

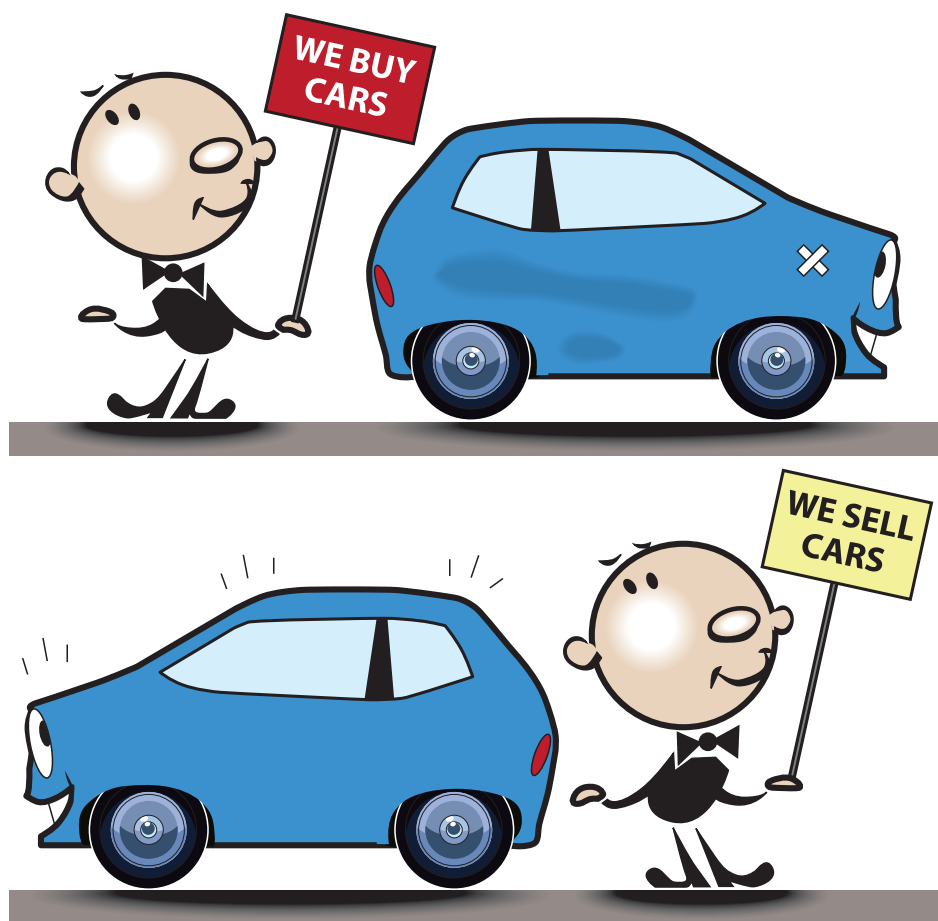
AIMGroup Marketplaces Report

Business Intelligence for Marketplaces and Classifieds

Vol. 22 No. 21 - updated

2021 Automotive Marketplaces Annual

Self-sufficiency in car sourcing now critical for auto e-commerce



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Executive summary

The ‘coming soon’ trends are here, finally



Peter M. Zellman

For years we've been saying "coming soon" about these trends in auto sales:

- Digital retail of cars, used and new.
- Auto manufacturers getting into direct retail, online.
- Auto classified sites becoming e-commerce services.
- Auto finance being integrated with online sales.
- "Sourcing" as the proxy for success among used-car dealers, sites and companies.

The "coming soon" sign is down. Those trends are all here. Now. In a big way. And getting bigger.

Sure, digital retail may only represent 1%, or even just one-tenth of 1%, of all auto sales these days. Auto financing integrated online, a wee bit more or less. But they're growing fast in importance. Those trends won't slow, they'll only grow.

Classified sites, digital dealers, auto manufacturers, banks, insurance companies are investing millions --- no, billions --- to make these work. And they'll succeed.

Does that mean no one will walk into a dealership in 10 or 20 years? Of course not. But dealers face a radically different future, as do the manufacturers, the banks, the insurance companies, the departments of motor vehicles, and on and on. Oh, the

"classified ad" sites? They'll be **gone** if they're not fully transactional.

On the 183 pages of this report, you'll find dozens of examples. Case studies. Reports on the big companies, and "companies to watch." Charts of growth, and charts of car buyers offering ridiculous sums for used cars. Charts about auto subscription business models. A chart of the Top 10 online auto marketplaces worldwide by revenue and charts about the automotive marketplaces that are farthest along worldwide in integrating all of the elements shown above.

Our team of almost 30 analysts around the world digs deep into the future of auto marketplaces and auto sales. They've interviewed more than 100 executives in the business to get a comprehensive picture.

We look at how online auto marketplaces source cars to sell. And how four of our analysts tried to "sell" their cars in India, Indonesia, the U.K. and the U.S., and got radically different results.

More than 150 companies are covered, including Carsales (Australia); Cinch, Cazoo and Auto Trader (U.K.); Smyle / AutoScout24 (Germany); Cox Automotive, Cars.com, CarGurus, Carvana (U.S.); Syarah (Saudi

Arabia); VavaCars (Turkey and Pakistan); ReezoCar (France) --- you get the picture.

We cover countries from A to Z, literally --- the Top 3 automotive marketplaces from Argentina to Zimbabwe.

The day after this report was initially published, a major automotive marketplace in the U.K. announced consolidation with a smaller one in Germany. We've updated the report to reflect that development.

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One day after we issued this report, Constellation Automotive Group announced it would acquire CarNext in a deal that fundamentally changes the European automotive e-commerce landscape, sooner rather than later. Of course, consolidation is just beginning, and a lot more changes are inevitable.

We distributed two “AIM Group ALERTS” to clients after the announcement, with the initial news and follow-up reaction from competitors, the markets and our own analysts.

We’re leaving the original report as-is, but we’re inserting our coverage of the Constellation consolidation and what it means. You’ll find it on Page 16.

Elsewhere in this new version, we’ve also incorporated a few more minor fixes and one or two corrections that were pointed out after publication.

Models vary in car sourcing, sales, as digital retailing gains traction

- Car sourcing critical to success in auto e-commerce
- Classified services evolving their c-to-b offers
- Developed and emerging markets on different paths

By Angela Hawksford

Buying cars is becoming an essential component for next-generation auto marketplaces as digital retail takes center stage

Like classifieds and e-commerce in general, digital auto sales are a “winner-takes-most” opportunity. But they deliver much higher profits than classified listings, so dozens of automotive sites worldwide are moving toward transactions and e-commerce auto sales.

Several business models have emerged for auto websites to buy cars, and then turn around and sell them --- either retail to individual buyers, or wholesale. Whichever model they choose, it’s not easy.

“Digital retail is a complex operation that requires doing things in an end-to-end way, while with classifieds it’s a much lighter operation,” **Omar Tahboub**, deputy CEO of Saudi auto marketplace Syarah, told us. If classified sites can overcome the challenges and move into e-commerce, “it’s a much more appealing proposition for the consumer and also for the classified marketplace.”

Covid-19 drove a major shift. An evolution that otherwise would have taken years happened in months or even weeks.

Covid-19: The car-buying catalyst

Fifteen years ago, WeBuyAnyCar launched a consumer-to-business car-buying service in the U.K. to help people quickly and efficiently sell vehicles. They are then resold to dealers. For years, the company operated in a relatively boring segment of the auto industry. But what was once a niche has gone mainstream.

The great catalyst for rapid growth of c-to-b services has been Covid-19, because auto dealerships closed during lockdowns but demand for used cars exploded. Covid pushed car sales online, and auto retailers had to push car sourcing online too. The strong demand for used cars and shortages of new cars created a bottleneck in used-car supply. It’s a perfect storm, waking car retailers up to vulnerabilities in car supply.

“Covid has brought this in faster,” **Gaurav Bhasin**, CEO for

Malaysia and chief strategy officer at Carousell Group, told us. “We were thinking this would happen in a couple of years’ time --- this was part of our plan, it’s not new --- but now we are just speeding up our plan.”

Supply in less developed auto markets

The ways companies source used cars depend in large part on where in the world they operate.

Companies in emerging markets almost always run inspection centers. They’re dealing with the lack of an established wholesale market, and the issues of personal safety and trust in the inventory itself.

“We are solving, first and foremost, a problem for the individual trying to sell their car,” **Diego Sanson**, CEO and co-founder of Mexico-based KlikAuto, told us. In Mexico, like other emerging markets, there’s no efficient wholesale mechanism that helps dealers get supply and to also shift cars around after they’ve acquired them through trade-ins.

“As an individual ... you’re limited in your options. Now you can go and try to sell your car yourself --- which, in Mexico, is super dangerous. You might end up losing your life, you might end up robbed, you might end up kidnapped --- these are real issues around safety,” Sanson said.

For buyers, it’s difficult to authenticate a vehicle’s ownership. “There’s no real title for the car. It’s like a series of invoices and you’ve got to know how to authenticate them,” Sanson said.

“We’re providing an outlet for people to have a safe transaction, a guaranteed price, without all the risks --- it’s transparent. From that perspective, it’s the capacity to have access to unique inventory, but it’s also solving a real problem for people who need to get rid of their car,” he added.

While personal safety isn’t as critical a factor in Southeast Asia, the wholesale



Eric Cheng, CEO and co-founder, Carsome

market there is unstructured and fragmented. “Even in Singapore, which is considered much more advanced, there’s no historical record on car conditions and you can’t find pricing data anywhere,” **Eric Cheng**, CEO and co-founder of Malaysia-based Carsome, told us last year.

“There’s just so much friction in the buying and selling process, so we wanted to be able to deliver something that is a lot more painless when it comes to disposing of your car. We went with helping people sell their car first because we felt the market is [unfocused] --- supply is scattered everywhere and all the classified listing sites are focused on the demand side.”

To ensure quality inventory, some companies operate their own inspection centers. Inspectors examine vehicles and produce reports ranging from 100 to 250 points of quality. Some companies auction vehicles to dealers but increasingly the cars are sold directly online to individual buyers.

Asian classified sites moved into c-to-b

In Asia, most classified companies now operate their own car-buying tools in competition with c-to-b specialists.

OLX, strong in Indonesia, acquired the c-to-b company Frontier Car Group, now called OLX



OLX autos has inspection centers in Indonesia and is planning on rolling them out in LatAm. Source: OLX Autos

Autos, starting in 2018. OLX is rolling out c-to-b services across LatAm. ICar Asia launched its own inspection centers and c-to-b platforms throughout Southeast Asia. In India, all of the leading auto classified services operate their own c-to-b services and inspection centers. (More on India, Page 103.)

Carousell is one of the rare classified marketplaces in Southeast Asia --- or any emerging market --- without its own inspection centers. In Malaysia, where the company is testing sales of certified autos on its horizontal marketplace Mudah.my, it's working with MUV, a c-to-b platform with inspection centers. You can't buy cars on Mudah --- it still sends leads to dealers --- but the eventual plan is to facilitate most of the transaction online.

Bhasin said Carousell is weighing whether to own each stage of the value chain, or partner with established companies. It's entirely possible that it might one day

acquire a c-to-b platform. (More about Carousell, Page 91.)

New retailers setting the pace

Mature markets have well-established wholesale markets and trust in inventory is higher, so inspection centers are less important. Instead, algorithms value cars based on type, condition, VIN and other data.

There are plenty of c-to-b platforms in mature markets; the fastest-growing ones are run by digital dealers, wholesalers or classified marketplaces focused on comprehensive digital retail. They work to give consumers a seamless retail experience that often includes a trade-in (or part exchange).

Since most people buying a car have one to sell, a trade-in mechanism is critical to transactions. A guaranteed, fixed price helps ensure that the transaction will be

completed and the customer will be happy.

The quality of transaction services is improving. Algorithms and marketplace commitments are slowly eliminating the days when consumers received a price online, only to have it chipped down when they arrived at a site to hand over the car. (That was a historic criticism of WirKaufenDeinAuto in Germany and WeBuyAnyCar, among others.)

Two-thirds of cars from individuals

Carvana sets the benchmark for direct car buying, sourcing 65% of the cars it retails from private individuals (as of Q4 2020). Cinch in the U.K., which is owned by a wholesaler, keeps some stock to sell directly to consumers and wholesales some to dealers.

"The hardest part is owning the full-stack chain," Sanson, of ClikAuto, said. "It's really hard to do, because it's not just one thing, it's many things --- it's front office, back office, customer support, the car reconditioning. It's not as easy as people think to buy and sell a car and stand behind your work."

Classifieds see sourcing importance

Classified services face different challenges.

In Norway, Schibsted is suing the Competition Authority in an effort to keep Nettbil, the leading car-purchasing business, that it acquired and has been ordered to divest.

In the U.K., Auto Trader highlighted the importance of its "Guaranteed Part Exchange" to its e-commerce execution in a recent presentation.

But Carsales in Australia, still relatively sheltered from digital retail threats, sees digital retail more as a nice-to-have.

"It's probably not critical, but it's kind of the flywheel effect --- an Amazon thing," **Mark Cripsey**, chief product and data officer at

'The hardest part is owning the full-stack chain. It's really hard to do, because it's not just one thing, it's many things --- it's front office, back office, customer support, the car reconditioning.'

Diego Sanson,
CEO and co-founder, ClikAuto

Carsales, told us. "The more we can help the flywheel spin --- I think it's good for the industry and good for us as well."

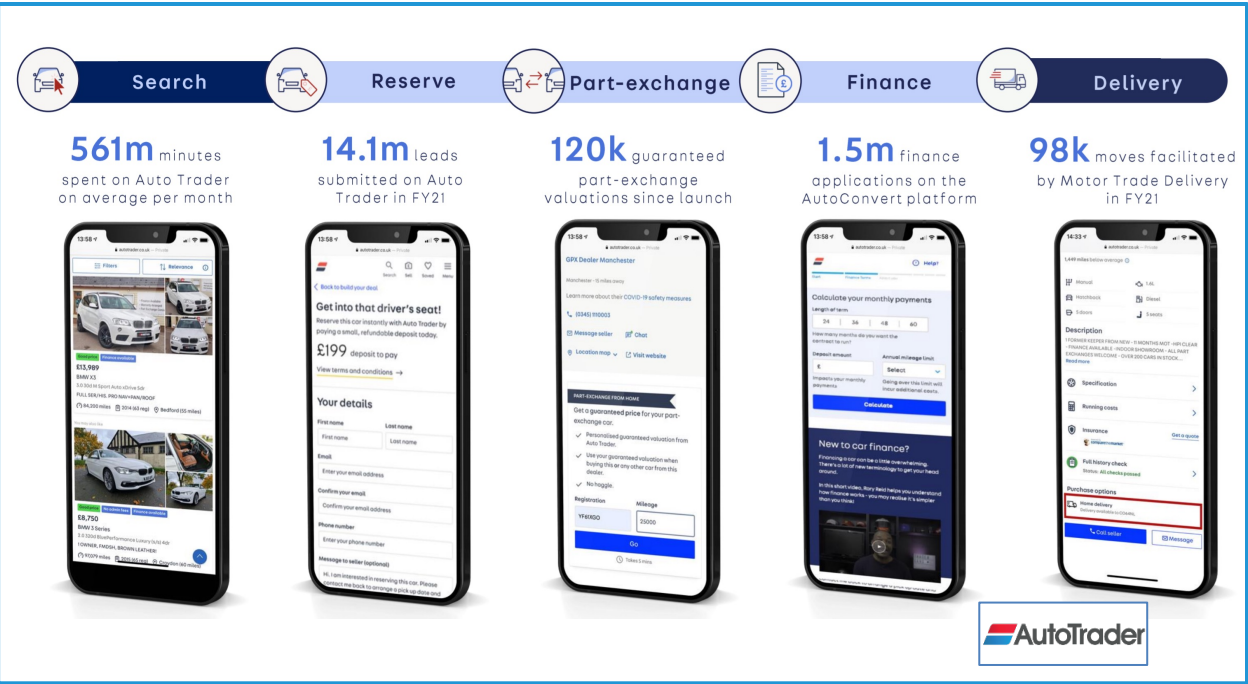
Underwriting valuations brings dealers

Carsales operates Instant Offer, a guaranteed, fixed-price c-to-b platform, in Australia. **Ajay Bhatia**, Carsales MD for Australia, told us 80% of Instant Offer vehicles are bought at the price quoted online.

"Part of the reason is the accuracy of the data, but that is not the only reason. It's that our pricing is pretty much what the dealer will buy your car for right down to the dollar. They will give you a check for that price," he said.

Carsales owns Redbook Inspect, the leading car-valuation and research company in Australia, and several other data companies, so it can effectively identify car variants and add-ons. This data quality is essential in buying cars.

Dealers participating in Instant Offers agree to acquire the cars at the set price; the only exception is undisclosed substantial damage to the car. Carsales calls every seller who participated in Instant Offers, Bhatia said. If the price was reduced, the cut has to be justified; dealers with "repeated



“Conceptually the way to look at trade-ins is equivalent to getting an Instant Offer and having it in the core digital retailing flow --- we’ve got to solve what goes on in the back end,” he added.

Tahboub, of Syarah in Saudi Arabia, said digital retail is the logical end-point of the classified proposition, but it’s difficult to operate meaningful e-commerce if it’s secondary to classifieds.

Following success with digital retail for new cars, Syarah now offers it for used cars as well. But Tahboub said the company underestimated the complexity.

“Because we were coming from classifieds and we had not started as proper end-to-end e-commerce, there were a lot of things that we didn’t do properly that some of those companies that started with end-to-end e-commerce did in the first place,” he said.

The company decided to operate its own trucks, for example, for timely car delivery. “That’s very important; you can’t be at the mercy of a partner,” he said. (The company sources inventory from fleet operators and wholesalers, not consumers.)

“We underestimated, in terms of the complexity, the back-end support, the logistical support and inventory management. Digital retail is a complex operation that requires doing things in an end-to-end way, while with classifieds it’s a much lighter operation,” Tahboub said.

If classified companies can overcome those challenges, Tahboub said, “it’s a much more appealing proposition for the consumer and also for the classified marketplace.” (More about Syarah, Page 121.)

Smyle: You’re on e-commerce

AutoScout24 in Germany is keeping classifieds and ecommerce separate. Its new e-commerce service, [Smyle](#), is distinct from its classifieds, with its own sub-brand and



AutoScout24 launched digital retailing service Smyle

section on AutoScout24.de. The service isn’t end-to-end yet --- it lacks trade-in and financing capabilities (the latter coming soon) --- but it’s clearly heading that way.

Cars sold on Smyle are sourced from dealers and sold under the AutoScout24 brand. The dealer is not identified to the buyer. AutoScout24 conducts a detailed inspection on every vehicle it sells, and is seeking to control every element of the program except providing and preparing the car. Like Syarah, it also decided it needs its own trucks, at least for the “last mile.” (More about Smyle, Page 84.)

Going from c-to-b to b-to-c

Of the major auto brands driving into e-commerce, only Carvana, Cazoo, Kavak in Mexico, and Spinny in India started as pure digital dealers. Their business is to sell their own externally sourced cars online under their brands. All of the other auto e-comm companies have pivoted, or are operating based on favored access to used vehicles or infrastructure. For example, CarNext sells from its parent LeasePlan’s fleet; Carzam builds on the operations of dealership group Big Motoring World; Shift Technologies is evolving from c-to-c concierge sales, etc.

It’s logical that companies involved in auto wholesaling, already experienced at

Types of c-to-b services

Auction: Cars are inspected and auctioned to a network of dealers, usually with 24 to 48 hours. (Example: Nettbil in Norway.)

Instant purchase: Cars purchased as stock, reconditioned and sold to dealers or consumers. Common with most digital dealers (Carvana, Cazoo) and wholesale companies. (Examples: Auto 1 Group, Constellation Automotive Group.)

Guaranteed trade-in (part exchange): Private-party sellers receive a guaranteed, fixed price online from a dealer or service, often underwritten by a wholesaler but not always. (Carsales Instant Offer, KBB.com.)

Instant offer. Price not guaranteed by the marketplace. A price range is provided online, but dealers aren't required to honor it. (Carsales, Edmunds / CarMax.)

Purchasing comparison: Services that provide valuations from a range of c-to-b platforms and car-purchasing businesses so the consumer can find the best place to sell their car. (Motorway.co.uk).

reconditioning cars and shuffling inventory between dealers, have launched b-to-c transactional marketplaces.

Auto1, for example, launched AutoHero, its b-to-c service, in 2017 after seven years of supplying dealers with inventory bought primarily from consumers. AutoHero meandered for a few years, then Covid --- and maybe also the allure of the hyper-valuations of Carvana and others --- shifted Auto1's focus to b-to-c. (More about Auto1, page 72.)

In the U.K., Constellation Automotive Group, which operates the wholesale auction company BCA and c-to-b platform WeBuyAnyCar, launched b-to-c marketplace Cinch in 2019. Originally a classified company, it has evolved into a digital retail marketplace.

These companies have much of the infrastructure required for digital retail, and a strong supply of cars. Their biggest challenge may be building a consumer

brand and consumer engagement.

Carsome leveraging offline and online

In less-developed markets, c-to-b operators are starting to keep some inventory for direct sale to consumers, leveraging their physical stores as well as their online presence to drive sales.

For example, Carsome in Southeast Asia last year launched a b-to-c arm, Carsome Certified. While cars are advertised online, most are sold in-person at "experience centers," where Carsome also inspects cars.

Classified sites work with c-to-c sites

A key difference from developed markets is in some cases b-to-c companies and major classified services are coming together. Classifieds bring large audiences and rich pricing data to potentially shortcut and reduce the cost of creating the b-to-c part of the retail proposition.

Carsome, one of the two key used-car marketplaces in Southeast Asia (along with Carro), announced a deal in June to effectively acquire ICar Asia. Catcha Group, the primary shareholder of ICar Asia, would hold a stake in Carsome in exchange.

Catcha Group CEO **Patrick Grove** said ICar Asia's audience of car-buyers would turbocharge Carsome's b-to-c business. "Nine million people visit the ICar portal a month to search for a car, and it would be powerful to have many of them trading in and buying cars digitally via the Carsome platform," he said.

Mei Han, CEO of Carsome Certified, told us combining the two companies' data capabilities will be helpful. "If we have more pricing data for all the cars --- because as a classified website, they have more data than us --- by having this data ... we can actually have a more accurate prediction of the car price trends [and] if we give this data and insights to the dealer, they will know what their car price will be in one month, six months or one, two or three years," he said. "That's just one example."

OLX has also long seen the value in bringing together c-to-b and classifieds. Initially, OLX focused on building out its network of stores. But increasingly there is clearer linkage between its b-to-c and classifieds operations, such as in India and Indonesia, where it appears to be in the early stages of exploring this hybrid. In Poland, OLX also launched OtoMotoKlik, a direct car-sales service, tied to its market-leading classified vertical OtoMoto.

Partners? Competitors? The reaction

One fear for classified companies is that dealers will see any move they make into e-commerce as competitive. So they have worked hard to keep dealers onside as they evolve into digital retail.

C-to-b services that sell inventory direct to consumers and to dealers --- along with retailers like Cinch and ClikAuto, which sell both their own inventory and dealer



inventory --- are also testing how the partner-and-competitor relationship might work.

So far, the answer is unclear. There have been grumbles --- as when BCA announced it would retain inventory from its wholesale operations to sell on its retail marketplace Cinch, along with cars from dealers --- but they haven't led to revolt.

Even the boldest e-commerce move by a marketplace so far --- AutoScout24 selling cars sourced from dealers under its own brand, without sharing ancillary revenues like finance with those dealers --- seems to be going smoothly.

Traditional dealers know they need partners to help with the challenges of scale in digital retail, against competition from all-digital dealers. Marketplaces have also gotten better in recent years at working closer with their dealer clients.

Dealers also see the benefits e-commerce brings. Many may not mind if those vendors become competitors because the vendors are also helping sell their vehicles. Some e-commerce includes fixed pricing, which helps eliminate haggling at the dealership. And because online sales reduce costs, margins tend to be higher.

“We were thinking initially, this is just about having very sharp pricing,” Bhatia of Carsales said. “But our Korean experience says that if you create this level of trust in a car, you don’t actually have to have the car as the cheapest car. If anything, the dealers who are embracing this are actually making more gross margin.”

Carsales recently launched Carsales Select in Australia. It lets consumers reserve and pay a A\$500 deposit for dealer cars, which come with a three-month warranty and seven-day money-back guarantee. Eventually, Carsales plans to add finance, trade-ins and home delivery.

Some online auto retailers are growing by incorporating dealer inventory. We expect more retailers to adopt this approach, though managing car quality can be difficult.

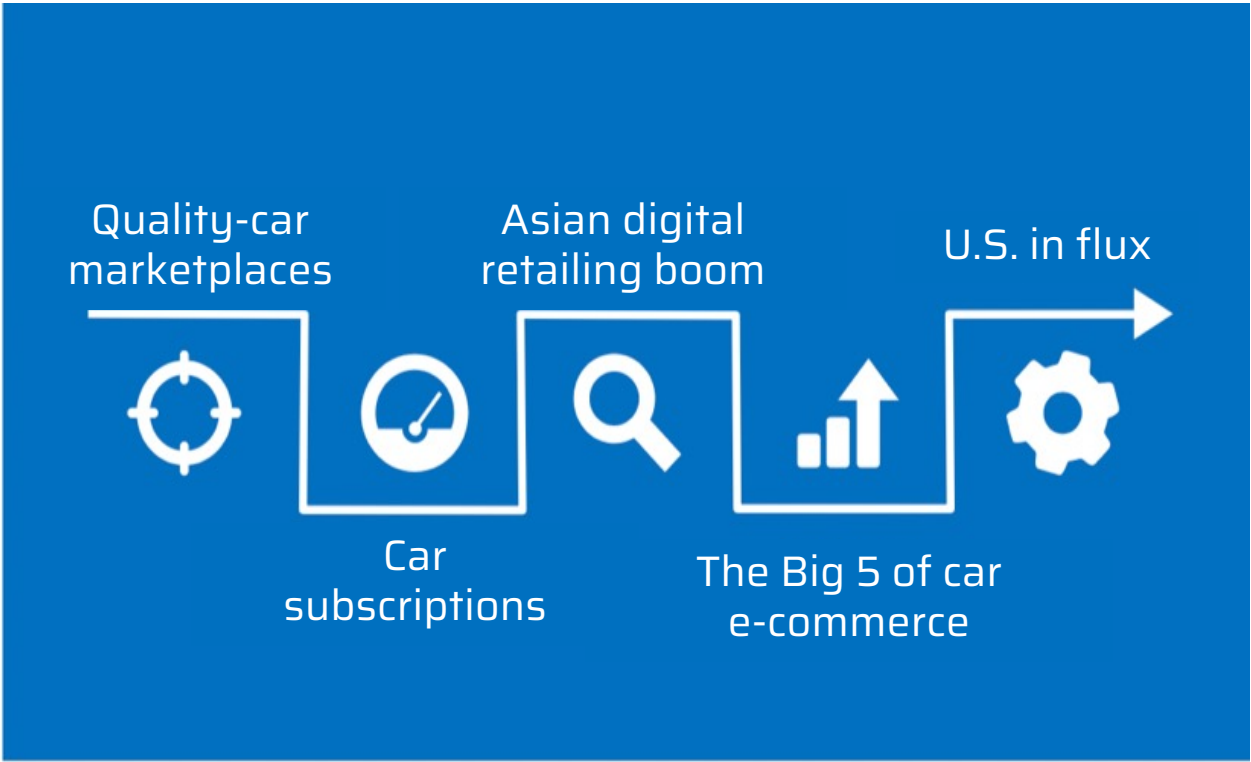
ClikAuto is one example. It reconditions cars

it buys and sells them to consumers, rather than to dealers. It lets some dealerships list cars on ClikAuto if they provide a one-year warranty, 10-day money-back guarantee and meet other standards. “The reality is, I won’t be able to buy every piece of inventory in Mexico,” Sanson told us. “For us, we’re saying, let’s bring other quality inventory” to the platform.

While having the widest possible inventory on a marketplace is probably a good way to scale the business and reduce per-unit cost of customer acquisition, Sanson said it also improves the user experience.

Likewise, Han of Carsome said of its partner-and-compete approach: “Actually, what we are doing is trying to improve the whole industry, trying to create a better ecosystem and, at the end of the day, our goal is to benefit the consumer ... I think we can have both businesses and we can benefit our dealers and customers on both sides.”

Industry trends



Analysis of major trends across automotive marketplaces

Constellation + CarNext: No. 1 in e-commerce, challenging Auto1, Cazoo and Aramis Group

- Deal creates a European car e-commerce giant
- Acquisition gives Constellation a path to European consumers
- Constellation now an integrated b-to-b, b-to-c and c-to-b force

By Ben Salisbury and Jonathan Turpin

Constellation has sped past Auto1, operator of AutoHero, and Cazoo, to take a full-lap lead in the race to sell used cars across Europe

See Page 5 for more information about this article and the timing of the Constellation announcement

With additional contributions and editing by Peter M. Zollman

With the consolidation of Constellation Automotive Group and CarNext, private equity house TDR Capital has created the largest digital retailer of cars in Europe. It was the first big consolidation among European online auto marketplaces, but you can bet it won't be the last.

Constellation [announced in mid October](#) that it had acquired CarNext, creating a powerhouse with b-to-b, b-to-c and c-to-b elements. The deal was more of a combination of assets by TDR Capital than a typical "acquisition" of an outside venture; one competitor told us it's a "reshuffling of assets ... between two portfolio companies of TDR [that] has long been rumored and expected."

It brings one sluggish performer in European auto e-commerce, CarNext, under the same management as one of the star performers, Cinch.

Constellation has sped past Auto1, operator of AutoHero, and Cazoo, to take a full-lap lead in the race to sell used cars to consumers throughout Europe. In Q2, the combined CarNext and Cinch business sold around 20,000 cars at retail versus 8,772 at Cazoo (which operates in the U.K. only) and 8,415 at AutoHero. CarNext and Cinch don't disclose retail revenues, but we estimate their combined Q2 at €280 million versus AutoHero at €114 million and Cazoo at €111 million. No. 4 in the race, Aramis Group, sells more used cars at retail (14,346 in Q2) than AutoHero or Cazoo, but on the basis of its business approach (more offline), historic performance and car-manufacturer majority ownership, it isn't rated as a true market leader.

The deal is primarily about continental Europe. Any benefits for Constellation in the U.K. are at the margins. And steering-wheel position limits how the U.K. can benefit continental Europe and vice versa.

Is car-sourcing a decisive strategic advantage?

The acquisition builds on the idea that owning major car-sourcing channels is a key strategic advantage for digital car retailers, also



CarNext benefits from a long-term supply arrangement with LeasePlan, which provides 250,000 cars per year. Source: CarNext

the core of Auto1's strategy for AutoHero.

CarNext benefits from a long-term supply arrangement with LeasePlan, which provides 250,000 high quality / low age used cars per year across Europe at the end of their fleet lives. Now, it should also have the pick of cars from BCA's continental European remarketing operation, last disclosed in 2019 at 400,000 cars annually. In contrast, AutoHero sold just 51,000 cars through its remarketing channel in 2020.

While AutoHero has access to 390,000 cars purchased annually through Auto1's WirKaufenDeinAuto ("We buy your car"), these are mainly lower value cars not appropriate for sale through AutoHero. Seemingly, CarNext has by far the strongest in-house access to trade sourcing in Europe.

But do Auto1 and Constellation, the marketplaces built on strong in-house trade sourcing, have a decisive advantage over competitors like Cazoo, which are building sourcing from scratch? As yet, this advantage isn't showing significantly in

inventory levels: AutoHero at 9,500 and Cinch at 4,900 vs. Cazoo at 2,600. They're ahead, but underwhelmingly so. (And note, Cinch also stocks cars from dealers.) However, current market conditions are unusual, with an acute shortage of used cars, with new-car shortages as well and post-pandemic hangover. When the market normalizes, the advantage may begin to show through more clearly.

If car-sourcing is a decisive advantage, Cazoo may have to find mergers or acquisitions to build up in-house sourcing channels too.

Stock market, auto retail market reaction

Three Constellation competitors – Cazoo, Auto1 Group and Aramis Group --- are publicly traded; their stocks were essentially flat the day after the announcement. Auto Trader Group in the U.K., not a direct competitor (yet), was also flat the day after the announcement.

Cazoo, one of the "Big 5" digital automotive

marketplaces in Europe, positioned the consolidation as a plus --- a case of a rising tide lifts all boats:

“The recent entrants into the digital auto space all have relatively small market shares in an enormous market,” Cazoo spokesman **Lawrence Hall** told the AIM Group.

“With used cars as the single biggest retail market in Europe, there is plenty of room for multiple sizeable operators to emerge and replace a hugely fragmented market currently. In a world where two-thirds of consumers are happy to buy or sell a car entirely online but only a small fraction currently are able to do so, the more players that help build this fast-growing category in Europe the better.”

We also asked Auto1 Group; Cox Automotive / Manheim; HeyCar; Aramis Group and Auto Trader Group for comment. All declined.

The competitive landscape

Constellation holds two of the “Big 5,” which should probably now be described as the “Big 4”:

- Cinch and CarNext, now both owned by Constellation.
- Aramis Group, based in France and majority-owned by automaker Stellantis. It operates four digital dealer / car supermarket brands in Europe: AramisAuto (France); CarSupermarket (U.K.), CliCars (Spain) and Cardoen (Belgium.) It sold far more cars than Cazoo or AutoHero during Q2 and has been profitable for many years, but still its market capitalization is less than one-quarter that of Cazoo or Auto1 Group, at \$1.6 billion. It listed on the Paris Euronext market in June.
- Auto1 Group SE, based in Berlin and traded on the Frankfurt Stock Exchange since a February IPO, operates in 30 markets across Europe. It has unmatched














used-car knowledge and data. Earlier this week, we reported “it has maximum advantage on paper ... developing automotive e-commerce in Europe,” adding, “This is Auto1’s fight to lose.” It owns AutoHero, its consumer-facing retail sales brand, live in nine countries; WirKaufenDeinAuto (“We buy your car”) which operates in 10 countries, and a significant wholesale business. It has a \$7.2 billion market cap.

