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The four components of the index are weighted equally and the maximum total score is 100.

<sup>137</sup> On a scale from 1 to 10, where 1 indicates 'not at all trustworthy' and 10 'extremely trustworthy'

<sup>138</sup> The trust score for franchise dealerships was 7.4 in the EU15 and 7.1 in the EU13. The trust score for independent dealerships was 6.5 in the EU15 and 6.3 in the EU13.

<sup>139</sup> This is exemplified by the fact that only 37% of the mystery shopping exercises in the EU13 were conducted in a franchise dealership, although the original target was to conduct 50% of mystery shopping exercises at a franchise dealership.

an independent dealership. Therefore, price-focused consumers may not want trader practices at independent dealerships and auctions to reflect the practices of franchise dealerships too closely, out of concern that it would increase the car purchase price. On the other hand, there is also a danger that this focus on initial purchase price may be at the expense of future costs on car repairs.

In the following subchapters, three specific issues are considered that relate to dealers' practices. These three issues are highlighted due to the negative impact that they have in terms of transparency between the second-hand car dealer and the consumer.

First, the **information provided by car traders on the history and condition of the second-hand car** is considered. There seems to be an asymmetry of information between the trader and the consumer, hence consumers may often feel quite insecure in relation to specific features of second-hand cars, like the history characteristics (previous owners, repairs and accidents). Previous studies<sup>140</sup> have also shown that information on second-hand cars is often hidden and that information provided by dealers is considered insufficient.

Secondly, **odometer fraud** is looked at in more detail, as it is considered to be one of the most serious mistrust issues consumers may face in the second-hand car market. Odometer fraud, also known as 'mileage fraud' and 'clocking', is a widespread problem in Europe and has a large economic impact<sup>141</sup>. Although this was not the most common post-purchase problem according to the consumer survey (experienced by 5.4% of consumers), it warrants additional focus due to the large impact that it will have on a car's value for the consumer and also on car safety, considering that this problem is likely under-reported due to it not being easily identifiable by the consumer.

Thirdly, **legal and commercial guarantees** are considered. The main issue with legal and commercial guarantees is the relatively low level of awareness and understanding about these. Both consumers and car dealers often struggle to understand legal and commercial guarantees, which can lead to confusion and consumer dissatisfaction in the event of needing to use a guarantee, in order to resolve a post-purchase problem experienced with a second-hand car.

### 8.1.1 Limited information about history and condition of second-hand cars

The limited level of information provision for second-hand cars has probably been a key driver of this market's low scores for the comparability component in previous Market Monitoring surveys.

In terms of information provision related to the car's history, 82% of consumer survey respondents received the car's service history / logbook, 76% received information on the condition of the engine, 72% on the car's history in terms of previous owners and 65% received information on the car's history of accidents / repairs. Just over half (59%) of consumer respondents received information on the car's maintenance cost (e.g. service intervals). Whilst these numbers may, at first glance, appear relatively high, they should in

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<sup>140</sup> [http://www.ofc.gov.uk/shared\\_ofc/reports/676408/ofc1217.pdf](http://www.ofc.gov.uk/shared_ofc/reports/676408/ofc1217.pdf)

<sup>141</sup> <http://www.car-pass.be/docs/car-pass-study-final-report.pdf> This study had data for 5 EU member states, which was extrapolated to 25 countries in total – excluding the current member states of Malta, Cyprus and Croatia – to give an annual consumer detriment, as a result of mileage fraud, of an estimated €5.6 - €9.6 billion per year

essence be much higher (closer to 90-100%) in order for consumers to be able to accurately compare cars. Considering that features such as a car's age, mileage, price or engine size were provided to approximately nine out of ten consumers, the market needs to be improved so that information on the car's history and mechanical condition is provided at an equally high level.

Furthermore, article 7 of Directive 2005/29/EC on misleading omissions states that the main characteristics of a product should be provided by the trader. Subject to a case-by-case assessment, history and condition of a second-hand car could be considered as part of the main characteristics of this product and so omitting these details could be considered an unfair practice, in case this omission is likely to bring the consumer to take a purchase decision he would not have taken otherwise.

In terms of the amount of information provided to the consumer, franchise dealers usually performed best, followed by independent dealers, whereas cars imported from abroad and auctions performed worst. This raises concerns from a safety perspective, because the consumer may not always get a good perspective on the history, condition and safety of their car.

These results can be assessed in the scope of the stakeholder survey as well, as stakeholders argued that dealers themselves did not always first check the history of the cars that they were selling. The technical ability to perform mechanical checks differed amongst dealers and the service logbook, if available, was the only source they looked at to assess the history of the car (previous owners, repairs, accidents). Furthermore, it was also noted by stakeholders interviewed that the information that was checked by dealers was not always transparently presented to consumers. For example, only 26% of dealers provided unprompted information to mystery shoppers about a roadworthiness/inspection certificate and nearly as few (27%) on history of accidents/repairs.

Many dealers chose to selectively give information in the car advert that would mostly help in selling the car, rather than all the information that they knew about the car. For example, the mystery shopping exercise noted that the number of previous owners was provided in car adverts more commonly for newer cars rather than older cars (33% vs. 25%) and the full service history was also advertised more commonly for newer cars rather than older cars (49% vs. 33%). This reflects that dealers in general are more willing to present good news in relation to car history than bad news. Such selective provision of information could present a risk to consumers, as it means that consumers are unaware of potential problems with the car.

Furthermore, mystery shoppers noted that the amount of information provided about a car in the advert decreased as the car becomes older. Hence, the mystery shoppers' overall assessment of the usefulness of the advert decreased for older cars (average 'usefulness' score of 6.9 out of 10 for newer cars vs. 6.3 for older cars).

Stakeholders felt that this aspect could be considerably improved by dealers. An increased use of **standardised checklists** for dealers (and consumers) of second-hand cars can improve transparency.

Being a member of a **trade association** or being in possession of a **quality label** can include the use of such standardised checklists and thus may present a solution in order to increase transparency, but membership of trade associations and use of a quality label/code of conduct is currently far from widespread among dealers. Based on the results of the mystery

shopping exercise, only 15% of dealers informed the prospective buyers that they were members of a trade association and only 13% that they had a quality label/code of conduct. Moreover, the very low 8% of independent dealerships who informed the mystery shoppers that they were a member of a trader association or had a quality label/code of conduct represents a barrier to independent dealerships using standardised checklists.

Over a third (34%) of consumer survey respondents identified affiliation with a quality label / code of conduct as being a very influential factor in their choice of car trader, with this factor being much more important for consumers buying the car at a franchise dealership (43%) than at an independent dealership (27%) or auction (29%). Membership of a trade association had slightly less impact on the consumer's choice of trader, identified by 27% of survey respondents as being influential in their choice. Membership of a trade association was of particularly limited importance in the consumer decision-making process when the car was bought at an independent dealership (21%), in comparison to a franchise dealership (35%) or auction (26%).

Considering independent dealerships in particular, there may be a risk that consumers consider all independent dealerships to be the same, even though the more established independent dealers try to replicate the practices of franchise dealerships in order to increase consumer trust. This would explain why consumers paid less attention to quality labels and trade associations for independent dealerships. Thus, the activities of less scrupulous independent dealerships negatively impacted on the consumer opinion of all independent dealerships.

Trade associations / quality labels have a potential role in increasing consumer trust in second-hand car traders by ensuring that traders are of high quality (via their use of standardised checklists and other quality controls, such as inspections). Therefore, the relatively low prevalence of such associations / labels (based on the mystery shopping results) and their perceived low importance in the consumer decision-making process (based on the consumer survey results) mean that this is an area for potential improvement. This is especially the case for independent dealerships, in order to increase consumer trust and enable it to reach the much higher level of consumer trust in franchise dealerships.

## Recommendations

- EU law, in particular Article 7 of the Directive 2005/29/EC on misleading omissions, prohibits traders from omitting material information about a product that the average consumer needs in order to make an informed transactional decision. However, the study has found that traders of second hand cars do not consistently provide consumers with all information about a series of cars' main characteristics. Hence, the study suggests that traders of second-hand cars should uniformly provide consumers with standardised checklists that give assurance to potential buyers on a series of car information characteristics such as service history, history of accidents/repairs, roadworthiness certificate, condition of engine and tyres, odometer accuracy, CO<sub>2</sub> emissions, fuel consumption etc. (see non-exhaustive list in Table 5). Moreover, special attention should be given to a more vigilant enforcement by national authorities in each Member State;
- The use of a quality label/code of conduct by a trader must be associated with guaranteed quality of the second hand car for sale. Hence, it must be clear what these represent when it comes to added value for consumers, who is responsible for their issuing and what the minimum requirements/criteria are that guarantee the higher standards. With a view to ensuring credibility and avoiding a proliferation of labels, labels regulated by independent third-parties instead of self-declared ones should be privileged;
- In addition to the use of quality labels or adherence to a code of conduct, membership of a trade association can help remedy the asymmetry of information between dealers and consumers and build consumer trust in traders. However, traders, in particular independent dealerships and auctions, should first review their practices and then promote consumer awareness so that either a quality label or membership of a trade association can play more influential role in consumers' choice of a car.

### 8.1.2 Odometer fraud

Following on from the afore-mentioned problem of information asymmetry between the second-hand car trader and the consumer, this section looks into more depth at odometer fraud. As outlined by this study and the previous studies by Car-Pass and the OFT, odometer fraud is a major issue that the European Union is well placed to address, due to the fact that many cases of odometer fraud are conducted cross-border, making it harder to trace without more international alignment on measures to prevent it. The European Commission is already taking the first legislative step to address this problem via the Roadworthiness Package<sup>142</sup>, which enables provisions for the registration of mileage and odometer data and effective penalties when odometer fraud is detected. Moreover, the Commission shall examine the feasibility, costs and benefits of establishing an electronic vehicle information platform in order to facilitate the international exchange of information on certain data such as roadworthiness testing, odometer readings and mileage and possibly serious accidents that a vehicle has been involved in.

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<sup>142</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2014\\_127\\_R\\_0003](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2014_127_R_0003)



The first reason for this problem is that **consumers are not always willing or able to verify the car's mileage** pre-purchase. When asked if they had checked the validity of the car's mileage pre-purchase, consumer respondents in the EU13 were less likely to check mileage than in the EU15 (54% vs. 65%). Only two-fifths of the consumer respondents were very confident in being able to verify that the car's mileage is accurate and 17% were not at all confident in doing this. One way that certain consumers can solve this problem of limited confidence or knowledge is to involve a friend/family member with greater car expertise or a third party organisation to check certain aspects of the car on their behalf. Results of the consumer survey showed that the car's odometer was verified by 71% of respondents who had employed a third party check and by 69% of those who had asked a friend/family member to check the car, compared to just by 58% of respondents who checked the car on their own.

The second reason for this problem is that **second-hand car dealers were often not very forthcoming when it comes to allowing/enabling a mileage check**. A third of the consumer survey respondents said "Don't know" or "Not received" when asked whether they received information about a car mileage check during their car purchase and over half of respondents in most Scandinavian and Baltic countries did not receive this information. In the mystery shopping exercise, only 20% of the traders spontaneously offered information on the possibility of a mileage check. Even when prompted, almost half of the dealers did not provide information on a car mileage check to verify that the reading is accurate. This is despite Articles 6 and 7 of Directive 2005/29/EC prohibiting traders from providing false information on the main characteristics of the product and stating that the main characteristics of a product should be provided by the trader. Subject to a case-by-case assessment, accuracy of the mileage of a second-hand car could also be considered as part of the main characteristics of this product.

Dealers that provided this information demonstrated the accuracy of the mileage commonly by showing the car's service history/logbook (33%), verbal assurance (18%), an official certificate such as Car-Pass (14%) or allowing consumers to visually check the odometer themselves (12%). However, the dealer providing verbal assurance or allowing a visual check of the odometer does not enable the consumer to identify mileage fraud, as it provides no evidence that the odometer is accurate.

In terms of the post-purchase problems reported in the consumer survey, there was a more limited evidence of odometer fraud, with just **5% of consumers citing that they had experienced this problem** within one year of their second-hand car purchase. Odometer fraud was much more prevalent in the EU13 (14%) than the EU15 (4%) and the countries where consumer respondents most commonly experience odometer fraud were Bulgaria (20%), Romania (16%), Poland (15%), Hungary (13%) and Latvia (12%). In terms of consumer characteristics, this problem was more commonly cited by respondents aged between 18-34 (9%), those with a low income (9%), or when the car had been imported from abroad or bought at auction (both 15%). This is indicative of the **greater risk of odometer fraud among imported / auction cars or lower value cars being sold to young or low-income consumers**.

However, it is of course difficult for consumers to assess whether or not their car had defrauded mileage (as opposed to the ease of seeing an electrical/mechanical problem with their car post-purchase) and so the incidence of odometer fraud may be much higher than indicated by respondents to the consumer survey.

This issue was explored in extensive detail in the stakeholder consultation, in order to obtain feedback on the best solutions to combat the problem of mileage fraud. The three most commonly cited solutions were as follows:

**1. A mileage certification scheme (e.g. the Car-Pass scheme in Belgium)**

Since its adoption in December 2006, the Car-Pass has greatly reduced the extent of mileage fraud in Belgium, from 60,000 cases recorded in 2000 to only 1,085 cases in 2013, by requiring a certificate of mileage for all second-hand cars sold, based on mileage recorded each time the car went to a garage<sup>143</sup>. The success of this scheme has been driven by high consumer awareness (75% of consumers are aware of Car-Pass and this awareness percentage continues to increase every year) and the enforceability of its implementation (i.e. a second-hand car sale can be voided if the Car-Pass certificate was not presented during the sale).

**2. A technical solution to make odometer fraud impossible**

Certain stakeholders were in favour of a technical solution to the problem of odometer fraud, by making it impossible for new cars to have their mileage defrauded. However, other stakeholders had concerns that this approach does not address the problem of mileage fraud for older cars and it may still face challenges from subsequent advances in 'clocking' technology. Therefore, this technical approach has potential to reduce mileage fraud, but it would require the coordinated efforts of authorities and car manufacturers in order to achieve this.

**3. Enforcement and harsh penalties for fraudsters**

The enforcement of penalties on mileage fraud has been aided by the recent adoption of the Roadworthiness Package, which classifies mileage fraud as an offence. At country level, one stakeholder in Portugal noted that some mileage fraudsters were caught, quickly prosecuted and given prison sentences. This swift and harsh penalty has acted as a deterrent to other potential mileage fraudsters. Taking into account the difficulty of identifying odometer fraud in a vehicle and then the further difficulty in identifying who was responsible for this fraud, penalties for fraudsters should be harsh in order to counter-act the relative difficulty of finding the perpetrator.

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<sup>143</sup> [http://www.car-pass.be/en/docs/2014\\_Jaarverslag\\_ENG\\_final.pdf](http://www.car-pass.be/en/docs/2014_Jaarverslag_ENG_final.pdf)

## Recommendations

- According to the provisions of Directive 2005/29/EC, in particular Articles 6 and 7, a commercial act should not contain false information about a product's main characteristics and should not omit material information that the average consumer needs in order to take an informed transactional decision. In addition, according to the recently adopted Roadworthiness Package and Directive 2014/45/EC in particular, odometer fraud should be regarded as an offence liable to penalties. However, results of the study show that traders of second hand cars do not always comply when it comes to informing prospective buyers about the accuracy of a car's odometer. In that respect, the study suggests that traders of second hand cars should provide more readily information on car mileage checks to verify the odometer accuracy and with more trustworthy means than simply offering verbal assurance or asking consumers to visually check the odometer themselves. As before, Member States are called upon for more effective enforcement of the existing consumer legislation;
- Given the incidence of odometer fraud, especially in the EU13, consumers could ask someone with high car expertise or a third party to verify the car's mileage on their behalf, if they do not feel confident in doing so themselves or if the trader has failed to do so;
- The Car-Pass system has greatly reduced the problem of odometer fraud in Belgium and can be considered as a best practice for other member states to emulate.

### 8.1.3 Legal and commercial guarantees

The offering of guarantees is of great importance in the sale of a second-hand car. Considering the difficulty of assessing the condition of a second-hand car at the point of sale, commercial and legal guarantees give the consumer confidence in the car being purchased and the opportunity for redress in the event of a post-purchase problem.

#### Legal guarantee

EU Directive 1999/44/EC on sale of consumer goods and associated guarantees, which applies to both new and second-hand goods, provides a minimum legal guarantee of 2 years regarding the conformity of goods sold to consumers. EU member States can allow parties to contractually limit the legal guarantee to 1 year for second-hand goods, as has been done by most EU member states.

Directive 2011/83 requires traders to provide pre-contractual information on the existence of a legal guarantee of conformity for goods. The stakeholders interviewed felt that **consumers were rarely informed by the dealers about their statutory rights to a legal guarantee** when purchasing a second-hand car. This was confirmed by the outcomes of the mystery shopping, where only 5% of the traders spontaneously provided information on consumer rights to a legal guarantee (mentioned only in 15 out of the 30 surveyed countries). However, for consumer survey respondents who had purchased a second hand car, the percentage of those who received information (either in an advertisement or at a dealership) was as high as 57%. The reason for this large difference between the mystery shopping exercise and the consumer survey is that information about statutory rights tends to be provided once the car sale had been agreed, as part of the contract signature, rather than during the sales process that the mystery shopping exercise focused on.

Nevertheless, the fact that 57% of consumer respondents received information about their statutory rights to a legal guarantee still indicates that improvements are needed in the market so that all consumers receive this information. Trade source played a role in this finding, as 64% of consumers purchasing their second-hand car from a franchise dealership received information on the legal guarantee, compared to just half of respondents who bought their car from an independent dealership, an auction or imported their car from abroad. Furthermore, only 49% of EU13 consumer respondents received this information, and the countries where this information was least provided were Lithuania (26%), Latvia (26%), Bulgaria (35%) and Malta (36%).

Based on the feedback of the stakeholder survey, it is clear that **both consumers and dealers rarely understood consumer rights to a legal guarantee** and even some of the stakeholders themselves did not understand this point very well. This is due to the 'grey area' surrounding legal guarantees on second-hand products in terms of the duration and coverage of this legal guarantee. This 'grey area' is mainly due to the huge range of second-hand cars that are available, because consumer and dealer expectations of a legal guarantee are rather different for a car that is five years old compared to a car that is fifteen years old, for example.

Consumer expectations about the legal guarantee are a factor in determining the level of consumer satisfaction with the second-hand car market. As indicated in the stakeholder interviews, some consumers misunderstand the coverage of the legal guarantee, assuming it to carry the same weight as a commercial guarantee, and so they tend to be very dissatisfied when the dealer – correctly – asserts that a certain post-purchase problem is related to reasonable wear and tear on the car and thus not covered by the legal guarantee.

### **Commercial guarantee**

According to the stakeholders interviewed and a review of legislation at both EU-level and national-level, it is not obligatory for a second-hand car dealer to offer a commercial guarantee when selling a car and an explicit commercial guarantee is often regarded as an explicit form of the required legal guarantee (and often the provided rights do not add anything to the legal guarantee). It should be noted in this context that presenting rights given to consumers in law as a distinctive feature of the trader's offer is prohibited under Directive 2005/29/EC on unfair commercial practices. Furthermore, Directive 2011/83 requires traders to provide pre-contractual information, where applicable, on the existence and the conditions of after sale customer assistance, after-sales services and commercial guarantees.

Although offering them to the consumer is not compulsory, commercial guarantees have a very important role in the second-hand car market. From a dealer perspective, commercial guarantees are often proposed for marketing or reputational reasons. They also assist greatly in giving the consumer peace-of-mind about the second-hand car that they have purchased and so the offering of a commercial guarantee is an important part of the sales process in convincing the consumer to purchase the car.

Considering the complexity of modern cars, especially in terms of electronics, it is very possible that a second-hand car may experience post-purchase problems that the dealer and the consumer would be unable to anticipate during the sales process. Therefore, commercial guarantees have a very important role in protecting consumers from such post-purchase problems. This is clearly illustrated by the findings of the consumer survey – a car experiencing a post-purchase problem was repaired free of charge in 71% of cases when it

was covered by a commercial guarantee, but in only 21% of cases where the problem was not covered by guarantee.

**According to the consumer survey, a commercial guarantee was offered by 62% of dealers**, either for free (47%) or at an additional cost (15%). There is considerable variation by trade source: the commercial guarantee was offered by 75% of franchise dealerships, 53% of independent dealers and 42% of auction houses. When a car was imported from abroad, a commercial guarantee was only offered in 53% of cases. In the EU15 34% of the respondents were not offered a commercial guarantee at all, but in the EU13 this was as high as 59%. At country level, four-fifths of consumer respondents from the three Baltic countries were not offered a commercial guarantee when buying their second-hand car.

Only 23% of dealers assessed by the mystery shopping exercise offered a commercial guarantee unprompted. After being prompted, 59% of dealers in total offered a commercial guarantee, which is in line with the results of the consumer survey. Offering a commercial guarantee was more common in the EU15 (69%) than the EU13 (48%).

The impact of this low offering of commercial guarantees – especially in the EU13 – is that consumers have less protection in the event of a post-purchase problem arising. Of those consumer respondents who did experience a problem with their second-hand car within a year of purchase, only 27% stated that their biggest problem was covered by any guarantee<sup>144</sup>. This may be indicative of traders either not offering a commercial guarantee or not properly informing consumers about their legal guarantee. This proportion was remarkably low among EU13 respondents (13%).

**A commercial guarantee can only be given in addition to the consumer's statutory rights, not as a substitute for them.** Of those dealers who did offer a commercial guarantee as part of this study's mystery shopping exercise, only **23% also informed the mystery shopper that the coverage provided by the commercial guarantee was in addition to their statutory rights that stem from a legal guarantee.**

One issue with the second-hand car market, which has been cited both in the 2010 OFT report and mentioned in this study's stakeholder survey, is that unscrupulous car dealers will encourage the consumer to pay extra for a commercial guarantee which actually gives the consumer less coverage than his/her statutory rights. When the consumer then experiences a problem which should be covered by a legal guarantee, the dealer will then use the commercial guarantee to show the consumer that their case is not covered.

Considering the issue of legal and commercial guarantees, in many respects the laws are in place (e.g. right to a legal guarantee), but there is a relatively low level of understanding and engagement with legal and commercial guarantees by second-hand car buyers and traders alike. Consumer awareness of their rights to a legal guarantee does need to be improved, but the main challenge is in getting consumers to understand and sufficiently engage with a complex issue which even many of the stakeholders interviewed found sometimes difficult to comprehend. Considering the low level of engagement with legal and commercial guarantees

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<sup>144</sup> The phrase "guarantee" was used for this question about post-purchase problems rather than "legal / commercial guarantee". This simplified the question for the respondent, especially those respondents who had difficulty understanding what a legal guarantee is. It can be assumed for this question that the phrase "guarantee" implicitly includes both legal and commercial guarantees.

from a dealer perspective, any recommendations targeted at dealers need to ensure that the dealer is not over-burdened with complex legal text.

However, a solution which does increase information transparency about guarantees, without burdening or confusing the dealer or consumer, is the use of standard contracts by dealers. The stakeholder survey noted that the use of standardised contracts is on the increase, especially for franchise dealerships or those dealerships that are part of a trade association. Such contracts should include clear text about consumer rights that the dealer can provide to the consumer during the sales process. The dealer should inform the consumer of such text and avoid hiding it within the 'small print'. In addition, the recently transposed Consumer Rights Directive calls for the trader to provide the consumer with a reminder of the existence of a legal guarantee of conformity for goods, in a clear and comprehensible manner, before the consumer is bound by an on-premises, distance or off-premises contract.

### **Recommendations**

- Existing EU legislation, in particular Directive 1999/44/EC, provides that consumer rights to a legal guarantee should not be affected by the provision of any other guarantee, whereas Directive 2011/83/EC (Articles 5(e), 6(l) and 6(m) more specifically) requires traders to provide pre-contractual information on the existence of the legal guarantee, and where applicable, the existence and conditions of the commercial guarantee. To avoid the confusion and lack of understanding documented in the study, traders should transparently inform consumers, prior to purchase, about their statutory rights to a legal guarantee and whether a commercial guarantee is given in addition to those and not as a substitute;
- A commercial guarantee, when offered to consumers, should explicitly list -amongst others - the exact types of problems that it is covering, its duration and whether it covers both spare parts and labour, as required by Article 6(2) of Directive 1999/44/EC, and it should be provided in written form. In addition, standard contract terms could be potentially reviewed by an independent third party (e.g. a consumer organisation in cooperation with a trader's association) and ensure that the conditions of the commercial guarantee are fair to the consumer.
- National authorities in Member States could foresee well-targeted, awareness raising campaigns on guarantees for second hand cars, in particular aiming at providing clear information about the legal guarantee. Member states should also monitor and better enforce the activities of traders, when it comes to guarantees, to ensure a higher level of consumer protection.

## **8.2 Level of consumer understanding and searching**

On the one hand, there is a lack of understanding and knowledge about regulations among dealers (described in more detail in Chapter 8.1.3). On the other hand there is a lack of understanding and knowledge among consumers not only about their rights, but also about technical aspects of cars and maybe even of their own capabilities in dealing with professional traders.

Most consumers are not car experts and they know and acknowledge this: less than a third of the consumers surveyed believed they had a lot of knowledge about cars in general (32%)

and about the information that traders should provide (29%), with self-perceived knowledge scoring lowest among women and respondents aged 18-34. This confirms the statement in the literature that the second-hand car market is characterised by large information asymmetries between buyers and sellers. When knowledge levels about cars in general were further assessed by two test questions, the proportion of correct answers was lowest for those who had a low education (49%) or income level (41%), women (52%) and respondents aged 18-34 (49%).

Nevertheless, a majority of the consumer respondents were confident in their own abilities when buying a second-hand car. Almost three out of five consumer respondents felt very confident in their ability to compare cars of different brands/models and cars with similar characteristics. Consumers were also rather confident in being able to pay a fair price for their purchase. There might be a degree of overestimation of their true abilities here (i.e. a consumer viewpoint that 'everybody buys cars, so I can do it too'). This confidence may not always be a good sign since consumers could be overconfident of their abilities to check a car's mechanical condition pre-purchase, for example, which would put them in a vulnerable position vis à vis the traders.

Some buyers of second-hand cars put a lot of effort into gathering information and making a good choice. However, **many consumers only collected a limited amount of information** and based their decision on this. The majority of consumer survey respondents (two thirds) bought their most recent second-hand car after a search of less than a month. A third of respondents (32%) spent just two weeks searching for the car and 19% of those aged 55+ searched for less than one week. Consumers who spend insufficient time searching for a second-hand car may have less time to fully inform themselves about a car before purchase.

A substantial share of consumer respondents (23%) chose a trader first and afterwards selected their second-hand car from the cars that this trader had available at the time. This category of consumers will have a small choice set of cars and will be particularly vulnerable given that they put all their trust in a single dealer. A smaller, but not negligible, group of consumers put even more trust in the dealers: they carried out no or few checks on the car, mainly because they trusted the trader and the car 'appeared to be of good quality': 2% of consumer survey respondents conducted no checks pre-purchase and 10% conducted only between 1 and 4 checks. Three-fifths of consumer respondents did not ask a partner / friend / family member to check the car for them and only 6% paid a third party to perform a vehicle check.

Thus, it appears that certain consumers either don't know how to check a second-hand car pre-purchase, or they choose not to fully research or check a car pre-purchase. One currently existing remedy to this problem is the second-hand car buyer guides that are available from automobile clubs/associations and consumer organisations. These give consumers advice about what to look out for when buying a second-hand car (e.g. the buyer advice page at [www.which.co.uk](http://www.which.co.uk)), and so provide a convenient checklist for those consumers who are unsure how to check a second-hand car pre-purchase.

One key information source that has been increasing in importance within the second-hand car market is **internet car portals**. According to the stakeholders interviewed, these websites have greatly improved second-hand car choice for the consumer and enabled consumers to effectively compare their car with others in terms of price in particular. These portals are very well-developed in Western Europe and are on the increase in Eastern Europe. This study found them to be a commonly used information source, being consulted by 48% of consumer respondents. Three-fifths of the consumer survey respondents who consulted an internet car

portal also bought their car via such a portal, further underlining their importance within this market. These websites have had a positive role in terms of increasing the number of second-hand cars available to the consumer and thus have positively impacted on the level of competition in the second-hand car market.

Approximately 50% of the respondents who used internet car portals found the information displayed very reliable and quite frequently updated. Also some 60% of respondents agreed that it was very easy to compare cars with similar characteristics and that these portals included sufficient coverage of cars from different dealers.

However, there is still room for improvement for internet car portals. Only a quarter (25%) of internet car portal users strongly agreed that the website included sufficient coverage of second-hand car offers from abroad and only one in three respondents felt that one can find transparent information on internet car portals in terms of their ownership and financing. Furthermore, 22% of non-users of internet car portals strongly agreed with the statement "It is not easy to compare cars with similar characteristics" on internet car portals;

### **Recommendations**

- Automobile clubs/associations and consumer organisations are encouraged to publish second-hand car buyer guides that provide useful advice on what the consumers should check as part of their purchase; All consumers, especially those who have less knowledge or expertise in cars, would be well advised to consult such guides before searching and deciding on a second hand car;
- Irrespective of the trade source from where they decide to purchase their second hand car, it is advisable that consumers consult internet car portals or specialised car websites/magazines in order to compare their car of interest to cars of similar characteristics available and hence ensure that they are paying a fair price;
- Internet car portals should provide upfront information on their business model in relation to their ownership and financing. In addition, they could increase their coverage of second hand car offers from abroad to meet consumer demand.

### **8.3 Post-purchase experiences**

A substantial proportion, **41%, of consumer respondents reported experiencing one or more problems within a year of buying their second-hand car** (17% reported 1 problem, 9% 2 problems, 5% 3 problems and 11% of buyers reported 4 or more problems in the first year), beyond expected wear and tear of their car.

The prevalence of problems was higher for those aged between 18-34 years (50%) and those that had purchased their car at an auction or from abroad (59% and 57% respectively). The proportion of consumers reporting at least one problem was 37% in the EU15 and 60% in the EU13, showing a very large difference in consumer situation between the two EU regions. The countries with the highest reported incidence of problems were Bulgaria, Latvia, Lithuania, Poland and Estonia, where between 60-70% of consumer respondents experienced at least one problem.



Problem types were very varied. The most commonly mentioned one was “battery / electrical problems”, cited by 15% of all respondents. Some EU13 countries had a very high prevalence of certain problems that can put the consumer at serious risk. For example, between 15-20% of all respondents in Bulgaria, Romania and Poland reported experiencing odometer fraud (compared to the EU28 average of 5%), whereas two out of ten respondents from Hungary, Poland, Romania and Lithuania reported undisclosed accident damage (compared to the EU28 average of 8%). Cars that had been sold at auction or purchased cross-border displayed equally high percentages for all kind of problems, including cars being stolen, unreported accident damage, odometer tampering and all kind of mechanical problems. This is indicative of a greater risk when buying second-hand cars from these two sources, compared to buying the car at a dealership or domestically.

The very high prevalence of post-purchase problems is a key factor in the second-hand car market’s poor performance, contributes to second-hand cars not living up to consumer expectations and also leads to a low level of trust in second-hand car traders. Therefore, efforts need to be taken to reduce the incidence of problems that consumers experience post-purchase.

Furthermore, **over three-quarters of the problems experienced by respondents occurred within 6 months of the second-hand car purchase** (and two-fifths of all problems experienced occurred within just one month of car purchase). The fact that such a high proportion of problems occurred close to the moment of purchase is indicative of the car dealer either not conducting the necessary pre-purchase checks on the car to ensure its quality, or the car dealer not providing the consumer with sufficient information about the car’s condition at the point of sale.

This finding further supports the recommendation – given in chapter 8.1.1 – that dealers providing the consumer with a **pre-purchase checklist** with details of the second-hand car on sale would increase consumer knowledge of the car and thus reduce the likelihood of a consumer buying a second-hand car that is susceptible to have a problem shortly after purchase.