- Cazoo, listed in August on the New York Stock Exchange, has an \$5.4 billion market cap. Based in London, it’s announced plans to launch later this year in France and Germany, along with its U.K. operations. It has acquired Drover (U.K.-based) and Cluno (Germany-based) to offer car subscriptions.

Auto1 looks like it has the most to lose due to the consolidation. It may have to step up its game. It has expressed a cultural dislike of acquisition --- it has never made an acquisition --- and is at risk vs. competitors that are willing to acquire both strategically and tactically. It’s been in the pole position to win in Europe. That position is now at significant risk if Constellation can turbo-charge CarNext’s performance.

Another factor in the market: AutoScout24 in Germany last month launched Smyle, a

 Austria	 Belgium	 Czech Republic	 Denmark
 Finland	 France	 Germany	 Greece
 Hungary	 Ireland	 Italy	 Luxembourg
 Netherlands	 Norway	 Poland	 Portugal
 Romania	 Slovakia	 Spain	 Sweden
 Switzerland	 Turkey		

Countries of operation for CarNext across Europe. Source: CarNext

dealer-friendly / dealer-sourced direct car sales brand. It’s embryonic and currently lists just 900 cars. Its ambition is to gain a decisive inventory advantage by bringing a large part of its dealer-base on board, and then use its huge traffic to drive sales. AutoScout24 is also strong in Italy and Benelux, the basis for a broader pan-Europe service. There’s also a question of if and how Mobile.de in Germany will enter the market, as well as the many other leading auto classifieds services owned by Adevinata, and those owned by Schibsted in the Nordics.

Constellation: Integrated operations

With the CarNext acquisition, Constellation will be an integrated b-to-b, b-to-c and c-to-b force that includes:

- CarNext, which is selling used cars to consumers at an annual run rate of 40,000, and another 210,000 on a digital b-to-b auction platform. It has a long-term supply agreement with LeasePlan for 250,000 “quality” used cars (low mileage / relatively new) annually. It sells cars to consumers in seven of the largest markets in Europe, and operates b-to-b auctions in 22 countries.
- Cinch, a business-to-consumer online used-car marketplaces in the U.K., launched just 12 months ago. It has about 5,000 used cars for sale in its inventory now, both from traditional dealers and from Constellation stock.
- WeBuyAnyCar, a used-car website in the U.K. that provides 16 million auto valuations a year and purchases hundreds of thousands of cars from consumers, some of which --- higher quality / lower age cars --- are now sold by Cinch.
- BCA, the b-to-b marketplace, operating in 14 countries and trading almost 1.7 million cars annually, whose remarketing businesses are a supply channel for Cinch and, we assume, CarNext.

TDR Capital, the London-based private equity company that owns the majority of Constellation, acquired the company in 2019 and took it private. Constellation raised funds this year from two sovereign wealth funds, Abu Dhabi Investment Authority and GIC of Singapore, as well as Neuberger Berman and Soros Fund Management LLC. Constellation says it has €2 billion of “fresh capital” available to it, which suggests it may be €1 billion up on either AutoHero or Cazoo in spending capacity.

The ‘Big 5’ of European car e-commerce

- Europe has five well-funded auto e-commerce services
- Each approach is different, particularly in car sourcing
- There are more to come, and various smaller services

By Jonathan Turpin

Five companies are fighting to win in a potential profit pool of €40 billion in European car e-commerce

The European consumer used-car market is worth €500 billion (\$580 billion), plus or minus a hundred billion or so. Let's estimate the future margin in auto e-commerce at 8%. That's a potential profit pool of €40 billion. Add the profits of the auto finance industry on top, as they're also in the mix.

It's a lucrative opportunity.

Five companies are working to dominate this space. They are:

- Aramis Group
- AutoHero
- CarNext
- Cazoo
- Cinch

Here's a look at each one.

The pioneer: Aramis Group

Aramis Group was founded in 2001. It is based in France, listed on Euronext Paris, and majority-owned by Stellantis Group (61%), the car manufacturer formed by the merger of PSA Group and Fiat Chrysler. It's an automotive e-commerce pioneer. Despite pivots and evolving ownership, it's still run by its founders.

Aramis Group has four digital dealer / car supermarket brands. In revenue rank, they are: AramisAuto (France), CarSupermarket (U.K., recently acquired), CliCars (Spain), and Cardoen (Belgium). The group generated €831 million in revenue in FY20, up 12% from €742 million. It sourced 72% of the used cars it sold from dealers. Some 10% of its used cars came from businesses associated with PSA Group.

Despite selling more used cars (14,346 in Q2, 2021) than Cazoo (8,772) or AutoHero (8,415), and being profitable for many years, its market capitalization is less than a third of either Cazoo or

Auto1 Group. It also sells a decent volume of 0km, i.e. pre-registered, new cars --- 8,851 in Q2.

Aramis Group is more rooted in bricks and mortar than other leading e-commerce services. It has 60 customer centers across Europe. Much of its business is car supermarkets evolving toward digital. It's growing more slowly --- despite a 16-year head start on the rest of the Big Five, it's only at 0.3% market penetration. And then there's the auto manufacturer majority ownership, which is a risk as well as a benefit. It's just not sexy to investors, and needs to prove its tech credentials.

Best positioned: AutoHero

AutoHero is the consumer retail arm of wholesale business Auto1. Launched as a pilot in 2017 and made the primary focus of the business in early 2020, it's the favorite to win big in Europe. We cover it more fully in a standalone article, Page 76.

Leveraging the fleet: CarNext

CarNext was created in 2017 by leasing giant LeasePlan as a digital brand to sell end-of-lease cars and explore consumer-oriented "car-as-a-service" models like subscriptions. It has b-to-c marketplaces in seven countries and sells b-to-b in 22, through digital auctions. Cars are also sourced from "a network of trusted third parties and active sourcing activities." It operates 45 delivery stores and pickup points, many of which let consumers come in and browse the cars.

CarNext sold 39,100 cars to consumers in 2020 and 199,500 cars b-to-b, with a GMV of €2.5 billion (\$2.8 billion). Revenue was €138 million, up 16% year-on-year. Revenues are from car sales and ancillary services, but also de-fleeting fees (charges for refurbishing ex-fleet cars and preparing them for sale). The business lost €80 million.

The CarNext team faced a difficult journey,

CAZOO

 **AUTOHERO**

CarNext
.com

trying to create a new, entrepreneurial, consumer retail business inside a b-to-b giant. Two very different cultures. On July 1, that challenge was addressed by carving out the business into a separate private equity-owned company, backed with €400 million (\$460 million) of additional funding.

The new owners are the core investors in LeasePlan, including TDR capital (owned by the Abu Dhabi Investment Authority), GIC (the Government of Singapore Investment Corp.), pension funds PGGM in the Netherlands and ATP in Denmark, and Goldman Sachs Asset Management. Equity shares have not been disclosed.

LeasePlan has guaranteed supply of 300,000 quality used cars annually to the venture. These are owned by LeasePlan until they're sold, generating a commission.

Crossing the channel: Cazoo

Cazoo is a phenomenon. It took just three years from founding to listing in New York at an \$8 billion valuation. Founder Alex Chesterman is a serial entrepreneur with two big exits under his belt: Zoopla, the real estate classified-and-more company, to private equity company Silver Lake Partners for \$3 billion in 2018, and subscription TV service LoveFilm to Amazon for \$317 million in 2011.



Cazoo has announced plans to launch in France and Germany before the end of 2021. Source: Cazoo

Cazoo launched in the U.K. in December 2019. It's the most straightforward of the Big 5, a startup that doesn't piggyback on shareholders to source cars. It's full-stack and focused. The big question is: Can it compete effectively in sourcing against the piggybackers?

Cazoo is building its sourcing from scratch. It started with cars from wholesalers and other trade sources, and now also runs its own consumer purchase and trade-in services. (The positive news is that in the U.S., Carvana reported sourcing 65% of the cars it sells directly from consumers [Q4 2020].) Cazoo could also sell cars from dealers, as Carvana is doing with its "Marketplace" listings.

Chesterman is a big believer in subscription services. Cazoo acquired U.K.-based Drover and Germany-based Cluno to add car subscriptions to its product lineup, and to

help its international ambitions. (Drover operates in the U.K. and France.) In the U.K., Drover is now integrated into Cazoo, which offers subscriptions for new and nearly new cars. (New cars come directly from manufacturers; Cazoo is not permitted to sell them for a period of time.)

Cazoo has announced plans to launch in France and Germany before the end of 2021. Ahead of the launches, it's buying cars to sell.

Creating a marketplace: Cinch

Cinch launched in the U.K. in July 2019 as an auto classified service, but was probably built to evolve into an e-commerce business. It's owned by Constellation Automotive Group, the U.K.'s No. 1 car wholesaler, which owns leading consumer car-purchase service WeBuyAnyCar.com and b-to-b wholesaler BCA.

In October 2020, Cinch pivoted into an e-commerce marketplace. It kept carrying classified ads for a while, in a low-key way, but now they're gone.

As well as selling its own stock, Cinch sells cars from dealers. The model is ingenious: BCA wholesales a car to a dealer, keeps it on its own premises, preps it for sale and then Cinch sells it online. The dealer effectively funds Cinch's stock and carries the sale-price risk, while never actually seeing the car. Last year, we were told dealers would pay Cinch a fee of around £600 (\$780) for each car sold, which also covers the cost of delivery to the consumer. The dealer takes the profit on the car and shares in financing and ancillary revenues.

Cinch and Cazoo are locked in a marketing war. It's near impossible to take a car ride in the U.K. with the radio on and not hear an ad for one or the other, quite often both. There's strong TV presence too. Marketing execution has been excellent on both sides.

At present, Cinch has 4,900 cars vs. Cazoo at 2,600. While Cinch has the upper hand in inventory and seems to be selling a few more cars, what's most interesting is how Cinch's access to 1.7 million cars per year wholesale at its parent group plus dealer stock doesn't seem to be giving it a huge inventory advantage. It doesn't release numbers, but gives occasional hints about volume.

Almost a year ago, Cinch said it [planned to have 70,000 cars for sale within a year](#). Clearly, something hasn't worked out; it's not even at one-tenth of that inventory. Industry sources suggest Constellation Automotive hasn't found a way to substantially increase the number of higher value cars bought through WeBuyAnyCar.com to support Cinch's need for premium inventory. At the same time, the current acute shortage in used car supply and quick inventory turn coupled with high retail prices across the industry is encouraging dealers to keep their cars to sell themselves rather than accept a lower



margin listing on Cinch.

The Cinch vs. Cazoo battle will run for a while. Cinch has also announced plans to launch in continental Europe.

Marketplace groups: Adevinta, AS24, more

Beyond the Big Five, who else is interesting in auto e-commerce?

Four big marketplace groups dominate auto classifieds across Europe.

In auto revenue rank, they are: Adevinta, which has just absorbed eBay Classifieds Group; Auto Trader Group Plc based in the U.K.; AutoScout24, based in Germany, and Schibsted. All are focused on how to evolve their businesses into auto e-commerce.

AutoScout24 was first to make the full jump into e-commerce, launching its direct-to-consumer service AutoScout24 Smyle. (See article, Page 84.)

Among the smaller players (in Europe), OLX has launched a direct-to-consumer service, OtoMoto Klik, cobranded with, and running in parallel to, OtoMoto, OLX's market-leading auto classified site in Poland.



Aures Holdings owns AAAAuto, operating in the Czech Republic, Slovakia, Poland and Hungary. Source: AAAAuto

HeyCar

HeyCar is a vehicle for European car manufacturers, their financing arms and other partners to get into used-car e-commerce, listing cars from franchise dealers. It is multi-brand, and accepts listings from all marques, not just those of its owners. (See article, Page 28.)

Aures Holdings: AAAAuto and Driverama

[Aures Holdings](#) is an innovative group specializing in “purchase, sale, financing and insurance of used cars and additional services in Central and Eastern Europe.” Its largest business is dealership group [AAAAuto](#), which is one of the most digitally-focused we’ve seen. It looks and feels like a digital dealer.

AAAAuto operates across the Czech Republic (where it’s very strong), Slovakia, Poland and Hungary. It sells 82,000 cars annually through 47 branches.

Aures is also building to the launch [of a digital dealer business](#), Driverama, with plans to roll out in 11 countries by 2025, starting with Germany. It is [buying cars in Germany under the Driverama brand](#). The company said the Netherlands, Belgium and Luxembourg will follow next. It’s investing €100 million for the concept, with €400m in follow-on investment planned.

Dealers / manufacturers

Other dealer-related auto e-commerce initiatives include:

- **Bynco**, owned by innovative mobility group AutoBinck, in the Netherlands, sells cars fully online from dealers and private sellers. Bynco never owns the car. The dealer is responsible for legalities like distance-selling regulations. The site had 8,700 cars listed for sale in early October and 330,000 total monthly visits in August, according to SimilarWeb. Parent AutoBinck operates car dealerships, leasing services,



U.K.-based Carzam talks a big game, but has not made a major impact on the market yet. Source: Carzam

mobility services, and other auto-related ventures.

- **Carzam** in the U.K. is owned by **Peter Waddell**, CEO of car supermarket group Big Motoring, and **John Bailey**, former president of international operations at Cox Automotive. The business is reportedly backed to the tune of £50 million (\$70 million) and talks a big game. It announced sales of 1,600 cars and turnover of £20 million (\$27 million) in its first eight weeks of operation to February 2021, but hasn't released any more data. It currently has just 952 cars on the site, which had 111,000 total monthly visits in August --- a contrast to Cazoo's 2.9 million.
- **SpotlCar**, owned by Aramis Group's majority shareholder --- car manufacturing group Stellantis --- is a multi-brand manufacturer-approved used-car service, hybrid digital and offline. It offers cars from PSA Group --- Citroën, DS, Opel, Peugeot, and Vauxhall. It plans to add Fiat Chrysler cars soon --- in Europe, most importantly Fiat. The service is live in nine of 10 planned countries: Austria, Belgium, France, Germany, Italy, the Netherlands, Poland, Portugal, Spain and the U.K.

In general, the culture of dealer groups is

quite different from the high-stake investment culture currently driving development of the leading e-commerce providers.

Smaller competitors

There are a number of smaller auto e-commerce services, often country-specific, including:

- **BrumBrum**, Italy. Full-stack digital dealer, also offering long-term rentals.
- **BuyACar**, United Kingdom. Just-in-time, dealer-sourced retailer --- lists cars from dealers. When a customer orders a car, BuyACar buys the car from the dealer to immediately resell to the customer.
- **InstaMotion**, Germany. Just-in-time, dealer-sourced retailer. Stake acquired by Allianz in 2016.
- **ReezoCar**. Cross-border, concierge car-buying specialist, now evolved into a broader just-in-time, dealer-sourced retailer. Acquired by Societe Generale in December 2020. (See our article, Page 113.)
- **SpotAWheel**, Greece and Poland. Sources cars from private sellers; either sells on their behalf or buys to sell as its own inventory.

	AutoHero *	Cazoo	Cinch
Consumer offer			
Consumer website	AutoHero.com	Cazoo.co.uk	Cinch.co.uk
Traffic (visits, Aug. 21, m)	2.1	2.9	2.7
TrustPilot rating	4.4	4.7	4.6
Current listing volume	9,500 (Barclays tracking)	2,502	5,059
Negotiation	No-haggle pricing		
Delivery time	Not specified	"As little as 72 hours"	"As little as 72 hours"
Delivery slot	Not specified	Two-hour slot; 15-minute call ahead	2-hour slot; 7 days / week; 15-minute call ahead
Delivery charge	Free	£75 (\$100)	Free
Driveaway insurance	Not provided	Seven-day	Three-day
Collection option	400 WKDA locations	20 customer centres	> 100 WBAC branches
Quality criteria	No specific criteria beyond prepping, inspection standards, title and accident checks		Under 7 years and 70,000 miles
Inspection	Approach not disclosed	300-point	225-point
Money-back guarantee	21 days	Seven days	14 days
Warranty period	12 months	90-day plus. Roadside assistance	90-day. Roadside assistance
Trade-in	Yes, with home pickup		
Payment	Reserve online (€500). Balance by bank transfer	Online, debit or credit card, bank transfer	Online, credit or debit card
Consumer financing	Some own book (Germany only) and multiple banks	Lender (Black Horse), broker (Evolution Funding), plus own car subscriptions	Lender (Black Horse) and broker (Evolution Funding)
Handles car registration	Germany: No. Temporary license plates supplied	Yes	Yes
Company: Sales and operations			
HQ	Berlin, Germany	London, U.K.	Farnham, U.K.
Coverage	Nine European countries	U.K., expanding next to France and Germany	U.K.
Population coverage	~342m	~68m	~68m
Consumer launch	November 2017	December 2019	Pivot to e-commerce: October 2020
Does it sell partner cars?	No	No	Yes: Dealer stock
Consumer rev. (Q2, 21)	€114m (\$134m)	€111m (\$129m)	N/A
Gross profit per retail unit (Q2, 21)	€363 (\$420)	£460 (\$625)	N/A
Retail cars sold (Q2, 21)	8,415	8,772	"Annualized sales rate of >70,000" (Sep. 2021)
Sales % of mkt. (Q2, 21)	~0.07%	~0.4%	Estimated: 0.5%
Car sourcing	Trade-in, group c-to-b and b-to-b operations	Instant purchase, trade-in, wholesalers, fleets, dealers, manufacturers	Group b-to-c and b-to-b operations, dealers
Logistics	Own fleet for final delivery; contracted backbone	Own network	Group inc. BCA. Cars are driven the 'last mile'
Refurbishment	Low volume local centers; evolving to larger centers	11 acquired centres > 170,000 cars / year	Own group, large refurbishment centres
Funding position	€789m (\$936m) in cash / investments at end-Q2	~\$1bn proceeds from August 2021 SPAC merger	£1bn (\$1.4bn) raised in May 2021
Market capitalization	€6.6bn (\$7.6bn)	\$5.4bn	Undisclosed

* Based on Germany for elements that may vary by country

	Aramis Group *	CarNext *	Carvana
Consumer Offer			
Consumer website	AramisAuto.com + 3	CarNext.com	Carvana.com
Traffic (visits, Aug. 21, m)	Four sites: 2.3, 1.2, 0.7, 0.3	4.3	21.8
TrustPilot rating	4.1	4.3	DealerRater: 4.3
Current listing volume	France: 1,818	Germany: 1,720	44,431 (Search: Atlanta)
Negotiation		No-haggle pricing	
Delivery time	Variable. Often 24 hours	Not specified	Varies by your and car location. Can be next day
Delivery slot	Two-hour slot	Not specified	Specific time, with call by driver on the way
Delivery charge	France: €228 to home / €178 to a store	Currently free due to Covid	Varies by your and car location. Often free
Driveaway insurance	No	No	No
Collection option	France: 31 branches	Germany: 4 delivery stores	From 28 "vending machines"
Quality criteria	No specific criteria beyond prepping	"Directly from the first owner," No specific criteria beyond prepping	No specific criteria beyond prepping
Inspection	200-point	228-point	150-point, plus free Carfax report
Money-back guarantee	30 days / 1,000km	14 days	Seven days
Warranty period	No maintenance costs for 1 year / 15,000km	12 months	100 days / 4,189 miles
Trade-in	Yes, with home pickup	Yes, no home pickup	Yes, with home pickup
Payment	Deposit: Debit / credit card; Balance: Bank transfer, cashier's check, credit card	Bank transfer only	Offline: bank transfer, cashier check
Consumer financing	PSA Finance France, BNP Paribas Personal Finance, Capitole Finance - Tofinso	"Selected partners"	-80% of customers take Carvana's own finance
Title registration	Yes	Not specified	Yes, offline process
Company: Sales and Operations			
HQ	Arcueil, France	Amsterdam, Netherlands	Phoenix, Arizona
Coverage	Belgium, France, Spain, U.K.	7 countries retail; 22 countries b-to-b	Selected U.S. markets, 79% coverage at Q2, 21
Population coverage	-192m	Estimated: 240m	-263m (Q2, 2021)
Consumer launch	Founded: 2001	2018	January 2013
Does it sell partner cars?	Yes: Dealers including Stellantis Group	Yes: Parent LeasePlan and trusted third parties	Yes, dealers
Consumer rev. (Q2, 21)	Used: €197m; 0km: €134m	N/A	\$2.5bn
Gross profit per retail unit (Q2, 21)	FY21: >€2,150 (\$2,490) inc. new and wholesale	N/A	\$5,120 inc. wholesale contribution
Retail cars sold (Q2, 21)	Used cars: 14,346	Q1, 21: 9,300	107,815
Sales % of mkt. (Q2, 21)	-0.3%	Estimated: 0.2%	Estimated: 1.3%
Car sourcing	Wholesale, parent group, b-to-c instant purchase	"From the first owner." LeasePlan, third parties	Trade-in, instant purchase, wholesale, dealers
Logistics	Own fleet, third-party. Cars driven 'last mile'	TBD	Own network
Refurbishment	France: 1 x "factory"	Assumed LeasePlan	13 centers. Capacity: 750k cars / year
Funding position	-€250m (\$290m) raised at IPO in June	Undisclosed	Cash and equivalents: \$201m; total liquidity resources: \$1.0bn
Market capitalization	€1.5bn / \$1.7bn	Undisclosed	\$49.3bn

* AutoHero based on France and CarNext on Germany for elements that may vary by country

HeyCar, and how OEMs are preparing to take on the digital dealers in Europe

- Big names are backing HeyCar with pan-European ambitions in digital retail
- Business focused on creating e-commerce service owned by OEMs
- It's a sleeping giant that can become a gamechanger with the right execution

**By Jonathan Turpin
and Pavel Marceux**

HeyCar is aiming to take on both the digital dealers and the transactions-led auto classified companies across Europe

HeyCar, the Germany-based vertical, was launched in 2017. While consumers may have perceived it as just another classified site, albeit focused on “quality” cars under warranty, its ambition was always much bigger: to create a multi-brand e-commerce service owned by, and operated for the benefit of, car manufacturers.

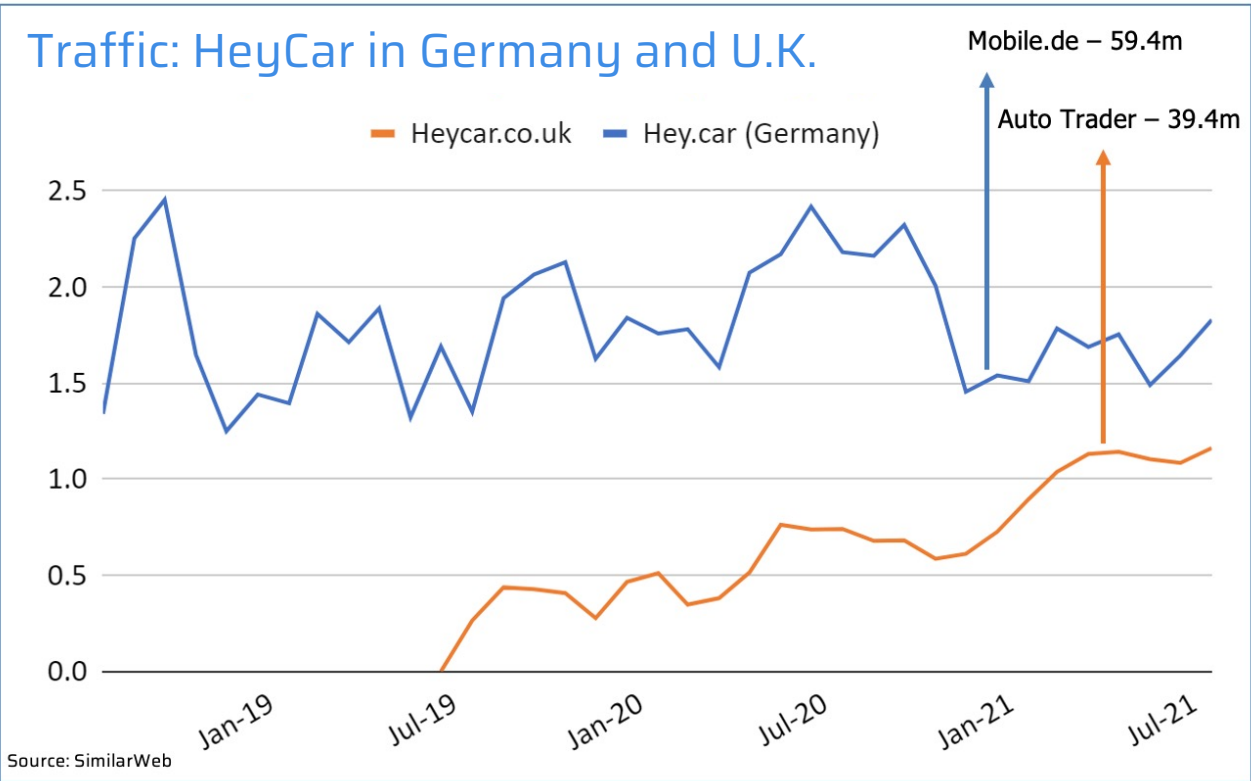
Four years later, having spent around €150 million by the end of 2020, the e-commerce intent is clearer. HeyCar is pursuing a dealer-friendly e-commerce model, as many classified services will. The big unknown, for HeyCar and other classified companies, is whether a dealer-centric proposition can match the focus and firepower of the “full-stack” digital dealers such as AutoHero, Cazoo and Cinch.

Big names, modest classified

Volkswagen set up the venture, formally owned through Mobility Trading Holding GmbH. [Daimler joined a year later in 2018](#). And this year, [Germany-based insurance giant Allianz invested in July](#) and [Renault Group announced in September that it's taking a stake](#), too. It wouldn't surprise us to see more auto manufacturers join. Volkswagen and Renault are investing through their financing arms, an indication (as with all digital auto retailers) that financing is the heart of the business.

These are big names for what is, in essence, a fairly modest classified venture. Their plan is to take on:

- The Big 5 of European digital auto retail: AutoHero (owned by Auto1, listed on the Frankfurt Stock Exchange); CarNext (owned by LeasePlan with private equity); Cazoo (listed on the NYSE); Cinch (owned by Constellation Automotive Group), and Aramis Group (listed on Euronext Paris, majority owned by Stellantis Group, the car manufacturing business formed from the merger of PSA Group and Fiat Chrysler).
- The major classified services as they evolve into e-commerce businesses. There is a one-off opportunity to disrupt these



services as they go through a rare period of vulnerability transitioning to e-commerce. AutoScout24 has just launched its e-commerce proposition, Smyle, in Germany. Auto Trader in the U.K. is steadily rolling out the components of what will in time become a full e-commerce offer. (See article, Page 83.)

HeyCar is now live in Germany, Spain and the U.K. Its owners won't stop there. Germany is home territory for Volkswagen and Daimler, the U.K. is the natural test bed for auto e-commerce in Europe --- take up is faster than on the mainland, --- and Spain is likely the beginning of the rest. This is a test-then-replicate strategy.

The early business model

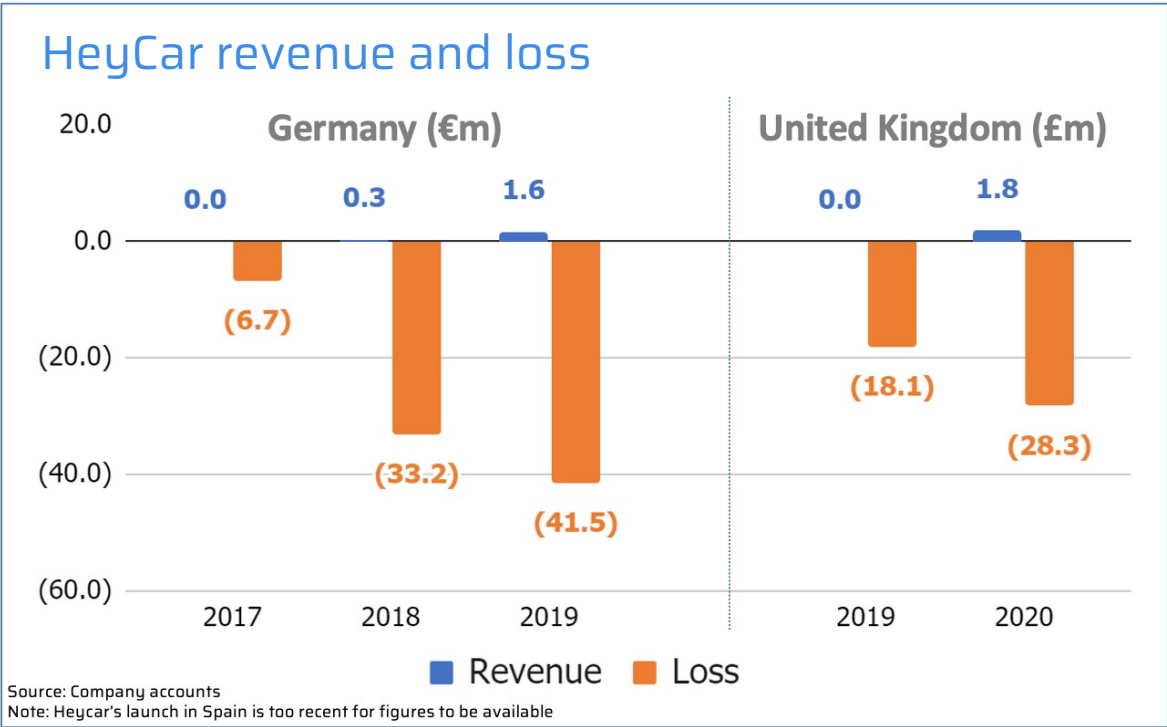
From the start, HeyCar was positioned for e-commerce. The service was free to list, with dealers paying a commission on the sale of each car --- a seemingly natural precursor to charging dealers only on sale in

e-commerce. However, HeyCar underestimated the challenges inherent in the model, [transitioning to pay-per-lead in 2020](#).

When Daimler joined in 2018, it publicly confirmed the e-commerce ambition.

"Used vehicles are increasingly being bought and financed online," the company stated in an announcement. "With our strategic investment in HeyCar, we are enabling the further expansion of a cross-brand platform for manufacturers, dealers, automotive banks and customers on which everything is available from a single source, from purchase through to financing and insurance."

In 2019, HeyCar in the U.K. rolled out fully online car purchasing, with 50 cars available initially. Germany [followed with "buy online" in 2020](#). Today, the U.K. site has 1,300 cars that can be bought online, out of 69,000 in total. In Germany the site doesn't disclose numbers.



The initial buy online cars were off-lease vehicles from Volkswagen Financial Services --- an indicator of another strategy, exclusive access to parent-company inventory. The thinking may be much bigger. Manufacturers are beginning to bypass dealers to sell cars directly. In time, HeyCar may have more direct and extensive access to the vehicles owned by its parent companies and their finance arms at the end of their fleet lives, and to new cars, i.e. preferred access without a dealer in the middle, perhaps even some degree of exclusive access. That's a difficult strategic advantage for any competitor to match.

Irrational P&L for a classified service

By the end of 2020, HeyCar in Germany and the U.K. had combined cumulative losses of around €150 million, for a direct return of just a few million euros in revenue. (See chart.) (HeyCar's launch in Spain is too recent for figures to be available.)

In August, HeyCar's branded sites recorded monthly visits at a proportion of just 2.9%

and 3.1% of the classified market leaders in each country. Although further traffic is delivered through third-party sites that HeyCar acquired and distribution deals with publishers, the overall picture is not one of a surging classified business.

In fact, if HeyCar was an ordinary classified launch, it would have been terminated early in its development --- throwing money at auto classifieds to challenge well-entrenched, dominant services never works.

But HeyCar isn't pursuing the listing revenue that a top-notch European classified service might bring in (€50 revenue per unique car advertised). It's after the €1,200-plus in average net profit per car sold that should in time accrue to successful digital auto retailers. In the U.S., Carvana already delivers \$417 in EBIT per car sold and \$1,039 in EBITDA. It has plenty of scope to improve its unit economics as it scales.

Financing is the heart of the ambition

For HeyCar's OEM financial services and

Another OEM-led marketplace: AramisAuto

HeyCar is not the only OEM-led business looking to disrupt European used-car trading. Stellantis, (formerly PSA Group and Fiat Chrysler, now merged) has also moved directly into auto e-commerce through its acquisition of France-based AramisAuto in 2016 (now Aramis Group). The business has since IPO-ed, but Stellantis remains the majority shareholder. Time will prove whether this will be a better and less-costly path into the segment.

Aramis Group, across its four brands (AramisAuto in France, CliCars in Spain, Cardoen in Belgium and recently added CarSupermarket in the U.K.) sold 14,346 refurbished used cars and 8,851 new "0-km" cars through its retail channel in the quarter to June 30, 2021. This compares to 8,415 at AutoHero and 8,772 at Cazoo --- nearly all used cars. At a current market capitalization of €1.2 billion (\$1.4 billion), the business is lowly rated by the market versus Auto1 (\$7.6 billion) or Cazoo (\$5.4 billion), but it's certainly a substantial business, with revenues of over €1 billion in 2020, including the U.K., on a pro forma basis.

insurer parents, there's huge value to be derived from shifting financing and insurance market share in their favor, or at least defending their current positions. This value is off book from HeyCar, but a significant factor in the strategy.