According to the results of the consumer survey, resolving post-purchase problems was particularly burdensome for the consumer, leading to consumer dissatisfaction with their second-hand car and thus also negatively impacting on the performance of this market from a consumer perspective. **The average time cost of the post-purchase problem(s) experienced was 23 hours, though this figure was much higher in the EU13 than the EU15 (40 hours vs. 17 hours).** The **average financial cost of resolving the problem(s) (all currencies converted to Euros) was €518.** This includes costs that the consumer could reasonably expect as well as unexpected costs. Taking into account the financial cost of the problem and the value of time lost to the consumer resolving the problem, the **total annual consumer detriment for second-hand car post-purchase problems that occurred within one year of purchase (excluding wear and tear) was estimated<sup>145</sup> between €1.9 billion and €4.1 billion in the EU28.** The consumer detriment as a proportion of average car price was generally higher in EU13 countries than in the EU15.

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<sup>145</sup> Since consumers’ reasonable expectations were also taken into consideration during the calculation of the detriment, the overall estimated consumer detriment was lower than it would have otherwise been

Another issue with the second-hand car market is consumer confidence to complain about a post-purchase problem. Some 58% of consumer respondents said that they felt very confident to complain if a post-purchase problem occurred with their second-hand car. However, this confidence was lower among respondents with a lower income, younger respondents and those living in the EU13.

**For those consumer respondents who experienced a post-purchase problem, 62% made complaints** (EU15: 67%; EU13: 53%). However, only half (51%) of those aged 55+ complained about the problem that they had experienced.

Across all complaint types, complaints were most commonly made directly to the trader (27% on average), followed by friends / family (13%), a third-party organisation (12%), an out-of-court dispute resolution entity (10%) and the manufacturer (8%). Regardless of where they complained (the trader, manufacturer, third party organisation or an out-of-court dispute resolution entity), consumer satisfaction about complaint handling was on average 6 out of 10<sup>146</sup>:

For those consumer respondents who complained to the trader, 44% had their car repaired free of charge, but **one in five did not receive any refund, repair, replacement or documentation necessary to fix their problem**. The reported reaction of the trader to consumer respondent complaints varied according to dealership type and region – repairing the car free of charge was more common among franchise dealerships (54%) and in the EU15 (47%), but less common for independent dealerships (40%), in the EU13 (30%) and when the car was bought at auction (20%). This indicates that the consumer post-purchase experience is very variable according to where the consumer bought their second-hand car. For the 20% of complaints that the trader did not solve whatsoever, the most common reason for this is that the dealer informed the consumer respondent that the problem was not covered by the contract or guarantee (33% and 32% respectively), or the dealer simply showed a lack of interest (33%).

Based on the interviews conducted during the stakeholder consultation, there was considerable variation by country in terms of how **out-of-court dispute resolution entities** operate and how consumers use and perceive them. For example, such entities are well-known and effective in Scandinavian countries, but are less common in Southern and Eastern Europe. When asked about out-of-court dispute resolution entities, 40% of consumer respondents were familiar with them and 10% had used one before. Overall satisfaction levels among these users were close to 7 out of 10, however almost a quarter said that in hindsight they would have preferred to go to court.

Further to measuring the proportion of post-purchase problems with second-hand cars in order to gauge market performance, this study also measured the reported incidence of **unfair commercial practices** of second-hand car traders, which was found to be relatively high. **A quarter (25%) of consumer respondents experienced at least one unfair commercial practice from the dealer** and this proportion was twice as high in the EU13 as in the EU15 (44% vs. 21%). Unfair commercial practices were also more common for consumer respondents who had bought their car from an auction (45%) or purchased it from abroad (43%). Of those who had experienced unfair commercial practices, the most frequently reported ones were 'hidden defects, cover-up or falsifications' (11% in the

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<sup>146</sup> On a scale from 1 to 10 where 1 is 'Not at all satisfied', and 10 is 'Very satisfied'

consumer survey) and 'misleading or omitted information' (9% in both the consumer survey and the mystery shopping exercise). Of the quarter of consumer respondents who experienced at least one unfair commercial practice, 60% complained about them.

### **Recommendations**

- It is advisable that consumers ask for and keep in their possession a list of all pre-purchase checks on the condition of the second hand car and hence minimise their exposure to problems post-purchase, as well as be aware of potential problems to anticipate;
- Consumer awareness of out-of-court dispute resolution entities should be increased and their usage encouraged for consumers experiencing problems with the second hand car within their own country. For example, the Automobile clubs/associations and consumer organisations mentioned earlier could also include in their guides information on how/where consumers could best express their complaints;
- Due to the greater prevalence of problems and higher consumer costs for resolving these for cars imported from abroad, the role of the European Consumer Centre network could be further promoted to increase awareness among consumers.

## **8.4 Markets and prices**

The scope of this study has been second-hand cars sold by a trade source (e.g. a dealership or auction). However, a number of stakeholders – especially those representing the car industry – pointed out the volume of private sales of second-hand cars<sup>147</sup> and that many problematic second-hand cars (i.e. those with such problems as odometer fraud, mechanical faults and unspecified car history) are sold privately between individuals or by traders who operate in the black market.

The poor consumer experiences with these second-hand cars from a private or black market source has a negative impact on consumer trust in second-hand cars in general and so the reputation of authorised second-hand car traders suffers as a result. Industry representatives fear that if stronger European Commission regulations are imposed only on trade sales and not on private sales, then a second-hand car sold by a trade source will certainly be of higher quality than one from a private sale, but will also have quite a higher price, due to the additional measures that traders would need to undertake in order to meet all regulations. This price difference would then encourage more consumers, especially those with a low income, to buy their car privately and thus these consumers would not benefit from the market improvements to trade sales of second-hand cars.

*"There are more bad practices performed by private sellers rather than car dealers. They are supported by the law – a dealer can be prosecuted for this, but an individual cannot" (Association of Dealers/Repairers)*

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<sup>147</sup> For example, private sales made up 43% of total second-hand car sales conducted in Germany in 2013 (source: <http://www.dat.de/report>)

With this in mind, it is recommended that the measures to improve market performance are imposed on private sales of second-hand cars as well as trade sales. For example, the Car-Pass system in Belgium has been particularly effective in reducing mileage fraud in the country because it has been imposed on both trade and private sales of second-hand cars.

The second-hand car market is clearly not as well developed in some countries as in others. Market problems (such as asymmetric and intransparent information; more limited number of suppliers) are found much more in the EU13 and they manifest themselves in the form of limitations on choice and subsequently relatively high prices. This regional difference is explored further in the paragraphs that follow.

Based on the results of the consumer survey, **the average second-hand car was 6.2 years old and had been driven 87,000km previously, thus implying that it had been driven 14,000km per year pre-purchase.** However, this average car age, mileage and annual usage was by far higher in the EU13 (7.1 years, 122,000km and 17,000km per annum). This shows that EU13 consumers are buying cars that are older and have been used more intensively than EU15 consumers, which means that they are at a likely greater risk of post-purchase problems with a car that has experienced more 'wear and tear'. In particular, cars in the Baltic countries, Poland and the Czech Republic had the highest annual average mileage.

In the consumer survey, buying a second-hand car from a franchise dealership was twice as common in the EU15 than in the EU13 (46% vs. 23%). According to the mystery shopping exercise, franchise dealerships were also more common in the EU15 than the EU13 (44% vs. 37%), despite mystery shoppers making large efforts to search equally for franchise and independent dealerships, in Eastern European countries in particular. This limited availability of franchise dealerships in a number of Eastern European and smaller countries has the effect of reducing consumer choice for relatively newer second-hand cars and luxury cars in particular. On the other hand, the consumer survey showed auction sales to be much more common in the EU13 than the EU15 (11% vs. 3%).

The average price paid for a second-hand car in the EU28 was €9,358 (€9,559 once PPP was taken into account). A pricing analysis was performed for nine specific make/model/age/mileage combinations, with a built model taking into account a series of different car characteristics. Analysis of this model showed that **the characteristics most likely to account for both car price differences and the level of second-hand car depreciation were car mileage, followed by country of car purchase.** After correcting for the relevant characteristics of the car, the highest second hand car prices are found in Denmark and Norway. After correcting for PPP differences between countries, it was furthermore found that second hand cars are 20-40% more expensive in Latvia, Estonia, Poland, Hungary, Romania and Bulgaria compared to Germany. **Price depreciation was found to be much lower in Eastern European countries compared to Northern and Western European countries:** in Eastern Europe older cars are keeping a higher price. Also, in Eastern Europe, the part of the price variation that is not explained by the characteristics of the car is larger than in Western and Northern Europe (except Denmark, which has the highest car taxes), making it more difficult for the consumer to properly judge the price asked on the second-hand car market.

In order to address the problem of demand exceeding supply in certain countries, the cross-border trade of second-hand cars is of high importance in Europe. **The study showed that there were significantly more consumers importing second-hand cars in the EU13 (13%) than the EU15 (2%),** in particular in Romania (30%), Malta (27%), Luxembourg (18%) and Bulgaria (16%). Germany is an especially significant source for second hand car supply

in the EU13, accounting for approximately 42% of the second hand cars imported by survey respondents.

Certain stakeholders – especially from the car industry perspective – highlighted the difficulties in trading cars cross-border. They noted the high level of import/export tax in countries such as Denmark and Portugal and felt that this taxation was a barrier to trade and led to higher car prices in their respective countries. Furthermore, a Certificate of Conformity is required when a car is registered in another country, to ensure that the car is roadworthy in its new country of registration. This was seen by some stakeholders to be a barrier to the international movement of second-hand cars. The new Roadworthiness Package has gone some way towards addressing this problem.

### **Recommendations**

- While the focus of this report is on sales of second-hand cars from trade sources, the role of private sales should also be kept in mind by national authorities, especially since these undermine the good reputation and best practices of certain, mostly authorised, car dealers. This is especially the case in some Eastern European countries, as certain stakeholders indicated;
- Whilst respecting the power of EU Member States to regulate their national second-hand car markets (e.g. in terms of taxation), cross-border trade should be encouraged in order to meet consumer demand for cars that are not available in the national market.

## **8.5 Focusing on vulnerable second-hand car consumers**

The most vulnerable types of second-hand car consumers, as identified in the current study, are as follows:

### **1. Consumers who focus too much on price**

These consumers are vulnerable, because they are looking too much at price – at the expense of the quality of the second-hand car and transparency of information presented by the dealer. Whilst acknowledging the fact that some consumers have a lower disposable income, and thus have a more limited choice of cars for budgetary reasons, the fact remains that if a deal for a second-hand car appears to be ‘too good to be true’, then it probably is. These cars may appear cheap up front, but then could have a large repair cost post purchase.

The types of consumers focusing too much on price tended to be those with a low income and low level of education, as well as consumers aged 18-34 (who typically have the added disadvantage of a lack of second-hand car purchase experience). For example, young people and those with a low income had much higher average post-purchase problem resolution costs than older people and those from the high income group, even though such consumers have less money available to pay for these repair costs.

## 2. Consumers with insufficient information / knowledge / experience about second-hand cars and less-engaged consumers

Some consumers are at risk because they do not sufficiently engage with the purchase process and thus are dependent on the information that the dealer chooses to share with them. They may be buying a car for which they do not have sufficient information about its history and mechanical condition. These consumers tend to be those with a lower level of education and also older consumers who engage less with information sources such as internet car portals. Additionally, some consumers might have much less expertise or knowledge about cars in general. The study showed **that respondents who answered both knowledge questions correctly experienced a lower consumer detriment than those who answered both incorrectly.**

Due to the lack of engagement of these vulnerable consumers – and their focus on price as the key reason for purchasing a car – they would be less likely to properly research a car pre-purchase. For example, this consumer type is unlikely to read a commercial guarantee in detail or visit the website of a consumer association to see what pre-purchase checks they should make on a second-hand car.

Therefore, if any of the afore-mentioned recommendations are implemented, then they need to be done so in a manner that meets the needs of the vulnerable consumer first. For example, the role and activities of a quality label need to be clearly explained to the consumer (recommendation from chapter 8.1.1) and standardised contractual text about consumer rights to a legal guarantee (recommendation from chapter 8.1.3) needs to be written in simple language.

### Recommendations

- Any public information campaigns or activities aimed at improving consumer conditions in the second-hand car market should also take into consideration the needs of those consumers who are vulnerable due to their lower income, lack of experience with second-hand cars or lack of engagement with the car-purchasing process.

## 8.6 Paths for future research

As indicated in Chapter 8.4, the high volume of private sales of second-hand cars means that there is scope for future research into second-hand car **sales from a private source**. Private sales were out of the scope of this particular study, but several stakeholders mentioned the importance of this type of sale, especially since many unscrupulous second-hand car traders pretend to be private individuals when selling a car.

Another potential area for more in-depth research is cross-border sales of second-hand cars. Cross-border sales experience many problems related to missing documentation about the car and the facility for complaint in the event of a post-purchase problem. An in-depth study of such cross-border sales could give further insights into how authorities can help consumers with international second-hand car purchases.

## 9 Appendix 1: Methodology

### 9.1 Task 1B: stakeholder survey

Interviews with key stakeholders in the market for second-hand cars were carried out in order to gain additional insights and a deeper understanding of the market.

The stakeholder target group and sample file was agreed by GfK Belgium, DG SANCO and Chafea, in order to ensure that all key stakeholders were interviewed and that the respondent profile was complementary (e.g. stakeholders representing consumers, car dealers, public authorities etc.).

It was agreed that 15 countries would be covered by the stakeholder survey, plus interviews at EU level. The 15 countries were selected in a manner that was representative of the 30 countries under the scope of this study (EU28, plus Iceland and Norway). The factors that were considered in the country selection are as follows:

- Market Performance;
- EU Membership and Geographical Region;
- Population aged 18+;
- Average income (GDP per capita);
- Market penetration;
- Market type (imports versus exports).

Based on desk research by GfK and advice from DG SANCO and Chafea, a sample file of potential stakeholders was created. This consisted of 183 stakeholders in total, ensuring a broad spread by country and at EU level.

GfK sent out the first recruitment email to the EU-level stakeholder associations on November 28, 2013 before sending out the first recruitment email to the national level stakeholder associations on January 10, 2014. The reason for this delay in contacting national level stakeholders was that EU stakeholders could advertise the project to their national level members, in order to increase awareness and thus response rates at national level. Those not responding to this email received further telephone follow-up calls from GfK Belgium in order to maximise response rates.

Of the 183 potential stakeholders contacted, 34% took part (63 interviews), 39% never answered and 27% refused to take part. In terms of fieldwork progress, the table below shows the number of completed interviews per month:

Table 174 Fieldwork progress – stakeholder interviews achieved per month

	EU level	National Level	Total
December 2013	3	0	3
January 2014	4	16	20
February 2014	2	22	24
March 2014	2	12	4
April 2014	0	2	2
<b>TOTAL</b>	<b>11</b>	<b>52</b>	<b>63</b>

The following table provides a breakdown of the interviews achieved, split out by country and stakeholder type:

Table 175 Stakeholder interviews achieved for Task 1B

	Consumer organisations	Public Authorities	Automobile Clubs / Associations	Trade (Industry) Associations	Associations of Car Dealers and Repairers	Leasing Associations	Insurance Associations	Motoring Journalists	TOTAL
<b>EU</b>	1	2	1	3	2	1	1		<b>11</b>
BE	1	1	1		1	1	1		<b>6</b>
CY	2	1			1				<b>4</b>
CZ		1			1				<b>2</b>
DE			1		1	1			<b>3</b>
DK	1	1		1	1	1	1		<b>6</b>
FR	1				1				<b>2</b>
HR							1		<b>1</b>
IT				1		1			<b>2</b>
LT		1							<b>1</b>
LU	1				1		1		<b>3</b>
NO		1	1		1		1		<b>4</b>
PL		1	1	1					<b>3</b>
PT	1	1	1	1		1			<b>5</b>
RO				1	1	1	1		<b>4</b>
UK	1	2			2	1			<b>6</b>
<b>TOTAL</b>	<b>9</b>	<b>12</b>	<b>6</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>7</b>	<b>0</b>	<b>63</b>



The duration per stakeholder interview was approximately 30-40 minutes on average and consisted of pre-determined questions according to type of stakeholder. For example, leasing associations were asked questions related to the relationship between the second-hand car market and leasing cars and consumer organisations were asked to provide details on the main second-hand car consumer complaints that they received.