Whoever owns digital auto retail will own the financing that goes with the cars. The OEM financing arms know they are seriously at risk. Carvana runs its own finance book, attaching financing to around 80% of the cars it sells. That's business being taken from the big U.S. auto financing companies. In Europe, AutoHero has just started to run its own book, with €12 million in auto loans in place at the end of Q2. All scaled digital auto retailers will go this way.

In this context, HeyCar's losses are minor. Auto1 / AutoHero, Cazoo, and Constellation Automotive Group / Cinch each have around \$1 billion in the bank to spend on their plans. Aramis Group and CarNext are less endowed, but still have hundreds of millions each at hand.

With an addressable market of around 50 million used and new cars sold annually in Western Europe, the addressable profit pool for digital auto retailers is a massive €60 billion-plus, including profits from financing.

Of course, not every car will be sold online or via one of the new digital auto retailers / auto marketplaces. However, whether a car is delivered or collected, increasingly the heavy lifting will be done online: contracts, financing, trade-ins, warranties, and so on.

The value in owning e-commerce is bigger for the manufacturers and their finance arms than anyone else. Once they're certain of their direction, they have the capacity and the motive to outspend everyone. Volkswagen alone had €41 billion (\$49 billion) in cash and equivalents in hand at the end of June. The \$1 billion table stakes of HeyCar's competitors may soon look small if the manufacturers go all in.

Why a joint venture

In forming the HeyCar joint venture, the OEMs in HeyCar understood four key challenges for their positions in e-commerce:

- Any winning auto retail proposition has to be multi-brand. Consumers are losing their brand loyalty, and the switch to electric vehicles will add further impetus to try new marques. They want to compare the different brands side-by-side.

HeyCar financials and ownership

Extrapolating from the accounts of Mobility Trader GmbH in Germany and Mobility Trader U.K. Ltd, HeyCar had cost its parents around €150 million by end-2020. (See chart).

While expenses are not broken down, it's likely most of the costs have been for marketing, site development and maintenance, with a lesser amount for personnel expenses.

At end-2019, at holding company level, the auditor found negative equity of €7.8 million and stated that Mobility Trader was "over-indebted." But this didn't pose a problem as "the solvency of the company was always guaranteed by equity injections by the shareholder." The auditor neatly summed up the realities of the situation by saying HeyCar "has considerable values that are currently not reflected in the balance sheet."

The current shareholders in HeyCar (Mobility Trader Holding GmbH) are:

- Volkswagen Financial Services AG, 40%
- Volkswagen Finance Luxembourg SA, 40%
- Daimler Mobility AG, 10%
- Allianz Strategic Investments SarL, 10%

Renault Group and its finance arm RCI Bank and Services are acquiring a stake in the business, level and price undisclosed. The deal is due to close in Q4, 2021.

The business also has "stille Beteiligungen" (silent participation), a form of investment in cash or kind with different rules from equity participation, where the name of the investor does not appear on the public record. The Central Association of the German Motor Vehicle Industry has declared itself as a silent participant. There may be others.

- The value in the used-car market is in high-quality, low-age, premium cars, and this is a differentiable segment in its own right. By carving out quality cars, and wrapping those cars in solid guarantees, specialists can strongly differentiate themselves from classified services. Classified companies need to carefully consider how they present and sell quality cars in a way that stands up effectively against the quality specialists.
- In the premium segment, as car manufacturing quality has improved so much, consumers are increasingly trading off between new and used-car purchase. Manufacturers will have to make their new cars available through the leading quality used-car e-commerce sites to maximize their sales. If they can own a leader, they will be better able to control their brand positioning and the rich data

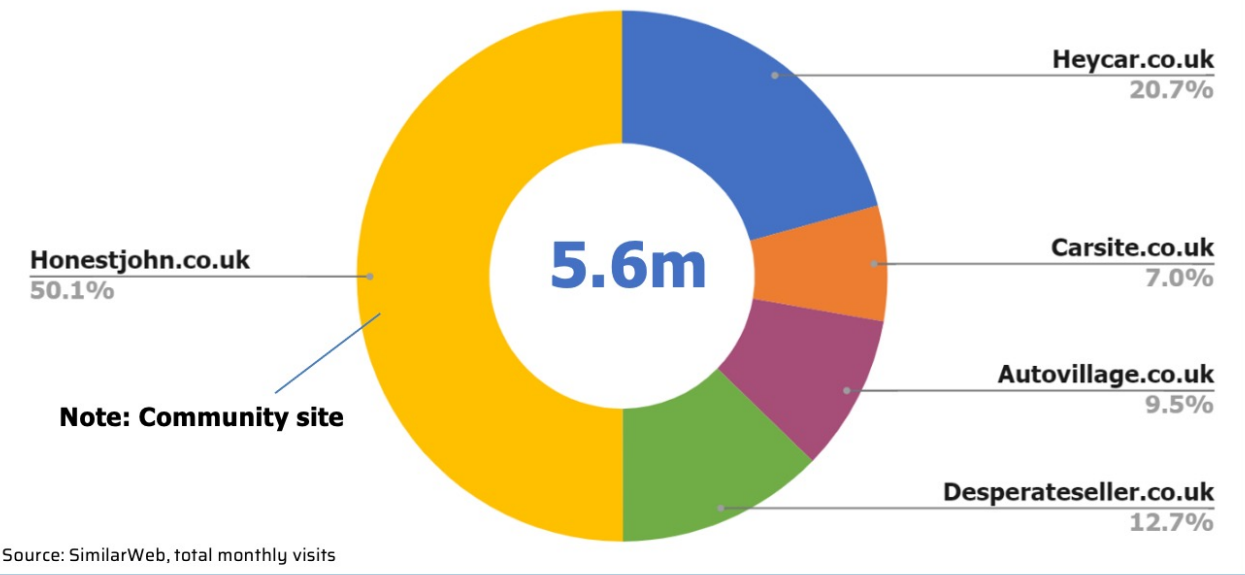
that e-commerce provides.

- Whoever becomes the dominant digital auto retailer will also be dominant in the hugely valuable auto financing market. We believe auto e-commerce is a "winner takes most" market, like classifieds, though with quite a bit more space / profitability to support sizeable second and niche businesses. The power of integrated financing is already visible at Carvana. All auto financing businesses should be concerned about the disruption that is coming to their market.

Execution is everything

HeyCar and its owners are part of a complex manufacturer and dealer ecosystem. E-commerce is just a small part of it for now. HeyCar is moving carefully to keep dealers on side as it evolves toward e-commerce.

Traffic to HeyCar-owned sites in the U.K, August 2021



This is getting easier for all classified companies now that dealers, particularly in Germany and the U.K., see the scale of the threat they face from their pure-play e-commerce rivals. For now, HeyCar is pursuing a dealer-friendly approach. It can evolve the model as the manufacturers reshape the broader manufacturer-dealer ecosystem and as the e-commerce landscape unfolds.

The opportunity for HeyCar and other classified services in taking a dealer-friendly approach is inventory. If they can achieve high conversion of their dealer customers to their e-commerce platforms, they can make tens of thousands of cars available for online purchase very quickly. Car sourcing is a challenge for their competitors, the digital dealers. Cazoo, after almost two years of trading, has just 2,500 cars on sale. Cinch, whose sister companies trade 1.7 million cars c-to-b and b-to-b each year, only manages 5,000.

The concern in taking a dealer-friendly approach is quality control. Digital dealers refurbish every car leaving their lots, so they can be confident in the quality of those cars.

E-commerce that draws on dealer stock depends on dealers consistently meeting accepted quality standards. Can dealer-friendly e-commerce services match the consistency in car quality offered by digital dealers? It remains to be seen.

Pricing could also be an issue where dealers are setting the sale price of their cars. The best digital dealers price dynamically, applying sophisticated algorithms to huge amounts of real time data to optimize price. Again, it remains to be seen if dealer-set pricing can deliver as good a consumer experience as the algorithm. Most likely, e-commerce providers working with dealers will provide algorithmic systems that push the dealers to price effectively.

HeyCar is staying flexible between an e-commerce and a lead-based approach. Like many classified services, it recognises that only 30% of consumers are open to buying a car fully online, while the other 70%, for now at least, want a traditional dealer relationship. HeyCar is deploying online financing and automating dealer functions to improve convenience for the traditional buyers but also offering a full e-commerce

experience. In e-commerce, it runs on a just-in-time basis, buying the car from the dealer when a customer pays the deposit and reselling it immediately to the customer in its own name. It shows more information on the dealer than AutoScout24's Smyle in Germany or Cinch in the U.K., which operate a similar model (though Cinch also sells its own as well as dealer stock.) This makes HeyCar perhaps the most dealer-friendly e-commerce service available. It even allows prospective buyers to call or message the dealership about a car, in which case HeyCar may lose the transaction to a direct sale by the dealer and end up with a lead rather than a transaction fee.

HeyCar's functionality is still clunky, certainly in the U.K. The contract arrives by email and it's difficult to find cars where a financing quote is available online. (We know they have fully online financing for

some of their financing partners, but the availability across cars doesn't seem high.) However, its service is still embryonic.

The dice have been rolled

So HeyCar is a fascinating move by European OEMs, not just a modest classified play. Whether the owners succeed in their ambition --- major corporations are notorious for failing as entrepreneurs --- anyone interested in the future of classifieds and auto transactions across Europe should carefully study what HeyCar is doing.

And even if HeyCar fails, how long will it be before the OEM finance arms (and other major auto finance businesses) start to acquire auto retailers to protect their existing businesses and have a chip in the game as and when auto retail consolidates further?

Will quality used-car marketplaces disrupt automotive classified sites?

- Digital dealers like Carvana offer a substantially better consumer experience
- Marketplaces are building similar offerings without holding inventory
- Auto classifieds may avoid disruption by marrying their existing business with consumer experience of the digital dealers

By Angela Hawksford

A new generation of marketplaces is emerging that may challenge the positions of the top automotive classified sites around the world

It's rare that a leading classified marketplace is overtaken by a challenger, unless the challenger is doing something truly disruptive. Now, it looks as if quality used-car transactional marketplaces might be the next big disrupter of automotive classified marketplaces.

Digital dealers like Carvana, Cazoo, Clicars and Spinny buy cars, recondition them and sell them online to consumers complete with warranties and money-back guarantees, in what **Malcolm Myers**, the founder and CEO of European Internet Ventures, calls "a dramatically better proposition than anything we've seen before."

Some of these digital dealers may evolve into quality transactional marketplaces, extending to selling dealer cars too. Other contenders are also emerging to build transactional marketplaces.

Transactional marketplaces challenging incumbent classifieds

In addition to digital dealers, there are two types of auto business moving to become quality transactional used-car marketplaces:

- **C-to-b and b-to-b auto auction / trading platform operators.** These include Auto1, BCA-backed Cinch, and Carsome.
- **New quality-oriented hybrid classified / transactional businesses**, such as HeyCar, backed by Daimler and VW.

All these services aim to deliver a value proposition at the quality level being achieved by digital dealers. Each is pursuing a slightly different approach to inventory sourcing.

Carsome, a Malaysia-based company valued at \$1.3 billion, began as a c-to-b auction platform, inspecting and auctioning consumer vehicles to used-car dealers. Last year, it launched its own transactional marketplace, where it sells some of its own inventory alongside dealer autos. Consumers can purchase a car

Updated from AIM Group Marketplaces Report 21.21, Nov. 5, 2020

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Carvana nears profitability and mulls marketplace territory

As Carvana makes increasing strides toward profitability, it's clear that neither it, nor the model, is going away. In Q3 of fiscal 2020, revenue grew 41% year-over-year to \$1.5 billion, with a net loss of just \$18 million, compared with a loss of \$92 million the prior year. Buoyed by Covid-19, Carvana was just 1.1% shy of profitability in the quarter and already in the black in terms of EBITDA.

More recently, Carvana has been working with a select number of U.S. dealers to bring their inventory into the fold. Carvana won't talk about how this arrangement works --- whether it takes a percentage of the sale price from the vehicles or if it gets to sell the ancillary services such as finance, extended warranties, and so on.

But the company looks certain to be entering marketplace territory. In an earnings call, the CEO acknowledged Carvana was conducting pilots with dealer inventory, but that it was still trying to determine what the pilots mean from a customer experience, scalability and economic perspective.

"When we feel like we've run those tests and got them to a place where we feel really good about the outcome through those three lenses, then we'll likely pour resources on them and we'll talk about them a lot more, and we'll seek to grow them out in the same way that we've grown buying cars from customers. But I don't think we have any projects that have yet risen to that level of discussion," said **Ernie Garcia III**, CEO and chairman of Carvana.

Carvana may be able to charge for the transaction itself on the basis that it's accelerating stock turnover for the dealers, bringing them extra sales from outside their normal catchment, or just making sales more efficient, including potentially reducing marketing costs.

Carvana also runs its own loan book. If Carvana is willing to give dealers a commission on loans, that will also sweeten the pie for dealers on joining its marketplace. Additionally, by extending the Carvana logistics network to dealer vehicles, any ordinary regional dealership suddenly becomes a national one. That's exceptionally compelling to a dealer. There's also scope for Carvana to charge the dealers for a certified inspection and bring them quality trade vehicles through Carvana's exchange service.

If the exercise is successful and Carvana can get more dealer inventory and then, possibly, new-car inventory, it has the potential to be enormously disruptive. Automotive Ventures CEO **Steve Greenfield** even thinks it might become an acquisition target. "Once they have the dealer inventory --- and they don't need a lot, but they have to prove that it works and it works for dealers --- then I think that's the day Amazon buys them," he said.

Even if Carvana isn't acquired, as a leading, profitable digital dealer, operating at scale with a dealer marketplace of quality used-car inventory, it really doesn't leave automotive classified companies much option but to compete. But by then, it might already be too late.

Continued from page 35

online --- complete with warranties, finance, insurance – and have it delivered to their door, with a money-back guarantee. As the dealers' cars have been inspected on their way through Carsome's c-to-b auction process, they are all "Carsome Certified." (More about Carsome, Page 48.)

BCA, in the U.K., also shifted the direction of its used-car marketplace **Cinch**. Launched in 2019 as an alternative classifieds site to AutoTrader U.K., BCA has pivoted the business to offer digital transactions, selling both its own and dealer inventory (as yet, primarily its own). All the vehicles have undergone a 225-point inspection, are under seven years old, have fewer than 70,000 miles, and have been serviced recently. When a consumer buys a car, it comes with a 90-day warranty, 14-day money-back guarantee, free three-day temporary insurance and free home delivery within 72 hours. Buyers can also arrange to exchange their existing vehicle.

HeyCar, launched in Germany in 2017 as a quality used-car classifieds service, owned by VW and Daimler, has the goal of displacing incumbent marketplace leaders Mobile.de and AutoScout24. Automakers and dealers have not historically been successful at creating truly competitive automotive marketplaces, but perhaps by focusing on transactions and quality used cars that might change.

HeyCar lists inventory that is no more than eight years old, has a maximum of 150,000 kilometers on the clock, and comes with a guarantee, in addition to the statutory used-car warranty. It lists cars from any brand, from dealers of all types (not just the franchise dealers of its automaker owners). To date, its traffic has been fairly flat, and its inventory is but a fraction of its rivals, despite VW and Daimler commanding a combined 42% of the German auto market, making them the two largest automakers in the country. It charges for leads rather than listings.

Last year, HeyCar turned on digital transactions in Germany. The online

experience is sophisticated. Buyers can pay by bank transfer or apply for finance online, transfer the title and arrange delivery. Cars are delivered within 10 days.

It offers exclusive "only from HeyCar" inventory with national delivery to the buyer's local dealer, a 12-month unlimited warranty and 12 months of roadside assistance --- a powerful customer proposition. This inventory seems to come from exclusive access to cars released from its owners' fleet operations at the end of their fleet lives.

While transactions may establish a point of difference from Mobile.de and AutoScout24 --- although AutoScout24 has also turned on transactions, not as slickly executed --- the quality proposition and exclusive inventory (regulators permitting) are the real differentiation. If HeyCar brings other automakers into the fray as a joint owner with Daimler and VW --- such as BMW, the No. 3 automaker in Germany --- it will have an even better chance of becoming a leading transactional auto marketplace. (More about HeyCar, Page 28.)

Transactional sites should be high yield

The financial return from quality used-car marketplaces is potentially much higher than from classified marketplaces.

While quality used cars, under most definitions, account for less than 50% of used-car sales volume, they will typically be 75% or more of sales value and of used-car finance value. Further, the value of a transaction is higher than a classified ad.

"It's unlikely [digital dealers will] ever become the platforms with the most visits or the most inventory, but over time there's clearly more EBITDA [earnings before interest, taxes, depreciation and amortization] per car to getting the transaction done on the platform," Myers told the AIM Group. The same is true for transactional marketplaces, except that they also have the potential to compete for a top position in traffic and inventory.



Auto sites in the U.S. are looking to build “a Carvana for dealers”, due to the strong consumer experience. Source: Carvana.com

How should auto classified sites respond?

For automotive classifieds, the urgent question is whether they can marry their existing business model with the customer experience of the digital dealers and used-car marketplaces. “All the [automotive sites] in the U.S. want to build the Carvana for dealers,” **Steve Greenfield**, CEO of Automotive Ventures and a former automotive marketplace executive, told the AIM Group.

“From a strategy standpoint, that’s what they are trying to figure out. This is a better consumer experience, so they’re saying, ‘We have to give dealers a way to provide a Carvana-esque experience,’” he added.

There are several pieces classified companies need to offer consumers to meaningfully compete with the digital dealers and quality used-car marketplaces:

- Quality inventory, with low mileage, up to seven years old

- Online finance, contracting, insurance
- Vehicle inspections, warranties, money-back guarantees
- Trade-ins with guaranteed pricing
- Delivery or convenient pick-up options

The first challenge is getting dealers onboard. They’re (rightfully) sensitive to the fact that when consumers can easily compare finance quotes, insurance and warranties --- all of what Greenfield calls the “profit centers” of the car deal --- it gives them more leverage to drive prices down. And then, for facilitating an online transaction, the marketplaces also have the leverage to come for a larger slice of the now potentially compressed margin.

However, some automotive marketplaces have found ways to add some of these pieces to their offerings without impinging on the dealers’ profit centers. CarGurus in the U.S. has a finance offering with three

lenders, which allows it to receive a marketing fee from the lender, while the dealer keeps the full commission. Carsales in Australia lets dealers show their own finance offers, which it will begin monetizing in late 2021. Auto Trader in the U.K. has provided a similar offering since 2018.

“That seems to be a pretty elegant way of giving the consumer more control on the third-party marketplace to configure their car deal, but in a way where dealers aren’t going to push back,” Greenfield said.

However, for the largest marketplaces, this may be an interim solution. Carvana offers an interesting model for finance at scale. It is the lender in its own right, taking much of the lender profit from each transaction as well as the equivalent of a dealer’s commission. This kind of arrangement could let marketplaces profit substantially from finance while still paying dealers their traditional commission. And, of course, there are already banks operating auto marketplaces, such as Santander in LatAm and Europe, and SberBank in Russia. We may see some further interesting marketplace / lender m-and-a going forward.

Building consumer trust will be critical

The element that really convinces a consumer to purchase a car online, sight-unseen, is peace of mind. Digital dealers provide this by carrying out inspections, publishing reports and photographs online of every flaw and imperfection, and providing warranties on mechanical faults (usually up to a year), in addition to money-back guarantees if the customers simply changes their minds. (Companies say this is rare. Clicars, for example, said less than 1% of cars are returned. Carvana is a rare exception in this case, stating that returns are “in the mid- to high-single digits,” though “half of those are swaps.”)

There is the question of whether marketplaces would need to buy the cars in order to provide inspections and warranties.

Myers doesn’t think they do. But he does think inspections must be provided by the marketplaces, which are trusted brands in automotive, rather than by the dealers.

“My view is that an inspection that has a brand stuck on it has far more value than one which is done by a small dealership,” he said. “Of course, if you’re going to invest some money in inspecting a car, clearly you need to ensure you have some exclusivity on selling it.”

CapCar in France is an online service that inspects and certifies cars, and then has an eight-week exclusive arrangement to sell them, for which CapCar receives a 5%-6% commission on the sale price. CapCar works in the c-to-c market, but its approach could be replicated by automotive marketplaces with dealer inventory. Or they could simply charge the dealer for the inspection, hopefully repaid with a premium on the sale price.

Encar, the South Korea-based vertical owned by Carsales, provides a vehicle inspection service for dealer inventory, which has enabled it to roll out online transactions with home delivery. Dealers bring the vehicles to Encar inspection centers to be “guaranteed,” a small number of which Encar sells online and eventually plans to monetize by taking a percentage of the sale price as a fee. Encar’s guarantees are fairly narrow, which currently suits the South Korean market, but the company said there’s scope to add more in-depth inspections for an additional cost either to the consumer or the dealer.

Other elements that build trust with consumers, such as ratings and reviews, go a long way toward providing consumers with peace of mind. Marketplaces could, for example, require dealers to maintain a certain rating level in order to maintain access to digital retailing elements of the marketplace --- a practice already common among marketplaces in China.

Greenfield said that fairly soon, technology



Electric vehicles could be a game changer for building consumer trust in vehicles due to new car-scanning tech

might replace humans in the vehicle inspection process, letting marketplaces provide mechanical warranties on vehicles without actually touching them. “One of the most interesting technologies that I’m seeing now plugs into the car and scans it mechanically to say, ‘Has it been abused? Is it going to need any big service soon?’ These kinds of things,” he said. As electric vehicles become more popular, this process becomes even easier.

Greenfield said the complexity in transactions “is almost overwhelming.” But he added that marketplaces need to figure a way to bridge the gap or else it’ll leave them “sitting ducks for the Carvanas.”

How can they monetize subscriptions?

Monetizing transactions adds another layer of complexity. “I think the classified guys will evolve into enablers with nice SaaS revenue streams and potentially take a

small percentage of the sale price as a fee,” Myers said.

The most straightforward way would be to develop tiered subscriptions, where some dealers take up more services than others. Those subscriptions should bring together all the elements required to execute a digital transaction --- finance, insurance, contracting, etc.

Can marketplaces start buying inventory and selling it themselves? Greenfield and Myers agree this is unlikely. “At that point, dealers are really going to ask, ‘Are these guys a friend or foe?’” Greenfield said.

However, offering an exchange service is critical. Most automotive classified sites offer some kind of “instant offers” product, but the price is usually variable and can be reduced once the vehicle is brought to the dealer. A better experience for the consumer is to offer a fixed price. Some marketplaces are already doing that.

In the U.K., AutoTrader offers an exchange product that guarantees the price for the consumer. To reduce the risk to dealers, the price is underwritten by Manheim and lets the dealer dispose of the vehicle if it doesn't meet its stock requirements. The product works similarly to Kelley Blue Book, which prices consumer cars immediately for purchase by participating dealers.

Meanwhile, Covid-19 propelled Carvana to profitability for the first time as a public company in Q2 2021, and there's no reason to expect profitability won't continue. Its success has inspired a new breed of quality used-car marketplaces, albeit with various approaches to growing inventory, but ultimately the same value proposition for consumers.

Together, they too present a genuine threat

to dealers, who should now be willing to come onboard to digital retailing via classified marketplaces. With the right products and execution, classified marketplaces are well placed to become the partners of choice for dealers in digital retailing, and in time to enjoy the uplift in revenue and earnings that comes from sharing in more of the transaction.

There's an urgent need for classified marketplaces to move further into the transaction and provide dealers with digital retailing capabilities --- whether it's entirely online transactions with delivery, an omni-channel approach, or both.

A rapid response here could ultimately be the difference between maintaining and strengthening a leadership position, or being outmaneuvered by the disrupters.

Car subscription services: The next revenue opportunity for marketplaces?

- Despite early buzz, car subscriptions are growing slowly
- Covid-19 has impacted car subscriptions in surprising ways
- Classified businesses are building car subscription marketplaces

By Brian Blum

Car subscriptions will clearly take a while to enter the mainstream, but some marketplaces are already preparing for the potential demand

This article was written with contributions from Angela Hawksford, Cila Warncke, Jonathan Turpin, Pavel Marceux and Tariq Ahmed Saaedi

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The idea of car subscription services is not new, but as mobility continues to evolve, it's becoming more interesting to automotive marketplaces. Several marketplaces have already either launched or are planning to launch offerings in car subscription services.

Is the sector ripe for opportunity? To a degree. It's an interesting space, but there's a long way to go before car subscriptions become mainstream.

In the last few years, more than 100 car subscription services have sprung up around the world, most offered via third-party software vendors and standalone sites.

The promise is tantalizing: Don't buy a car. Subscribe instead. For a single, all-inclusive monthly fee, you can change cars as often as you want, even every month --- a sturdy sedan for commuting in winter, a sporty 4x4 for summer outings --- and, best of all, cancel whenever you fancy.

Evolution, rather than revolution?

However, despite the initial buzz and millions of dollars raised, none of the services have gained substantial market share or taken much of a dent out of classic automotive sales. Many of the subscription pioneers have now pivoted, updating both their business models and consumer propositions.

In perhaps the most dramatic example, U.S.-based Fair.com was forced to hit the brakes in 2019 when its lead investor got cold feet about injecting more money into the company. The CEO stepped down, 40% of Fair's staff was laid off, and downloads of its consumer app were suspended.

What went wrong?


The main problem was that consumers didn't particularly want what they were being sold.

Flexibility at every turn of your car ownership journey

Singapore's very first car subscription service that makes car ownership commitment-free.


Launch price: **\$1,199/month**

JOIN THE WAITLIST




No Down Payment

Say goodbye to hefty down payments. Use the cash for better things in life like a holiday, school fees or property.




No Hidden-Fees

Our flat all-in monthly charges cover everything you need - insurance, road tax, regular maintenance, 24-hour assistance.




No Fixed Term

Drive the car of your choice, for as long as you want.



No Penalty, Return Anytime

If your needs change, just return the car anytime you want.



No Questions Asked

We won't penalize you for minor wear and tear (like dents and scratches) when your term ends.

Digital dealer Carro launched what it described as Singapore's first car subscription service. Source: Carro.sg

Take Faaren, for example. The Würzburg, Germany-based car subscription service proudly proclaims on its website, “A convertible in summer and an SUV in winter --- drive what and when you want.” Lost your job? Cancellation requires just 21 days advance notice.

The reality: “Most drivers are not changing that often. They’re keeping their car on average for 10-18 months,” Faaren CPO **Maximilian Renoth** told the AIM Group.

We heard pretty much the same at every car subscription company we contacted.

At Madrid-based Bipi, one of the first car subscription services when it launched in 2017, most subscribers keep their vehicles an average of two full years. “Only 3% want to swap more frequently. It’s a pain to change cars,” Bipi CEO **Hans Christ** told the AIM Group, even though the site requires just a three-month minimum stay with a particular vehicle.

ViveLaCar, which operates in Germany, also lets subscribers cancel with three months’ notice. “Drive your car for as long as you want, if it no longer suits you, simply

give it back or find a new one,” the company’s website reads. As at Faaren, though, consumers rarely swap before 10 months, company founder and CEO **Mathias Albert** told the AIM Group.

Norway’s leading classified site, Finn.no, recently launched a marketplace for car subscription services, and **Hilde Sommerstad**, who is heading the initiative, has been doing her research.

“Thirty days is what’s often offered, but it’s not what people do or want. It seems more like a unique selling proposition than something users really exploit once they become subscribers,” she told us.

Aaron Tan, CEO and co-founder of Singapore-based auto marketplace Carro, told us that even though customers can exchange used vehicles after a month (for used cars) and new ones after six months (for new ones), “they are reluctant to do so.”

That doesn’t mean that car subscriptions don’t offer something of value --- they do. It’s just that subscriptions today are looking a lot more like short-term leases. Schibsted-owned Blocket, the leading automotive

classified site in Sweden, even conflates the terms, calling car subscriptions “private leasing.”

Nonetheless, just because someone doesn’t use the flexibility offered, it doesn’t mean that it isn’t a valuable part of the proposition for them, particularly for people who are unsure about being able to maintain the payments for whatever reason. Easy cancellation or downsizing can be attractive.

What’s working? Bundles!

What’s the main difference between traditional leasing and car subscriptions? “The bundling of finance, insurance and service,” Blocket marketplace director **Henrik Littorin** told the AIM Group. “The key feature is convenience --- that is, the ease of having access to the ‘fun parts’ of a car but not having to own it.”

The message that you can swap your car for a new one whenever you want wasn’t resonating with potential customers. But every one of the car subscription providers with whom we spoke offers a bundle of some sort, with major repairs, routine maintenance, taxes, licensing and registration covered under the monthly subscription fee. Some companies, such as Bipi, will even arrange to pay any traffic fines for you. Carro in Singapore has developed a usage-based insurance package that charges drivers based on how far they go rather than a flat premium.

Drivers are responsible for their own fuel, of course, and subscription packages generally come in tiers, with varying kilometer limits. Only a few companies offer an all-you-can-drive option. Monthly rates depend on the size, level of luxury and duration of the commitment. (The longer a customer takes the car for, the better the deal --- another clue that month-to-month swapping isn’t attractive to either consumers or providers). For the most part rates fall in the \$300 to \$500 range for small- to medium-sized cars.

Most of the cars offered via subscription are



Henrik Littorin, Blocket marketplace director

new (or, every once in a while, “slightly used,” which can happen when a subscriber defies the odds and returns a car after just a month). Some services take a down payment or security deposit; others aim to make subscribing as Netflix-like and simple as possible. Carro CEO Tan even went so far as to describe its car subscription program to us as a “Netflix for cars.”

Subscriptions and short-term leasing agreements address “our current economic uncertainty, as well as the general trend for greater flexibility in all the products and services we consume (gym membership, phones, TV packages, car payments)” pointed out **Paul Harrison**, head of strategic partnerships at U.K.-based Leasing.com.

With a subscription, a user doesn’t usually have the option to buy the car at the end, although that’s not necessarily a downside --- it saves the customer the bother of arranging for financing with a potential expensive balloon charge at the end of the term.

As a result, even though car subscriptions look like leases, they’re closer to a rental model, and typically are structured that way

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Fair.com: Too much, too soon?

Fair.com was one of the earliest and most aggressively capitalized car subscription services. Launched in 2016, the company raised \$385 million in financing in 2018 in a round led by SoftBank, which gave the company a valuation of \$1.2 billion. CEO **Scott Painter** had a strong automotive pedigree --- he founded CarsDirect in 1998 and TrueCar in 2005 --- as did his two co-founders: **Georg Bauer** and **Fedor Artiles**, both with experience at BMW, Mercedes-Benz and Tesla.

By early 2019, Fair was live in 35 cities across 22 states, with 4,000 dealer affiliates across North America.

Part of the company's financing (\$167 million) went to acquire Uber's XChange Leasing division (which supplies many of the ride-hailing company's vehicles). XChange was rebranded as Fair Go. Fair also acquired the car-leasing firm Canvas.

Then the rubber unexpectedly flew off the wheel.

In mid-2019, Fair said it was looking to raise an additional \$500 million. But the timing was off: SoftBank was reeling from the collapse of WeWork and the disappointing IPO of Uber; SoftBank had invested in both and the Japan-based investor was wary of another capital-intensive big bet. Painter noted that Fair went nearly overnight from being seen as a SoftBank high-flier to a business that needed to cut costs and restructure.

SoftBank eventually came through with a bridge loan, but rather than the hundreds of millions Painter had hoped for, the total was in the tens of millions.

By November 2019, the company had laid off nearly half its workforce and Painter was out. More crucially, the company suspended downloads of its app.

"Operationally, we had to focus on simplicity above almost everything else," interim CEO **Adam Hieber** explained. "A lot goes on behind the scenes --- finding the right pre-owned cars, sourcing the right debt to make those purchases, and getting keys to our customers as quickly as possible. But for the customer, it should be almost as easy as ordering a cup of coffee."

In the time since Fair's near-crash, the company created new pricing constraints around what it pays for each vehicle, pruned the list of dealerships it works with to cut down on instances of slow responses or cancellations, and halted its weekly rental program for Uber drivers.


Fair turned its app back on in January 2020, but limited use to just a few locations.

It initially rebranded from being a subscription service with the flexibility to change vehicles every month to a "used-vehicle leasing platform." Then, in August 2021, [Fair announced a radical change of direction](#), stating it will become an automotive marketplace serving third-party dealerships.

The company plans to launch its marketplace in Q1 2022 under the slightly revised banner of "Fair Technologies." The new venture will be "an end-to-end e-commerce marketplace that offers consumers industry-best levels of inventory and comprehensive financing, insurance and extended warranties," [according to the announcement](#).

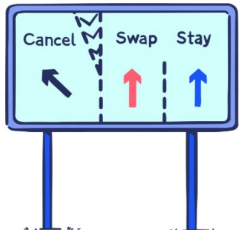
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DROVER



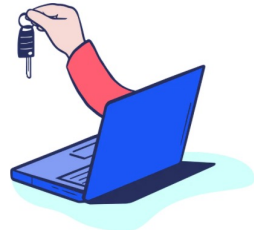
One monthly payment to drive

Get a car, breakdown cover, servicing and maintenance all in one. We also offer insurance, or you can use your own.



On your terms

Pick a contract length, then return, swap or keep it longer. We offer flexibility you won't get with other car buying options.



All online, done in minutes

That really is everything. No nasty surprises. No hidden costs. No hassle. Easy!

U.K.-based Drover was recently acquired by digital dealer Cazoo. Source: JoinDrover.com

in local regulators' eyes.

Early adoption of online

Other than in Italy, where subscription vendor CarPlanner works with third parties (banks and insurance companies, in particular) who offer the services to their customers in person, arranging a car subscription is generally done entirely online --- from picking out the car to payment. (Subscription services have been among the first companies in the automotive ecosystem to embrace internet transactions.)

With Covid-19 pushing consumers to steer clear of in-person interactions, most car subscription providers now offer home delivery as well --- although not always as a freebie.

Moreover, as the pandemic pushes people away from public transit and car-sharing, a car subscription represents a lower-investment option in a period of unpredictability.

“Vehicle subscription is an antidote to the

affordability concerns and economic uncertainty faced by today’s car shopper,” said **Scott Painter** as he launched a new venture, NextCar, a car-as-a-service offering. Painter, who previously founded Fair.com, called car subscription “an attractive value proposition for consumers before the pandemic [that] is even more compelling today.”

How do the numbers stack up?

Enthusiasm aside, car subscriptions are still a tiny business compared to the overall automotive sales market. For example, India-based auto marketplace [CarDekho performed a car-subscription survey in early 2021](#), with more than 70% of respondents stating total unawareness of what car subscriptions offer.

Renoth from Faaren told us there were no more than 20,000 car subscription vehicles on the road in Germany, one of the subscription space’s hottest markets, compared with more than 47 million cars registered in the country. Renoth predicted car subscriptions could jump to 25% to 30% of the market by 2025, but it’s hard to see

how you get to 14 million in five years.

In the U.K., **Alex Rose**, the former chief marketing officer at U.K.-based car subscription marketplace Drover, which was acquired in December 2020 by local digital dealer Cazoo, told us that Drover had customers “in the low thousands” in early 2021. Rose now heads up subscriptions at Cazoo.

CarPlanner in Switzerland, admittedly a small market, has sold just over 1,000 subscriptions direct to consumers; the company is now pinning its hopes on a pivot model, where the companies that sell or provide subscriptions to end users will be CarPlanner’s customers.

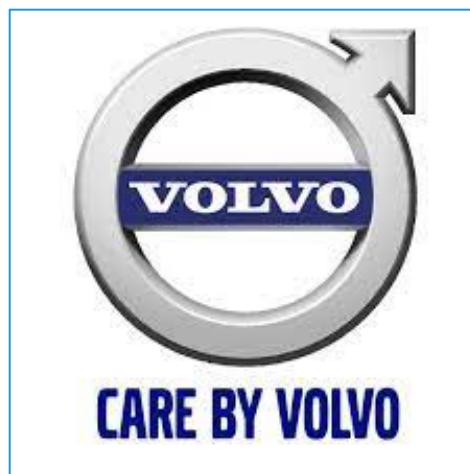
Carro CEO Tan reported that the Singapore-based company has “hundreds of subscribers currently” although “the demand is always higher than supply.”

Fair.com has long been the behemoth of the subscription space. The Santa Monica, California-based company claimed it had 45,000 subscribers at its height. The company also claimed it had put 28,000 consumer and 50,000 Uber subscriptions on the road since its inception.

However, the company has since abandoned the car-subscription model and pivoted to a marketplace business, citing the difficulties associated with scaling a car-subscription business.

Subscription sites that offer multiple brands are the norm, although some manufacturers have chosen to go it alone --- Care by Volvo, Porsche Passport, Book by Cadillac, the Mercedes-Benz Collection, among others.

Some are choosing unique branding for their subscription offerings, if only to cut some of the confusion with competing leasing or sales channels. Toyota’s subscription service in Norway, for example, is called KintoFlex.



Some OEMs have launched their own car subscriptions

Who owns the cars?

The customer clearly does not own the car with a subscription service. That would defeat the whole subscription model. But the question of whether a car subscription provider finances the vehicles it offers or works with a third party --- a dealer, OEM or car manufacturer’s captive bank --- affects the entire value proposition, from how much a company needs to raise up front to what happens to the car when it’s returned by the user.

When Carvolution launched in Switzerland in 2018, co-founder and CMO **Léa Miggiano** thought owning the inventory made sense. “We bought our first 10 cars, but obviously that was going to be too expensive for the long-term.”

The same is true at Faaren, ViveLaCar, CarPlanner, Blocket and Bipi.

Automotive marketplace AutoScout24 in Germany runs a marketplace for car subscriptions called LeasingMarkt.de, aggregating vehicles from car subscription affiliates including Cluno, Like2Drive and FlexxDrive. Those companies, in turn, source their vehicles from dealers and OEMs.

Drover subscriptions, now integrated fully into Cazoo, are all cars owned by Drover. That's a significant turnaround from the company's initial model where Drover procured vehicles "in a classic marketplace play, from anyone with excess inventory," Rose told the AIM Group.

Hans Christ of Bipi feels Drover and its new parent Cazoo are entering a risky business with its new model. "You need a lot of capital, you need to be very good at buying at the right price and selling at the right price," he told the AIM Group. "We think we can scale our business to hundreds of thousands of cars by building a tech platform for our partners to sell their own inventory digitally."

That's not stopping Carro in Singapore from doing a Drover: CEO Tan told us that all subscription cars on the site are owned by Carro.

Who are the subscribers?

When we started researching the car subscription space, our hypothesis was that it would appeal to younger drivers --- millennials without the money for a hefty down payment or a loan to purchase a vehicle outright.

"That's a misconception and way off the truth," Christ corrected us. "At Bipi, the average customer we have today is 37 to 38 years old. We have a big base from 40 to 50 but not many from 20 to 30."

This is a Europe-focused trend. "In the big cities, millennials are all using Uber, car sharing and scooters," Christ noted. "They'll only need a car once they start a family."

Compare that with Sweden where Blocket's Littorin told us that "just a tiny fraction of the Swedish leasing market is used cars, as there are heavy subsidies toward new-car leasing from OEMs. This means that you are able to privately lease a new car for the same or even cheaper price than a used car."



Singapore-based Carro owns all of its subscription cars

What's in it for the dealers?

Convincing dealers to sign on with a car subscription service can be a tough sell. In Norway, for example, "dealers are not so incentivized because used-car sales are going so well," explained Finn.no's Sommerstad. At the same time, she pointed out, "Dealers recognize that a subscription business model is coming in the longer term and they think that it's something users will eventually want. They just don't see a big reason to push it now."

ViveLaCar's **Mathias Albert** disagrees. Car subscriptions can work to a dealer's advantage for so-called "loser" cars, he said --- those vehicles that get stuck on a dealer's lot for too long, that are not the most popular cars, or where a dealer paid too much. "In this case, it's better to put the car on subscription and sell it later [when it returns] as a used vehicle." Such a scheme can even cover the depreciation on a car.

Albert gives the example of a car that cost \$30,000 but after a year had depreciated to \$27,000. The subscription revenue for that car during the same period could run as high as \$6,000, he explained, making up the difference and then some.

Thirty-eight-year-old subscribers was also the sweet spot for Drover, said **Alex Rose**, who pointed out that baby boomers “are used to doing their own servicing and taxes by themselves. They’ve been doing that for decades.” Younger customers, on the other hand, have problems getting insurance at decent rates, which makes it less profitable for a car subscription service with its one-size-fits-all pricing.

Faaren, by contrast, is targeting the very demographic the other companies eschew: 24- to 35-year-olds. Renoth described Faaren’s model as essentially long-term car rental with attitude. “Our target group would never sign up for a ‘long-term rental’ because it doesn’t sound cool.”

Carvolution in Switzerland is skewing older.

“People who have already arrived in their lives, rather than 18-year-olds who just got their license, see our advantages immediately,” said Miggiano. While not eschewing the younger generation entirely, Carvolution aims at drivers “who have already owned a car and know how difficult it can be to sell and what the total cost of ownership is.”

At CarPlanner in Italy, the average driver is “45 to 55, male, professional and definitely not cash-strapped,” CEO **Marta Daina** told the AIM Group.

Carro is reaching out to three demographics, said CEO Tan: “New drivers looking for their first car, millennial generation drivers interested in the concept of sharing economy, and people who are in Singapore for a shorter period of time such as the expat community.”

Depending on the company, a down payment or security deposit may be required. At Fair, for example, a minimum upfront payment equal to four monthly fees is taken --- an average of \$1,080. ViveLaCar requires a down payment of one month. There’s no down payment at all at Carro, Bipi or Faaren.



Hans Christ, Bipi CEO

The future of car subscriptions

The executives we interviewed for this article were surprisingly realistic --- i.e., unenthusiastic --- about how fast and how far car subscriptions could penetrate.

Carvolution’s Miggiano was the most aggressive, suggesting that by 2030, subscriptions could constitute as much as 40% of the market. ViveLaCar’s Albert was only willing to go as high as 10% to 20%. “I wouldn’t expect it to be 50%,” he added.

Painter’s NextCar venture cites McKinsey’s “New Realities of Premium Mobility” study which also puts the number at just 20% by 2025.

What most could agree on is that Covid-19 has shaken up the demand for subscription services.

Bipi said requests for cars during the pandemic tripled due to financial insecurity and fear of using public transportation. Drover and ViveLaCar said they found increased uptake for similar reasons.

Littorin at Blocket said that Covid-19 “could very well have accelerated this development with individuals [who are] not willing to put 15% to 20% cash as a down payment for a

Continued on page 51

Eight car subscription models

ASSET HEAVY: PIGGYBACKERS	
1 Manufacturers	2 Leasing, financing, rental companies
<div><div>PORSCHE</div><div>DRIVE</div><div>LYNK & CO</div><div>("Month-by-month membership")</div></div>	<div><div>SIXT+</div><div>Wabi</div><div>(Santander)</div></div>
ASSET HEAVY: SELF-SOURCERS	
3 Digital auto retailers	4 Startups (car-owning)
<div><div>CAZOO</div><div>brumbrum</div><div>("Long term rental")</div></div>	<div><div>CLUNO</div><div>(Now acquired by Cazoo)</div><div>fair</div><div>(Pivoting to e-commerce)</div></div> <div>Failing segment?</div>
ASSET LIGHT: SERVICE PROVIDERS	
5 Startups (not car-owning)	6 Infrastructure / software providers
<div><div>ViveLaCar</div><div>flexclub</div><div>FAAREN</div></div>	<div><div>CLUTCH</div><div>COX AUTOMOTIVE / MOBILITY</div></div>
ASSET LIGHT: MARKETPLACES	
7 Transactions marketplaces	8 Classifieds
<div><div>carplanner</div><div>(Lead generation model, so not genuinely transactional yet)</div></div>	<div><div>yes auto.</div><div>LeasingMarkt.de</div><div>(Owned by AutoScout24.de)</div></div> <div>Evolution?</div>

Continued from page 49

car.” He added that, if the current situation continues, in five years, car subscriptions could catapult to become “the primary way of owning a car” --- or at least operating one.

Faaren has noted a change towards favoring higher priced and sportier cars for subscription. “People saw their summer vacations cancelled. So, they now had 6,000 euros to spend,” Renoth said. “If they can’t go abroad, they’d rather drive a BMW to compensate for it.”

Harrison, of Leasing.com, said that while car subscriptions “account for a tiny proportion of cars on the road today, the pandemic has triggered greater demand for flexibility in all our products and services, so I do see their role growing over time.”

Carro had already been seeing 500% revenue growth year-on-year before the pandemic, Tan said, “mainly driven by our subscription service and digitalized car purchase services. We are confident of the pay-per-use model going mainstream as early as the next three years.”

The biggest challenge for Bipi is simply that so little of the Spanish automotive classified ecosystem is digital --- some 99% of car transactions are done in person, Christ said --- so just getting dealers and manufacturers up to speed is first priority, before adding any bells and whistles.

“Cars is probably the only retail sector that

hasn’t transitioned to online yet. We want to make offering a subscription to customers as easy as buying a pair of jeans on the web. We can sell in two months digitally what it would take six months to sell in a traditional channel.”

The biggest inhibition to the growth of car subscriptions, said Rose, might not be the specific offerings “but the force of habit that goes into people’s car-buying decisions. They visit one or two dealerships and buy a car. The biggest challenge is muscle memory.”

Will consumers ultimately flex those muscles and flock more to car subscriptions in the coming years? The jury is still out. Heck, we’re not even sure if we’ll be calling them “car subscriptions” by the time a tipping point comes around.

In terms of auto marketplaces adopting car subscriptions, this opportunity is still at a nascent stage. AutoScout24 in Germany is one of the few marketplaces worldwide offering the service.

Going forward, marketplaces are likely to lash up with third-party providers to offer the service, rather than launch it in-house and take all the risk. It can function both as a defensive strategy against rival marketplaces offering car subscriptions and as a way to boost earnings from commissions.

Digital retail has become the essential battleground in Southeast Asian autos

- Southeast Asian auto market shifts from classifieds to digital retail
- Companies are focusing on getting quality supply first
- Fully online transactions are a few years away yet

By Angela Hawksford

Carsome, Carro and Carousell are competing for the nascent but growing share of digital retailing in Southeast Asia

The shifting sands of digitization have changed Southeast Asia's automotive landscape from a battle to win the classified market to a rush into the transaction. That's seen the region's Big Cs of marketplaces --- Carousell, Carro and Carsome --- emerge as key challengers, each vying to dominate the fast-growing region with end-to-end digital retail offerings.

Unlike in classifieds, which cater to the demand side of the transaction, the transaction-centric platforms in Southeast Asia focus particularly on sourcing good quality inventory from consumers and auctioning it to dealers.

"That's because there's not enough trusted inventory that's available that you can actually sell to somebody," **Gaurav Bhasin**, the CEO and chief strategy officer for Malaysia at Carousell Group, told us. "So, you have to solve the supply problem, so that you can solve the buyer problem, too."

For classified companies, this has presented somewhat of an existential challenge. How do you pivot from a strategy centered on advertising cars for sale to consumers to one focused on procuring inventory for dealers? And how do you do it when the key ingredients --- car pricing and vehicle history data --- don't exist?

For many, it's meant acquiring key value chain services or merging with rivals.

Carousell plans auto transactions for growth

In Carousell's case, one of the region's unicorns and market-leading horizontal marketplace is deep into its "Classifieds 4.0" strategy, which involves turning its key verticals --- general goods and automotive --- transactional. It's able to focus squarely on transactions having recently merged with competitors OLX Group and 701Search.

In Singapore, which along with Malaysia has become the primary

carousell Autos

Used Cars

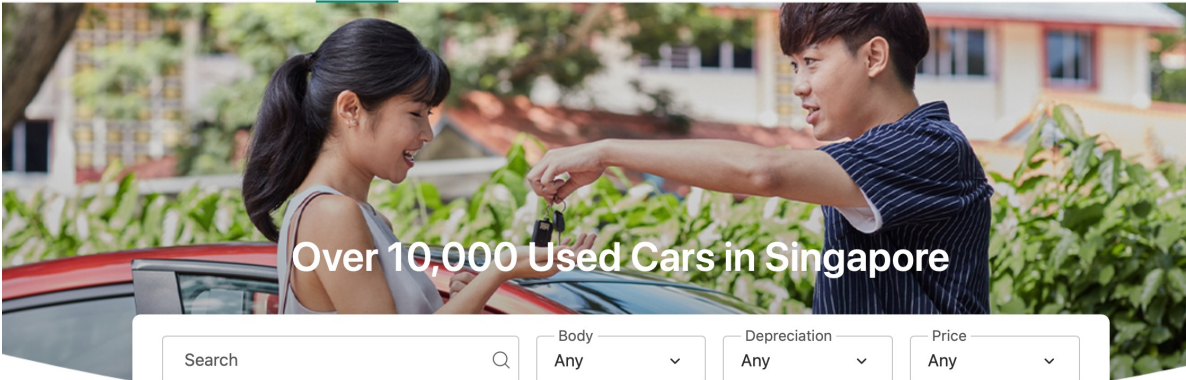
Car Rental

Parallel Imports

Commercial Vehicles

Car Accessories

Motorcycles



Search

Body
Any

Depreciation
Any


Price
Any

More options

Show listings

Sell your car yourself to earn more


Get offers within 24 hours on SwiftQuote by carousell



Toyota Wish
Sold for \$80,000
Market price: \$74,000

Certified Pre-Owned

The BEST for you
Our 145-point inspection means you're guaranteed to get the BEST



Carousell Certified Pre-Owned
BEST
Inspected by Carousell
Easy Finance Plans
Source: Singaporean Dealership
Trusted Dealer Quality

Carousell has made autos a focal point of its transactions-led strategy via a number of product tie-ins. Source: Carousell

battleground for transactional automotive platforms due to the relative maturity of both markets, it's piloting SwiftQuote. SwiftQuote is the result of Carousell's acquisition of c-to-b platform OneShift and financial services company Revo Financial. It provides free car valuations, insurance and finance quotes, and, through its c-to-b platform, lets dealers procure inventory directly from consumers.

But SwiftQuote doesn't let you buy a used car online. That's the part Carousell is still trying to figure out. It's a no-brainer, Bhasin said, to sell dealer inventory online. But whether Carousell will hold its own inventory or recondition it and sell it directly to consumers is something the company is trying to work through.

Other elements relating to inspecting cars and delivering them to buyers also present challenges for the company to deliver at scale in each of its markets.

There are lessons from transactions in the general goods segment, around certifications and logistics, that are applicable in the used-car market that the company is looking at closely. In particular, are these the elements you need to handle yourself as the marketplace operator, outsource to a third-party, or make the seller responsible for?

"We're not given to any one model," Bhasin said. The way he sees it, Carousell still has time. "No one is really selling online here like Carvana, so the space is pretty wide open at this point."

Carousell also benefits from having marketplace specialist Prosus; Norwegian telco Telenor (which previously operated marketplace company 701 Search in Southeast Asia until it merged its operations with Carousell), and South Korean tech company Naver as backers. "Through our stakeholders that have investments in these

models in different parts of the world and have been trying to understand what works, we're also trying to understand what works," Bhasin said.

"Our aim is to try different things, see what's working, scale that up, take that to another market, and adapt for each market."

Carsome goes unicorn with ICar Asia deal

While Bhasin and Carousell may have the time to be philosophical, Carousell's rivals are moving faster. Malaysia-based Carsome, which launched in 2015 as a c-to-b platform with just \$350,000 U.S. in funding, achieved unicorn status this year when it agreed to a share-swap with marketplace specialist Catcha Group.

As part of the deal, Carsome will acquire a 19.9% stake in the region's leading automotive classified group ICar Asia from its major shareholder, Catcha Group. Carsome and Catcha Group have also made a joint proposal to the independent directors of ICar Asia to acquire the remaining balance of 80.1% of ICar from its shareholders, which is subject to regulatory and shareholder approvals.

In September, Carsome raised \$170 million U.S. in a Series D2 round, taking its valuation to \$1.3 billion. Catcha Group was an investor in the round, along with one of the largest sovereign wealth funds in Southeast Asia (name undisclosed), Taiwanese chip maker MediaTek, Penjana Kapital and Emissary Capital.

It's complicated, but if the ICar transaction goes through, it will bring the region's largest network of market-leading automotive verticals into the Carsome fold.

What happens when a leading c-to-b platform with large-scale digital retailing aspirations acquires a market-leading classified company? In theory, it turbocharges Carsome's expansion into b-to-c retailing, which began last year with the



Patrick Grove, Catcha Group CEO

launch of Carsome Certified, the company's b-to-c retailing unit.

"Nine million people visit the ICar portal a month to search for a car, and it would be powerful to have many of them trading in and buying cars digitally via the Carsome platform," Catcha Group's CEO **Patrick Grove** told Bloomberg.


Until now, the vast majority of Carsome's used-car transactions have occurred offline, at its "experience centers." It's fairly accepted among the companies in Southeast Asia that the region is not yet ready for an entirely online car-buying experience, requiring them to build omnichannel retail experiences that are also scalable across multiple markets.

Additionally, Carsome said research it conducted had shown 80% of people selling their car to Carsome were also looking to upgrade to another car. Letting sellers peruse cars while they waited for their car's inspection to be completed was a good way to engage this captive audience.

"We want to make sure that we can showcase the cars through iPads so that


Carsome Promise

Carsome is Southeast Asia's largest integrated car e-commerce platform, with presence in Malaysia, Indonesia, Thailand and Singapore.




1-Year Warranty

Enjoy 1-year extended warranty when you purchase a car from us.




Carsome Certified

All selected cars are Carsome Certified, have undergone 175-point inspection, with no major accidents, frame or flood damage.




Money Back Guarantee


Worry-free purchase! 5 days money back guarantee when you buy a car from Carsome.



2019 Volkswagen PASSAT 2.0
18,571 km | Automatic | Kuala Lumpur
RM88 Monthly | ABS Brake | Keyless Push Start
RM 138,800 RM 1,521/mo



2018 Toyota C-HR 1.8
43,202 km | Automatic | Kuala Lumpur
RM88 Monthly | Reverse Camera | SRS Airbag
RM 111,900 RM 1,226/mo



2019 BMW X3 XDRIVE30i (CKD) 2.0
47,311 km | Automatic | Selangor
RM88 Monthly | Premium Registration Nu... | Leather S...
RM 245,900 RM 2,695/mo

Carsome's 'certified' cars undergo a 175-point inspection. In Malaysia, the site carried around 730 certified cars as of September 2021
Source: Carsome

while you're waiting for your car that's going for an inspection, we would show you other cars that you can buy, as well," **Eric Cheng**, Carsome's co-founder and group CEO, explained to us last year.

ICar has developed its own c-to-b platforms in the key automotive markets of Malaysia, Indonesia and Thailand. People looking to sell their car can sell to the company's network of dealers through an online auction, or list it for sale privately on its classified sites. In each market, ICar opened physical inspection centers where the seller brings a car to undergo a 100-point inspection. (This is below Carsome's more rigorous 175-point inspections.)

For Carsome, which also operates in Indonesia, Singapore and Thailand, the tie-up will boost its early stage operations outside Malaysia. It also provides the company with an ingredient essential to online retailing, but which has so far proved

elusive to Carsome: traffic. "Bringing ICar Asia's extensive traffic and dealer network in the region together with Carsome's leadership position in automotive e-commerce is extremely powerful," Grove said.

Carsome Certified's CEO **Mei Han** told us the ICar transaction will bring other synergies, as well. The biggest, he said, is combining the two companies' data to provide a more personalized experience to consumers and dealers. "If we have more data, we can match the demand and supply in an easy way so people can find what they want in an easy way. We can save a lot of cost and we can give this cost back to the customer."

Whether Carsome will consolidate some of the operations into two distinct brands, with Carsome being the digital retail arm that leverages the traffic and dealer networks of the ICar brands, Han wouldn't say. "I

think the biggest potential is that we can grow. We can become the biggest one in the whole region. There will be a lot of network effects ... to benefit everyone," he said.

"We actually want to create an ecosystem in the whole used-car industry," he added. "We want to give a one-stop solution to the customer --- no matter whether you want to buy a car, sell a car, look for aftersales service for the car; everything related to the used car."

Carro chases SG\$1 billion in revenue

Where Carsome has been laser-focused on mastering the supply side of digital retail, its rival, Singapore-based Carro --- another unicorn, backed by Softbank --- has rapidly expanded along the value chain to compete with an end-to-end digital retail play. Carro, which launched in 2015, can be divided into roughly three business units: car-sourcing, digital retail and fintech. The company also operates a car subscription business.

The company began life as a wholesale b-to-b platform for dealers to shift inventory around to other dealers. After a while, it had collected enough car pricing and vehicle history data that it branched out into financing, running its own loan book to finance dealer floorplans. It then began to source vehicles directly from consumers, and now most closely mirrors the digital retailing experience of Carvana.

Consumers can browse and buy used cars online, with a 30-day warranty and a three-day money-back guarantee. If the person wants to inspect the car in person, they can use a QR code to unlock cars that are parked around the city-state without a salesperson present. If they want to trade in their existing vehicle, they can do that too --- Carro will auction it off to a network of around 1,000 dealers. Carro also owns its own financial services company and sells usage-based insurance bundled with car maintenance. (The insurance is underwritten by income and the maintenance provided by Carro at one of

"We hope to triple our revenue base every year. We have been able to do that quite successfully in the last few years. We believe, as well, when we deploy even more resources into countries like Indonesia and Thailand ... we believe that SG\$1 billion [in revenue] is easily achievable."

Ernest Chew,
EVP, MD, CFO at Carro

its inspection centers that double as workshops.)

The company said gross merchandise value reached SG\$1 billion (\$745 million U.S.) in the year ended in March 2021. Revenue topped SG\$300 million (\$223 million U.S.), most of which is derived from buying and selling cars. The company is targeting annualized revenues of SG\$1 billion in 2022, which the company's EVP, MD and CFO **Ernest Chew**, told us the company is on track to meet.

"We hope to triple our revenue base every year. We have been able to do that quite successfully in the last few years," he said. "When we deploy even more resources into countries like Indonesia and Thailand, given the total addressable market, we believe that SG\$1 billion is easily achievable."

Best of the rest

There are other companies in the region trying to make their mark in digital retail.

In Indonesia, Southeast Asia's most populated market, Prosus-owned OLX Autos is also trying to digitize used-car transactions --- or as much of the transaction as possible in what remains an early-stage market. The former Frontier Car Group c-to-b business inspects

cars and auctions them to dealers. More recently, it started holding its own inventory, too.

Those cars are listed with a “certified” badge on the autos category of the dominant OLX.co.id horizontal site. Each car comes with a 30-day mechanical warranty, a seven-day money-back guarantee, and free maintenance. But Indonesian consumers are not remotely close to being comfortable buying a car online, and buyers are directed to contact the OLX Autos sales team at one of their physical stores located throughout Jakarta. OLX Autos Indonesia CEO **Johnny Widodo** thinks online car transactions in Indonesia are now similar to what the retail business used to look like.

“I really see transactions as like offline retail 10 years ago in Indonesia,” Widodo told us. “At that time, some of the big e-commerce players came in and they started to educate the market and then boom --- 10 years later, everybody basically buys there now.”

Can the region support multiple retailers?

In the long term, Widodo sees Indonesia as a critical battleground for used-car transactions. The country has long attracted high levels of investment from Chinese companies and e-commerce is well-developed. “We’re at the stage of educating the market that, ‘Hey, buying a car can be so easy,’” he said.

Certainly, the combination of the OLX horizontal classified business and its c-to-b platform gives the company a sizeable advantage in digital retailing. There are significant synergies to be realized by bringing inspected and certified cars together with the large audience of a classified site. Chiefly, it delivers data capabilities, dealer relationships and helps to substantially reduce customer acquisition costs.

Eventually, Widodo thinks Indonesia, and Southeast Asia more broadly, may be able to support at least two or three digital retail

OLX Autos global overview

+400K cars bought, sold, and inspected to date

~150K car dealers have used OLX Autos in the past year

EVERY MONTH

~500K cars listed

~50,000 car inspections

Source: OLX Autos

companies. But they currently occupy just a small part of the market.

Carro said it controls less than 2% of Southeast Asia’s of used-car transactions. Similarly, Carsome estimates its share of the market is around 2% as well. Others dispute their market share is even that high, suggesting all the companies put together only equate to a 2% market share.

Han, the Carsome Certified CEO, told the AIM Group that digital retail isn’t a winner-takes-all market, like the classifieds business has traditionally been described. “In terms of b-to-c, this is more like a retail or e-commerce business, it’s not a marketplace business. I think probably, in the long run, we can have more players in one region,” he said.

“The industry is very large, it’s not a niche market. I don’t think in any of the countries in the region that any one company can take all of the market. Of course, we want to be the No. 1 by transaction volume or by audience reach,” he added.

In the U.S., classified incumbents are in the crosshairs of disruptors

- Two new transactional marketplaces challenge the lead-gen model
- CarGurus is developing a 'buy' button to match its 'sell' button
- Facebook, Google and Microsoft all rollout new car-ad offerings

By Greg Spencer

The U.S.-based tech giants are taking an increasing interest in the automotive segment, potentially disrupting a long-standing hierarchy in classifieds

The U.S. car listings business may be imploding.

Long a contest between a handful of legacy classified sites like Autotrader.com and Cars.com, the industry is now a brawl involving listing sites, online dealers, dedicated automotive offerings from Facebook, Google and Microsoft and now, two major new transactional marketplaces.

Meanwhile, established classified sites are struggling to grow revenue and client numbers. Cars.com, for instance, hit its revenue peak in 2018, and saw its top line drop the next year even before the pandemic hit. AutoTrader / KBB.com revenues topped \$1 billion in the middle of the last decade, but were down to about \$660 million in 2019 and may have dropped as low as \$550 million last year, according to AIM Group sources. The company wouldn't comment on how far it's bounced back this year. CarGurus was an exception. Revenue gained by double digits right up to the pandemic. But revenue growth has been decelerating for several years; by Q1 of 2020, just as the pandemic started, it was down to 17% year-on-year.

A company representative at Cars.com countered that its more recent numbers have improved. Its dealership count has grown for six of the last seven quarters, for instance. And revenue has improved since the early pandemic lockdowns, with Q2 2021 results being terrific at Cars.com and CarGurus, as well. But that quarter was an anomaly, with record-low inventory and intense buyer competition.

"The third-parties have struggled to figure out how to grow for several years," **George Nenni**, founder of online marketing consultancy Generations Digital, told the AIM Group. "The dealers are not willing to stomach rate increases. Dealers also have realized they don't need to be on every third-party classified site, and may only choose to be on the top one or two in their market."

Kyle Mountsier, co-founder of the digital marketing consultancy Contagious Auto, agreed. He said there's "a thought-leader push toward Google [and] social spend ... thereby beginning to

1. Explore Inventory

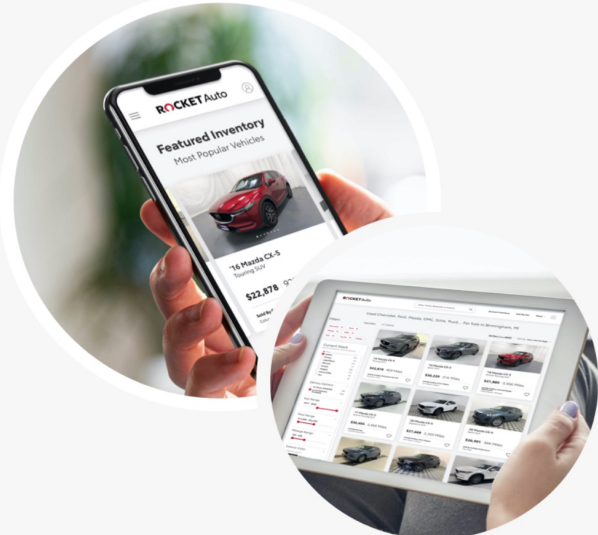
Search and sort vehicles you're interested in.

2. Find The Right Vehicles

3. Chat With Your Agent

4. Buy And Take Delivery

Learn More



In August, Rocket Companies, owner of mortgage firm Quicken Loans, launched a new auto marketplace. Source: RocketAuto.com

eliminate third-party listing providers.”

Dealers are getting more picky spending their marketing money. “Dealers were known to spread their inventory across all third-party sites, not being strategic within their market and with their inventory strategy,” Mountsier said. “More and more dealers are dialing in ... to only the ones that have the greatest impact on their business.”

Suzanne Laine, digital marketing manager for Chandler Chevrolet in Madison, Indiana, is a good example.

Her dealership has cut spending on classified sites in general and quit using CarGurus completely three years ago. “We have a base listing package with [Cars.com](#) and a package with Edmunds.com that includes a texting and FB Messenger tool on our website. We use a third-party vendor for Google and Facebook ads, which we believe is a better investment of our advertising budget.”

Even so, she thinks the classified sites will be hard to eliminate because of their symbiotic relationships with Google and Facebook.

“Overall, I can see that the need for these

classified sites is declining but it is hard for me to believe that giants like Google and Facebook want to allow them to go under,” Laine said.

New threat: Transactional marketplaces

Transaction-enabled marketplaces are the newest challenge to classified sites.

In August, Rocket Companies, owner of well-known mortgage firm Quicken Loans, announced the launch of RocketAuto.com, a listings site that offers dealers a more comprehensive alternative to classic classified sites.

The company claims it’s more than a lead-generation service. The site offers on-platform, human sales assistance to take customers further down the sales funnel, building provisional deals including finance, insurance and trade-ins that can then be passed on to the dealer for closing. RocketAuto says it will soon offer on-site transactions, meaning the dealer will only need to deliver the sold vehicle.

A third-party site offering a “buy-now” option is a bold move. To date, the major classified sites have resisted this in deference to dealerships, their primary

customers. And until the pandemic, there was skepticism that consumers would actively adopt online buying.

Of course, that changed. Fast. An [Acertus study](#) published in March 2021 showed 80% of consumers would consider buying a car online, up 50 percentage points from before Covid-19.

Until lately, marketplaces have limited digital-retail offerings to tools that dealerships can run on their own websites. One exception has been online dealer Carvana, which has experimented with listing other dealers' inventory on its own site. (More on this below.)

With less history in the industry, RocketAuto.com is trying something new.

"Rocket is basically just jumping straight to 'buy online' instead of the 'shop online' mentality," said **Dan Sayer**, customer engagement center director for Anderson Auto Group in Lincoln, Nebraska. "Somewhere between Vroom and classifieds, but not overtly stating that 'dealers suck.'"

Time will tell if the company can execute on its promise.

At launch, RocketAuto.com had just 35,000 used-car listings from 300 dealers nationwide. As far as we could tell by browsing the site, those were from just the national online dealer Vroom, and hundreds of local CarMax stores. The company says it will add dealers, but the project is still gathering steam. **Chris Robinson**, general sales manager at Twin Falls (Idaho) Subaru, noted on the DealerRefresh forum that he inquired about a RocketAuto subscription, but was told to get in line. "They are still figuring things out," Robinson wrote. "No pricing structure yet ... On the list though." Still, with its \$34 billion market cap and its headquarters in Detroit, the heart of the U.S. automotive industry, Rocket Companies is a new entrant worth watching.