## 9.2 Task 2: consumer survey

The consumer survey was conducted with people who had bought a second-hand car from a 'trade source' in the past three years. A 'trade source' was defined as an independent car dealership, a franchise car dealership (i.e. one associated with a specific car manufacturer) or an auction. Those who had bought a second-hand car in the past three years privately from another individual were excluded from the survey, as private car sales were not the primary focus of this study.

The survey was conducted using CAWI (Computer Assisted Web Interviewing) methodology based on GfK's consumer panels in all 30 countries. Panellists received an email inviting them to participate in the survey and included the link to the URL where they found the online questionnaire. Each email to a panellist had a unique survey URL, which ensured that no panellist could take part in the survey twice. Panellists also had the opportunity to use their personal URL to revisit the questionnaire and thus to be able to complete it in more than one sitting.

Following the original email invitation, panellists who had not clicked on the link received reminders to complete the questionnaire.

### 9.2.1 Sample size & survey timeline

The survey target was to interview **24,500 consumers who had bought a second-hand car from a trade source in the past three years**, spread across 30 countries (the EU28 plus Iceland and Norway). The 19 larger EU member states had a target of 1000 interviews each, whilst the smallest 11 countries in the survey had a target of 500 interviews each. These 11 countries all have a population aged 18+ of less than four million inhabitants, whilst the 19 larger countries all have a population aged 18+ over four million. The population aged 18+ is taken as a measure (rather than total population) due to younger respondents being unlikely to purchase a second-hand car. The rationale for conducting 1000 interviews in 19 countries and 500 interviews in the smaller 11 countries was that there is a smaller available sample size of second-hand car consumers in the smaller countries.

As shown in the following table, the survey target was either met or exceeded in 29 out of the 30 countries. The **total sample size was 25,286 consumers** and exceeded the original sample target of 24,500 consumers.

The only country that did not meet its survey target was Malta, which achieved 300 out of 500 interviews. The reason for this is that Malta is a relatively small country which, based on the data of

the Consumer Market Monitoring Survey, has a rather low incidence of second-hand car purchases<sup>148</sup>. Based on these limitations, GfK communicated in early January that a total target of 500 interviews would be unfeasible and the client agreed to revise the target for Malta down from 500 to 300 interviews.

In order to maximise responses from Malta as much as possible, reminder emails were sent to all panellists (including those who had already partially completed the questionnaire). Furthermore, GfK employed a callcentre to dial up Maltese panellists for whom the telephone number was available, in order to encourage their participation in the survey. Based on these additional email and telephone reminders and an extension of the fieldwork period for Malta until the beginning of February 2014, the revised sample target of 300 respondents was achieved.

The table below shows the targeted and achieved interviews of all 30 surveyed countries.

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<sup>148</sup> Malta has an 18+ population of 340,000 and data from the 2013 Consumer Market Monitoring Survey shows that 25% of Maltese consumers had bought a second-hand car in the previous three years. Based on these figures, Malta had a universe size of just under 85,000 consumers for this particular study, making it the smallest universe size of the countries covered in this survey, thus explaining the fieldwork difficulties there. Other countries with a similarly small 18+ population (Luxembourg, Iceland) had a larger penetration rate of second-hand car purchases (both 35%, compared to the 25% in Malta) and so had fewer difficulties in finding sufficient respondents.

Table 176 Achieved sample size

	Target number of interviews	Achieved number of interviews
AT	1000	1046
BE	1000	1047
BG	1000	1012
CY	500	505
CZ	1000	1118
DE	1000	1051
DK	1000	1000
EE	500	505
EL	1000	1003
ES	1000	1024
FI	1000	1048
FR	1000	1054
HR	500	554
HU	1000	1000
IE	500	616
IT	1000	1058
LT	500	505
LU	500	503
LV	500	502
MT	500	<b>300</b>
NL	1000	1080
PL	1000	1039
PT	1000	1054
RO	1000	1003
SE	1000	1006
SI	500	503
SK	1000	1000
UK	1000	1123
IS	500	505
NO	500	522
<b>TOTAL</b>	<b>24,500</b>	<b>25,286</b>

Following the finalisation of the survey questionnaire in English, this was programmed into an online questionnaire script and then translated into all national languages for the 30 survey countries. This translation process consisted of a first translation, followed by an independent review by another translator, followed by several checks on the translated script by translators and researchers before the questionnaire and its translations could be viewed as final. This process of questionnaire scripting, translation and piloting took place from November 14 to December 11, 2013.

Following this questionnaire preparation process, the main stage of fieldwork began in the 21 out of the 30 countries on December 11, 2013 and in the following few days for the remaining 9 countries. Fieldwork was completed by the end of December 2013 in 23/30 countries, in the first week of January for six of the remaining countries and the last interview was conducted in Malta on February 3, 2013. The reasons for the longer fieldwork period in Malta were described in more detail on the previous page.

Table 177 Fieldwork period

	Start date	End date	Number of Interviews per week (week commencing...)							
			09/12	16/12	23/12	30/12	06/01	13/01	20/1	27/01
AT	11/12	20/12	736	310	0	0	0	0	0	0
BE	11/12	05/01	425	440	142	40	0	0	0	0
BG	11/12	01/01	330	429	201	52	0	0	0	0
CY	13/12	20/12	167	338	0	0	0	0	0	0
CZ	11/12	16/12	1117	1	0	0	0	0	0	0
DE	11/12	19/12	461	590	0	0	0	0	0	0
DK	11/12	21/12	809	191	0	0	0	0	0	0
EE	11/12	19/12	194	311	0	0	0	0	0	0
EL	12/12	05/01	207	376	243	177	0	0	0	0
ES	12/12	29/12	452	523	49	0	0	0	0	0
FI	11/12	19/12	1000	48	0	0	0	0	0	0
FR	11/12	28/12	467	586	1	0	0	0	0	0
HR	11/12	19/12	429	125	0	0	0	0	0	0
HU	11/12	23/12	237	738	25	0	0	0	0	0
IE	11/12	16/12	598	18	0	0	0	0	0	0
IT	12/12	01/01	463	594	0	1	0	0	0	0
LT	11/12	19/12	136	369	0	0	0	0	0	0
LU	16/12	21/12	0	503	0	0	0	0	0	0
LV	11/12	19/12	167	335	0	0	0	0	0	0
MT	14/12	03/02	4	130	52	9	54	26	7	18
NL	11/12	31/12	457	618	3	2	0	0	0	0
PL	12/12	20/12	449	590	0	0	0	0	0	0
PT	11/12	18/12	978	76	0	0	0	0	0	0
RO	12/12	09/01	248	248	139	175	193	0	0	0
SE	11/12	19/12	880	126	0	0	0	0	0	0
SI	13/12	19/12	186	317	0	0	0	0	0	0
SK	11/12	22/12	480	520	0	0	0	0	0	0
UK	11/12	18/12	466	657	0	0	0	0	0	0
IS	11/12	03/01	2	165	83	255	0	0	0	0
NO	11/12	18/12	370	152	0	0	0	0	0	0
<b>TOTAL</b>	<b>11/12</b>	<b>03/02</b>	<b>12915</b>	<b>10424</b>	<b>938</b>	<b>711</b>	<b>247</b>	<b>26</b>	<b>7</b>	<b>18</b>

## 9.2.2 Sample profile & weighting

In order to ensure socio-demographic representativeness of respondents, the sample drawn at random from our Online Panels reflected as much as possible socio-demographic information for the

**total population** in a country and **not the online population**. This is particularly important in Eastern European countries, which have a lower internet penetration among older people.

Due to the rather specialist target group (consumers who had bought a second-hand car from a trade source in the past three years), GfK anticipated that approximately 20% of panellists would be eligible to take part. Therefore, the study avoided implementing quota criteria in order to prevent potential respondents being screened out, due to the difficult nature of finding this target respondent. Instead, panel managers were requested to send out survey invites in batches and the GfK panel management system was used to centrally monitor the sample by age and gender per country. For example, if the panel management system showed an over-representation of females or young people in a certain fieldwork country, the panel manager for that country would be instructed to focus their next batch of survey invites or survey reminders on males or older people. This way prevented potential respondents from being screened out, whilst also concentrating recruitment efforts on any under-represented target groups.

Survey data was weighted post-fieldwork in order to accurately reflect the second-hand car buying population per country according to age and gender. Age and gender weighting targets for the survey population were based on the data of the 2013 Consumer Market Monitoring Survey<sup>149</sup>. Other potential weighting criteria, such as region or level of education, were not included in the weighting process, in order to avoid weighting the data too extensively. The table below provides a summary of the age and gender weighting targets per country and then the achieved interviews per country according to age group and gender.

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<sup>149</sup> [http://ec.europa.eu/consumers/archive/consumer\\_research/consumer\\_market\\_monitoring\\_survey\\_en.htm](http://ec.europa.eu/consumers/archive/consumer_research/consumer_market_monitoring_survey_en.htm)

Table 178 Targets & achieved, by age group and gender

	Male		Female		18-34		35-54		55+	
	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
AT	55%	52%	45%	48%	33%	42%	46%	46%	21%	12%
BE	54%	52%	46%	48%	39%	41%	39%	39%	22%	20%
BG	63%	38%	37%	62%	38%	52%	36%	42%	26%	5%
CY	54%	66%	46%	34%	40%	55%	39%	37%	21%	9%
CZ	63%	45%	37%	55%	36%	52%	44%	41%	20%	7%
DE	52%	47%	48%	53%	33%	37%	38%	44%	29%	19%
DK	55%	59%	45%	41%	28%	19%	50%	47%	23%	35%
EE	64%	42%	36%	58%	46%	37%	37%	51%	17%	12%
EL	62%	54%	38%	46%	34%	50%	45%	46%	21%	4%
ES	55%	61%	45%	39%	38%	55%	43%	39%	19%	6%
FI	62%	65%	38%	35%	27%	20%	44%	48%	29%	33%
FR	51%	43%	49%	57%	37%	37%	38%	43%	25%	20%
HR	59%	56%	41%	44%	35%	58%	42%	40%	24%	2%
HU	63%	64%	37%	36%	43%	38%	38%	43%	18%	19%
IE	56%	62%	44%	38%	36%	18%	42%	50%	22%	31%
IT	53%	54%	47%	46%	29%	50%	47%	43%	24%	7%
LT	63%	39%	37%	61%	46%	49%	38%	43%	17%	8%
LU	53%	61%	47%	39%	36%	35%	42%	49%	22%	16%
LV	60%	32%	40%	68%	42%	28%	39%	60%	19%	12%
MT	56%	56%	44%	44%	47%	48%	34%	41%	19%	11%
NL	53%	46%	47%	54%	29%	28%	46%	43%	25%	29%
PL	63%	56%	37%	44%	41%	65%	40%	28%	19%	7%
PT	61%	57%	39%	43%	35%	50%	41%	44%	25%	6%
RO	61%	72%	39%	28%	46%	74%	38%	24%	16%	2%
SE	59%	55%	41%	45%	36%	22%	43%	47%	21%	31%
SI	58%	58%	42%	42%	40%	48%	44%	45%	17%	7%
SK	60%	47%	40%	54%	48%	53%	38%	39%	14%	8%
UK	54%	45%	46%	55%	32%	25%	43%	50%	25%	25%
IS	57%	60%	43%	40%	40%	27%	37%	52%	23%	22%
NO	57%	66%	43%	34%	31%	13%	46%	39%	23%	48%

As shown in the table above, the achieved interviews were rather close to the sample target in terms of gender. Interviewing people aged 55+ was a challenge in certain countries (e.g. Croatia, Romania), which was expected due to the lower internet penetration for older people and the difficulty of recruiting older people as panellists in those countries. Data was therefore weighted by age and gender in order to correct for these differences.

The second stage of weighting was to produce an overall weighting figure for the “total EU28” results and so countries with a larger second-hand car purchasing population were given a larger weight at overall level. The weighting targets were based on country population aged 18+, multiplied by second-hand car purchasing incidence rate per country (based on the 2013 Consumer Market Monitoring Survey data)<sup>150</sup>. Therefore, a country with a high population and a high incidence rate would have a larger share of the total than a smaller country or a similarly sized country that had a lower incidence rate. Although the results of Norway and Iceland were not included in the total, due to these two countries not being part of EU28, their data was weighted according to age and gender for the country-level analysis. The below table summarises this by providing second-hand car purchasing population, unweighted sample size and weighted sample size per country.

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<sup>150</sup> [http://ec.europa.eu/consumers/archive/consumer\\_research/consumer\\_market\\_monitoring\\_survey\\_en.htm](http://ec.europa.eu/consumers/archive/consumer_research/consumer_market_monitoring_survey_en.htm)



Table 179 Weighting data by second-hand car purchasing population

	Second-hand car purchasing population	Unweighted interviews	Weighted interviews
<b>EU28</b>	<b>93,028,562</b>	<b>24,259</b>	<b>24,259</b>
AT	1,440,989	1046	389
BE	1,697,060	1047	458
BG	1,377,638	1012	372
CY	176,938	505	48
CZ	1,615,456	1118	435
DE	24,302,042	1051	6552
DK	1,152,929	1000	311
EE	256,879	505	68
EL	1,067,747	1003	288
ES	3,707,569	1024	999
FI	1,261,297	1048	339
FR	14,770,049	1054	3983
HR	560,090	554	152
HU	951,994	1000	255
IE	939,852	616	253
IT	6,663,632	1058	1795
LT	899,921	505	243
LU	145,105	503	38
LV	316,485	502	86
MT	84,700	300	23
NL	3,498,645	1080	943
PL	7,997,139	1039	2157
PT	1,112,513	1054	301
RO	1,056,363	1003	286
SE	2,557,254	1006	690
SI	385,924	503	104
SK	677,526	1000	182
UK	12,354,829	1123	3330
IS	85,349	505	-
NO	684,988	522	-

### 9.2.3 Questionnaire topics

Consumers were asked for details about the car that they had purchased, the steps of their purchase decision process and the car purchase itself, their satisfaction with the car post-purchase (including any problems and complaints) and their general behaviour and attitude towards specific aspects of the second-hand car market.

The number of questions that the respondents received differed slightly according to respondent experiences – for example, respondents who had experienced post-purchased problems answered additional questions probing further into this important topic. At overall level, the average questionnaire duration for the consumer survey was 20 minutes.

**9.3 Task 3: price collection**

The first stage of this task was to select specific car makes/models for price collection and analysis, based on the following four elements:

1. Market segment based on vehicle size;
2. Car age and mileage;
3. Total sales volume;
4. “Coverage” per country.

Nine specific car makes/models were selected for this task, with the make/model selected according to the top-selling cars per year per segment in Europe and mileage brackets selected according to expected car usage per year. The table below shows the specifications of the cars that were selected:

Table 18o Cars selected for Task 3

	Registered in 2009 40-60,000km driven	Registered in 2005 100-125,000km driven	Registered in 2001 125-150,000km driven
<b>B segment</b>	Skoda Fabia	Toyota Yaris	Peugeot 206
<b>C segment</b>	Renault Megane	Ford Focus	VW Golf
<b>D segment</b>	Nissan Qashqai	BMW 3-Series	Audi A4

Task 3 consisted of a websearch of second-hand cars available from trade sources, according to the above specifications, for all 30 countries under the scope of the survey (the EU28, plus Iceland and Norway).

The main internet car portals per country were identified by the mystery shoppers in each country<sup>151</sup>, thus ensuring that local knowledge was implemented in the search process. The table below lists all websites that were used per country:

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<sup>151</sup> On average, 6.5 websites were used per country. The number of mystery shoppers differed per country, due to the differing number of exercises per country. On average, each mystery shopper conducted 4.9 exercises.