Another transactional marketplace could

A new Fair is on the way

We're building a new digital car-shopping experience that's bigger & better than anything you've seen before

The note on Fair.com as of September 2021

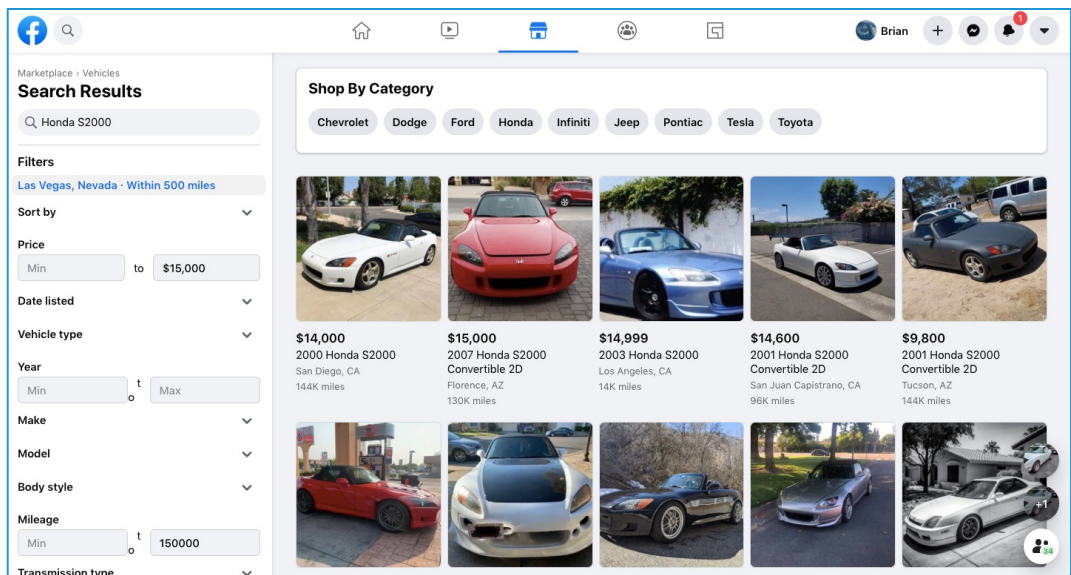
come from a surprising source: the struggling national car-subscription firm, Fair. At the tail end of August, Fair announced it would pivot from its current model to a marketplace in Q1 of 2022. Fair CEO **Brad Stewart** described it as "either Carvana without owning the cars, or think of it as Autotrader where you can purchase the car and have all of the things that go along with it"

One thing it won't be like is Fair's original business of car subscriptions. That turned out to be too capital intensive and difficult to scale. Fair, launched in 2017 by TrueCar founder **Scott Painter**, ran into cash flow problems and eventually exhausted the patience of its biggest investor, Softbank. The firm shed 40% of staff --- including Painter himself --- in late 2020. The company is struggling to gain traction. The marketplace idea sounds like a Hail Mary pass; no doubt investors and creditors have their fingers crossed.

As these ventures gestate, some of the biggest names in tech are also sharpening their swords.

Tech titans focus on autos

Facebook, Google and Microsoft all announced new marketing offers for car dealers during the last year. In part, they're reacting to new data-privacy developments at both Apple and Google. But they're also angling for a bigger chunk of automotive marketing spend, which stands at around



Dealers can no longer post full inventories on Marketplace via partner catalog feeds for free. Source: Facebook

\$13 billion per year in the U.S.

Facebook ends Marketplace freebie

For years, Facebook has been developing an automotive ad product that targets “passive” car shoppers by sending them ads that are timed and placed based on their social media activity. Formerly, these Automotive Inventory Ads would drive traffic to dealerships, but Facebook rolled out an option in 2020 allowing dealers to drive customers to Facebook itself. It may seem counterintuitive for a dealer to give its traffic to Facebook, but Facebook argues that its “mobile-optimized” vehicle listings drive better engagement with shoppers.

“Facebook’s usage is 95% mobile,” **Bob Lanham**, Facebook’s head of automotive retail, told the AIM Group. “So this ad unit is designed to instantly load.” The company claims that during testing, the “On-Facebook Destination” ads reduced the cost of leads by 82% and the cost per content view by 17% when compared to driving traffic to dealerships.

In September, Facebook ended a free-of-charge offering that let dealerships post their full inventories on Marketplace via

partner catalog feeds. Many observers, dealers included, said the change could actually benefit dealers by reducing spam listings on Marketplace and making paid listings stand out. But the end of the Marketplace freebie shows Facebook is eager to generate revenue with its automotive offerings.

Big guys’ click-free search

Google began experimenting with a tool early in 2021 that let dealers populate their Google My Business pages with vehicle listings based on dealer inventory feeds. Available on mobile only, the offer is free of charge, though most dealers who participate hire a Google-certified marketing affiliate to set up their feeds.

The Google experiment took a step forward in April, when dealer inventory ads appeared in search. Users could type <google.com/local/cars> into their browser and pull up a list of nearby cars for sale. We tried it in Louisville, Kentucky, and pulled up 1,700 vehicle listings. The feature, which has since been pulled down, made it look like the company was building a new Google Surface (similar to Google Shopping, Images and Flights, etc.) that would let shoppers

research cars right on Google without ever having to visit a dealership or classified site.

The experiment involved just a limited number of dealerships and was aimed at helping “users explore similar cars nearby,” **Winnie King**, a representative of Google Global Communications and Public Affairs team, told the AIM Group earlier this year.

“As with all experiments, we’re starting small in order to see whether our users and partners find these features helpful, and we’ll use their feedback to determine if and how to roll it out more broadly,” King added.

Not surprisingly, Microsoft is doing the same thing. It announced a beta test in April called Microsoft Automotive Advertising. A paid offer available in the U.S. and U.K. only, it takes dealership inventory listings and makes them discoverable on Microsoft’s Bing search engine. Though Bing accounts for just 6% of search in the U.S. and 3% globally, Microsoft’s auto ads are also distributed across the company’s small but growing social advertising network, which includes websites like Fox Business and CBS Sports.

So far, the strongest offer from the tech titans is Facebook’s, said Nenni, the digital consultant. His agency tells clients that Facebook inventory ads can achieve a cost-per-click of 40 cents and a cost-per-action (when a client makes a phone call, sends a text or fills out a lead form, for example) under \$40. That compares to Google Ad Word benchmark rates of \$8 and \$80 respectively, he said. (However, he noted that dealers benefit only if they have a system in place to respond to the phone calls and chat messages from shoppers who see the ads.)

Nenni believes Google is building an ad model to compete with Facebook. Google will have to finesse its approach “since zero-click search results have been growing, and this doesn’t help their global antitrust arguments,” he said.

But Google and Facebook are clearly

‘Both Google and Facebook will continue to erode third-party market share. Google is especially concerning to third-parties, since they control Page One of Google search results, a key source of high-quality traffic for third-parties.’

George Nenni,
founder, Generations Digital

working hard to beef up their automotive offerings, partly due to privacy changes made to the iPhone’s new operating system, and similar changes announced by Google’s Android system ([recently postponed until 2022](#)). They’re phasing out the use of third-party cookies, making companies more reliant on their own data to learn about shoppers’ behavior.

“To me this is a clear strategic pattern, where either due to iOS14, cookies, or other reasons, FB and Google want to keep the users in their walled garden vs. letting them leave for content, and then struggling to retarget them due to privacy concerns or limitations,” Nenni said.

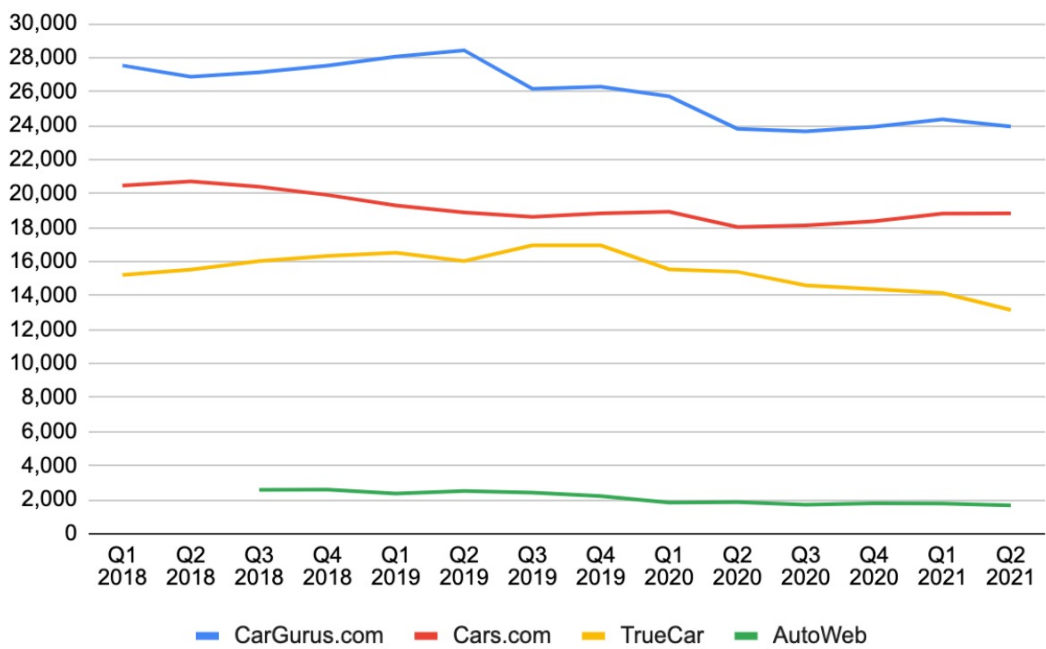
“Both Google and Facebook will continue to erode third-party market share” he said. “Google is especially concerning to third parties, since they control Page One of Google search results, a key source of high-quality traffic for third parties.”

Listing sites ‘here to stay’

No matter what other models lurk on the horizon, Cars.com CEO **Alex Vetter** said marketplaces like his are here to stay.

“Take Covid as a great example,” Vetter told the AIM Group in an interview. “When dealerships were closed and everybody stopped spending, what were the sites that

Dealer numbers slip at classified sites



Source: Quarterly filings from publicly traded U.S.-based auto sites

surged in traffic? Marketplaces.”

This was indeed the case for some marketplaces --- [most famously at real estate site Zillow, which became so popular during lockdowns that it was parodied as a new sex fantasy.](#)

At auto sites, interest was mixed. CarGurus, the traffic leader in the U.S., saw an 8% year-on-year drop in average monthly unique visitors during Q2 of 2020. But Cars.com saw a 6% year-on-year boost.

‘We’re “pre-tail,” not retail’

Sites that depend on paid search suffered traffic loss, but Vetter said traffic grew at Cars.com even though it cut its paid search spending in Q2 of 2020.

“That shows that you’re not going to bypass the natural research and shopping phase of vehicle buying,” Vetter told us. “What I like to say is, ‘We’re not retail, we’re pre-tail.’ We’re where people go prior to purchase.”

As for Facebook and Google, Vetter said he’s not worried.

“Google and Facebook have tried to bid up traffic and create new ad products, which is great, but I don’t think that replaces a native experience like Cars.com where 100% of the people on it are in the act of shopping.

“I’ve been in this business for 24 years, and almost every year there are new entrants in this category who tell me they’re going to change the game,” Vetter said. “There’s always going to be interruptive media, where someone’s doing something else and then an ad tries to interrupt them The difference is, there’s no other reason to be on Cars.com other than shopping for a new ride. So our ability to convert that traffic into our dealer systems is much easier than trying to interrupt people while they socialize with their friends.”

Cars.com also does digital retail, but its transaction tool, Online Shopper, is for dealers. During the past year, Online

Shopper has also been available on the Cars.com marketplace for dealers who want it. But even in that case, customers can only start the deal on Cars.com; if they want to buy online they have to click through to the dealer's site and transact there.

"Our strategy is about arming the rebels," Vetter said. "Cars.com is a marketplace. We help people research, comparison shop and understand what they should pay. But the dealership is ultimately the hero.

"And we're fine with that model," Vetter added. "If we can aggregate demand to their supply that's where we start to work together to compete."

That's also been the strategy at Cox Automotive, which operates the twin classified sites Autotrader.com and KBB.com.

The company offers Accelerate My Deal, an online selling tool that can appear on dealer websites and on marketplace listings. However, as with Cars.com, the goal at Cox Automotive is to drive traffic to the dealership for the purchase. (We asked Cox Automotive Group and CarGurus for executive interviews, neither accepted.)

CarGurus takes different approach

CarGurus, the No. 1 U.S. autos site by traffic, has said it will take a different tack.

In July, the company introduced an online transaction service for consumer trade-ins called Instant Max Cash Offer. A reverse-auction model, it lets private-party car owners post vehicles on CarGurus and wait for competing bids from the company's network. When a seller accepts a bid, the vehicle is inspected, paid for and collected through a "white-glove concierge" service by CarOffer, the online wholesaling company in which CarGurus took a majority stake in January.

Initially available only in Florida, Texas and

Massachusetts and expanded to [five more states in September](#), Instant Max Cash Offer launched at a perfect time, with dealers desperate for new sources of inventory and sellers able to command record-high prices.

The CarOffer side of the business, whose principal business is b-to-b online wholesaling, contributed \$57.3 million to CarGurus's Q2 revenue --- more than a quarter of the \$217.7 million total.

The new trade-in business has emboldened CarGurus to become a fully transactional marketplace.

In remarks during the company's Q2 investors' call in August, CarGurus CEO **Jason Trevisan** noted the call to action of Instant Max Cash Offer is "as close to a sell button as anything there is out there." The next logical development is a "buy" button.

"We're going down the path of helping them actually buy," Trevisan said. "So we view ourselves as working toward this transaction model that allows them to sell with the click of a button and buy with a click on the button."

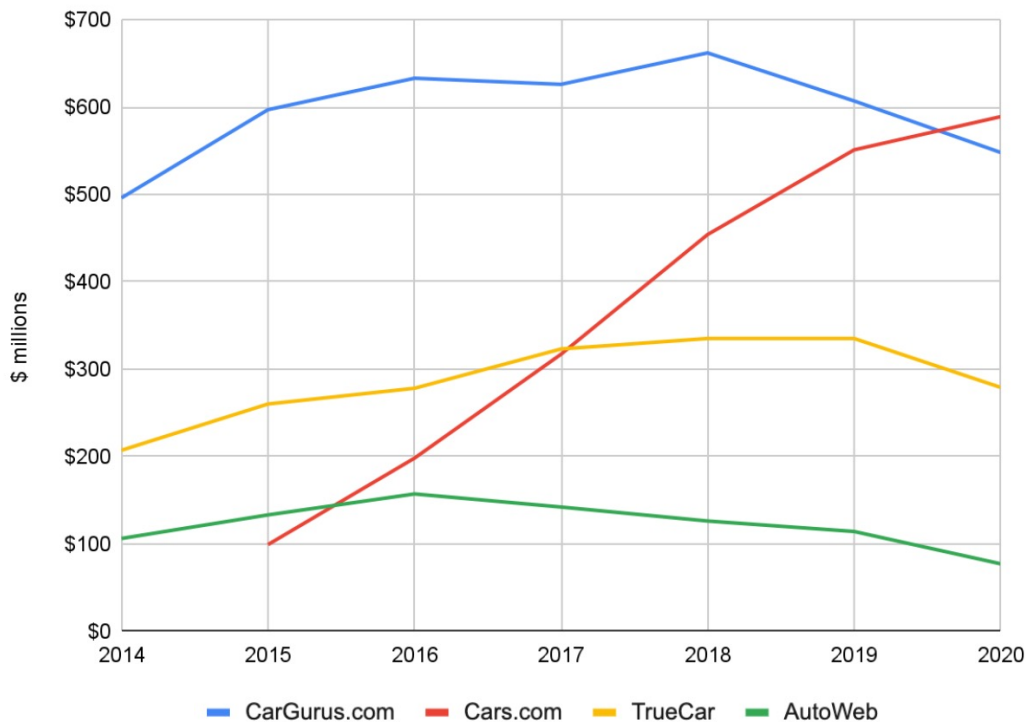
An analyst on the call asked Trevisan whether the on-site transaction idea will face pushback from dealers. **Sam Zales**, CarGurus COO, said the popularity of the trade-in tool will make dealers more receptive to a buying tool. "These are win-wins," Zales said. "We're helping both sides of the marketplace facilitate transaction."

Online dealers prosper

Online dealers have continued to prosper, with all the publicly traded ones --- Carvana, Vroom and Shift --- charting year-on-year revenue gains during Q2 of at least 200%. Carvana, the largest, posted its first quarterly profit during the year; the other two are still losing money.

So far, the third-party sites don't seem worried about the online dealers. In an AIM

Annual revenue at automotive sites



Source: Quarterly filings from publicly traded U.S.-based auto sites

Group interview last year, outgoing Cox Automotive president **Sandy Schwartz** said they’ve helped Cox rather than hurt it.

“Carvana and Vroom are two of our biggest partner customers,” Schwartz told us. “We don’t compete with them, we give them services.” That includes listings on Autotrader.com and KBB.com as well as wholesaling and vehicle inspections by Cox subsidiary Manheim.

Vetter, of Cars.com, has a similar attitude. “Even if you look at what the big digital retailers are doing --- trying to market themselves as the new way to buy cars --- they still subscribe to our marketplace because they know that’s where people come to shop,” Vetter said.

Customers become competitors?

Even so, customers can turn into competitors. We wrote last year about an

experiment in which [Carvana listed other dealers’ cars alongside its own](#) on Carvana.com. At the time, third-party listings were marked “Partner Inventory;” that’s since been changed to “Marketplace.” The experiment continues, and today you can find lots of Marketplace listings if you look deep enough into Carvana search results.

During Carvana’s Q2 call with investors, several analysts asked for an update on the marketplace experiment. Carvana CEO **Ernie Garcia III** said little, but revealed it hasn’t made very much money. “When we expect that it could materially impact our results, we’ll probably spend more time discussing it,” Garcia said.

He continued: “I think we’ve continued to make progress there. We’re testing different things. We’re interested by the results that we’re seeing, and that’s why we continue to test it, but we don’t have anything additional to add at this time.”

New intermediaries target U.S. private-party sellers, and dealers

- Companies track down cars for dealers to buy from private owners
- These include Vettx, Vehicle Acquisition Network, Drivably, Boost Acquisition
- The concept benefits from inefficiencies in the private-party market

By **Peter M. Zollman**

With car inventory often difficult to acquire for dealers, intermediaries are appearing with a promise of fast vehicle acquisition

It used to be simple if you wanted to sell your car in the United States: You put up an ad on Craigslist, Autotrader.com, or even in the local newspaper. The phone would ring, and some guy would come over, test-drive it and haggle out a deal.

My, how things have changed.

A new breed of intermediaries has emerged: “private-party acquisition services,” companies that scour third-party sites, most notably Craigslist and Facebook Marketplace, and track down cars for dealers to buy from private owners. With the overwhelming shortage of used-car inventory; new outlets like Marketplace and OfferUp in the mix, and dealers trying to cut their costs of buying wholesale at auto auctions, the new go-betweens have grown fast. In some cases, they even negotiate the deal, doing everything but signing the paperwork and writing the check.

Better than the auctions?

“These programs out there finding what’s on Craigslist and Facebook Marketplace and vetting it for me --- they’ve been a huge asset for me,” said **Brenna Stansberry**, owner of Park Marina Motors in Redding, Calif.

Stansberry works with a Chico, California-based company, Vettx, and she loves it so much she wishes she had started sooner than last November. She’s bought more than 80 cars and trucks she identified through Vettx --- about 30 of those in just one month --- and it’s going so well her dealership has opened a bank account in Oregon (about 120 miles away) to make it easier to pay people in Oregon whose cars she buys.

“I feel like I’m getting a better car than I did at the auctions. The cars are usually better maintained,” she told the AIM Group. “I’ve definitely cut back at auctions and other sources. If I could buy every car off the street, I would.”

Two or three times a day, she reviews a dashboard of cars Vettx has found and checked with tools like CarFax. If she sees one

she wants, she “lights it up” on the spreadsheet and her Vettx rep, **Donnie Rogers**, contacts the seller.

“He knows me now and he knows what I’m willing to pay. He’s almost acting as an extension of the dealership. We get calls all the time asking for Donnie,” Stansberry said.

At a recent conference of the International Automotive Remarketers Alliance, she described one winning deal: A seller was advertising a high-end pickup truck for \$80,000. They contacted him and asked his absolute lowest price. He sold it to Park Marina Motors for \$72,000; Stansberry turned around and immediately wholesaled it for \$80,000.

Numerous intermediaries

Vettx is one of several companies in the business. There’s Vehicle Acquisition Network (VAN), based in Chicago and founded in 2013, with more than 400 dealership customers today; Drivably, based near Phoenix, Ariz., which offers dealers what it calls “the missing digital auction,” and Boost Acquisition, based in San Luis Obispo, Calif., which is pivoting from a dealer-oriented site to a consumer-oriented site called CarWiser.

“The U.S. private-party market for used vehicles is extraordinarily inefficient and the inventory is difficult for dealers to acquire, so they buy from auction,” CarWiser says on its website.

CEO **Patrick Howell** told the AIM Group it works not only with dealers but with all sorts of websites --- any consumer site that generates traffic. It monitors online automotive sources for leads. For cars it refers, dealers pay \$299 for a “retail-quality car, 2010 and newer, under 100,000 miles,” and less for older cars. He said the company has “tens of thousands” of dealers in its network. “It’s a one-to-many model. We push the lead out to the dealers that are a match ... push that metal out to them to get our consumer multiple offers.”

Tom Gregg, CEO of VAN, told the AIM Group



Brenna Stansberry, owner of Park Marina Motors

that this concept “isn’t new, it’s decades old --- just grabbing the newspaper, circling cars, and calling people. I saw an opportunity to be more organized. I like to automate things.” He was working at an auto dealer in 2011 buying used cars, and found a developer to create software to use for himself. Other dealers wanted to use it as well, and a company was born.

VAN finds listings “almost anywhere a consumer can list a car --- CarSoup, CarGurus, OfferUp” and others. It’s the only private-party intermediary we found that operates outside the U.S., with operations in Canada and a “small footprint” in Australia.

VAN’s key differentiator is automation, Gregg said. Where Vettx might have a sales rep who approaches a seller by phone, VAN uses text and email. “We find ways to automate and create efficiencies,” he said. The company charges dealers flat fees, ranging from \$500 to \$3,000 monthly, and has some that buy more than 100 vehicles a month through VAN. It has “around 15” sources, and recently launched its own consumer-targeted brand, VehicleHero.com, which provides sellers “the most competitive offer” from local dealers.

Several of the lead sources, most notably Craigslist, are extremely skittish about outside services scraping material off their websites and turning it into leads. We asked, but none of the CEOs would explain whether they had permission from Craigslist specifically to scrape, or just how they accessed the information on Craigslist.

Four ‘sell my car’ case studies: How do these sites perform?

- Service ranged from ‘excellent to ‘poor’ across 11 sites
- Several services don’t yet operate across all U.S. regions
- Case study also performed in India, Indonesia and the U.K.

By Peter M. Zollman

Case studies demonstrated a surprising range of offers for the same car: from just a few thousand up to around \$10,000

It only took about an hour to figure out that there are three kinds of companies buying used cars online in the United States:

- The honest, active buyers that make realistic offers,
- the bottom-feeders, and
- the companies that still haven't figured out how to make it simple.

One day a few weeks back, I decided to “sell my car.” Of course, I wasn’t selling it; I was just testing the market and the companies that buy cars. So I went to 15 car-buyer websites and put in the details for my car.

Ease of use? Good or excellent on 11 of the sites.

Straightforward questions? Again, about 11 of the sites. A few asked unusual questions --- “When do you plan to sell?” (NOW, silly!), or equipment questions: “Do you have aluminum pedals?” (What? Really? Does that have a significant impact on my car’s value?) And some asked questions about equipment and accessories that should have been clear from the VIN (vehicle identification number) I entered on every site.

Ten of the 15 sites worked well. One said “unfortunately, we don’t operate in your region yet.” And four said they would email an offer, rather than popping one up on the screen like the remaining 10 did. (Three of the four emailed offers within a few minutes. But why the delay?) View the results on Page 70.

A wide range

What a crazy range of offers in the U.S.: \$2,640 on the low end from CarBrain.com (“[the] market for less-than-perfect cars”) to \$10,750 from a TrueCar “certified dealer” near me.

In between: AutoNation, \$10,381; Carvana (\$9,195); KBB (“Instant cash offer,” \$10,165, and \$10,600 three days later through Autotrader.com); CarMax (\$9,000, after going to Edmunds.com, now a CarMax subsidiary) and others. Bottom-feeders: CashForCars.com (\$4,245.57 --- where did those 57 cents come

Ben Salisbury (U.K.), Kalyan Banga (India) and Jacopo Natali (Indonesia) contributed reporting from their respective countries

from?), Peddle.com, (\$4,375), and CarBrain.

In all cases, I said my car was in excellent condition. It has a few very minor scratches and hasn't been in an accident. So if it's only in "good" or "fair" condition, I can't imagine what excellent condition would be at 66,000 miles. And for the purposes of this test, it didn't matter what condition the car was in, as long as I put in the same condition on each site.

Offers are contingent

All of the offers were contingent on an inspection of my car. That makes sense. But presumably, this is where the "gotcha" comes in: It's quite possible, even probable, that when I brought it in, a dealer would say, "This car's only in good (or fair) condition" to reduce the payout. But it's highly unlikely that if a seller rated her car in fair condition and it was really in good or excellent condition, any dealer would say, "Gee, this is in better shape than we thought; we'll pay you another \$500."

Several sites offered free pickup and on-the-spot payment; most required that I take the car to a specific dealership, or any dealership working with the company (KBB). KBB, owned by Cox Automotive Group and tied to Autotrader.com, provided an official-looking "Instant Cash Offer" certificate noting, "This offer can only be redeemed at a Participating Dealer. Kelley Blue Book doesn't redeem offers, purchase vehicles or own / operate Participating Dealers."

One thing that a few sites required that they shouldn't have: an email address, and / or a phone number. In most cases, they demanded permission to email and call, which is great for lead generation but not so great for customers who are testing the water. (I confess: I put in an old, non-working phone number; I just didn't want the hassle of phone calls from dozens of dealers about how they want to buy my car **so badly!**)

Quirks, oddities and good stuff

- After putting in my information on KBB, I got a valuation. It asked if I wanted an "instant cash offer." Well, of course. So I clicked on the button, and had to start fresh. Did they lose my information in the transition from valuation to "instant cash offer?" Makes no sense.
- Cars.com just said "Instant cash offer coming soon." There was no place to get an offer, a valuation or even generate a lead based on my interest in selling my car. (Cars.com later told me its offer system was temporarily suspended due to a platform cutover.)
- CarLotz, a consignment business with a location about 65 miles from me, presented some of the most interesting graphics, including a scatter-plot chart showing "30 like yours for sale or recently sold within 500 miles [of a specific Zip code]." (That's pretty generic, and not really geographically tight.) It gave a consignment value of \$10,371 and a trade-in value of \$7,998, with detailed costs for a sale: an estimated discount from list price (3%, or \$889), dealer reconditioning (\$852), depreciation (\$200), dealer advertising cost (\$266), average dealer overhead (\$1,030) and dealer net profit (\$289). Footnotes even showed how they arrived at the figures. It wasn't completely clear, but presumably if I consigned my car to CarLotz, the net I should expect would be \$7,998 after all of the deductions. At least they're up front about what it'll cost.

We expanded the case study beyond the U.S. Our analysts carried out similar case studies in three other countries: India, Indonesia and the United Kingdom. See the results on Page 67. (A different vehicle make and model was used in each country, so the valuation is not comparable between countries.)

Company	Offer	Ease of use	Contingencies	Notes
Edmunds	\$9,000*	Excellent		* Offer was from CarMax, the new owner of Edmunds
Carvana	\$9,195	Excellent		Required email address and signup for email offers
KBB.com	\$10,165	Excellent		Also offered a "trade-in range" of \$9,675 to \$11,346. KBB priced the car two ways: for trade-in and for an instant cash offer. But I had to re-enter all of my data to get an ICO. A repeat test three days later yielded an ICO of \$10,600. Dealerships are response for fulfilling ICOs.
Peddle.com	\$4,375	Excellent		"Get paid as early as today. We come to you. We pay you on the spot." Complete with a "Sell instantly" button
Vroom.com	XXXX	Poor. (Too many questions, slow processing). On entering all data, I got a pop-up: "Sit tight: Our buying specialists are taking a closer look and will send your price by email in one business day."	While this is probably true at all sites, this statement seemed to be an intimidation tactic: "Note: Vroom will verify your vehicle information is accurate during pickup. Inaccurate information may result in a reduced price or voided price."	Offer by email only. After I entered the mileage, a pop-up said "Are you sure? ... The mileage of 66,400 you entered is lower than our partner's records indicate." What partner? What do they know? And if they "indicate" higher mileage, where did they get it?
Shift	N / A	Fair		"Thanks for your interest in Shift. Unfortunately, we don't operate in your area yet." You'd think they'd figure out how to capture a lead and sell it to another prospective buyer.
CarMax	\$9,200	Fair		
AutoNation	\$10,381	Poor	Required me to verify my phone number and "consent to receive automated and pre-recorded / artificial calls, including text messages, relating to my vehicle and my relationship with AutoNation. Message and Data rates may apply."	"We'll send you a certified cash offer in less than 30 minutes." They did.
CashForCars	\$4,245.6	Excellent		
WeBuyAnyCar	\$8,915	Excellent		
CarBrain	\$2,640 - \$4,340	Good		

India

Company	Offer	Ease of use	Notes
CarDekho	\$5,449 - \$6,284	Excellent	Final offer will be provided after home inspection, with a fee of \$0.65 No questions regarding condition of the car. They said: "Please make sure the vehicle is in running condition."
OLX Autos	\$5,750 - \$7,694	Good	Final price quote after home inspection
Droom	\$5,763 - \$6,119	Good	Required images of the car, and a video showing it from different angles
Cars24	\$6,119 - \$6,352	Excellent	Option of a free inspection at the branch or a home inspection for \$4
Spinny	\$6,160 - \$6,626	Excellent	Free doorstep inspection. Final offer valid for three days.

Indonesia

Company	Offer	Ease of use	Notes
Carro	\$4,000 - \$6,000	Excellent	Quick and easy to use
Carsome	N / A	Good	No offer until a full inspection is completed
OLX Autos	\$4,000 - \$5,000	Excellent	Two services on offer: free and a premium
Mobil123 / CarMudi.id	N / A	Good	No offer until a full inspection is completed

United Kingdom

Company	Offer	Ease of use	Notes
Cazoo	£2,700	Excellent	Valuation guaranteed for seven days
CarWow	£2,033 - £2,603	Good	Required email address, mobile number and a sign-up for email offers
WeBuyAnyCar.com	£2,800	Good	Advertises a 60-second valuation but actually took five minutes. Valuation guaranteed for four days only
AutoTrader	£2,850	Excellent	Part-exchange valuation. Promises to sell in 48 hours.
HeyCar.co.uk	£2,760 - £2,930	Average	Could not locate the car on first attempt. Received an instant valuation once the car was found on second attempt.

Company spotlights



A look at some of the world's leading automotive marketplaces

Automotive marketplaces by revenue: The world's Top-10 groups ranked

- Companies based in China and U.S. dominate the rankings
- Three multivertical businesses also make the list
- Only one company sees over \$1 billion U.S. in revenue

**By Pavel Marceux
and Jonathan Turpin**

Five auto marketplace businesses in the Top 10 are based in the U.S.; another three are in China

What are the world's top automotive marketplace companies by revenue? At the AIM Group, we get that question often. Here's our list, with some caveats.

These rankings are based on 2020 revenue, using the closest calendar year if 2020 information was unavailable. Revenues are based on calendar or fiscal years unless otherwise noted. Where necessary, conversion to U.S. dollars was done at the average 2020 exchange rate. We've also included horizontal classified businesses in the rankings for the first time based on our estimates of their auto revenues.

We have done our best to report just digital marketplace revenues plus directly associated ancillary revenues, but company reporting segments don't provide perfect like-for-like data, so our comparisons may be imperfect. In some cases, the AIM Group has estimated revenue. Some revenues in 2020 were notably depressed due to Covid-19.

1. AutoHome: \$1,327 million

China-based AutoHome is the world's leading automotive group by classified revenue, with particular strength in new-car advertising. Its revenue total includes transactional income in addition to classified revenues. The business also has strong media, financing and data revenue streams. Insurance giant Ping An Group acquired a 53% stake in AutoHome in 2017.

AutoHome acquired TTP Car, a c-to-b auction platform focused on used vehicles, in December. The company said it expects the auction platform to bring in around \$15.5 million U.S. in revenue on a quarterly basis.

2. Cox Automotive classifieds: AIM Group estimated ranking

Since privately owned Cox Automotive does not publish financials publicly, the AIM Group has estimated the revenue ranking position for its classified business, which is still most likely the No. 1 automotive classified business by revenue in the U.S. Among its major assets, the company includes auto vertical Autotrader.com

and car valuation firm Kelley Blue Book.

3. EBay Classifieds Group: AIM Group estimated ranking

Before EBay sold its classified business to Adevinata in June, EBay Classifieds Group had a significant auto classifieds presence, particularly in Europe.

4. CarGurus: \$552 million

The leading automotive vertical in the U.S. by total monthly visits, CarGurus has now become the No. 2 by revenue in the U.S. and No. 4 globally, overtaking Cars.com in 2020.

5. Cars.com: \$548 million

U.S.-based Cars.com operates one of the leading automotive classified businesses in the country. Dealer websites and related digital services from its Dealer Inspire product contribute an ever-rising proportion of revenue to the company.

6. BitAuto: AIM Group estimated ranking

BitAuto is widely recognized as the No. 2 automotive classified business in China. The company's \$560 million in revenue excludes its independent finance business (Yixin) and marketing solutions business. [The company went private in 2020 in a \\$1.1 billion deal.](#)

7. Auto Trader Group: \$337 million

The leading automotive vertical in the U.K., Auto Trader is also top in Europe by revenue. The company has a dominant position in the U.K. market.

8. 58.Com: AIM Group estimated ranking

The horizontal leader in China, 58.com has stated that recruitment generates the largest share of its revenue, but autos is a major component. In mid-2020, NYSE-listed 58.com agreed to go private in a transaction worth \$8.7 billion, one of the largest deals in classified history.

9. Schibsted (incl. Adevinata): AIM Group estimated ranking

Norway-based Schibsted dominates Nordic classifieds. Since spinning off its international classified business in Adevinata, Schibsted has been able to place more focus on driving revenue in the Nordic region. Adevinata revenues are included in full in our assessment given Schibsted's majority ownership. Adevinata will appear in its own right next year, catapulted up the rankings by its acquisition of EBay Classifieds Group.

10. TrueCar: \$279 million

TrueCar is one of the leading automotive verticals in the U.S. It's listed on the Nasdaq under the ticker TRUE. In September, the company tied up with Capital One to offer a finance pre-qualification tool that lets car shoppers work out tentative loan terms and monthly payments before clicking through to a dealership.

Notable mentions

Many companies were in the running to make this list, but either just missed out due not reaching the necessary revenue threshold or because there was not enough financial information available to include them.

CarSensor.net, the Japan-based auto vertical owned by recruitment giant Recruit Holdings, would likely have made the list, but there is insufficient information to estimate its rank.

Prosus, the Netherlands-based marketplace operator majority owned by Naspers, doesn't quite make the list for its auto classified revenue alone. However, if transactions were included in the total, it would be among the leaders globally.

Social media giant **Facebook** has a sizable automotive business internationally, but listings have been free thus far. Facebook would likely make the list if we counted its auto revenue from Facebook Ads.

Top 10 auto groups by classified revenue

Rank	Group	Revenue
1	 AutoHome	\$1,327m
2	 Cox Automotive classifieds	Ranked by AIM Group estimate
3	 EBay Classifieds Group	Ranked by AIM Group estimate
4	 CarGurus	\$552m
5	 Cars.com	\$548m
6	 BitAuto	Ranked by AIM Group estimate
7	 Auto Trader Group	\$337m
8	 58.Com	Ranked by AIM Group estimate
9	 Schibsted	Ranked by AIM Group estimate
10	 TrueCar	\$279m

Sources: Company data, AIM Group analysis

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Auto1 Group: Is it on the verge of becoming the 'Carvana of Europe?'

- Can AutoHero win in nine Euro markets? It's never happened before
- Success depends on developing consumer retail, refurbishment, supply
- Auto1 Group is strong in data, logistics and European market knowledge
- But is vehicle sourcing its key strategic advantage?

**By Brian Blum
and Jonathan Turpin**

Auto1 is best positioned for success as an auto digital dealer in Europe, but it has some major challengers

Auto1, via its consumer retailing brand AutoHero, is one of the Big 5 companies developing automotive e-commerce in Europe. So far, there's no standout --- none with a clear, unambiguous lead. However, this is Auto1's fight to lose. (For a more complete look at the Big 5 in Europe, see Page 20.)

Auto1 in pole position among the 'Big 5'

Sitting atop continental Europe's largest car-sourcing business, trading 450,000 cars in 2020, Auto1 has maximum advantage on paper. Its most interesting competitor is Cazoo, but Auto1 has four significant advantages:

- **Data:** It has unparalleled data from trading cars in and across Europe, and extensive experience pricing car trades. These are core assets for profitable trading. Its ability to arbitrage car prices between regions and countries is unique, and gives it a major competitive advantage vs. traditional dealers and new digital auto retailers alike.
- **Existing logistics:** A consumer-facing used-car business is complex. One key component is logistics. Auto1 Group may be best in Europe at moving used cars from A to B. It already has a large network. It's now closing its major gap, last-mile delivery to customer driveways.
- **Marketing economies.** AutoHero and its car-buying corporate sibling brand WirKaufenDeinAuto ("We buy your car," or WKDA), which operates in 11 countries, address different audiences. But there is some valuable crossover that could be leveraged effectively.
- **Cross-border knowledge.** Operating across 30 markets in Europe, Auto1 Group has used-car market knowledge across the region no one else can match. It is already dealing with many issues of multi-country operation and is used to building products for multiple markets.

Updated from AIM Group
Marketplaces Report 22.02,
Jan. 29, 2021

How did the Auto1 IPO do?

Auto1 Group sold €1.8 billion of shares at IPO at a valuation of €7.9 billion, up from its previous valuation of almost €3 billion. The offering was 10x oversubscribed. Net of investor share sales, it raised €1.0 billion. Some €410m was allocated to AutoHero, €232 million to pay off debts and €335 million as a strategic reserve. Pre-IPO shareholders cashed in shares worth €833 million.

The five largest external investors are Softbank (18.2% holding), DST Global (6.6%), Morgan Stanley (5.8%), Target Global (5.0%), Piton Capital (3.4%).

Auto1 Group's market capitalization today is €6.6 billion (\$7.6 billion), a good way down from its peak on debut day at €11 billion and the €7.9 billion valuation at which investors bought in at IPO. (But still huge!) It has around €800 million in cash and investments on hand and a largely undrawn €450m inventory-backed credit facility.

Investors are optimistic, but a bit less optimistic than at IPO. The share price hasn't been helped by a flurry of further share sales by pre-IPO investors.

Auto1 Group is nevertheless the most valuable digital auto retailer in Europe. Its \$7.6 billion market capitalization compares to Cazoo at \$5.4 billion. And it's more valuable (just) than Auto Trader at \$7.3 billion.

Its additional strategic strength --- car-sourcing --- is not showing up strongly in the numbers. So, for now at least, we'll explore it as one of Auto1 Group's challenges.

Cazoo is the most interesting comparator, especially since it's due to arrive on Auto1's turf before the end of the year. It's launching in France and Germany, in addition to its existing U.K. operations. It's having to build and buy car sourcing from scratch. That's the benchmark for assessing how much harder it is to build auto e-commerce if you don't have an ocean of used cars available in-house.

AutoHero launched in 2017 and Cazoo in December 2019, so in theory AutoHero had a two-year head start. But Auto1 really started to focus on AutoHero only in March 2020, so effectively AutoHero and Cazoo started "for real" at about the same time.

In Q2 of 2021, Cazoo sold 8,772 cars at retail. AutoHero sold 8,415.

Cazoo is in one country, AutoHero is in nine. In terms of penetration, Cazoo is moving faster. But it may be much harder to achieve a similar pace when it crosses the Channel and hits the continent. And U.K. cars, built for left-side driving, won't be much use in France and Germany.

Five challenges for Auto1 Group

Before its initial public offering in February, [we identified five challenges](#) facing Auto1 Group as it chases the Carvana model.

Complex markets

There's a reason no one has built a pan-Europe Carvana yet: the complexities of the markets, the cross-border logistics, the bureaucracies, and the unique circumstances of each nation.

AutoHero's target markets are Austria, Belgium, France, Germany, Italy, Netherlands, Poland, Spain and Sweden. Four --- France, Germany, Italy and Spain ---

account for 75% of the overall target population. Consumers there have strong cultural and practical reasons for sticking with traditional auto sales channels. In those countries, it will be harder to scale up digital auto retail than in the U.S. or the U.K.

Germany, Auto1 Group's largest market, probably 30% to 40% of its current business, is a good example. Its residents use e-commerce heavily --- eBay and Amazon are strong --- but they resist changing habits if the established structure works well. Changing those habits will require significant marketing expense to outrun traditional dealers and today's leading marketplaces, AutoScout24 and Mobile.de. The dealers are often well-regarded, family owned local businesses. Germany also has local brands --- Volkswagen, with Audi and Porsche; BMW, and Daimler Benz --- that dominate car sales. Many dealers represent those respected brands, selling many of the quality used cars from these marques. It will be difficult to detach German consumers from those relationships. And the manufacturers own a nascent competitor in the fight, HeyCar, which is slowly evolving towards e-commerce. (See article, Page 24). Auto1 Group at least has the benefit of also being a German company.

Peer-to-peer sales tough to dislodge

France, Italy and Spain all have high levels of peer-to-peer used-car sales. It will be even tougher for AutoHero to erode those than dealer sales, because they result from strong local, community and family trading cultures. They also often deliver more money to the seller than a sale to a dealer.

Guidance in sales forecasts

We can now see Cazoo's forecasts for retail car sales to add to Auto1's guidance at and since its IPO. At IPO, Cazoo forecast selling 176,000 cars retail in the U.K. in 2023 and 58,000 in selected countries in continental Europe. The last medium-term guidance on AutoHero (at IPO) was 120,000 retail cars in 2023. These sales volumes represent



Auto1 is focused on scaling delivery capability

penetrations of around 2.2%, 0.2% and 0.5%, respectively, of their used-car target markets.

Auto1's guidance seems reasonable. It looks like Auto1 and Cazoo are both assuming in their plans that continental Europe will be tougher than the U.K. [As we've reported before, the aggressive number is Cazoo's forecast for the U.K.](#)

Auto1 has raised its guidance for AutoHero in 2021 from, at the IPO, 29,000 retail cars to between 38,000 and 43,000, a positive start. (Of course, it may have wanted to under-promise and over-deliver after the IPO.) Longer term, the intensity and effectiveness of competition is the greatest unknown.

Quality used cars required

AutoHero needs lots of used vehicles to meet its goal of serving nine countries in Europe. It must overcome the mismatch between low-value cars Auto1 now buys through WKDA and the premium cars AutoHero needs. The average car sale price at AutoHero was €13,565 in Q2; at WKDA, it was €6,866.

Auto1 said WKDA sees higher-value cars as prospective sellers use its sites for valuations, but historically couldn't buy them because it had to price them for sale to dealers who then resold the cars to consumers. In contrast, dealers offering

Auto1 Group's "channels"

Auto1 Group operates four channels, two for sourcing cars and two for reselling them:

- The "**WirKaufenDeinAuto.de brands**," buying cars from consumers through WirKaufenDeinAuto.de ("We Buy Your Car") in Germany and sister services in 9 other countries. (We'll refer to them as WKDA.)
- **Remarketing**, sourcing cars to resell from fleets and dealers
- **Auto1.com**, its merchant brand, auctioning cars online to dealers
- **AutoHero**, its retail brand, retailing cars directly online to consumers at AutoHero.com --- its vehicle to perhaps become the Carvana of Europe

trade-in amounts to consumers only have to accommodate their own retail margin. They can also subsidize the trade-in, if they want, from the profit in the replacement car they're selling.

Auto1 said WKDA can now bid higher and secure more premium cars, as it doesn't need to add a wholesale and a retail margin to sell at AutoHero. The logic sounds right, but does it work in practice?

Cazoo vs. Auto1 comparison: Relevant?

Can one compare sales between Auto1 and Cazoo at this point? Auto1 is selling about as many cars, despite its sourcing advantages. But there's just too much noise at this stage to tell if this is a relevant comparison: country differences, different profiles between the businesses, different marketing spends, and so on.

Auto1 doesn't disclose the number of cars for sale on AutoHero. However, Barclays Equity Research publishes its own tracker data in its Auto1 notes and puts current inventory at around 9,500 cars. This contrasts to Cazoo at 2,600 and Cinch --- also owned by a major wholesaler --- at 4,900. The Auto1 number is bigger, but Cazoo and Cinch are in a full-on marketing war. It would be no surprise if cars are flying

off their sites at speed, constantly depleting inventory. Comparing inventory levels to sales volumes, Cazoo is certainly turning stock faster than AutoHero, but again that's no surprise given the marketing.

Auto1 and Cinch may show an inventory advantage versus Cazoo, but that's not clear. Even if it's true, it doesn't look like a knockout advantage, and it could change quickly. The most interesting numbers are at Cinch, which, as well as having its group's 1.7 million vehicles traded annually to draw on, is also selling dealer stock. Given this advantage, its inventory level relative to Cazoo is underwhelming. Industry sources suggest its sister company WeBuyAnyCar.com --- equivalent to WKDA --- hasn't managed to substantially increase the number of premium cars it's buying to feed Cinch's inventory. An acute shortage of used cars --- due to the impact of Covid and multiple other factors --- has also led dealers to keep cars to sell themselves, rather than through Cinch. They can sell quickly at high margin.

AutoHero has evolved its trade-in service from a WKDA brand to an AutoHero brand, which should help its sourcing. There is also evidence Auto1 is handling more higher-priced cars. Its average c-to-b used-car sale price increased 15% year-on-year to €6,866

in Q2. There was also a rise of 45% in its Remarketing division, to €8,474. It's unclear if this is because it's buying more premium cars or because of the current spike in used-car prices due to supply shortages.

Fixing cars up cost-effectively

Auto1 Group currently has limited capability for refurbishing cars it buys to sell in-house. When selling used cars to consumers, trust and reliability are key. AutoHero must deliver quality cars, and refurbishment must be cost-effective.

Auto1's outlined a strategy in January: establish low-volume fix-up operations at some of its 140 WKDA logistics centers, with monthly capacity of about 200 cars each, largely contracted out. "To truly compete," we said, "it might need Carvana-like 'centers of excellence' to refurbish retail cars." It seemed unlikely small centers would deliver the consistency, learning, process evolution and efficiency of the large sites used by other operators: Carvana (5,000 cars per month per center, 13 centers), Cazoo (2,000-plus), Carzam (10,000).

Auto1 Group said its refurbishment cost per car at AutoHero was €864 in Q3 of 2020. It expected to halve that in time, but has not published an update. At Carzam in the U.K., refurbishment costs at its mega-center were around £270 (€306) per car in January. Carvana in the U.S., too, has focused strongly on optimizing its inspection and reconditioning centers, which is clearly easier in large facilities than small ones.

Auto1 has now shifted from its plan to use outsourced work at its logistics partners' compounds and is looking for six to eight much larger owned sites, expected to operate in Germany, France, Italy, Spain and Poland in 2022 or later. To achieve this, it is bringing forward previously budgeted refurbishment spend. This seems like an appropriate approach; we'd argue it should have been the plan when AutoHero took center stage in March 2020. Perhaps it was always the

internal plan, but from the outside Auto1 seems to have learned slowly relative to potential competitors.

In contrast to Auto1, it's interesting how Cazoo is growing its operations, including refurbishment, through tactical acquisition. Auto1 has made no acquisitions since founding. It has a cultural distrust of acquisition. It argues that its organically developed platform and culture, which avoids the complications that come with acquisitions, is a key strength. We think this inflexibility will help competitors close the gap with Auto1, acquiring capability while Auto1 takes longer to build it. Cazoo isn't just adding infrastructure quickly through acquisition, it's bringing in skills and knowledge at scale. Yes, it faces integration issues and cultural challenges, but in a business where speed is critical, m-and-a can really help deliver.

Building consumer-centric culture

Auto1 Group has strong b-to-b roots in vehicle logistics and a successful consumer-facing business at WKDA, but needs a stronger consumer culture to win in retail. Carvana has built its culture through years of marketing and experimentation. Selling cars to consumers requires more sophistication than buying cars from them. Auto1 needs to reshape its culture and staff for a new balance between its expertise in operations and logistics, toward exemplary consumer retail execution.

Does Auto1 Group have the skillsets to build the Carvana of Europe? Given its largely trade-focused history, it would be surprising if it did. That doesn't mean it can't or won't hire its way to the right expertise. Execution will be everything. But it will have to run two businesses side-by-side with different customer bases and dynamics.

Carvana and Cazoo have a single focus --- selling cars directly to consumers online. Both own the process end to end. Auto1 also has to run c-to-b and b-to-b operations that

How did the Auto1 IPO fare

Auto1 Group sold €1.8 billion of shares at IPO at a valuation of €7.9 billion, up from its previous valuation of almost €3 billion. The offering was 10x oversubscribed. Net of investor share sales, it raised €1.0 billion. Some €410m was allocated to AutoHero, €232 million to pay off debts and €335 million as a strategic reserve. Pre-IPO shareholders cashed in shares worth €833 million.

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Investors are optimistic, but a bit less optimistic than at IPO. The share price hasn't been helped by a flurry of further share sales by pre-IPO investors.

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deliver 10 times the revenue of AutoHero. Will the consumer business be a distraction? Carvana and Cazoo operate trade sales, but for them trade sales are an adjunct to their retail businesses, not huge operations in their own right.

Consumers must first learn about AutoHero, then enjoy the online sale process itself. It's a marketing-plus-retail experience. While Auto1 Group already spends more than €120 million on marketing in a normal (non-Covid) year, mostly at WKDA, getting consumers to trust and buy from a digital used-car dealer, love the experience, and then rate it highly, is much more complex than getting consumers to a website to value (and perhaps sell) their car. Getting this right is critical.

While AutoHero has been active, essentially, for 18 months, and does the job of selling cars, it still lacks the fluidity and clear communication of Cazoo or Carvana. For example, two essential things missing from its website: Delivery timescales and visibility

of finance terms before you get into the buying process. The consumer experience is weaker than its peers'.

However, there are signs of improvement. AutoHero now scores 4.4 out of 5 on TrustPilot consumer ratings in Germany (from 1,368 reviews), up from 3.9 in January. That's close to Cazoo's 4.7 in the U.K. (7,645 reviews). It also matches Carvana's 4.3 on DealerRater in the U.S. (7,997 reviews) and beats Carvana's 3.3 on TrustPilot (4,441 reviews). Auto1 also reports steadily increasing net promoter scores. The consumer retail deficit in Auto1 Group's DNA is, perhaps, being addressed.

'Big bang' versus staged-launch approach

Auto1's strategy for AutoHero is to launch as early as possible in each market, as it believes there's advantage to being first. It will then accelerate market-by-market, starting with Germany. Has AutoHero gone too big too soon? This approach is more staged than we understood in January. Even

so, we question the value of a “soft launch” -- opening a country operation before you’re ready to seriously promote it. This requires expenditure and effort that may detract from other activities or need reworking once you’ve taken on board the learning from other markets.

Carvana has expanded carefully market-by-market in the U.S. to learn the business, improve the model, and avoid spreading itself too thin. Cazoo is staging its launches country-by-country. While Cazoo is late to market in continental Europe, we suspect its country-by-country approach will deliver a more focused and, to a degree, more efficient approach.

Financing is central

It’s increasingly clear: Financing is central to the success of automotive e-commerce. At Carvana, it delivers at least a third of gross profit. The company achieves an estimated 80% loan attachment rate.

Auto1’s joint finance venture with Allianz, Deutsche Bank and others failed acrimoniously and is the subject of ongoing litigation. Confusingly, [Auto1 Fintech](#) still operates independently from Auto1 Group under the Auto1 Fintech brand due to a contested brand license, one of several issues in dispute. Allianz and Deutsche Bank are reported to have left the joint venture, which received some [recent bad press in Germany](#) in relation to their involvement with other partners in the venture.

To muddy the waters further, Auto1 Fintech is creating an inventory-financing service for auto dealers, backed by a [€4 million fundraising](#), applying a blockchain-based security token approach. Auto1’s IPO prospectus said that if it loses in court, the company “... may be restricted in offering financing products to purchasers of used cars, if and to the extent such products are covered by the service agreement, which may adversely affect the attractiveness of our offering and our margins.”



Auto1 doesn’t want to comment currently while the litigation is ongoing. (No surprise.) We haven’t been able to ascertain whether the outcome could affect retail as well as inventory financing. However, the joint venture was clearly presented at launch as a dealer-financing initiative.

In any case, Auto1 is moving ahead strongly in consumer auto financing. Following the Carvana playbook, AutoHero has started running its own financing book in Germany, with €12 million in auto loans now sold. It also works with banks across Europe on a commission basis. Without doubt, AutoHero has potential to be a huge force in auto financing.

Path to success tougher in mainland Europe

Auto e-commerce solves many problems consumers have with traditional car sales channels. We believe it will be successful, over time, throughout Europe. While

Auto1 Group faces tough challenges scaling AutoHero, it also has strategic advantages. And, with €800 million in the bank, it has a war chest that will frighten off some potential challengers. It’s certainly the most interesting auto e-commerce service to watch in mainland Europe. We think it’s also best positioned for success, despite the genuine threat from faster-moving competitors like Cazoo.

Auto Trader U.K.: Trade-ins, reservations push forward transactions-led strategy

- Guaranteed part-exchange is major step to car e-commerce
- Online reservations tools to be launched by end of 2021
- Market leader is patient in its approach to transactions

By Ben Salisbury

The U.K.'s No. 1 auto vertical continues to build its transactional capability, adding trade-ins and reservations to services

Despite a tough pandemic year for the leading auto marketplace in the U.K., Auto Trader has taken two major steps toward full transaction capability --- it has rolled out its guaranteed part-exchange service, and is piloting car reservations.

Auto Trader launched the part-exchange service in March after a trial with 1,000 retailers. When private car-sellers request a trade-in, they complete an online questionnaire about the car's condition. The service assesses the trade-in value using Auto Trader valuations data and auction data from Manheim Auction Services. Manheim then underwrites the trade-in. The dealer pays out the assessed price to the car-seller. If the dealer decides not to keep the car, providing it's in the stated condition, Manheim will collect it and repay the price.

It's a key service for two primary reasons:

- It provides consumers with a price for their car that won't be haggled away at the dealership, providing they've been honest about condition, with the convenience of receiving the quote at home.
- It helps retailers source stock more cost-effectively by supplying a continuous flow of trade-ins. If the vehicle doesn't fit their stock profile or represents a risk the retailer isn't willing to take, they can dispose of it through Manheim.

"Throughout testing, we saw that retailers got the most value when they fully embedded the tool into their entire part-exchange process, using it with all enquiry types, whether the customer was online, on the forecourt, local or buying from a distance," **Karolina Edwards-Smajda**, Auto Trader's commercial product director, said during the rollout.

Auto Trader's car retailers can get their first 60 days of the service at no extra charge.

It's another addition to the company's digital value chain. Do

dealers appreciate the increasingly online-focused growth path?

Nathan Coe, Auto Trader CEO, told the AIM Group that roughly a third of dealers “get” the move to digital and proactively support initiatives “subject to the approach we take to monetization.” One third follow less enthusiastically. Others will be reluctant, seeing digital initiatives as an extra cost, Coe said.

Data is key, but no rush to digital retail

Supporting the trade-in service and underwriting Auto Trader’s entire future strategy is data.

High quality taxonomy and valuations data is critical when underwriting trade-in values. Auto Trader now offers what many consider to be the best valuation, residual value, and taxonomy / vehicle options data in the U.K.

Some data is bundled into dealer packages. Vehicle provenance information, valuations and vehicle specification lookups are available through a single stock management API. Auto Trader also sells the data to insurance and finance companies, auto manufacturers, and other users.

Could the capability be used to power full digital retailing? Auto Trader is not in a hurry, a privilege that a dominant market leader can afford.

“For now, we want to focus on Dealer Auction, part-exchange and our instant-cash-offer products. These are too big opportunities to not make the most of,” Coe said.

Dealer Auction hosts around 100,000 car trades between dealers in a normal year, a number “we are looking to grow dramatically,” Coe said. Covid-19 reduced transactions in 2020 and 2021. Most business is dealers trading cars they don’t want to other dealers, but in today’s market dealers are reluctant to trade out used cars that can sell at higher-than-normal prices.



Nathan Coe, CEO, Auto Trader Group

Reservations next on e-commerce roadmap

Auto Trader’s research and dealer feedback suggests most U.K. consumers currently don’t want to buy a car entirely online and have it delivered.

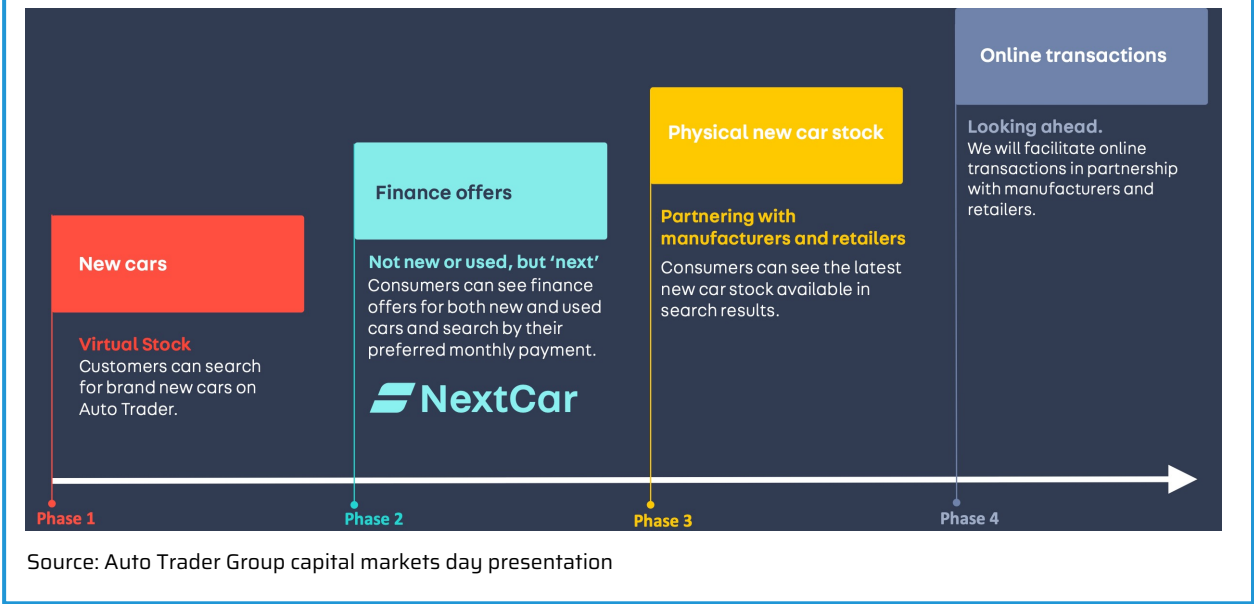
“We could aim for the 2-3% of people who want to buy a car fully online using a solution that suits them or --- what we actually want to do --- is bring retailers to the masses, pull back from doing the entire transaction online to allow both to do whatever piece of the transaction they want online,” Coe told us.

A crucial element to the digital-retailing roadmap is the company’s reservations tool, currently being tested and due to launch by the end of this year.

Auto Trader wants a package of trade-ins, finance and reservations ready this financial year. Trade-ins are launched; finance will be fully rolled out in H2; and reservations are being trialled.

“For us to transact online, reservations are vital. We won’t pull ahead on finance and trade-ins until reservations are ready. Retailers tell us very few reservations don’t become a sale,” said Coe.

Auto Trader’s path to transactions



“We are close to being able to put it all together. We think that will appeal to an awful lot of retailers and consumers.”

Are digital dealers impacting the business?

The U.K. has a dynamic mix of digital dealers, including Cazoo, Cinch and Carzam. They’re all building strong TrustPilot ratings by selling low-mileage used cars with guarantees, warranty and delivery options.

Could this reduce demand for vehicles traded on Auto Trader?

“I think it’s possible but not probable because consumers won’t search just one retailer. They want to see more options,” said Coe. “Retailers want to sell cars. I’m willing to bet Auto Trader will be one of the most effective channels for them to do that.”

Coe admits digital dealers have attributes that his company could learn from, but sees

them first as a new type of customer with a different business.

“Their whole investment case is predicated on being a retailer. They are receiving high valuations from investors due to projected profit margins. We don’t work with Cinch but we do work with Cazoo. On our platform, they use a measured response, push us to look into different areas and do everything very well.”

The security of warranties and money-back returns makes customers comfortable transacting with those companies, something Auto Trader needs to achieve for consumers to reserve or buy cars on its platform.

“We want to support retailers around an online transaction but we don’t need to go as far,” said Coe. “They operate in a niche; we need something that covers a wider base for our dealers to present options for all car buyers.”

There are no plans to create a standalone Auto Trader-branded service for the quality used-car market because Auto Trader has no plans to compete with its own retailers.

"I think it would be better to work out how to do that within Auto Trader," said Coe. "Whether through quality flags or how we disclose the car, I think we will allow those cars to be pulled out, but whenever you do something outside that core engine it doesn't get as much traction."

Helping retailers increase profits

One of Coe's top priorities on becoming CEO at Auto Trader was to help retailers increase profits.

"Cazoo and others are projecting 6 or 7% margins. The U.K. average is 1.5%. I don't know how high margins will go, but I think higher than 1.5%, and we can help them get there."

When consumers use digital tools, lead-to-sale ratios improve. As sales costs represent roughly half of industry overhead, Coe thinks the writing is on the wall for inefficient sales teams.

"When I speak to retailers, they don't want their people to revert. They see it's more efficient. Operating differently, but still selling just as many if not more cars with staff still furloughed."

Coe is also conscious of dealers' current problems sourcing stock. "This is a huge focus because getting more cars into the hands of our retailers is a challenge."

Auto Trader wants to tap into c-to-c used-car sales in the U.K. using a combination of its trade-in and instant cash offers services to give dealers more stock acquisition options.

No plans for a DMS launch

Some auto marketplaces globally have built or acquired dealer website, retail

Auto Trader Group
FY2021 financials

£262.8m

Revenue -29%
(2020: £368.9m)

£161.2m

Operating profit -38%
(2020: £258.9m)

management or dealer management (DMS) systems. Auto Trader isn't planning to.

"Firstly, we don't think we need to own a DMS in order to get retailers selling online and secondly, we are never going to have a DMS that all our customers will use," said Coe "We think it would drastically reduce the number of customers we could work with."

Auto Trader's strategy is to invite systems providers to integrate its products, including Auto Convert for compliance / finance, trade-ins, appraisal tools and now reservations. Retailers can then use this functionality on their existing, familiar, and now linked, platforms. Smaller independents are encouraged to use Auto Trader's dealer portal.

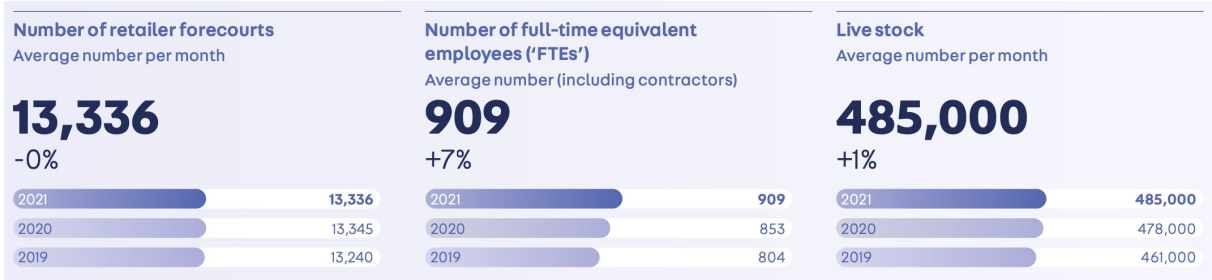
"We are more likely to incrementally build smaller functionality rather than acquire something," said Coe.

Auto Trader still essential for U.K. dealers

While Auto Trader took a big revenue hit last year due to Covid, declining almost 30% to £263 million (\$367 million U.S.), the company remains essential for dealers. Despite the pandemic, Auto Trader lost a net of only nine dealer forecourts.

"The way we responded means the

Auto Trader Group operational information



Source: [Auto Trader Group FY2021](#)

relationship with our retailers is as good as it's been since I joined the business in 2007," said Coe. "We decided all that matters is what happens when we emerge from the pandemic. We optimized for the exit point."

This solidity also reflects the weak competition in U.K. auto classifieds.

CarGurus keeps growing but remains a minor competitor to Auto Trader. Even bolstered by the acquisition of community and classified site PistonHeads, the traffic difference remains huge.

EBay has been the strongest rival, through

its Gumtree.com / Motors.co.uk / EBay.co.uk combo, but Adevinta's acquisition of EBay Classifieds Group has thrown that into limbo, because Adevinta must sell Gumtree and Motors to mollify the U.K.'s competition authorities. The new owner should be announced soon, but nobody expects the business to take a serious bite out of Auto Trader.

Auto Trader has the time and the patience to gradually build its services. Digital dealers are a serious, but not imminent, threat. With no major classified rivals, this U.K. powerhouse is in an enviable position, as it has been for so many years.

AutoScout24: With launch of Smyle, vertical is one of few to sell cars direct

- Smyle product is only live in Germany for now
- Company claims it's the 'biggest innovation in its history'
- Launch is another sign of the auto digital retailing wave in Europe

By Pavel Marceux

AutoScout24 is set to expand the service across Europe, becoming a competitor to digital dealers Cazoo and Auto1

AutoScout24, the pan-European automotive classified company owned by private equity firm Hellman & Friedman, has broken new ground in car e-commerce. In September, it [announced the launch of Smyle](#), a digital retailing service for used cars --- cars AS24 will sell under its own brand.

To us at the AIM Group, this appears to be a historic first in automotive transactions. There are no other current examples of leading classified businesses selling used vehicles on their main site directly under their own brands. Cinch in the U.K. launched a similar service last year, but its offering was tiny. Prosus is selling directly in Poland via OtoMotoKlik, but the service is not available on the main site.

How does it work?

For now, Smyle is integrated into AutoScout24.de and only available in Germany. In time, it could also be launched as a separate site and expanded across AS24's European markets. (The Smyle.de domain is already taken, though there is no information on who owns it.)

"Smyle is the biggest product innovation in our company's history," the company said on LinkedIn. "This new service will enable you to buy used cars in Germany online in under 10 minutes and have it delivered right to your doorstep. Fully financed, insured, and registered --- ready to drive!"