Table 181 Websites consulted

	Website 1	Website 2	Website 3	Website 4	Website 5	Website 6	Website 7	Website 8	Website 9	Website 10	Website 11	Website 12
AT	<a href="http://www.autoscout24.com">http://www.autoscout24.com</a>	<a href="http://www.gebruederwagen.at">http://www.gebruederwagen.at</a>	<a href="http://www.car4you.at">http://www.car4you.at</a>	<a href="http://www.dasweltauto.at">www.dasweltauto.at</a>	<a href="http://www.cybasar.at">www.cybasar.at</a>	<a href="http://www.willhaben.at">www.willhaben.at</a>	<a href="http://www.finden.at">www.finden.at</a>	<a href="http://www.netzautos.at">www.netzautos.at</a>	<a href="http://www.autoxy.at">www.autoxy.at</a>			
BE	<a href="http://www.autoscout24.com">http://www.autoscout24.com</a>	<a href="http://www.autozone.be/2dehands-auto">http://www.autozone.be/2dehands-auto</a>	<a href="http://www.vroom.be/nl/tweedehands-auto">http://www.vroom.be/nl/tweedehands-auto</a>	<a href="http://www.2dehands.be">www.2dehands.be</a>	<a href="http://www.autogids.be">www.autogids.be</a>							
BG	<a href="http://www.cars.bg">http://www.cars.bg</a>	<a href="http://mobile.bg">http://mobile.bg</a>	<a href="http://www.autoscout24.bg">www.autoscout24.bg</a>	<a href="http://www.carmarket.bg">www.carmarket.bg</a>	<a href="http://www.car24.bg">www.car24.bg</a>	<a href="http://www.avto.borsa.bg">www.avto.borsa.bg</a>	<a href="http://www.imperialauto.mobile.bg">www.imperialauto.mobile.bg</a>	<a href="http://www.autogermany.cars.bg">www.autogermany.cars.bg</a>				
CY	<a href="http://www.autotrader.com.cy">www.autotrader.com.cy</a>	<a href="http://www.autoincypirus.com">www.autoincypirus.com</a>	<a href="http://www.cyauto.com">www.cyauto.com</a>	<a href="http://www.usedcypriuscars.com">www.usedcypriuscars.com</a>								
CZ	<a href="http://www.tipcars.cz">http://www.tipcars.cz</a>	<a href="http://www.cars.cz">http://www.cars.cz</a>	<a href="http://www.autoes.cz">www.autoes.cz</a>	<a href="http://www.aaaauto.cz/">www.aaaauto.cz/</a>	<a href="http://www.lbautomobile.cz/">www.lbautomobile.cz/</a>	<a href="http://www.cb-auto.cz/">www.cb-auto.cz/</a>						
DE	<a href="http://www.autoscout24.com">http://www.autoscout24.com</a>	<a href="http://www.mobile.de">www.mobile.de</a>	<a href="http://www.kalaydo.de">www.kalaydo.de</a>	<a href="http://www.auto.de">www.auto.de</a>	<a href="http://www.autouncle.de">www.autouncle.de</a>							
DK	<a href="http://www.slotsh-biler.dk/personbiler/">http://www.slotsh-biler.dk/personbiler/</a>	<a href="http://www.schonemannbiler.dk">http://www.schonemannbiler.dk</a>	<a href="http://www.viabil.dk">http://www.viabil.dk</a>	<a href="http://www.bilbasen.dk">http://www.bilbasen.dk</a>	<a href="http://www.bilpriser.dk">www.bilpriser.dk</a>	<a href="http://www.bilzonen.dk">www.bilzonen.dk</a>						
EE	<a href="http://www.autoscout24.ee/main/mainindex.php">http://www.autoscout24.ee/main/mainindex.php</a>	<a href="http://www.autobonus.lt/cars/search/?cat=1">http://www.autobonus.lt/cars/search/?cat=1</a>	<a href="http://www.amserv.ee">www.amserv.ee</a>	<a href="http://ee.brcauto.eu/autoweb/">http://ee.brcauto.eu/autoweb/</a>								
EL	<a href="http://www.mynextcar.gr">www.mynextcar.gr</a>	<a href="http://www.xe.gr/automoto">www.xe.gr/automoto</a>	<a href="http://www.car.gr">http://www.car.gr</a>	<a href="http://www.autotriti.gr">http://www.autotriti.gr</a>	<a href="http://www.247car.gr/">www.247car.gr/</a>	<a href="http://www.gocar.gr/">www.gocar.gr/</a>						

	Website 1	Website 2	Website 3	Website 4	Website 5	Website 6	Website 7	Website 8	Website 9	Website 10	Website 11	Website 12
ES	<a href="http://www.auto-scout24.es/">http://www.auto-scout24.es/</a>	<a href="http://www.segundamano.es">http://www.segundamano.es</a>	<a href="http://www.coches.net">http://www.coches.net</a>	<a href="http://www.milanuncios.es">www.milanuncios.es</a>	<a href="http://www.autoocasion.es">www.autoocasion.es</a>	<a href="http://www.mundocar.es">www.mundocar.es</a>	<a href="http://www.difimolins.com/">http://www.difimolins.com/</a>	<a href="http://www.berrocar.com">www.berrocar.com</a>	<a href="http://www.hispajarafe.toyota.es">www.hispajarafe.toyota.es</a>	<a href="http://www.motorflash.com">www.motorflash.com</a>	<a href="http://www.vasautos.com">www.vasautos.com</a>	<a href="http://www.centroval.es/">http://www.centroval.es/</a>
FI	<a href="http://www.auto24.fi/main">http://www.auto24.fi/main</a>	<a href="http://www.autokaupat.net">www.autokaupat.net</a>	<a href="http://www.nettiauto.com">www.nettiauto.com</a>	<a href="http://www.autotalli.com">www.autotalli.com</a>	<a href="http://www.suomenvaihtoautot.net">www.suomenvaihtoautot.net</a>	<a href="http://www.auto1.fi">www.auto1.fi</a>	<a href="http://www.a1.fi">www.a1.fi</a>	<a href="http://www.porho.fi/">http://www.porho.fi/</a>	<a href="http://www.rintajouppi.fi/">http://www.rintajouppi.fi/</a>			
FR	<a href="http://www.auto-scout24.com">http://www.auto-scout24.com</a>	<a href="http://www.lacentrale.fr">www.lacentrale.fr</a>	<a href="http://www.largus.fr/">www.largus.fr/</a>	<a href="http://www.leboncoin.fr/">www.leboncoin.fr/</a>	<a href="http://www.voiture-occasion.vivastreet.com/">www.voiture-occasion.vivastreet.com/</a>	<a href="http://www.auto-selection.com/">http://www.auto-selection.com/</a>	<a href="http://www.iokaz.com">http://www.iokaz.com</a>					
HR	<a href="http://autoloris.hr/">http://autoloris.hr/</a>	<a href="http://www.njuskalo.hr">www.njuskalo.hr</a>	<a href="http://www.auti.hr">www.auti.hr</a>	<a href="http://www.4kotacenet">www.4kotacenet</a>	<a href="http://www.dasweltauto.hr">www.dasweltauto.hr</a>	<a href="http://www.oglasnik.hr">www.oglasnik.hr</a>	<a href="http://www.trcz.hr/">http://www.trcz.hr/</a>					
HU	<a href="http://www.ivanics.hu/">http://www.ivanics.hu/</a>	<a href="http://www.hasznaltauto.hu">www.hasznaltauto.hu</a>	<a href="http://www.varioauto.hu">www.varioauto.hu</a>	<a href="http://www.autoborze.hu">www.autoborze.hu</a>	<a href="http://www.aprod.hu">www.aprod.hu</a>	<a href="http://www.autofort.hu">www.autofort.hu</a>	<a href="http://www.dasweltauto.hu">www.dasweltauto.hu</a>	<a href="http://www.autovizsla.hu">www.autovizsla.hu</a>	<a href="http://www.expressz.hu">www.expressz.hu</a>			
IE	<a href="http://www.autotrader.ie">http://www.autotrader.ie</a>	<a href="http://www.carzone.ie">http://www.carzone.ie</a>	<a href="http://www.carsireland.ie/">http://www.carsireland.ie/</a>	<a href="http://www.carcompaie.ie">www.carcompaie.ie</a>	<a href="http://www.irishrides.ie">www.irishrides.ie</a>	<a href="http://www.windsor.ie/">www.windsor.ie/</a>						
IT	<a href="http://www.auto-scout24.com">http://www.auto-scout24.com</a>	<a href="http://www.subito.it">www.subito.it</a>	<a href="http://www.biemmecar.it">http://www.biemmecar.it</a>	<a href="http://www.puglisauto.com">www.puglisauto.com</a>	<a href="http://www.trovit.it">www.trovit.it</a>	<a href="http://www.automobile.it/">www.automobile.it/</a>						
LT	<a href="http://www.autobonus.lt">http://www.autobonus.lt</a>	<a href="http://www.autoplus.lt">www.autoplus.lt</a>	<a href="http://lt.brcauto.eu/">http://lt.brcauto.eu/</a>	<a href="http://www.trauka.eu">www.trauka.eu</a>	<a href="http://www.autopark.lt">http://www.autopark.lt</a>	<a href="http://www.eurolinas.lt">http://www.eurolinas.lt</a>						
LU	<a href="http://www.auto-scout24.com">http://www.auto-scout24.com</a>	<a href="http://www.explorauto.lu">www.explorauto.lu</a>	<a href="http://www.luxauto.lu">http://www.luxauto.lu</a>	<a href="http://www.automarket.lu">http://www.automarket.lu</a>	<a href="http://fr.autopolis.lu">http://fr.autopolis.lu</a>	<a href="http://www.pereira.lu">www.pereira.lu</a>						
LV	<a href="http://www.auto24.lv">http://www.auto24.lv</a>	<a href="http://www.autobonus.lt/cars">http://www.autobonus.lt/cars</a>	<a href="http://www.apauto.lv/">http://www.apauto.lv/</a>	<a href="http://www.ss.lv">www.ss.lv</a>								
MT	<a href="http://www.autotradermalta.com">www.autotradermalta.com</a>	<a href="http://www.maltapark.com/">http://www.maltapark.com/</a>	<a href="http://www.carsofmalta.com">www.carsofmalta.com</a>	<a href="http://www.maltacarmarket.com">www.maltacarmarket.com</a>								

	Website 1	Website 2	Website 3	Website 4	Website 5	Website 6	Website 7	Website 8	Website 9	Website 10	Website 11	Website 12
NL	<a href="http://www.autoscout24.com">http://www.autoscout24.com</a>	<a href="http://www.marktplaats.nl">www.marktplaats.nl</a>	<a href="http://www.autotrack.nl">www.autotrack.nl</a>	<a href="http://www.speurders.nl">www.speurders.nl</a>	<a href="http://www.autowereld.nl">www.autowereld.nl</a>	<a href="http://www.autoweek.nl">www.autoweek.nl</a>						
PL	<a href="http://www.otomoto.pl">www.otomoto.pl</a>	<a href="http://www.autotrader.pl">www.autotrader.pl</a>	<a href="http://www.mobile.de/pl">www.mobile.de/pl</a>	<a href="http://www.autoscout24.pl">www.autoscout24.pl</a>	<a href="http://biernat.gratka.pl/oferta/">http://biernat.gratka.pl/oferta/</a>	<a href="http://www.moto.gratka.pl">www.moto.gratka.pl</a>						
PT	<a href="http://www.fordusados.pt">www.fordusados.pt</a>	<a href="http://www.autoportal.iol.pt/">http://www.autoportal.iol.pt/</a>	<a href="http://www.santogal.pt">www.santogal.pt</a>	<a href="http://auto.sapo.pt/">http://auto.sapo.pt/</a>	<a href="http://www.autojota.com.pt">http://www.autojota.com.pt</a>	<a href="http://www.carsandcars.pt/">http://www.carsandcars.pt/</a>	<a href="http://rsautomoveis.com/">http://rsautomoveis.com/</a>	<a href="http://www.standvirtual.com">http://www.standvirtual.com</a>	<a href="http://www.olx.pt">www.olx.pt</a>	<a href="http://www.custojusto.pt">www.custojusto.pt</a>		
RO	<a href="http://www.autovit.ro">www.autovit.ro</a>	<a href="http://mercador.ro">http://mercador.ro</a>	<a href="http://www.comautosport.ro">www.comautosport.ro</a>	<a href="http://www.tocmai.ro">www.tocmai.ro</a>	<a href="http://www.alessauto.ro">www.alessauto.ro</a>	<a href="http://www.dasweltauto.ro">www.dasweltauto.ro</a>	<a href="http://tiriacautourulate.ro">http://tiriacautourulate.ro</a>	<a href="http://www.auto.ro">www.auto.ro</a>				
SE	<a href="http://www.bytbil.com">www.bytbil.com</a>	<a href="http://www.autouncle.se">http://www.autouncle.se</a>	<a href="http://www.bilpriser.se">http://www.bilpriser.se</a>	<a href="http://www.bilweb.se">http://www.bilweb.se</a>	<a href="http://www.bilgaraget.se">http://www.bilgaraget.se</a>	<a href="http://www.biltoget.se">http://www.biltoget.se</a>						
SI	<a href="http://www.avtomerkur.si/">www.avtomerkur.si/</a>	<a href="http://www.summitavto.si/">http://www.summitavto.si/</a>	<a href="http://www.ooyoyo.si">http://www.ooyoyo.si</a>	<a href="http://www.finnova.si/">http://www.finnova.si/</a>	<a href="http://www.avto.debevc.si/">http://www.avto.debevc.si/</a>	<a href="http://www.avtoglasi.com/">http://www.avtoglasi.com/</a>	<a href="http://www.avto.net/">http://www.avto.net/</a>	<a href="http://www.avto.tehna-vis.si/">http://www.avto.tehna-vis.si/</a>	<a href="http://www.1avto.si/">www.1avto.si/</a>	<a href="http://www.avtohisareal.si/">www.avtohisareal.si/</a>		
SK	<a href="http://www.autovia.sk">www.autovia.sk</a>	<a href="http://www.autobazar.eu">www.autobazar.eu</a>	<a href="http://www.aaaauto.sk">www.aaaauto.sk</a>	<a href="http://www.hotcar.sk/">http://www.hotcar.sk/</a>	<a href="http://www.autokrausz.sk/">http://www.autokrausz.sk/</a>							
UK	<a href="http://www2.autotrader.co.uk">http://www2.autotrader.co.uk</a>	<a href="http://www.exchangeandmart.co.uk/">http://www.exchangeandmart.co.uk/</a>	<a href="http://www.Motors.co.uk">www.Motors.co.uk</a>	<a href="http://www.autoexpress.co.uk/">www.autoexpress.co.uk/</a>								
IS	<a href="http://www.bilasolur.is">www.bilasolur.is</a>	<a href="http://notadir.bri.mborg.is">http://notadir.bri.mborg.is</a>										
NO	<a href="http://www.finn.no/">http://www.finn.no/</a>	<a href="http://www.mobile-oslo.no">http://www.mobile-oslo.no</a>	<a href="http://www.oslobilsenter.no/bruktbil">http://www.oslobilsenter.no/bruktbil</a>	<a href="http://www.kvernalandbil.no">www.kvernalandbil.no</a>	<a href="http://www.bilnorge.no">www.bilnorge.no</a>	<a href="http://bilinvest.no/">http://bilinvest.no/</a>	<a href="http://www.nyerebileras.no/">http://www.nyerebileras.no/</a>	<a href="http://www.kvernalandbil.no">www.kvernalandbil.no</a>	<a href="http://www.bilteknikk1.no">http://www.bilteknikk1.no</a>			

### 9.3.1 Sample size & timeline

In total, prices were collected for 5348 cars. The table below provides a breakdown of the number of price collection exercises per car type per country.