For consumers, the service functions like products offered by digital dealers in Europe, such as Germany-based AutoHero (Auto1's consumer-facing division) and U.K.-based Cazoo.

After a consumer chooses a car, they select a payment option: cash or finance (expected to be available soon, from Santander). A deposit of €199 must be paid to reserve the vehicle, or a binding credit agreement entered. The balance must be paid within three days by bank transfer. The vehicle is delivered to the

consumer’s home “within a few days.” Buyers have a 14-day, no-quibble refund period once the car is delivered. They get a month’s free comprehensive insurance (from Axa) and a 12-month warranty (backed by Allianz).

AS24 said selected used vehicles from retail partners in Germany will be sold, with high-quality standards. All vehicles will have run less than 100,000 kilometers and are no more than five years old. A 25-point independent inspection by AutoScout24 will ensure the vehicle meets its standards.

“AutoScout24 Smyle sells cars entirely online. Ordered in 10 minutes and delivered to your door in a short time,” **Edgar Berger**, CEO of AutoScout24, stated in the news announcement. “Around 40% of drivers are already interested in buying online --- an enormous market potential. As Europe’s largest online marketplace for cars, we are starting with the largest product innovation in our company’s history. The complete digitization of car sales is to the benefit of dealers and consumers.”

Vehicles sourced from ‘retailers’

A key difference from AutoHero and Cazoo is that vehicles on Smyle are sourced from retailers --- around 20 dealers initially, offering around 1,000 cars. AS24 charges dealers a “mid-sized three-digit euro amount” in commission, **Felix Frank**, CMO and CCO of AutoScout24, [told Germany-based magazine Kfz Betrieb](#). The fee is tiered based on the sale price of the vehicle, and charged only if a sale is made. Consumers cannot negotiate the price.

According to Frank, the industry has to prepare for fundamental change in the used-car business: “E-commerce is the next wave in automobile trade. We want to co-shape it. We are evolving our platform from classifieds to e-commerce. We are not competing with dealers. We enable retailers to sell autos online without having to make the necessary investments.”

AutoScout24
smyle

Simply buy online

Choose cash purchase

AutoScout24 Care, Admission and Delivery options

Enter personal details

Pay a deposit of € 199 to order and reserve the vehicle

This is how it continues after the contract is signed

Transfer the remaining amount

We will contact you with the details of the approval and to coordinate the delivery

We deliver your car to you

You have 14 days to cancel (all costs will be reimbursed)

Source: AutoScout24

However, dealers have to take into account that they give up additional revenue streams like finance, insurance or warranties. There’s also no branding benefit --- there’s no indication on Smyle about the dealership origin of the vehicles.

The service operates a “just-in-time” purchase model: Once a customer reserves a car, it is bought from the dealer immediately and resold under A24’s brand. This model --- pioneered by BuyACar in the U.K. and InstaMotion in Germany --- avoids the risk and cost of holding sizeable inventory, while protecting the dealers from the risk and cost of returns under Europe’s strong distance-selling regulations. AutoScout24 expects up to 15% returns initially.

The platform uses an algorithm to select vehicles that meet the criteria for online purchase, which excludes, for example, those with significant damage. Dealers can select the vehicles they want to make available on Smyle --- for now, these vehicles also have ordinary listings on AutoScout24.de, for purchase in the traditional way. The company has set up three logistics hubs in Germany to orchestrate delivery.

We requested an interview with AutoScout24 to discuss the new product, but the company declined.

How will dealers react?

The biggest challenge to the Smyle launch is likely to come from the German dealers that are paying to advertise cars on AutoScout24.de and now effectively have AS24 competing against them. This could particularly be an issue if Smyle excludes many dealers from participating.

However, we've seen other marketplaces successfully overcome this obstacle despite initial pushback. Cinch.co.uk, owned by the U.K.'s leading car wholesaler Constellation Automotive, [saw a similar reaction when it pivoted its business model from classifieds to transactions](#), but there has been no

visible lasting impact on Constellation Automotive's broader business.

What will make Smyle successful?

The launch of Smyle now brings AS24 into direct competition with Auto1, [which saw a strong IPO in early 2021](#), and Cazoo, which also went public in August and plans on expanding across European markets, including Germany.

How well equipped is AS24 is to challenge these well-backed rivals? That will become clearer once we know more about the company's plans. Does it have the marketing funding and ambition to win against the digital dealers? Can it match their quality in vehicle refurbishment and preparation, logistics and customer service? This is much easier for a "full-stack" operator. How will it manage car exchange given its complex relationship with dealers? Can it quickly shift its TrustPilot rating (earned for classified advertising, not e-commerce) from a lowly 2.5 to match AutoHero's 4.3 or Cazoo's 4.7?

AutoScout24 is present in 18 European markets, with more than 43,000 dealer customers. The company claims around 30 million monthly users online. In 2019, the company was sold by Scout24 to Hellman & Friedman for \$3.2 billion U.S.

Carousell Autos: A key challenger in Southeast Asia's automotive market

- The horizontal marketplace has pinpointed autos as a core focus
- It is piloting a c-to-b transactional platform in Singapore
- Eventually, it plans to expand into digital retail throughout the region

By Angela Hawksford

With the auto market in Asia maturing rapidly, Carousell wants to be at the forefront of the transactions-led surge

Carousell, the Singapore-based horizontal marketplace that operates in seven Southeast Asian countries, has emerged as one of the region's key automotive challengers as it embarks on a verticalization strategy that places transactions at its core.

It's part of the company's "Classifieds 4.0" growth plan, which involves turning key verticals transactional as a means to grow revenue and profitability, while entrenching the company as Southeast Asia's leading transaction marketplace. To this end, [the company raised \\$100 million U.S. in mid-September 2021](#), increasing its valuation to \$1.1 billion.

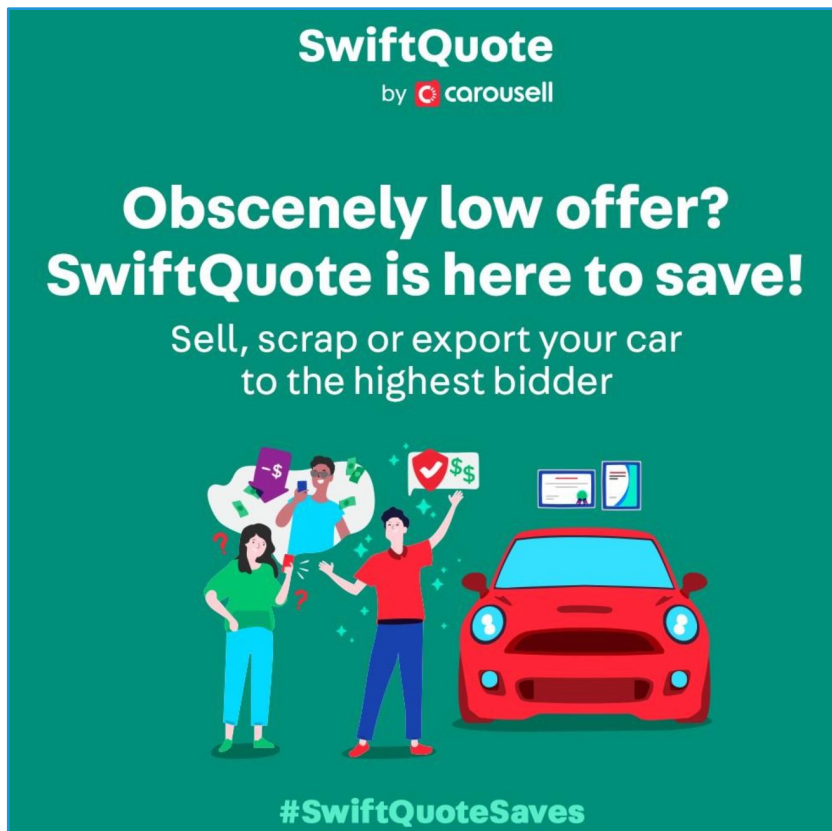
Automotive verticals now account for 30% of the company's total revenue. Since it merged with 701 Search, a classifieds specialist backed by Norwegian telco Telenor, and the Naspers-owned OLX Philippines, Carousell now says its auto verticals in Malaysia, Vietnam and the Philippines are market leaders, while it's No. 2 in Singapore behind SgCarMart.com and Hong Kong behind 28Car.com.

"We want to want to go one step further to power our autos brands with transactional models to make car-buying, selling and ownership a magical experience for our buyers and car dealers through our OneShift and Revo Financial products," **Gaurav Bhasin**, CEO and chief strategy officer of Carousell Malaysia, told the AIM Group.

Piloting c-to-b transactions in Singapore

Carousell's foray into automotive began with the company's 2017 acquisition of Singaporean used-car marketplace Caarly, which brought with it dealer clients and inventory in a mobile-first format. With that, the company launched dedicated auto vertical Carousell Motors (later rebranded to Carousell Autos). The company then acquired two more automotive-focused companies: c-to-b platform OneShift and financial services company Revo Financial.

"With the acquisition of OneShift, we have launched Carousell



SwiftQuote is Carousell's car-buying mechanism, expanding its c-to-b capability. Source: Carousell

SwiftQuote, an innovative c-to-b bidding platform that lets car owners in Singapore sell their cars in our network, and get offered the best price from our dealers,” co-founder **Lucas Ngoo** said at the time. OneShift also provides car valuations and finance and insurance quotes.

The company is using SwiftQuote to learn how to get supply to dealers seamlessly for both dealer and consumer. Although it’s a little easier in Singapore, because cars tend to be no more than 10 years old, a key challenge is making sure the dealer doesn’t reduce the price in the final car inspection. But, according to Bhasin, this is pretty rare. “In Singapore, generally, there’s much higher trust in the inventory,” he said.

To roll out the service to markets like Indonesia or Malaysia, where inventory is older, Bhasin said the company will

probably have to physically inspect vehicles before auctioning them to dealers. “That’s one of the key areas we’re trying to invest our time and energy into,” he said. In particular, the company is trying to figure out how to do inspections at scale. “One inspector can only do one inspection in 45 minutes to an hour.”

From here, Carousell has lots of other problems to solve. Will it hold its own inventory to sell online alongside dealer inventory? Will it operate its own trucks or use a third party? How will it solve the dealer back-end and inventory management?

“If you end up partnering with the right people, they can provide the best experience to the users, instead of us trying to provide the best experience at each stage,” Bhasin said.

To figure this out, the company is happy to go slower than its competitors, such as b-to-c marketplaces Carro and Carsome, which have raised substantial sums of money to expand their digital retail offerings. "We were thinking this would happen a few years down the line, but Covid has brought that in faster. We are speeding up our plan, but we're not rushing," Bhasin said.

Solving supply issues crucial

Southeast Asia will likely develop as an omnichannel market for used-car transactions first, but even that is substantially behind other developed auto markets. That's due to patchy supply networks --- many countries lack wholesale mechanisms for inventory acquisition --- and poor inventory that's difficult to price due to the absence of vehicle condition and pricing data.

Companies seeking to jump into used-car transactions have focused their attention on getting good quality supply to dealers and consumers, in order to roll out a digital retail or omnichannel automotive offering. "You have to solve the supply problem, so you can solve the buyer problem, too," Bhasin told us.

Bhasin estimated that in Malaysia, which has become the central point for the region's c-to-b platforms, they collectively control around 10% of the used-car market. "What these players have done is they've educated and opened up the market, but that doesn't mean the market is taken," Bhasin said. "The market is taken when you do it at scale, not with smaller numbers."

The challenge for the other companies is to develop a large enough b-to-c marketplace that they can close transactions and lower their customer acquisition costs.

This might be where the race tightens between Carousell and Carsome, [which recently zoomed past a \\$1.3 billion U.S. valuation](#) after agreeing to a share swap with marketplace specialist Catcha Group



Guarav Bhasin,
CEO of Malaysia and chief strategy officer, Carousell Group

and a planned acquisition of auto classifieds group ICar Asia.

The Series D2 round, the largest equity investment in Carsome's history, saw participation from a pool of international investors such as Catcha Group, Taiwanese chipmaker MediaTek and Penjana Kapital.

"We are deeply honored and encouraged by the confidence and support accorded by our investors. We are geared up to achieve even greater heights while rolling out Southeast Asia's integrated car e-commerce platform, now further solidified by various strengths within the ecosystem," said Carsome co-founder and CEO **Eric Cheng**.

Still, Bhasin thinks Carousell has a substantial advantage over its rivals. Carousell is already known among consumers as a destination for e-commerce and Bhasin doesn't think it's a stretch to add transactional capabilities to its automotive vertical at some stage given it's already done that in general goods.

"The advantage of being cross-vertical is that there's the same consumer using us for multiple things, and that relationship is there from the buyer angle," he said.

Carsales: Strategic turnabout as firm embraces digital retailing in Australia

- Carsales Select is based on Encar's offering in South Korea
- Selling cars online helps dealers earn more in margin and ancillaries
- Finance, trade-ins and delivery are the most challenging elements to execute

By Angela Hawksford

With changing consumer habits, partly brought on by the pandemic, Carsales believes the timing is right to launch digital retailing options on used cars

Carsales, the Australia-based auto marketplace, has made a rapid turnabout in strategy. Just a year after its CEO said it had no plans to move car sales online, the company has rolled out its first digital retailing product.

In August, during a virtual full-year results presentation from locked-down Melbourne, **Cameron McIntyre**, the company's CEO, announced the company would roll out a digital retailing product to its Australian site that allows car buyers to reserve and pay a deposit online for used cars that come complete with inspection reports, warranties and money-back guarantees.

Phase one already live

The pandemic, McIntyre said, accelerated the digitization of the automotive industry, which led to new growth opportunities at Carsales. "We are now well placed to bring more of the car buying and selling process online to help our dealer customers add digital retailing capability to their current offering," he said.

The new product, [Carsales Select](#), will roll out in two phases. The first phase is live already on the site, with a handful of cars from dealers. Buyers can reserve and pay a A\$500 deposit for cars that dealers offer with a three-month warranty and seven-day moneyback guarantee. The cars also come with a vehicle history report from [Redbook](#), the Carsales-owned data business. Participating dealers are required to photograph any imperfections in the car and include them in the photo gallery.

The pandemic impact

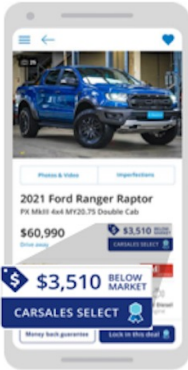
The launch of Carsales Select marks a departure from McIntyre's comments to the AIM Group last year, when he said Australian consumers had shown little interest in purchasing cars entirely --- or even just partially --- online. "My view is, ultimately, consumers will still want to touch and feel and smell the car. I think sight unseen, used-car buying here in Australia, there's room to automate the process more and simplify the process for the

Updated from AIM Group Marketplaces Report 22.18, Aug. 25, 2021

In 2022, Carsales will launch a differentiated digital product experience called Carsales Select

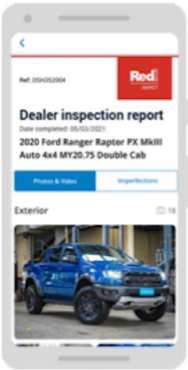
✓ Pre-negotiated price

Using carsales pricing algorithm to ensure pricing is competitive



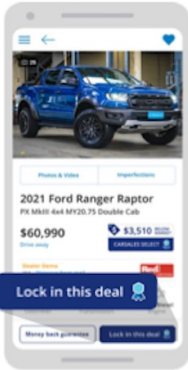
✓ Certified inspection report

Car accompanied by Inspection & Facts+ Report and high quality photos with imperfections highlighted



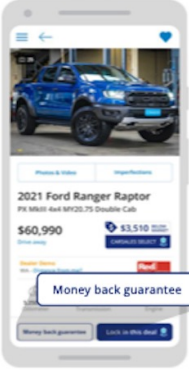
✓ Instantly reserve online

carsales holds refundable reservation deposit in escrow



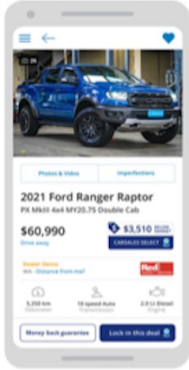
✓ 7-day money-back guarantee

Instils confidence by replicating test drive experience



✓ 3-month limited warranty

Showcase dealer statutory warranties



Phase 2

Trade-in

Finance

Home Delivery

Carsales has laid out a plan for digital retailing. ‘Phase 2’ launch is pending.
Source: Carsales.com.au

consumer as much as we possibly can, but ultimately someone will still want to inspect it,” he told us then.

Fast forward a year and **Mark Cripsey**, the company’s chief product and data officer, told us customer feedback shows more than a third of Australian consumers are willing to start the car-buying journey online, but only 1% of used-car sales are taking place completely online.

“The sort of feedback we were hearing is, ‘A car is a lot of money --- do I trust it, do I trust the price is the right price, do I trust there are no hidden issues, what happens if it goes wrong?’ We designed Select to address those perceived barriers. So, for example, we have great insight on pricing so we can say to customers that we know this is a fair price --- we’re not saying it’s the cheapest price, but we know this is kind of in the

middle,” Cripsey said.

For each car sold, Carsales intends to eventually earn a commission. Ultimately, it’s expected to become a dominant revenue stream for the company that will reach parity with or, preferably, exceed revenue from its core classified business.

For now, the company is focused on growing inventory volumes and getting as many dealers participating as it can. “We obviously want to make money in the short, medium and long term, but we really want to maximize our learnings this financial year. And we’re trying to make things really attractive for dealers to sign up and get those early adopters to load on their stock,” Cripsey told the AIM Group.

Getting dealers onboard

Not all car dealers will embrace digital

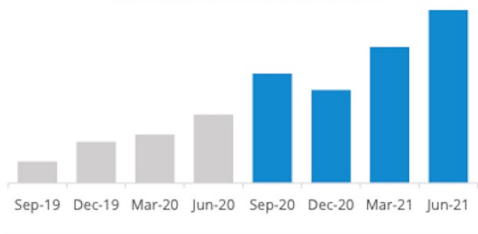
Encar's home delivery service builds on inspection services, moving more of the buying process online



Encar Home Delivery Service

- Encar's home delivery service brings together the offline elements of used car buying onto a digital platform and is a significant growth opportunity
- Every car is delivered with Encar inspection and certification and is provided with a 7-day money back guarantee. This means consumers can buy with confidence in the quality of the vehicle and know they can access a full refund within 7 days of delivery
- The value of these benefits allow the dealer to maintain strong gross margins, often higher than if sold using the marketplace section of the website, which incentivises further listing volume
- This has resulted in total listings available for delivery exceeding 10,000 cars during the year and FY21 transaction volume growth of over 2.5x times compared with pcp

Quarterly Home Delivery Volume



Launched in 2019, the quarterly run-rate has increased 8x indicating strong consumer appetite for a fully digital car buying experience

Carsales built its digital retailing offering based on Encar, its South Korea-based auto marketplace
Source: Carsales.com.au

retailing at first, Cripsey admitted. But the company expects inventory will build steadily over the next few years, as the proposition gains traction with consumers and dealers. This has been the experience at [Encar](#), the Carsales-owned auto marketplace in South Korea, which launched a digital retailing product called Home Delivery in September 2019.

Since then, the quarterly run rate has increased eightfold and the volume of cars available for Home Delivery now sits at 10,000 --- perhaps unsurprising considering the digital readiness and early-adoption nature of South Korean consumers.

According to **Ajay Bhatia**, MD of Carsales Australia, the key lesson the company learned from Encar's digital retailing product was that, contrary to conventional wisdom, selling cars online didn't drive down prices.

"Our South Korean experience says that if you create this level of trust in a car, you don't actually have to have the cheapest car," Bhatia told us. "If anything, the dealers who are embracing this are actually making more gross margin. We were thinking, initially, this is just about very sharp pricing. It turned out it's definitely about reasonable pricing and fixed pricing, but it's not about the sharpest pricing."

The company also found that by bundling finance with cars and warranties and a money-back guarantee, conversion rates for dealer finance are two to four times higher than otherwise. "For the average dealer in Australia, 70% of the time, when a customer sets foot in a dealership, they have already pre-decided their finance," Bhatia said. "If we can help the dealer get additional finance commission from that 70% [of buyers] that the dealers never see, the

dealers are winning again --- they're making higher gross margins and they're probably selling these cars faster than any other car, because it's such a well-articulated offering."

No one else is doing automotive digital retailing for used cars in Australia with any significant scale. Classified rivals like Gumtree / Autotrader / CarsGuide have no equivalent offering. There are no digital dealers like Carvana or Cazoo operating in the country. One of the larger dealer groups, AP Eagers, had an omnichannel offering (called Carzoos), with a few experience centers in shopping malls --- but it didn't gain any traction and was shut down.

Finance, trade-ins, delivery are tricky

Carsales will add finance, home delivery and trade-in options to the Select offering in the second phase, which the company has indicated will begin sometime in the next fiscal year. Those elements weren't included in the first phase because they're more challenging to integrate and execute.

Finance, for example, requires having access to the dealer's back-end so the buyer can begin the process on the Carsales site. Delivery represents a logistical and customer service challenge and Carsales isn't sure if it will use third-party trucks or have dealers complete this stage. (In South Korea, Encar uses third-party trucks to deliver the cars and ensure a good customer experience that less-professional dealers may not otherwise provide.)

While trade-ins build on the Carsales Instant Offer program --- which lets car owners sell their vehicle to a dealer at an agreed fixed price --- it represents a massive expansion of the Instant Offer product.

Around 70 dealers are signed up to buy cars from the Instant Offer program. Carsales uses data from Redbook, which can pick up on price differences based on the specifications and model variants --- even car trim --- to inform the pricing, and dealers



Mark Cripsey, chief product and data officer, Carsales

agree they'll pay the car owner that Instant Offer price, unless the car isn't as described.

"There is a predefined agreement with the dealer on behalf of the sellers that says if the size of the damage is [substantial] --- and we've got some photos and stuff as well --- then that constitutes a \$500 pullback [on price]," Bhatia said. "If the damage is [smaller] then it constitutes a zero pullback."

Carsales has an internal performance management team that oversees compliance by checking that each pullback was justified. If there are repeated compliance issues, a dealer is removed from the program.

"The challenge is that the number of Instant Offer dealers is a subset of the total ecosystem. What happens if I want to buy a car from a non-Instant Offers dealer? That's a problem we have to solve. The good thing is we've got data, so we know the Redbook price, but we probably need to work a mechanism to enable a b-to-b mechanism to help move stock around," Cripsey said.

"This is a multi-year journey and we've flagged those other building blocks to come ... we've just got to solve what goes on in the back end," he added.

Finn.no: A horizontal with impressive maturity in transactions-led services

- Online transactions offered by 20% of Finn's private-sellers
- Digital contracts enable an array of online value-added services
- Car subscriptions service launched this year; it's still small, but...

By **Brian Blum**

Finn may have one of the most advanced automotive offerings of any horizontal marketplace globally

If you're buying or selling a car in Norway, chances are you've visited or used Finn.no. The dominant horizontal in the country, Oslo-based Finn lists 450,000 cars in a given year --- around 75% of all the used cars and small vans sold in Norway.

That impressive showing is in part because Finn, owned by Norway-based marketplace giant Schibsted, doesn't have a lot of local competition. There's no equivalent of a dedicated automotive site like AutoTrader in Norway. But it's not just that.

Finn has also pushed ahead of the pack through a number of innovative offerings. These include:

Private-seller sales. Some 200,000 out of the total of 450,000 cars listed on Finn are from private sellers. Finn has elevated the process to an art through its relationship with digital contract vendor SwiftCourt.

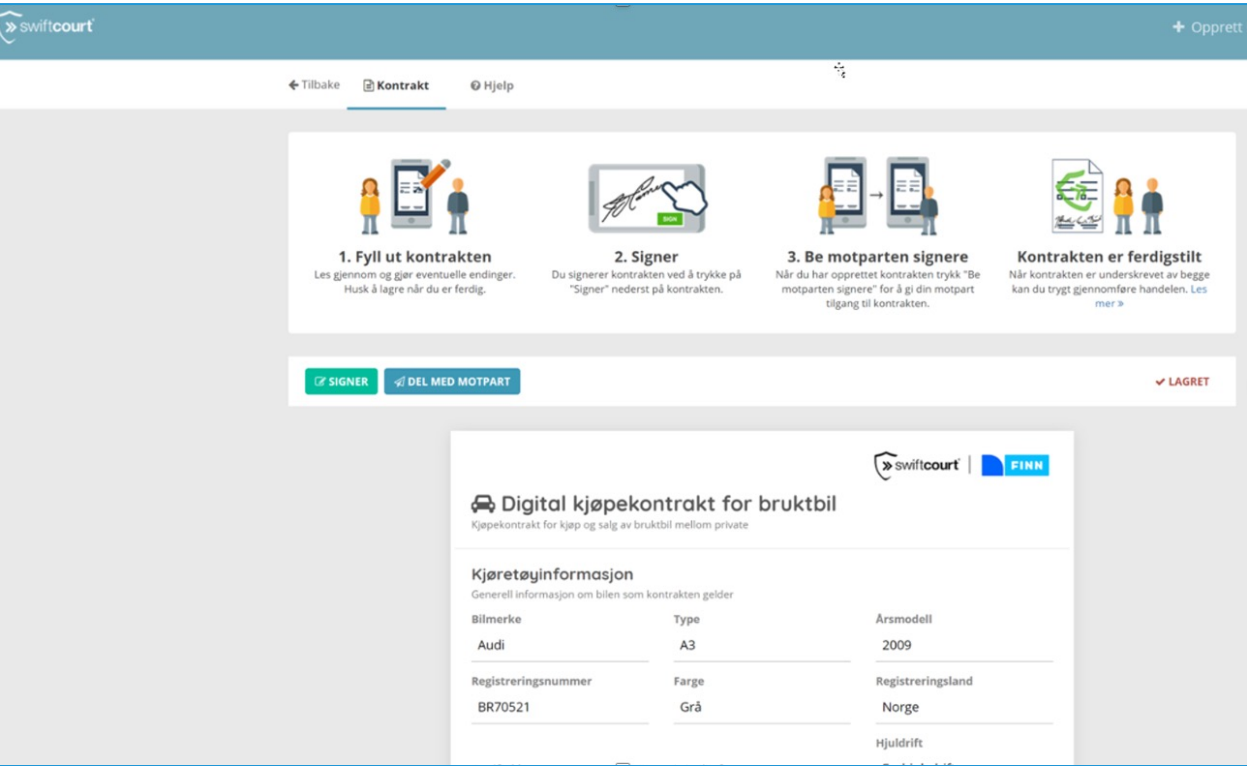
Virtual garage. Once a car is sold, it's automatically registered in Finn's virtual "garage," which allows the company to upsell car owners on all manner of new services and offers. Car owners may also list their vehicles manually.

Automotive subscriptions. Finn's newly launched car-subscription marketplace is still small --- just 125 cars are available for subscription from third parties on the site. Still, the fact that Finn has jumped into this nascent business opportunity shows the marketplace's forward thinking.

Online transactions. Already a fifth of Finn's private sellers let users fully buy and register a car online.

Finn's focus is on used vehicles. Some dealers list new cars as well, but they are displayed within the used-car section. Overall, a total 170,000 new vehicles are sold in Norway each year (not just on Finn).

The AIM Group spoke with **Eirik Hastein**, business unit director



Finn's digital contracts are built by SwiftCourt, which makes it simple to finalize documentation online. Source: Finn.no

for Finn.no’s motors division, and **Johan Hultgren**, CEO of digital contract specialist SwiftCourt, to understand what Finn is up to and where it’s going.

Private-seller sales

Although the majority of cars sold on Finn.no --- approximately 56% --- are from dealers, Finn has made significant inroads with private sellers.

Finn’s SwiftCourt-built digital contracts are increasingly playing a role.

“Everyone will need to fill out the digital contract,” Hastein said. “This is necessary for financing and also when you change ownership of the car.”

The digital contract helps address a major source of disputes, as 40% of Norwegians don’t put together any formal documentation when buying or selling a car.

Norway has a regulation that stipulates a car seller take responsibility for two years, “for things the seller should have known when selling the car,” Hastein said.

“If I know I didn’t service my automatic transmission for ten years and didn’t mention that or do anything about it, I’d probably get in trouble if the car crashes in those first two years.”

Finn’s digital contracts address that by requiring that all problems be disclosed for the contract to be valid and binding. “If I know there’s a metallic sound in the engine when I drive, I need to say that in the contract to comply with the rules,” Hastein said. “For dealers, it’s even more strict: five years.”

Buyers are not off the hook either --- there’s a question in the digital contract that asks if the buyer has inspected the car and on what date.

Continued from page 101

SwiftCourt: The power behind Finn's digital contracts

If you buy an item online from an individual or a small company and it's not what you expected, what recourse do you have if the seller is reluctant to accommodate a refund? That was the problem Sweden-based startup SwiftCourt set out to solve. In 2013, the company was set up as a kind of "online justice" service.

"For only a few tens of kronor, you will be insured against any litigation costs in the future," founder and CEO **Johan Hultgren** said when the company first launched. SwiftCourt raised \$500,000 U.S. in seed capital from Danish investors and moved its headquarters to nearby Copenhagen.

Among its first clients was Finn.no. However, not long after launching in Norway, SwiftCourt ran into legal difficulties. A Norwegian law firm claimed that SwiftCourt's digital court service "took away buyers' rights to go to the consumer protection agency," Hultgren told the AIM Group.

In Norway, private transactions as well as commercial ones can be adjudicated through the country's consumer protection agency.

"We tried to argue that the agency can't handle all the cases, so let us help," Hultgren recalls, but the plea fell on deaf ears. "As a result, we decided to pivot, to be proactive and resolve disputes before they happen with our digital contracts. That's also what Finn wanted."

Today, SwiftCourt has dropped the court-resolution service entirely to focus on digital contracts.

SwiftCourt's contracts are prepopulated with data collated during the online sale process. The contracts are "a great catalyst to provide other transactional services like insurance," Hultgren added, "since it's at the point of transaction, before you actually put money in escrow, where you have very high attention from users. We offer a simple opt-in add-on service which generates high conversion."

Hultgren pointed out that, when upselling a new insurance policy, SwiftCourt is simply the middleman. "We send the order to the insurance provider and their APIs check and score the users. They can deny a customer, although that happens very rarely. All the data the insurance provider needs is already in the contract."

The one thing SwiftCourt's contracts don't cover is registration and title transfer. Those are handled by Finn after payment has been made.

In 2020, SwiftCourt facilitated the signing of "close to 130,000 digital contracts," Hultgren noted. Since each contract has at least two parties, that translates to around 260,000 users. Hultgren said 2021 is looking to grow to up to 180,000 contracts signed, or 360,000 users.

SwiftCourt customers include Finn in Norway, Blocket in Sweden, Adevinta-owned Mobile.de in Germany and AutoScout24 AG in Switzerland.

While automotive is SwiftCourt's biggest vertical, it also provides digital contracts for real estate.

While SwiftCourt doesn't have any direct competition, there are companies nipping at its digital ankles in three areas: "payment services moving into peer-to-peer transactions; digital contract services, most of which are focusing on b-to-b, and e-signing services," Hultgren told us.

Continued from page 95

“We know what can be inspected in terms of hidden defects,” **Johan Hultgren**, CEO of SwiftCourt, told the AIM Group. “Having a contract in place makes it easier to resolve disputes afterward. We provide the tools for buyers and sellers to resolve a dispute on their own.”

Finn’s digital contracts include a provision for 30 days of free insurance. The company has deals with two insurance players in Norway and signing up for an insurance policy takes just a single click.

“We place the order in the system of the insurance company and get confirmation,” Hastein noted.

Norwegian law changed in recent years so that buyers need insurance before they take ownership of a car.

“Previously, people said, ‘I’ll keep my insurance until you, the buyer, take the car home, then I’ll discontinue it when you get your new policy,’” Hastein explained. “Now buyers need the insurance immediately. What if they get in a crash on the way home?”

That change prompted Finn’s 30-day free insurance policy.

For private sales, Finn handles registration of the car and title transfer. “If you buy from a dealer, they’ll do the registration for you, but in the future, we’d like to do that for the dealers, too,” Hastein said. “A lot of smaller dealerships don’t have the time or money to build or buy a system for handling all this, so it would be good to have a similar solution for dealers like we offer to private sellers.”

Keeping both dealers and c-to-c sellers happy is a challenge, Hastein admitted. “A lot of people like to sell their cars themselves in Norway. But dealers make up the majority of the cars on Finn. So, we try to make the consumer vs. dealer experience as similar as possible. Dealers want the

‘A lot of people like to sell their cars themselves in Norway. But dealers make up the majority of the cars on Finn. So, we try to make the consumer vs. dealer experience as similar as possible.’

Eirik Hastein,
business unit director, Finn.no Motors

same sort of appearance on Finn as we have for c-to-c sales. We have a very close partnership with dealers. But it’s always a balance.”

This year, nearly 30,000 private sellers on Finn have already opted to use Finn’s SwiftCourt-built digital contracts --- and the year is not over yet.