Table 182 Sample size for Task 3, initial price collection data

	2009			2005			2001			Total
	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large	
	Skoda Fabia	Renault Megane	Nissan Qashqai	Toyota Yaris	Ford Focus	BMW 3-series	Peugeot 206	VW Golf	Audi A4	
<b>EU28</b>	<b>605</b>	<b>1080</b>	<b>354</b>	<b>274</b>	<b>901</b>	<b>663</b>	<b>631</b>	<b>529</b>	<b>196</b>	<b>5233</b>
AT	34	39	14	2	20	23	9	8	3	151
BE	13	20	3	5	9	14	13	5	2	84
BG	2	1	1	14	8	10	62	42	9	149
CY			1	2		1				4
CZ	36	17	9	6	28	4	21	11	3	135
DE	290	403	76	39	235	221	65	185	83	1597
DK	11	7	2	5	4	5	6	6	1	47
EE	2	3	1	1	3	6	1	3	2	22
EL	18	7	3	2	9	2	3	10	2	56
ES	4	48	24	6	97	52	63	35	30	359
FI	2	8	16	7	27	11		3	5	79
FR	16	215	37	14	40	55	115	29	4	525
HR	2	2	1	3	3	6	11	3	1	32
HU	4	6	3	7	9	4	2	7	3	45
IE	8	5	5	5	33	13	4	7	1	81
IT	16	87	19	84	67	96	76	50	10	505
LT	8	5	4	4	5	6	2	5	5	44
LU	3	5	2		1	1		1		13
LV			2	1	6	1	5	3	5	23
MT		1	1			1	1			4
NL	25	45	37	20	60	24	71	30	3	315
PL	7	12	3	10	14	6	7	12	6	77
PT	12	16	10	2	14	3	12	12	6	87
RO	1	4			2	1	2	8	1	19
SE	11	16	6	7	22	21	6	7		96
SI	40	13	5	1	9	1	14	5		88
SK		11	3	1			1			16
UK	40	84	66	26	176	75	59	42	11	460
IS	1	10	2	16	16	15	1	3	4	68
NO	4	9	9	3	14	2	2	3	1	47

All prices were collected between January 22, 2014 and February 21, 2014.

In order to improve the coverage of the survey and to get more reliable parameter estimates from the car price analysis, the data collection was supplemented by cars from the mystery shopping survey and further supplemented by a large number of cars from internet car portals and with a wider age and mileage interval<sup>152</sup>. In the extra data collection, the registration year and mileage interval were expanded as shown below.

Table 183 Extended specifications for Task 3

	Registered 2007 – 2011 More than 10,000km driven	Registered 2003 - 2007 More than 10,000km driven	Registered 1999 - 2003 More than 10,000km driven
<b>B segment</b>	Skoda Fabia	Toyota Yaris	Peugeot 206
<b>C segment</b>	Renault Megane	Ford Focus	VW Golf
<b>D segment</b>	Nissan Qashqai	BMW 3-Series	Audi A4

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<sup>152</sup> Please note that the additional data from the wider mileage categories was only included for analysis of the impact of depreciation on car price and was not used in the analysis of average car price per country. Therefore, this additional data came from a more limited selection of internet car portals (e.g. autoscout) than for the initial price collection task.

Table 184 Sample size for Task 3, additional price collection data

	Initial price collection data	Mystery shopping data collection	Additional data from autoscout <sup>153</sup>	Data from other web sites	Total
AT	151	29	3353		<b>3533</b>
BE	84	24	4475		<b>4583</b>
BG	149	18	9		<b>176</b>
CY	4	1	0		<b>5</b>
CZ	134	29	288		<b>451</b>
DE	1592	31	24694		<b>26317</b>
DK	46	40	1		<b>87</b>
EE	22	10	0	312	<b>344</b>
EL	56	30	0	371	<b>457</b>
ES	357	12	3506		<b>3875</b>
FI	79	23	0		<b>102</b>
FR	525	17	6004		<b>6546</b>
HR	31	9	0	1594	<b>1634</b>
HU	42	20	1		<b>63</b>
IE	80	10	0	1916	<b>2006</b>
IT	503	15	10014		<b>10532</b>
LT	42	10	1		<b>53</b>
LU	13	9	162		<b>184</b>
LV	21	16	0	51	<b>88</b>
MT	4	3	1		<b>8</b>
NL	315	30	8819		<b>9164</b>
PL	77	36	8		<b>121</b>
PT	86	13	0		<b>99</b>
RO	19	19	49		<b>87</b>
SE	96	21	2		<b>119</b>
SI	16	19	2	1146	<b>1183</b>
SK	88	19	2		<b>109</b>
UK	578	33	0		<b>611</b>
IS	68	15	0		<b>83</b>
NO	47	17	0		<b>64</b>
<b>All</b>	<b>5325</b>	<b>578</b>	<b>61391</b>	<b>5390</b>	<b>72684</b>

The total sample size is now shown in the table below.

<sup>153</sup> <http://www.autoscout24.com/> This website lists over two million second-hand cars currently for sale in Europe, spread across most EU member states. Due to its large volume of cars advertised and cross-country spread, this website is a key source of second-hand car sales price data.



Table 185 Total sample size for Task 3

	Audi A4	BMW 3- Series	Ford Focus	Nissan Qashqai	Peugeot 206	Renault Megane	Skoda Fabia	Toyota Yaris	VW Golf	All
AT	580	1044	255	130	246	224	212	54	788	3533
BE	210	1090	500	353	436	747	372	276	599	4583
BG	17	13	14	1	63	3	4	15	46	176
CY	.	1	.	1	.	.	.	2	1	5
CZ	10	12	79	12	27	51	219	14	27	451
DE	2189	6583	3027	1187	1810	2979	2835	851	4856	26317
DK	4	12	21	2	6	9	23	5	5	87
EE	84	62	53	36	8	42	21	10	28	344
EL	31	86	113	28	48	8	30	48	65	457
ES	312	1039	584	228	364	801	96	51	400	3875
FI	10	13	35	16	.	8	7	9	4	102
FR	178	1013	334	467	964	2861	252	167	310	6546
HR	197	214	145	48	299	137	96	73	425	1634
HU	5	8	18	4	1	7	7	6	7	63
IE	99	450	372	430	42	314	97	140	62	2006
IT	557	2852	1254	1199	1228	1079	176	1111	1076	10532
LT	6	8	10	4	1	8	8	4	4	53
LU	11	64	17	5	14	21	12	6	34	184
LV	21	17	14	7	7	.	5	2	15	88
MT	.	2	.	1	1	3	.	1	.	8
NL	591	1275	1027	821	1640	1181	760	562	1307	9164
PL	17	11	21	3	7	16	18	13	15	121
PT	13	3	18	10	12	17	13	1	12	99
RO	13	9	19	1	8	5	4	1	27	87
SE	2	25	30	6	6	18	16	8	8	119
SI	115	193	94	52	171	289	45	43	181	1183
SK	4	5	13	5	14	13	47	2	6	109
UK	20	78	189	66	59	84	45	26	44	611
IS	9	15	21	2	1	10	1	21	3	83
NO	4	5	20	9	2	9	5	6	4	64
<b>All</b>	<b>5309</b>	<b>16202</b>	<b>8297</b>	<b>5134</b>	<b>7485</b>	<b>10944</b>	<b>5426</b>	<b>3528</b>	<b>10359</b>	<b>72684</b>

#### **9.4 Task 4: mystery shopping**

The proposed methodology was to conduct 40 mystery shopping exercises in each of the 30 countries. These 40 mystery shopping exercises were grouped into four different types:

- 10 visits to an independent dealership;
- 10 visits to a franchise dealership;
- 10 web search and phone call exercises with an independent dealership;
- 10 web search and phone call exercises with a franchise dealership.

The inclusion of telephone exercises increased sample size and geographical spread of the mystery shopping exercise. When analysing the results, there were some small differences in that dealers usually provided less frequently spontaneous information over the phone than face-to-face.

In order to obtain a broad range of consumer second-hand car experiences, three car types were selected for the mystery shopping analysis. These three car types were:

- Small car, registered in 2009, 40,000-60,000km driven;
- Medium car, registered in 2005, 100,000-125,000km driven;
- Large car, registered in 2001, 125,000-150,000km driven.

The primary selection criterion for the cars was age – younger, middle aged and older. Following this age selection, it was decided to have a mix according to car sizes in order to test a range of cars. The car specification was decided based on smaller cars generally being younger and having a lower mileage than older cars.

For each car type, it was agreed up-front that the mystery shoppers should search for specific cars in the following order (i.e. if they did not find their first choice car, they would look for a car that was identified as a second choice and if they did not find one either, they would then look for a car that was identified as a third choice):

Table 186 Cars selected for Task 4

	1 <sup>st</sup> Choice	2 <sup>nd</sup> Choice	3 <sup>rd</sup> Choice
<b>Small car, 2009</b>	Skoda Fabia	Ford Fiesta Peugeot 207 Opel Corsa	Citroen C3 Fiat Panda Fiat Punto Nissan Micra Renault Clio Toyota Yaris Volkswagen Polo
<b>Medium car, 2005</b>	Ford Focus	Opel Astra VW Golf Renault Megane	Audi A3 Citroen C4 Dacia Logan Peugeot 307 Seat Ibiza Skoda Octavia Toyota Corolla
<b>Large car, 2001</b>	Audi A4	BMW 3 Series VW Passat Ford Mondeo Mercedes C Class	Citroen C5 Mercedes E Class Opel Vectra Renault Laguna Volvo V70

During the early stages of fieldwork, it soon became clear that there were some challenges to the above-mentioned car specifications. In particular, the smaller and less developed second-hand car market in Eastern European and small countries and the smaller market share of franchise dealerships in Eastern European countries, caused certain difficulties. As a result, changes were made to the methodological approach in order to guarantee that the target could be met. These changes are listed hereafter:

- If the target car could not be found in a franchise dealership, then it was sought in an independent dealership;
- The mileage targets were widened so that mystery shoppers could also select cars that had been driven 30,000-70,000km within the younger segment, 80,000-125,000km within the middle-aged segment and 100,000-150,000km within the older segment;

- The year of registration target was widened so that mystery shoppers could also select cars that were from 2009/10 within the younger car segment, 2005/06 within the middle-aged segment and 2001/02 within the older segment;
- If mystery shoppers were still unable to find a car based on the adapted specifications, they were permitted to use their discretion to further adapt specifications in terms of car model, mileage and registration;
  - Nonetheless, it was ensured that the final assessed car was similar to the original typology;
- If there was still a shortfall of potential cars in one country, it was permitted to conduct additional exercises in another country in order to compensate for the shortfall. The data was then weighted post-fieldwork to ensure that the exercises in each country accounted for 40 interviews, once weighted. The changes made to the target per country were as follows:
  - 20 exercises moved from Luxembourg to Belgium;
  - 20 exercises moved from Ireland to the UK;
  - 10 exercises moved from Cyprus to Greece;
  - 10 exercises moved from Cyprus to Bulgaria;
  - 20 exercises moved from Malta to Italy;
  - 20 exercises moved from Iceland to Denmark;
  - 10 exercises moved from Estonia to Finland;
  - 10 exercises moved from Latvia to Poland;
  - 10 exercises moved from Lithuania to Poland.

#### **9.4.1 Sample achieved & timeline**

The target was to perform **1,200 mystery shopping exercises**, spread across 30 countries (the EU28 plus Iceland and Norway). The exercises were to be split 50:50 between face-to-face visits on the one hand and web search and phone call exercises on the other hand.

As shown in the table below, the target was met with a **total sample size of 1,199 mystery shopping exercises** and an even split of visits and phone calls. The achieved sample size per country is shown in the table below.

Table 187 Achieved sample size

	Achieved number of interviews	Face-to-face	Telephone
<b>TOTAL</b>	<b>1,199</b>	<b>600</b>	<b>599</b>
AT	40	20	20
BE	60	31	29
BG	50	25	25
CY	20	10	10
CZ	40	20	20
DE	40	20	20
DK	60	31	29
EE	30	15	15
EL	50	25	25
ES	40	20	20
FI	50	25	25
FR	40	20	20
HR	39	19	20
HU	40	20	20
IE	20	10	10
IT	60	31	29
LT	30	14	16
LU	20	10	10
LV	30	15	15
MT	20	8	12
NL	40	20	20
PL	60	31	29
PT	40	20	20
RO	40	20	20
SE	40	20	20
SI	40	20	20
SK	40	20	20
UK	60	30	30
IS	20	10	10
NO	40	20	20
<b>EU15</b>	<b>660</b>	<b>333</b>	<b>327</b>
<b>EU13</b>	<b>479</b>	<b>237</b>	<b>242</b>
<b>EU28</b>	<b>1,139</b>	<b>570</b>	<b>569</b>

Fieldwork started on January 3, 2014 and was completed by March 22, 2014. The fieldwork period per country, as well as the achieved sample size per month in each country, is shown in the table below.

Table 188 Fieldwork period

	Start date	End date	Number of Mystery Shopping visits/calls per month		
			January	February	March
AT	8/01	19/02	14	26	0
BE	6/01	6/03	22	31	7
BG	3/01	5/03	22	24	4
CY	26/02	22/03	0	5	15
CZ	7/01	3/03	8	31	1
DE	6/01	6/03	17	17	6
DK	11/01	14/03	13	41	6
EE	25/01	14/03	4	18	8
EL	7/01	13/03	16	29	5
ES	9/01	28/02	23	17	0
FI	9/01	13/03	10	38	2
FR	15/01	11/03	17	18	5
HR	17/01	18/03	5	14	20
HU	4/01	8/03	9	24	7
IE	10/01	13/03	4	2	14
IT	8/01	10/03	21	23	16
LT	23/01	18/03	1	20	9
LU	4/02	7/03	0	16	4
LV	4/02	19/03	0	7	23
MT	11/01	13/03	3	1	16
NL	6/01	11/03	20	18	2
PL	9/01	12/03	19	29	12
PT	6/01	21/03	13	13	14
RO	11/01	12/03	9	13	18
SE	8/01	13/03	12	20	8
SI	19/01	13/03	4	21	15
SK	17/01	14/03	11	27	2
UK	15/01	22/03	12	31	17
IS	3/01	10/03	2	0	18
NO	17/01	12/03	7	25	8
<b>TOTAL</b>	<b>3/01</b>	<b>22/03</b>	<b>318</b>	<b>599</b>	<b>282</b>

The change in specifications for dealership type had the impact of increasing the number of mystery shopping exercises carried out at an independent dealership. In total, 41% of exercises were conducted at a franchise dealership and 59% at an independent dealership.

#### 9.4.2 Questionnaire topics

Mystery shoppers were asked for details about the advert where they first saw the car and the subsequent experience with the dealership visit or call itself. They were given detailed briefing material

beforehand and they had to ensure that they gave full feedback for all questions/issues selected that were or were not addressed by dealers.

## 10 Appendix 2: EU regulatory framework

Below, the relevant EU legislation, both general consumer protection provisions and provisions for vehicles in general is detailed.

Every piece of legislation is described briefly in its context, explaining its relevance to the market for second-hand cars. Not all legislation mentioned is directly or explicitly addressing the second-hand car market but fits within the larger legal framework for consumers and is therefore included in this summary. Furthermore, clauses specifically affecting the second-hand car sector will be discussed separately under each piece of legislation, as far as they are important from a consumer perspective.

### 10.1 General Consumer Protection

#### 10.1.1 Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts<sup>154</sup>

Contract terms define the rights and obligations of the parties who are bound by them. However, in B2C contracts sellers or suppliers have an advantage by defining standard terms in advance, which are not individually negotiated. On the other hand, standard form contracts facilitate commercial transactions. Thus, abuses must be avoided and the standard terms present should balance the rights of both parties.

##### 1. Principles

The Directive is applicable to contract terms included in a pre-formulated standard contract; a term negotiated does not fall within its scope. The Directive introduces the notion of “good faith” to prevent significant imbalances between the rights and obligations of consumers on the one hand and sellers and suppliers on the other hand (article 3 §1). In short, a contractual term which has not been individually negotiated shall be regarded as unfair if, contrary to the requirement of good faith, it causes a significant imbalance in the parties' rights and obligations arising under the contract, to the detriment of the consumer (art. 3 §1).

This general requirement is supplemented by an indicative and non-exhaustive list of examples of contract terms that may be regarded as unfair (article 3 §3) and the general requirement that contract terms be drafted in plain and intelligible language (article 5). Ambiguities will be interpreted in favour of consumers (article 5).

The unfairness of a term shall be assessed taking into account the nature of the goods or services for which the contract was concluded (art. 4 §1).

##### 2. List of unfair terms

The Annex to the Directive lists 17 terms that may be regarded as unfair. This list is not exhaustive.

In the framework of second-hand cars sales, the following 15 terms have been selected:

- excluding or limiting the legal liability of a seller or supplier in the event of the death of a consumer or personal injury to the latter resulting from an act or omission of that seller or supplier;

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<sup>154</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31993L0013:en:HTML>



- inappropriately excluding or limiting the legal rights of the consumer vis-a-vis the seller or supplier or another party in the event of total or partial non-performance or inadequate performance by the seller or supplier of any of the contractual obligations, including the option of offsetting a debt owed to the seller or supplier against any claim which the consumer may have against him;
- making an agreement binding on the consumer whereas provision of services by the seller or supplier is subject to a condition whose realization depends on his own will alone;
- permitting the seller or supplier to retain sums paid by the consumer where the latter decides not to conclude or perform the contract, without providing for the consumer to receive compensation of an equivalent amount from the seller or supplier where the latter is the party cancelling the contract;
- requiring any consumer who fails to fulfil his obligation to pay a disproportionately high sum in compensation;
- authorizing the seller or supplier to dissolve the contract on a discretionary basis where the same facility is not granted to the consumer, or permitting the seller or supplier to retain the sums paid for services not yet supplied by him where it is the seller or supplier himself who dissolves the contract;
- irrevocably binding the consumer to terms with which he had no real opportunity of becoming acquainted before the conclusion of the contract;
- enabling the seller or supplier to alter the terms of the contract unilaterally without a valid reason which is specified in the contract;
- enabling the seller or supplier to alter unilaterally without a valid reason any characteristics of the product or service to be provided;
- providing for the price of goods to be determined at the time of delivery or allowing a seller of goods or supplier of services to increase their price without in both cases giving the consumer the corresponding right to cancel the contract if the final price is too high in relation to the price agreed when the contract was concluded;
- giving the seller or supplier the right to determine whether the goods or services supplied are in conformity with the contract, or giving him the exclusive right to interpret any term of the contract;
- limiting the seller's or supplier's obligation to respect commitments undertaken by his agents or making his commitments subject to compliance with a particular formality;
- obliging the consumer to fulfil all his obligations where the seller or supplier does not perform his;
- giving the seller or supplier the possibility of transferring his rights and obligations under the contract, where this may serve to reduce the guarantees for the consumer, without the latter's agreement;
- excluding or hindering the consumer's right to take legal action or exercise any other legal remedy, particularly by requiring the consumer to take disputes exclusively to arbitration not covered by legal provisions, unduly restricting the evidence available to him or imposing on him a burden of proof which, according to the applicable law, should lie with another party to the contract.

### 3. Enforcement

Unfair terms will not be binding on the consumer and, where possible, the contract will remain valid without the infringing term (article 6). The consumer cannot lose this right by choice of the law of a non-Member State as the law applicable to the contract, if the contract has a close connection with the territory of the Member States (article 6 §2). Member States must ensure that effective means exist under national law in order to enforce these rights and that such terms are no longer used by sellers and suppliers (article 7).

Consumer organisations must have the right to take action against unfair terms to prevent the continued use thereof and such remedies may be directed separately or jointly against a number of sellers or suppliers from the same economic sector or their associations which use or recommend the use of the same general contractual terms or similar terms (article 7 §2 and 3).

Member States may adopt, or retain, more stringent provisions compatible with the Treaty in the area covered by the Directive, to ensure a maximum degree of protection for the consumer (article 8).

#### **10.1.2 Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights, amending Council Directive 93/13/EEC and Directive 1999/44/EC of the European Parliament and of the Council and repealing Council Directive 85/577/EEC and Directive 97/7/EC of the European Parliament and of the Council<sup>155</sup>**

The Consumer Rights Directive contains detailed rules regarding mandatory pre-contractual information that must be provided to the consumer in any contract concluded between a trader and a consumer. The Directive sets forth a comprehensive list of information that must be provided to a consumer before entering into a contract, concerning in particular the characteristics of goods or services, the identity of the trader, clear and total pricing, arrangements for delivery, complaint handling policy, duration of the contract. The trader must also provide a reminder of the existence of a legal guarantee of conformity for goods, and the existence and the conditions of after-sales services and commercial guarantees, where applicable.

Furthermore, the Directive applies a reviewed set of rules regarding distance contracts and off-premises contracts, repealing Directive 85/577 on contracts negotiated away from business premises and Directive 97/7/EC on distance contracts.

These rules require specific information duties that are much more detailed than under the former Directive, as well as formal requirements regarding the confirmation of the given information, and the confirmation of electronic orders, and warnings (amongst other, about the financial implications of internet orders).

The right of withdrawal from a distance and off-premises contract that existed under the former Directives is elaborated in more detail. The minimum period during which the consumer may withdraw (with minimal cost) is extended to 14 days (instead of 7 days under the former Directives).

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<sup>155</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:304:0064:0088:en:PDF>

### 10.1.3 Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees<sup>156</sup>

#### 1. General principles

According to this Directive, all consumers purchasing goods in an EU Member State are entitled to certain minimum rights.

The Directive is applicable to consumer goods, i.e. any tangible movable item. Member States may provide that the expression “consumer goods” does not cover second-hand goods sold at public auction where consumers have the opportunity of attending the sale in person (art. 1 §3). Second-hand goods as such fall under the scope of the Directive, albeit that national legislation may provide more flexible rules on certain issues.

The Directive sets forth as a principle the obligation of conformity. The seller must deliver goods to consumers that are in conformity with the contracts of sale (article 2). Such conformity is presumed if the goods comply with the description given by the seller, and/or are fit for the normal purpose of such good (or for the specific purpose indicated by the purchaser), and/or show the normal quality of such goods, as the consumer may reasonably expect. Lack of conformity is not deemed, if, at the time the contract was concluded, the consumer was aware, or could not reasonably be unaware of, the lack of conformity (art. 2 §3).

In the case of a lack of conformity, the consumer is entitled to have the goods brought into conformity free of charge, and within a reasonable time, by repair or replacement, unless this is impossible or disproportionate (if the costs would be unreasonable). If this remedy is not completed in due time by the seller, the consumer may require an appropriate reduction of the price or, if the lack of conformity is substantial, have the contract rescinded (article 3).

The consumer’s rights set out in the Directive are rights vis-a-vis the seller of the product. The seller is defined as a natural or legal person who sells consumer goods in the course of his trade, business or profession (art. 1 §2 c). An occasional seller is not targeted by this legislation.

The seller is liable where the lack of conformity becomes apparent within two years as from delivery of the goods (article 5). The two year period is often called a minimum legal guarantee period<sup>157</sup>. However, Member States may provide that, in the case of second-hand goods, the seller and consumer may agree contractual terms or agreements which have a shorter time period for the liability of the seller than that set down in article 5. Such period may not be less than one year (article 7 (1)). Any lack of conformity which becomes apparent within six months of delivery of the goods is presumed to have existed at the time of delivery unless this presumption is incompatible with the nature of the goods or the nature of the lack of conformity (art. 5(3)).

#### 2. Guarantees

According to the Directive, a guarantee is any undertaking by a seller or producer to the consumer, given without extra charge, to reimburse the price paid or to replace, repair, or handle consumer goods in any way if they do not meet the specifications set out in the guarantee statement or in the relevant advertising (article 1, 2 e).

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<sup>156</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31999L0044:en:HTML>

<sup>157</sup> But Member States may provide in national legislation that, in order to benefit from his rights, the consumer must inform the seller of the lack of conformity within a period of two months from the date on which he detected such lack of conformity (art. 5(2)).

A guarantee is legally binding on the offerer under the conditions laid down in the guarantee statement and the associated advertising (article 6(1)).

The guarantee must:

- state that the consumer has certain legal rights under the national legislation governing the sale of consumer goods and make clear that those rights are not affected by the guarantee,
- set out in plain intelligible language the contents of the guarantee and the essential particulars necessary for making claims under the guarantee, notably the duration and the territorial scope of the guarantee as well as the name and address of the guarantor. On request by the consumer, the guarantee shall be made available in writing or feature in another durable medium available and accessible to him.

### 3. Binding nature and minimum harmonization

Any contractual terms concluded with the seller before the lack of conformity is brought to the seller's attention which directly or indirectly waive or restrict the consumer's rights from the Directive shall not be binding on the consumer.

The Directive is a minimum harmonization measure. Member States may adopt or maintain more stringent provisions in national legislation, to ensure a higher level of consumer protection for the consumer (article 8).

#### 10.1.4 Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market and amending Council Directive 84/450/EEC, Directives 97/7/EC, 98/27/EC and 2002/65/EC of the European Parliament and of the Council and Regulation (EC) No 2006/2004 of the European Parliament and of the Council ('Unfair Commercial Practices Directive')<sup>158</sup>

The directive prohibits unfair commercial practices, defined as:

(a) contrary to the requirements of professional diligence,

and

(b) materially distorting or likely to materially distort the economic behaviour with regard to the product of the average consumer whom it reaches or to whom it is addressed<sup>159</sup>.

The Directive further defines two specific categories of unfair commercial practices: misleading practices and aggressive practices.

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<sup>158</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:149:0022:0039:en:PDF>

<sup>159</sup> Commercial practices which are likely to materially distort the economic behaviour only of a clearly identifiable group of consumers who are particularly vulnerable to the practice or the underlying product because of their mental or physical infirmity, age or credulity in a way which the trader could reasonably be expected to foresee, shall be assessed from the perspective of the average member of that group. This is without prejudice to the common and legitimate advertising practice of making exaggerated statements or statements which are not meant to be taken literally (art. 5)

Annex I to the Directive contains the list of commercial practices which shall in all circumstances be regarded as unfair, i.e. without the need for a case-by-case assessment of the unfairness of the practice based on its impact on the consumer's transactional decision.

## **Misleading practices**

### **Misleading actions**

A commercial practice is regarded as misleading if it contains false information and is thus untruthful or in any way deceives or is likely to deceive the average consumer, even if the information is factually correct, in relation to one or more of the following elements and in either case causes or is likely to cause him to take a transactional decision (e.g. to purchase or not to purchase) that he would not have taken otherwise:

- (a) the existence or nature of the product;
- (b) the main characteristics of the product<sup>160</sup>;
- (c) the extent of the trader's commitments, the motives for the commercial practice and the nature of the sales process, any statement or symbol in relation to sponsorship or approval of the trader or the product;
- (d) the price or the manner in which it is calculated, or the existence of a specific advantage;
- (e) the need for a service, part, replacement or repair;
- (f) the nature, attributes and rights of the trader or his agent, such as his identity and assets, his qualifications, status, approval, affiliation or connection<sup>161</sup> and ownership of industrial, commercial or intellectual property rights or his awards and distinctions;
- (g) the consumer's rights, including the right to replacement or reimbursement under Directive 1999/44/EC on the sale of consumer goods or the risks he may face.

A commercial practice is also regarded as misleading if, taking account of all its features and circumstances, it causes or is likely to cause the average consumer to take a transactional decision that he would not have taken otherwise and it involves (a) a marketing technique that creates confusion with a competitor (including through comparative advertising), or (b) non-compliance with the firm commitments stated in codes of conduct where the trader indicated that he is bound by such code (art. 6 (2)).

### **Misleading omissions**

A practice is furthermore misleading when it omits material information that the average consumer needs to take an informed transactional decision and thereby causes or is likely to cause him to take a

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<sup>160</sup> Such as its availability, benefits, risks, execution, composition, accessories, aftersale customer assistance and complaint handling, method and date of manufacture or provision, delivery, fitness for purpose, usage, quantity, specification, geographical or commercial origin or the results to be expected from its use, or the results and material features of tests or checks carried out on the product.

<sup>161</sup> E.g. a false appearance of being an official car dealer through the use of certain logo's.

decision that he would not have taken otherwise (misleading omission). Such situation may occur when important information concerning a second-hand car has been omitted (e.g. certain accidents or uses of a car) (art. 7 (1)).

In the case of an invitation to purchase, the following information shall be regarded as material, if not already apparent from the context:

- (a) the main characteristics of the product;
- (b) the geographical address and the identity of the trader, such as his trading name and, where applicable, the geographical address and the identity of the trader on whose behalf he is acting;
- (c) the price inclusive of taxes, or the manner in which the price is calculated, as well as, where appropriate, all additional freight or delivery charges;
- (d) the arrangements for payment, delivery, performance and the complaint handling policy, if they depart from the requirements of professional diligence;
- (e) for products and transactions involving a right of withdrawal or cancellation, the existence of such a right.

### **Aggressive practices**

A commercial practice shall be regarded as aggressive if, by harassment, coercion, including the use of physical force, or undue influence, it significantly impairs or is likely to significantly impair the average consumer's freedom of choice or conduct with regard to the product and thereby causes him or is likely to cause him to take a transactional decision that he would not have taken otherwise (art. 8).

In determining whether a given commercial practice is aggressive, account should be taken of several elements including the use of threatening or abusive language or behaviour, or the abuse of certain misfortunes of which the trader is aware.

### **Annex I: Practices considered unfair under all circumstances**

Out of the 31 prohibited practices of Annex I, the following ones are particularly relevant in the context of second-hand car sales:

1. Claiming to be a signatory to a code of conduct when the trader is not.
2. Displaying a trust mark, quality mark or equivalent without having obtained the necessary authorisation.
3. Claiming that a code of conduct has an endorsement from a public or other body which it does not have.
4. Claiming that a trader (including his commercial practices) or a product has been approved, endorsed or authorised by a public or private body when he/it has not or making such a claim without complying with the terms of the approval, endorsement or authorisation.
5. Making an invitation to purchase products at a specified price without disclosing the existence of any reasonable grounds the trader may have for believing that he will not be able to offer those products or equivalent products at that price for a reasonable period (bait advertising).

6. Making an invitation to purchase products at a specified price and then refusing to show the advertised item to consumers; Or refusing to take orders for it or deliver it within a reasonable time; Or demonstrating a defective sample of it, with the intention of promoting a different product (bait and switch).

7. Falsely stating that a product will only be available for a very limited time, or that it will only be available on particular terms for a very limited time, in order to elicit an immediate decision and deprive consumers of sufficient opportunity or time to make an informed choice.

8. Undertaking to provide after-sales service to consumers with whom the trader has communicated prior to a transaction in a language which is not an official language of the Member State where the trader is located and then making such service available only in another language without clearly disclosing this to the consumer before the consumer is committed to the transaction.

## **10.2 Roadworthiness, registration and insurance**

### **10.2.1 Council Directive 1999/37/EC of 29 April 1999 on the registration documents for vehicles<sup>162</sup>**

This directive does not contain any specific references to the sale of second-hand cars. However the directive regulates the international recognition of harmonised registration certificates and allows re-registration of a vehicle previously registered in another member state of the EU. Certificates issued by member states (whether in 1 part or in 2 parts, in accordance with the formal requirements in the annexes to the directive) are recognised in other member states whether travelling or when re-registering (art.4). For these reasons this directive contributes to the internal market and in particular to the transfer of second-hand cars between member states.

This directive will play a more important role in the framework of the roadworthiness issue, which is an important aspect of second hand cars sales. Directive 2014/46 of 3 April 2014, which is part of the “roadworthiness package”, amends Directive 1999/37/EC and creates a better link between roadworthiness issues, the related information and the vehicle registration regime. These rules must be implemented by May 20<sup>th</sup>, 2018. According to these, vehicle information should be registered electronically, and these data should include the outcome of periodic roadworthiness tests, as well as the duration of validity of the roadworthiness certificate (adaptation of article 3 of the Directive). The vehicle technical data will be accessible by the registration authorities and the control centres.

If a roadworthiness test reveals dangerous deficiencies and no roadworthiness certificate can be issued, the use of the vehicle on public roads may be forbidden and a temporary suspension of the registration should be possible. If the vehicle will pass a new roadworthiness test, the suspension should be terminated without a formal new registration procedure (new article 3bis). Roadworthiness certificates should be recognised by the registration authorities when the ownership changes.

Furthermore, registrations should be cancelled permanently when a vehicle reaches end-of-life status.

In the future, registration authorities of the member states should be able to request electronic data about vehicles in order to verify their status regarding valid registration and roadworthiness; According to the recently adopted Directive, the Commission will examine the most feasible electronic network

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<sup>162</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:1999:138:0057:0065:EN:PDF>

connection between national databases in order to facilitate the necessary verifications and recognitions. This matter is closely linked to Directive 2014/45/EU (see further below).

### **10.2.2 Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles and the enforcement of the obligation to insure against such liability**

This directive is intended to help EU residents involved in a road accident in another EU country; certain provisions may facilitate the sale of second-hand cars.

Particularly relevant for the sale of second-hand cars between member states, the directive states that member states must refrain from making systematic border checks on the insurance of vehicles entering their territory from the territory of another member state (article 4 of the directive)<sup>163</sup>, so that vehicles can be driven as easily between EU countries as within one country.

Moreover Article 15 of the directive organises the insurance coverage of motor vehicles dispatched from one Member State to another, by specifying that in such cases, the Member State of destination shall be considered the Member State where the risk is situated, immediately upon acceptance of delivery by the purchaser, for a period of 30 days, even though the vehicle has not formally been registered in the Member State of destination. If the vehicle is involved in an accident during this period while uninsured, the body responsible for compensation in the Member State of destination will be liable for the compensation provided for in Article 10 of Directive 2009/103/EC (*id est*, the residual body created by law, that is responsible for minimum insurance coverage in case of injuries caused by an unidentified or uninsured vehicle).

### **10.2.3 Directive 2014/45/EU of 3 April 2014 on periodic roadworthiness tests for motor vehicles and their trailers repealing Directive 2009/40/EC of the European Parliament and of the Council of 6 May 2009<sup>164</sup>**

Directive 2009/40/EC replaced directive 96/96/EC and its amendments and aimed at harmonising the testing for motor vehicles and their trailers, as far as this was not yet the case. This Directive is repealed by **Directive 2014/45/EU** of 3 April 2014 on periodic roadworthiness tests for motor vehicles and their trailers. The latter Directive must be implemented in national law by 20 May 2017 at the latest (and new national legislation must apply as from 20 May 2018 at the latest). This Directive is the main Directive included in the so-called Roadworthiness Package that was approved on 3 April 2014.

**Directive 2014/45/EU** sets *minimum* standards and harmonised rules for the periodic roadworthiness tests of the motor vehicles to ensure that a vehicle is safe and complies with required and mandatory safety and environmental standards when used on public roads. National legislation may provide stricter requirements or standards. In relation to consumers, the Directive is applicable to motor vehicles having at least four wheels, used for the carriage of passengers and with not more than eight seats excluding the driver's seat (category M1). As of 2022, it also applies to motorcycles with engines above 125cm<sup>3</sup>. In a more commercial and professional context, the Directive applies to heavier and

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<sup>163</sup> Non-systematic checks are allowed if these are not discriminatory and as part of a control which is not aimed exclusively at insurance verification.

<sup>164</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2014\\_127\\_R\\_0003](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2014_127_R_0003)



commercial motor vehicles and trailers<sup>165</sup>. Motor vehicles and their trailers need to be periodically submitted to tests by a public body or recognized private body during their lifetime in the Member state of registration. Passenger cars and light commercial vehicles must at least be tested 4 years after their first registration date and every 2 years thereafter. Additional tests may be required by the national legislation in case of high mileage (160 000 km), or where safety and environmental systems and components of a vehicle have been altered, or when the holder of the registration certificate of a vehicle has changed (e.g. in case of second hand sale) and after an accident affecting the main safety-related components of a vehicle. The Directive provides minimum technical requirements for testing centres and equipment, as well as minimum standards for the skills and training of inspectors. Accordingly, after satisfying tests, proof of their roadworthiness is issued (both a roadworthiness certificate and usually a sticker). This certificate issued by member states shall be recognized by other member states as if the certificate was issued by the member state itself. Where it is necessary for re-registration of a vehicle in another member state, the existing certificate must be recognised by the authorities (however, they will have the right to verify it). This recognition is important in order to facilitate cross-border second hand car sales.

This directive does not provide specific provisions with regard to the sale of second-hand cars to consumers. However, it contains a specific provision regarding the examination of the odometer. The mileage data as noted by the technical control centres must be retained by the Member state and made available to inspectors. When odometer fraud is detected, it should be punished by an effective penalty. In case of dangerous defects, a roadworthiness certificate will be issued in any case, but the defects that have led to the failing of the test have to be noted on the certificate. In case of only minor defects, where the test is passed, these minor defects have to be stated on the roadworthiness certificate.

The control centres and the registration authorities may thus fulfil a more important role in the framework of second hand sales. The purchaser of a second hand car may be protected against the sale of cars with dangerous deficiencies, since there will be no valid (or merely a suspended) registration and there will be a more frequent follow-up of mileage and odometer data. Furthermore, member states *may* provide legislation in order to require the conduct of an additional roadworthiness test when the vehicle is sold to a new owner (this is not an obligation imposed on the member states).

This protection must rely on a correct and smooth electronic information network, on a national and international level. Thus, according to the Directive, the Commission shall examine the feasibility, costs and benefits of establishing an electronic vehicle information platform in order to facilitate international exchange of information on certain data such as roadworthiness testing, odometer readings and mileage and possibly serious accidents a vehicle has been involved.

#### **10.2.4 Directive 2014/46/EU of the European Parliament and of the Council amending Council Directive 1999/37/EC on the registration documents for vehicles<sup>166</sup>**

This Directive does not state rules that are specifically relevant for the consumer in relation to the second-hand car market. However, as stated above, in general the Directive will contribute to the overall trustworthiness of second-hand cars through measures such as temporary withdrawal (suspension) or permanent cancellation of the vehicle's registration in case it does not comply with technical roadworthiness standards (amendment of article 3 of the Directive 1999/37). The information

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<sup>165</sup> As from 2022, also for two- or three-wheel vehicles.

<sup>166</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2014\\_127\\_R\\_0004](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2014_127_R_0004)

relating to vehicles must be recorded electronically in order to ease the exchange of information within a network of national databases. Data regarding the mandatory periodic roadworthiness tests and the period of validity of the roadworthiness certificate are among the data that must be recorded electronically and be made available to the roadworthiness inspectors. The Member states must implement the rules by May 2017.

### **10.2.5 Directive 2014/47/EU of the European Parliament and of the Council on the technical roadside inspection of the roadworthiness of commercial vehicles circulating in the Union and repealing Directive 2000/30/EC<sup>167</sup>**

This Directive provides for technical roadside inspections which must be performed by the member states in addition to the periodic roadworthiness inspections. However, this Directive is only applicable to commercial vehicles, used primarily for professional, commercial road transport activities (article 3.6)<sup>168</sup> and thus it is not relevant for this summary of second-hand cars legislation from a consumer perspective.

## **10.3 Transfer of vehicles within the Single Market, competition in the aftermarket and access to vehicle repair and maintenance information**

### **10.3.1 Proposal for a Regulation of the European Parliament and of the Council simplifying the transfer of motor vehicles registered in another Member State within the Single Market (COM (2012) 164 final (4 April 2012))<sup>169</sup>**

Motor vehicle registration problems remain a frequent barrier within the internal market, for businesses as well as for citizens.

Motor vehicle registration problems have negative impacts on the free movement of goods, a fundamental freedom that constitutes a cornerstone of the European Union.

Registration constitutes the administrative authorisation for their entry into service in road traffic, involving their identification and the issuing of a registration number.

When the motor vehicle is registered in one Member State and frequently used in another, two main problems frequently occur:

Citizens who move to another Member State, cross-border workers, car-rental companies and people leasing a motor vehicle in another Member State are often obliged to register it on the territory where they live or where the vehicle is used, although the motor vehicle is already registered in another Member State.

The formalities of re-registration for a motor vehicle being transferred from one Member State to another are often very burdensome and lengthy.

Objectives of the proposal:

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<sup>167</sup> [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2014\\_127\\_R\\_0005](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2014_127_R_0005)

<sup>168</sup> Member states must perform an appropriate number of inspections, proportionate to the number of commercial vehicles registered and/or operating on their territory, per year.

<sup>169</sup> [http://ec.europa.eu/enterprise/policies/single-market-goods/files/car\\_registration/fewer\\_registration\\_formalities\\_2012/regulation\\_com\\_2012\\_164\\_en.pdf](http://ec.europa.eu/enterprise/policies/single-market-goods/files/car_registration/fewer_registration_formalities_2012/regulation_com_2012_164_en.pdf)

Elimination of **administrative barriers** related to the re-registration procedure of motor vehicles

**Harmonise, streamline and simplify the procedures** for re-registration of motor vehicles registered in another Member State

The operational objectives to be accomplished by this initiative are the following:

- To determine in which Member State a motor vehicle transferred between Member States should be registered;
- To reduce the time of re-registration procedures;
- To reduce the administrative burden on citizens and undertakings by limiting the number of documents necessary to carry out the re-registration procedure and by facilitating data exchange between national registration authorities.

Current problems and differences in administrative rules at national level as regards the re-registration of motor vehicles registered in another Member State impede the free movement of these vehicles within the EU. The EU has therefore the right to act on the legal basis of Article 114 TFEU, in order to ensure the proper functioning of the single market for second-hand motor vehicles purchased in another Member State.

### **Temporary registration system**

Article 6 of the proposal ensures that intra-EU trade of second-hand vehicles is made easier, by harmonised rules on the temporary registration of motor vehicles. Such rules are necessary in the first place for persons purchasing a motor vehicle in another member state, in order to enable them to drive the vehicle to their own Member State in view to its final registration there. When a motor vehicle already registered in a Member State is sold to a person established in another Member State, the seller will probably deregister the motor vehicle at the moment that the vehicle is sold. The seller will probably not allow the buyer to drive the motor vehicle carrying the registration number of the former. Therefore, a temporary registration system is indispensable to improve the functioning of the market of second-hand motor vehicles and to ensure that the gap between the registration in the first Member State and the new registration in the second is temporarily bridged. A temporary registration system also allows registration authorities to safeguard the quality of the registration data in their registers so that they can be easily exchanged through the software referred to in Article 7. Article 6 proposes to limit the validity of the temporary registration to 30 days so that it is compatible with Article 15 of Directive 2009/103/EC of the European Parliament and of the Council of 16 September 2009 relating to insurance against civil liability in respect of the use of motor vehicles and the enforcement of the obligation to insure against such liability.

### **Registration authorities**

Article 9 obliges the Member States to inform the Commission of the names and contact details of the vehicle registration authorities that are responsible for managing the official registers of vehicles on their territory and for the application of this Regulation. The Commission will then publish a list of vehicle registration authorities and any updates to that list on its website. In addition, Article 9 obliges vehicle registration authorities to ensure that the information on the registration of vehicles in the Member State of the relevant authority and the name and contact details of the authority are easily accessible to the public.

### **10.3.2 Competition: Vertical agreements in the motor business that affect competition and therefore consumer experience<sup>170</sup>**

The repair and maintenance aftermarket for cars is an important market for consumers. Car ownership is a major part of overall expenditure. Repair and maintenance costs currently account for around 40% of the total cost of owning a car. Competition in the maintenance and repair markets occurs between authorised repairers that belong to the manufacturers' official networks and between them and independent workshops. For several reasons, competition on these markets is not particularly strong. Carmakers control two of the inputs necessary to compete effectively – technical repair information and certain spare parts (captive parts), which can only be obtained from the vehicle manufacturers.

On 31 May 2010, the Commission adopted a new legal framework for vertical agreements in the motor vehicle sector. This new structure, comprising Regulation 461/2010 and its accompanying sector-specific Guidelines, replaces block exemption Regulation 1400/2002<sup>171</sup> and has been designed to reflect the differing intensities of competition on the markets for the distribution of motor vehicles, for spare parts and for the provision of repair and maintenance services. The sector-specific Regulation and Guidelines, which will be valid for 13 years until May 2023, supplement Regulation 330/2010<sup>172</sup> and the Guidelines on Vertical Restraints.

The new framework represents a more proportionate approach to the competition problems that may arise on the different markets in the motor vehicle sector. While on the primary market it gives car manufacturers greater freedom to organise their networks and to determine the conditions for selling their products, it also makes it easier for competition authorities to deal with problems on the less competitive aftermarkets. Moreover, the new rules should result in less waste of resources, allowing enforcers to better channel their efforts towards practices that result in real consumer harm. Market players therefore need to be on their guard to ensure that their agreements are in line with this new structure and the extensive clarifications given in the Guidelines should help in this respect.

The activities of the Commission's competition department in the antitrust field involve the application of Articles 101, 102 and 106 of the Treaty on the Functioning of the European Union ("TFEU").

### **10.3.3 Commission Regulation (EU) No 461/2010 of 27 May 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices in the motor vehicle sector<sup>173</sup>**

This Regulation improves competition on the aftermarket and is therefore beneficial for consumers in the second-hand car market.

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<sup>170</sup> [http://ec.europa.eu/competition/antitrust/legislation/guidelines\\_vertical\\_en.pdf](http://ec.europa.eu/competition/antitrust/legislation/guidelines_vertical_en.pdf)

<sup>171</sup> Block Exemption Regulation is an exemption in a business line or industry, which allows organisations in the industry to organize some business activities that might in principle be regarded as forbidden under the anti-monopoly legislation, in order to create competition. The regulation is highly known in the automobile industry due to the effect caused by the BER regulations from the European Commission. BER has changed the automobile industry in the last decade. Prior to 2003 automobile owners in the EU region risk nullifying their vehicle guarantee when the vehicles were serviced or repaired in workshops not belonging to the vehicle manufacturer or its dealers. This barrier was broken in October 2003, when the European Commission (EC) passed a law allowing vehicle owners the freedom of having their servicing and repairs done at their chosen workshop.

<sup>172</sup> Commission Regulation (EU) No 330/2010 of 20 April 2010 on the application of Article 101(3) of the Treaty on the Functioning of the European Union to categories of vertical agreements and concerted practices.

<sup>173</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:129:0052:0057:EN:PDF>

Article 5 of the Regulation states that the block exemption shall not apply to vertical agreements restricting dealers or members of a selective distribution system to sell parts for motor vehicles and equipment to independent repairers and end-users. Moreover the article allows suppliers to place their trade mark or logo on the supplied parts.

#### **10.3.4 Commission Regulation (EU) No 566/2011 of 8 June 2011 amending Regulation (EC) No 715/2007 of the European Parliament and of the Council and Commission Regulation (EC) No 692/2008 as regards access to vehicle repair and maintenance information<sup>174</sup>**

Article 1 of the consolidated Commission Regulation 715/2007 sets forth the objective to establish common technical requirements for vehicles and replacement parts throughout the EU. In addition the Regulation lays down rules for in-service conformity, durability of pollution control devices, on board diagnostic systems, measurement of fuel consumption and accessibility of vehicle repair and maintenance information. These measures improve the internal market and facilitate the sale of second-hand cars between member states.

Concerning the access of vehicle repair and maintenance information this Regulation amends Commission Regulation 715/2007. The consolidated version of Regulation 715/2007 provides in its article 6 an obligation to the manufacturers to provide unrestricted and standardised access to vehicle repair and maintenance information to independent operators. To facilitate the information exchange in this matter, article 6 enforces the use of a common standard (in this case OASIS).

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<sup>174</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:158:0001:0024:EN:PDF>

## 11 Appendix 3: Value of time (VOT) used to calculate consumer detriment<sup>175</sup>

	VOT work (€/hour)	VOT leisure (€/hour)
AT	€ 12,96	€ 3,89
BE	€ 16,42	€ 4,93
BG	€ 1,52	€ 0,46
CY	€ 9,35	€ 2,81
CZ	€ 4,44	€ 1,33
DE	€ 15,39	€ 4,62
DK	€ 24,97	€ 7,49
EE	€ 4,09	€ 1,23
EL	€ 9,06	€ 2,72
ES	€ 9,41	€ 2,82
FI	€ 15,96	€ 4,79
FR	€ 13,74	€ 4,12
HR	€ 4,77	€ 1,43
HU	€ 3,44	€ 1,03
IE	€ 18,25	€ 5,48
IT	€ 11,87	€ 3,56
LT	€ 2,69	€ 0,81
LU	€ 17,83	€ 5,35
LV	€ 2,85	€ 0,86
MT	€ 7,52	€ 2,26
NL	€ 15,32	€ 4,60
PL	€ 3,95	€ 1,19
PT	€ 5,06	€ 1,52
RO	€ 1,96	€ 0,59
SE	€ 14,91	€ 4,47
SI	€ 7,20	€ 2,16
SK	€ 3,93	€ 1,18
UK	€ 12,62	€ 3,79
IS	€ 10,02	€ 3,01
NO	€ 24,98	€ 7,49

<sup>175</sup> Data based on Wardman M., Chintakayala P., de Jong G., Ferrer D., 2012. *European wide meta-analysis of values of travel time*. Final Report for the European Investment Bank