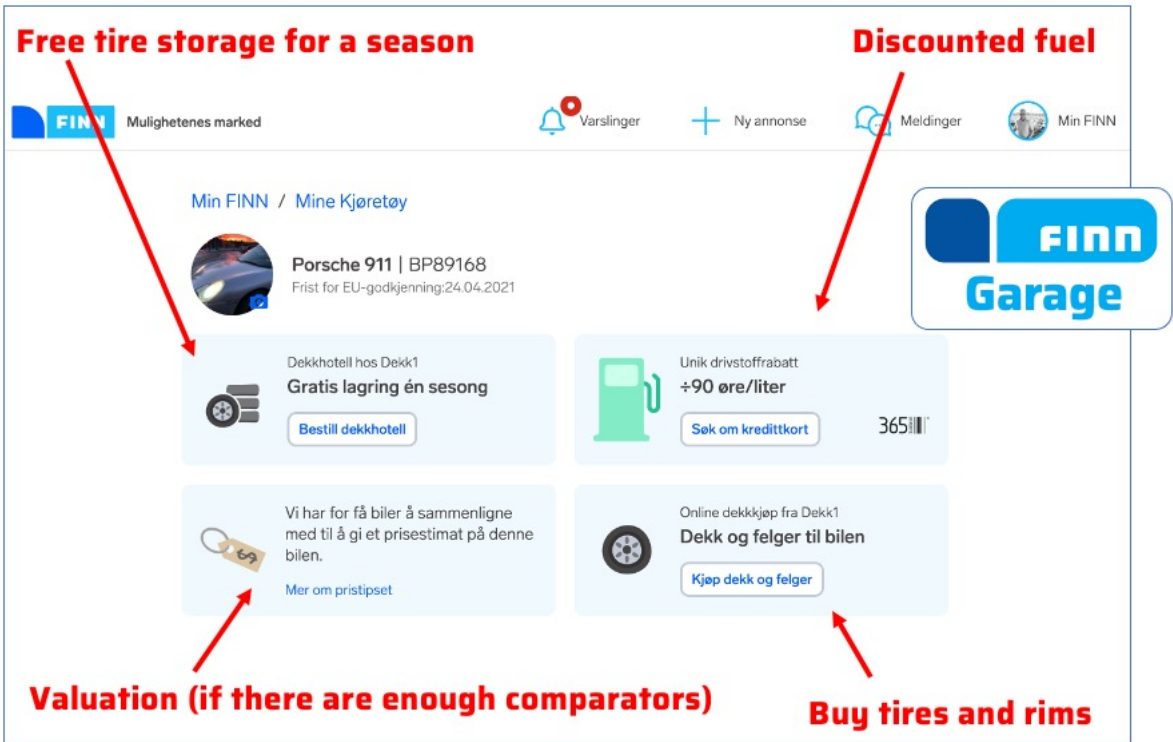
Partner vs. build in-house

Why did Finn choose to work with SwiftCourt rather than building its own digital contract system?

“Our strategy is to build what we can internally,” Hastein said, “but sometimes it’s hard to hire people in the tech area.” To wit: Finn has a development team in Poland. “We’re not planning any internal rebuild [of the digital contracts] at the moment, but you never know what will happen in the future.”

We asked Hultgren why marketplaces would agree to give such crucial functionality to a third party rather than developing it in house.

“This is definitely core functionality for the marketplace of today and tomorrow. But it wasn’t two years ago. So, it’s not so strange that this is how it happened. We’ve been pushing for online payment for years. We saw that this trend would be big early on.”



Around 350,000 vehicles are registered on Finn's "virtual garage" service. Source: Finn.no

Going forward, marketplaces will increasingly either build the functionality themselves or acquire a third party, Hultgren predicted.

Doesn't that potentially push SwiftCourt out of a business it has thus far mastered?

"We need to be the best partner a marketplace has," Hultgren said, "by building better functionality, more features and using the know-how we've gathered on what marketplaces want to do."

Another possibility: SwiftCourt could become an attractive acquisition candidate for a marketplace group like Schibsted or its subsidiary Adevinta, which already runs many dominant auto marketplaces across Europe.

Virtual-garage services

A small number of classified companies around the world have started to develop "virtual garage" services. The premise is simple:

Users register their cars on the site, and access variety of services and updates specifically tailored to their car.

AutoTrader in the U.K. and Carsales in Australia, among others, offer virtual garage services, and several auto verticals in Eastern Europe have created similar products. Finn, however, provides the most effective example of a garage service --- with nearly 350,000 vehicles registered in the My Garage section of the site.

The garage includes both private sellers who use Finn's digital contracts and those who sell without going 100% digital.

The digital contract acts as "a catalyst for marketplaces to offer this kind of service," Hultgren told the AIM Group. "The signed contract has all the relevant information about the car and the buyer. Through that base of data, marketplaces can offer other really cool and relevant services."

The purpose of My Garage is

Continued on page 104

Virtual garages around the world

Finn.no is way out in front when it comes to “online garage” services, but other marketplaces are dipping their toes into the virtual waters too.

AutoTrader.co.uk

Auto Trader U.K. may be closest to Finn. Its “My Cars” product offers similar functionality. Users can access registered vehicles and look up subscriptions, payments and invoices.

Auto Trader’s biggest acquisition point for driving cars into the garage is when people value their cars or use its instant offer functionality to sell quickly. Unlike Finn, Auto Trader doesn’t facilitate transactions, meaning its data on purchases is not as strong and thus cannot be as accurate in targeting annual renewal offers.

Through products like My Cars, the company can “see and understand behaviors at a browsing level, so we are also getting a much clearer view on how consumers are using their cars when they are not in-market. We are building a full lifecycle relationship with a car owner. These programs enable them to stay informed --- logging your car with Auto Trader means you won’t miss your MOT [annual safety test], service or vehicle tax renewal date. We are a one-stop-shop for all your car admin,” an Auto Trader spokesperson told the AIM Group.

However, the My Cars section “isn’t a big strategic priority at the moment when compared to other things we’re doing on the site.” (More about Auto Trader, Page 83.)

Carsales.com.au

Carsales in Australia also offers a “virtual garage.” Launched in 2014, the company only began advertising it more aggressively in 2019. Garage is available on the Carsales website and app. “Owner insights” are also delivered via email “at key intervals that deliver strong engagement with unique open rates of 50% to 60% and click-through rates of above 15%,” **Priya Kanniappan**, Carsales’ GM for consumer marketing, told the AIM Group.

The Carsales Garage features valuation, market comparisons and a refueling program, which offers Carsales members a discount on gas when using the Carsales app. There is also a tire-recommendation service based on vehicle specs.

“Since launching the fuel and owner-insights programs, we have almost doubled (+96% year-over-year increase) the volume of new cars added to Garage each year,” Kanniappan said. “By combining Garage data with behavioral and onsite activity, we can also deliver personalized recommendations to members to help transition them into their next new car.” (More about Carsales, Page 90.)

Limited functionality elsewhere

Beyond Finn, AutoTrader and Carsales, virtual garages haven’t really caught on. Still, many automotive marketplaces have added pieces of the puzzle, mainly on the repair and service side.

In the U.S., auto classifieds and valuation service CarFax has an app it calls “Car Care” where users can manage service history. Brazil-based auto marketplace Car10, recently acquired by leading local auto vertical WebMotors, has a tool connecting its 300,000 registered users with repair shops and various maintenance services based on their registered car.

Continued from page 102

straightforward: to increase lifetime engagement.

"In Norway, there are about 4.4 years between the time you buy a new or used car," Hastein said. "We want you on the site during those four years."

Once you've registered your vehicle in your Finn garage, you can manage a number of services:

Insurance. Do you have the best deal? Since Finn knows when you bought your car, it also knows when your annual insurance period is up and can offer you a competing offer when you're urgently "in-market." Finn is able to capitalize on the goodwill engendered by its initial 30 days of free insurance when you first buy your car --- most buyers will simply stick with the first offer they received --- although they're free to move whenever a better deal presents itself.

Time-saving features. These include the ability to buy a roadside assistance package and to manage tolls on ferries and HOV lanes.

Valuations. By far the sexiest feature in the garage --- and the one that draws users back --- is the site's live price tool: Every time you open your garage, you'll get an updated valuation for your vehicle. "We can predict pretty well when you're getting close to purchasing a new car," Hastein said. "That allows us to start targeting you with different functionality." Finn calculates that date for now based on what it's collected internally. Going forward, outside data may help --- for example, Finn could tap into publicly accessible government databases showing when the title was transferred, further corroborating when a car owner may be ready to make a new purchase.

What's missing from the Finn garage for now? Financing and a community of users.

Finn is currently discussing how to create community and beef up relevant content in the garage.

'To become part of users' everyday lives is when marketplaces become really scalable and can add on new business models and premium features.'

Johan Hultgren,
CEO, SwiftCourt

"There are many enthusiasts out there with cars," Hastein noted. "And 350,000 is quite a good number. No one else offers this kind of tool in Norway with these kinds of numbers."

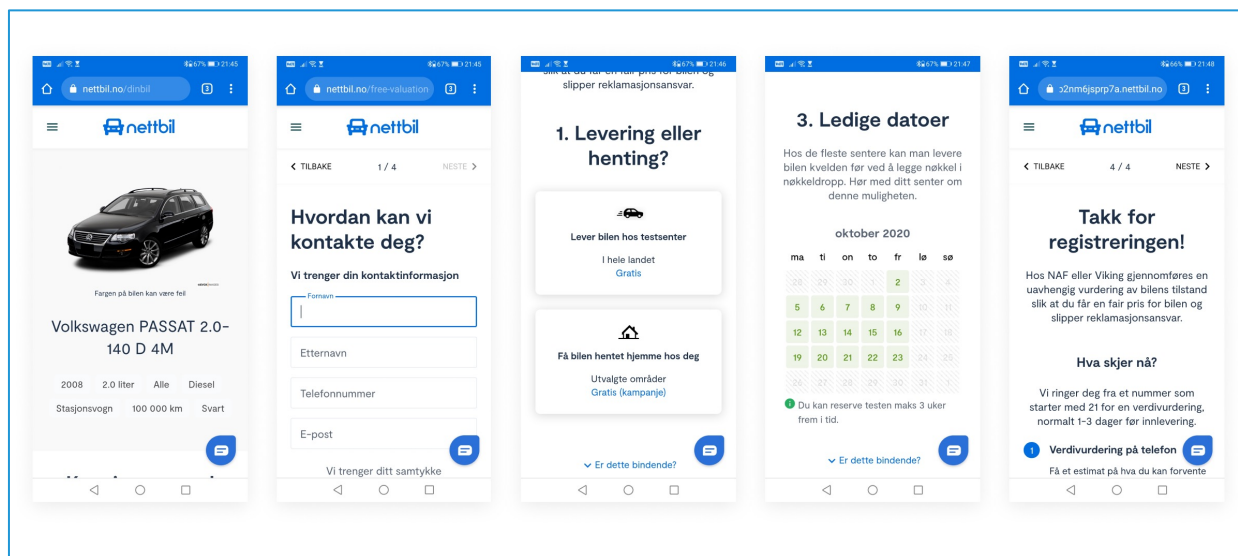
As for financing: "We haven't sold it yet. We've tried different ways. We need to get closer to some of the finance players. One of the things that's difficult is that, when you get financing from the bank for your car, the buyer doesn't get the money, the seller does. That's because many users will have some loans outstanding. So, we haven't developed anything yet."

One way of addressing the financing conundrum is to set up some sort of escrow service "so we can pay the whole amount to the seller only at the end."

Finn is "best in class" when it comes to the virtual garage, said SwiftCourt's Hultgren, "which is why it's so cool to work with them. To become part of users' everyday lives is when marketplaces become really scalable and can add on new business models and premium features."

Subscriptions: Just getting started

In May, Finn launched a car-subscription marketplace with new cars only (not to be confused with Finn.Auto, an unrelated car subscription service in Germany). Although there are just 125 car subscription listings



Schibsted is taking Norwegian regulators to court for being ordered to sell its stake in car-auction business Nettbil. Source: Nettbil

on the site at the moment, that should increase when the program expands in the fall with the addition of dealers.

Finn's subscription program is through affiliates, similar to automotive marketplace AutoScout24 in Germany, which offers car subscription listings through its LeasingMarkt.de division.

Finn's major subscription partner is IMove, although there are cars also available from Norwegian rental and leasing firm Autoleie (Sixt), FlexiDrive, Moldebil, plus vehicles direct from Volvo (through its "Care by Volvo" subscription arm).

"Our goal now is to increase the number of players," Hastein said.

Finn's subscription service is still so new, the company is not yet taking a fee. That will change when the full rollout comes this fall. "We're experimenting with taking part of the initial transaction," Hastein noted.

The battle for Nettbil

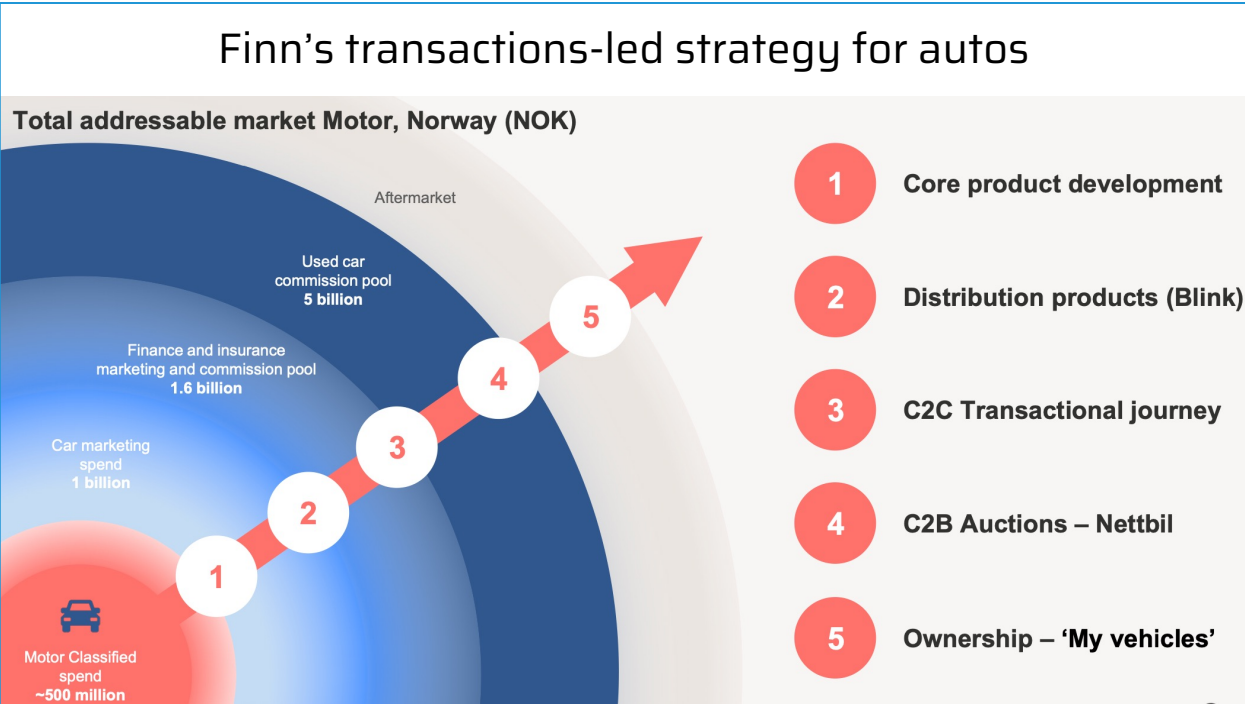
C-to-b has been another important area of

expansion for Finn. Schibsted has had success here with Nettbil, the car-auction business in which it holds a majority stake. By auctioning private-party cars to dealers, Nettbil has offered users convenience and a way to maximize returns. Dealers like it as a way to build stock.

However, Schibsted was ordered in May by the Norwegian Competition Tribunal (NCT) to sell its 67% stake in Nettbil, which it acquired in 2019.

"The main argument was around market competition: Was there competition between Nettbil and Finn, or whether this was a complementary service that actually created more competition [in a larger market, between dealers]. We obviously have a different opinion from the NCT," **Robin Suwe**, CEO of Schibsted-owned, Sweden-based horizontal Blocket, told us back in June.

Schibsted is fighting back. The company stated in mid-September that it is taking the NCT to court over the decision in what will now be a protracted battle for the fate of Nettbil.



Source: [Schibsted capital markets day presentation](#).

Coming soon: Transactions

In March, Finn launched its transaction functionality for c-to-c sales, complete with the digital contract, insurance, payments, and registration of ownership change.

“We are on a journey to becoming a next-generation marketplace,” Hastein told the AIM Group, which means “moving from just listings to being a part of the dealer transaction” for most vehicles.

“It’s a major repositioning of Finn and it’s quite time-consuming and quite demanding getting more and more people to choose the transaction journey we have built.”

The goal is to offer consumers the option to complete their transaction online “when you place your ad on Finn. It’s moving slowly, but ultimately this is the way you’ll sell your car on Finn.”

Consumers can currently pay by credit card. Finn works with a number of banks including Santander, Ayden and Tink to enable payments. In late 2021, Finn plans to

launch direct payment via Vipps, Norway’s ubiquitous online payment app, accepted at over 130,000 retail establishments.

“That will allow buyers to pay for their car with one click on the phone,” Hastein said. “It will be most relevant for lower-priced cars on Finn --- and we have a lot of those.”

As with subscriptions, Finn isn’t charging a fee yet for transactions --- the numbers are still too low --- but Hastein said that’s coming, either as a percentage of the transaction or a fee for using Finn’s escrow tool. “And obviously you pay to place your ad on the site,” he added. There are no free automotive listings on Finn.

Enabling more online transactions looks to be the glue that will tie together everything else Finn is doing, transforming the marketplace from a hodgepodge of transaction services to a coherent whole.

Anyone wondering what the future of automotive marketplaces will look like should be paying close attention to what’s happening right now in Norway.

Indian autos: Watershed moment as market explodes into action

- Indian auto market heating up as car marketplaces chase transactions
- CarTrade went public, Droom to follow suit in 2022
- Spinny, Cars24 and CarDekho with large funding rounds

By Deepak Batra

With massive funding rounds and multiple IPOs, Indian auto marketplaces are racing to win a rapidly maturing post-pandemic market

The Indian online automotive market has historically been slow to mature, with local marketplaces struggling to turn a profit in a country where most used-car sales occur offline. However, 2020 was clearly a watershed moment, with the pandemic effect driving funding to the country's leading automotive marketplaces --- sending the market and the online providers on an upward trajectory.

Almost all of the significant car marketplaces in India have seen a sizable jump in investment during the past year, with one IPO and another looming in 2022. The funds are primarily earmarked for product expansion, a larger offline presence and boosting transactional mechanisms in either b-to-c or c-to-b. Investors are eagerly jumping aboard, including Tiger Global, Sequoia and many others.

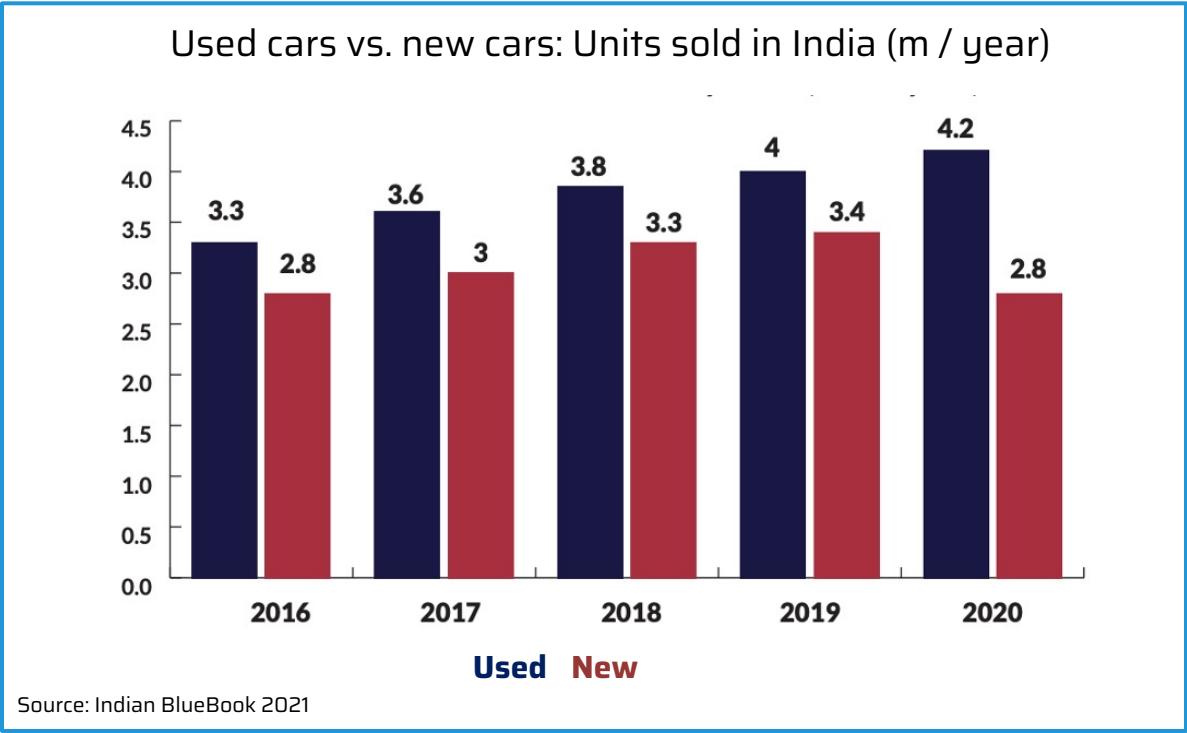
The logic behind the investor interest is simple: The market is there to be won. No single player dominates and there is huge room for growth in a market set to become the world's most populous during the coming years.

Pandemic finally kickstarts the online market

As in many countries, quarantines and lockdowns due to Covid-19 forced many Indian consumers to reshape their retailing and mobility preferences. Demand for private vehicles increased as people avoided crowded public transport. The used-car market rapidly outpaced the new-car market to become 1.5x larger from 1.2x the previous year (see chart on next page). This ratio is expected to hit 2.2x by 2025, closer to the levels found in mature markets.

"With the pandemic, there has been a shift from shared mobility to personal mobility, with many wanting to safeguard themselves through their own commute space and cars. The used-cars industry has seen a fast recovery. Prices of used cars firmed up because the demand recovery was faster than the supply recovery and that trend has largely held," **Amit Kumar**, CEO of

Updated from AIM Group Marketplaces Report 22.16, July 28, 2021



OLX Autos India, told the AIM Group.

Digital share of OEM automotive marketing in India at 14% is much lower than in the U.S. and rest of the world at 31% and 42%, respectively, indicating strong growth headroom for automotive marketplaces, even in new cars. Of an estimated addressable market of \$14.4 billion U.S. for auto marketplaces in India, transactions are the biggest opportunity, accounting for 45% of the total revenue pool, followed by after sales, [according to India-based management consultancy RedSeer](#).

Yet this is all in a landscape still dominated by thousands of small offline dealers. Significant, organized used-car retailers account for only around 10% of the market share. As this share continues to grow on the back of urbanization and consolidation, particularly as more people turn to online offerings, the opportunity is lucrative. And both investors and car marketplaces feel the tide turning.

During the past 10 years, the Indian

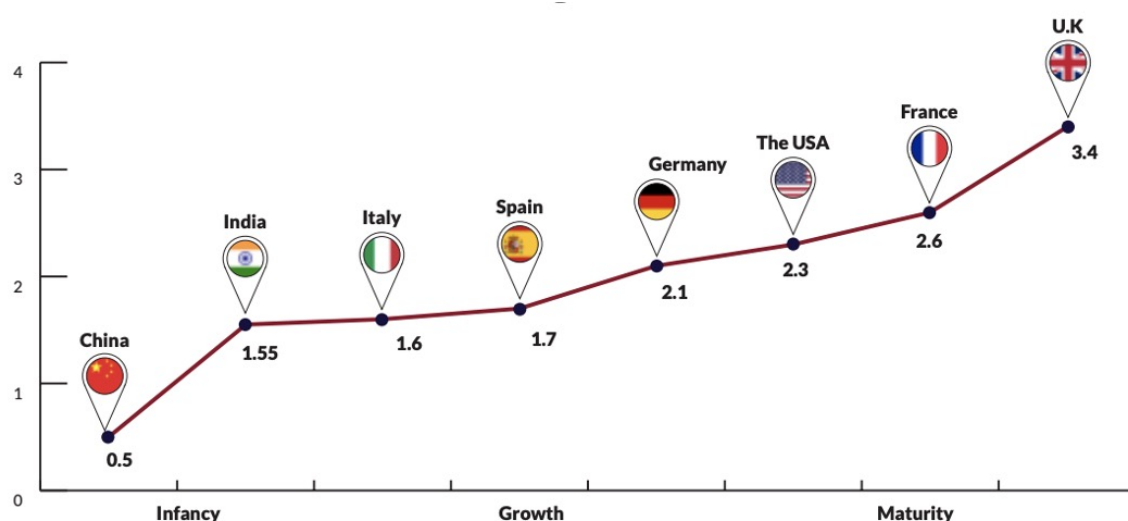
used-car market has welcomed a number of new offerings. The first organized entrants in the Indian market were First Choice and True Value, physical used-car dealership networks run by OEMs Mahindra and Maruti, respectively. Since then, from around 2008 onward, several digital-led companies have driven the online revolution in car sales, operating one of three models:

- C-to-b: Buys cars from consumers and resells to dealers only, usually by auction.
- B-to-c: Retailers cars online but does not buy from consumers to resell --- for example, only sells cars sourced from dealers or b-to-b channels.
- C-to-b-to-c: Buys cars from consumers to resell online, and then retails them.

Classifieds-led: CarDekho and CarTrade

CarDekho: [CarDekho](#) is the No. 1 car classified offering by monthly visits in India, and No. 2 by revenue.

Used-car to new-car sales ratio, comparison by country



Source: Indian BlueBook 2021

It runs CarDekho.com and sister site ZigWheels.com. Founded in 2008 by brothers **Amit Jain** and **Anurag Jain**, CarDekho has strong market presence in tier-1 cities across India. The company is now aggressively expanding into tier-2 cities. India-based digital giant Gyrnar Software owns a majority of the company.

In June, Indian media [reported CarDekho was in talks to raise at least \\$150 million U.S.](#) from investors to fund expansion in India and Asia, potentially valuing the company at \$1 billion. [The firm raised \\$70 million in a Series D funding round in late 2019](#), at a valuation of \$725 million. That round was led by Ping An's Global Voyager Fund, accompanied by Sunley House Capital Management, Sequoia, and Hillhouse Capital.









The company had originally planned to strengthen its c-to-b component via offline stores under its Gaadi brand. It opened tens of Gaadi points over the past year, but from August 2021 the company switched strategy and now believes that a stronger

online focus is leaner and more efficient. [It has shut down a number of Gaadi stores over the past few months.](#)

CarTrade: The No. 1 car classified business by revenue, [CarTrade](#) in August became the [the first automotive marketplace in India to IPO](#). Mumbai-based CarTrade raised \$390 million U.S. in its first week of trading on India's stock exchange.

CarTrade claims to be the only automotive vertical in India that is currently profitable, achieving a 9% net margin on \$44 million U.S. of revenue in the last fiscal year. [In April, the company raised \\$25 million U.S., taking its valuation to \\$967 million U.S.](#) Company founder Vinay Sanghi has a 5.3% stake in the company, while leading investors [Warburg Pincus](#), [Temasek](#) and JP Morgan have 32.2%, 24.7% and 11.1%, respectively.

In addition to its used-car classified site CarTrade.com, CarTrade also operates CarWale.com, which it acquired from Germany-based media giant Axel Springer in 2015 for \$80 million U.S. CarWale focuses

	Classifieds		Used-car transactions (inventory ownership)	
	Used cars	New cars	C-to-b	C-to-b-to-c
	Listing platforms that mainly monetize user car dealers through subscriptions	Listing platforms that monetize OEMs and new-car dealers, often on a cost-per-lead basis	Buy cars from (mainly) individual sellers and sell those to dealers through an auction platform	Used-car dealership buying cars from individual sellers and selling to individual buyers
<div> OX AUTOS</div> <div> CarDekho</div> <div> CarTrade.com</div> <div> droom</div> <div> CARS24</div> <div> SPINNY</div> <div> First Choice</div> <div> MARUTI True Value</div> <div>Offline first, car OEM-owned</div>	✓		✓	✓
	✓	✓	✓	✓
	✓	✓	✓	✓
	✓		✓	
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				✓
				✓
✓ Core business ✓ New / smaller business				

Source: Company data, AIM Group analytics

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on new cars and car valuations. The company also runs motorcycle-focused classified site BikeWale.

Like every ambitious auto vertical in India, CarTrade is deeply embedded in the transactions ecosystem. It runs online auction service [CarTrade Exchange](#), an online auction platform. It is used by consumers, business sellers, dealers and fleet owners to sell vehicles to automotive dealers and fleet owners. Automotive dealers also use CarTrade Exchange to manage their processes for procurement, inventory management and CRM. It has a back-office management app for dealers called AutoApp.

Hybrid classifieds / b-to-c: Droom

In July, [Droom secured \\$200 million in new funding and announced plans to IPO by 2022](#) on either the Nasdaq or locally in India.

[Droom](#) has a unique business model in that it remains an asset-light classified company,

but is evolving its classifieds approach to include a transactions dimension. It appears Droom is lining up to work with dealers in transactions while other services are generally focused on approaches where they acquire and own the cars they resell and / or operate on a franchise basis.

The company has managed to rake in \$30 million-plus in revenues by charging a success-based fee for individual sellers and a listing fee plus a success fee for dealers. The fee is usually 2.5% of the transaction value. To lock in transactions on the platform, Droom asks buyers to pay a 2.5% fully refundable deposit / commitment fee, which is retained by Droom if the sale goes through. The deal is then negotiated online but completed offline. This is a unique model that is one step closer to transactions than classifieds.

The company also offers a ‘[Droom Suggest](#)’ service, which helps provide vehicle matches to buyers based on user preferences. To access more detail on the top matches, buyers must pay an “unlock

Key data comparison

	Cars24	OLX Autos	CarDekho	CarTrade	Spinny	Droom
FY20 revenue (to March 31)	\$416M*	N/A	\$35M	\$44M	\$50M*	\$32M**
FY20 EBITDA	-\$37M	N/A	-\$39M	\$8M	N/A	-\$11M
Monthly transactions	20,000	11,000	N/A	N/A	1,500	7,500
Offline outlets	160	150	60	N/A	10	N/A
Employees	2,500+	1,200+	1,300	700	600	360
Total funding	\$1.1B	N/A	\$248M	\$322M	\$127M	\$333M

*Revenue for Cars24 and Spinny includes value of cars sold
** Calendar year 2019 revenue, latest available
Based on last reported financials between FY20, expert Spinny which is based on March 2020 run rate and Droom based 2019

Source: Company data. Financial data all in U.S. dollars

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fee,” (Rs999 for cars --- \$13.50 U.S. --- and Rs499 for motorcycles) which gives access to four matches.

Founded in 2014, Droom boasts over 20,000 dealers and presence in 1,091 cities. The company has expanded to Singapore, Malaysia and Thailand, and receives patronage from marquee investors like Digital Garage and Toyota Tsusho Corp.

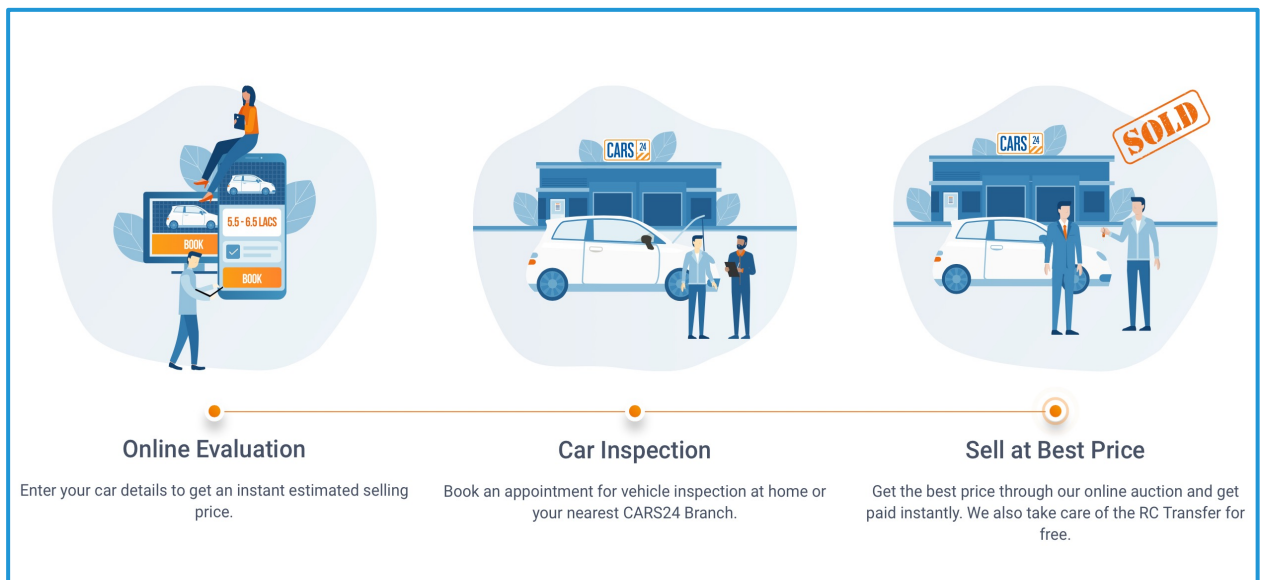
In Q1 2021, the Gurugram-based company crossed \$136 million in monthly GMV for the first time. “We have spent the last seven years and hundreds of millions of dollars in building not only the world’s first pure-play online marketplace for automobiles but also the entire ecosystem of the first mile, mid-mile, and last-mile services, to enable the shift of automobile buying and selling online. We also plan to continue our expansion in Southeast Asia, Middle East, and Africa once the ongoing second wave of the pandemic subsides,” **Sandeep Aggarwal**, founder and CEO of Droom, said in June.

C-to-b-to-c: Cars24 and Spinny

C-to-b-to-c car marketplace [Cars24](#) is a standout. Founded in 2015, it operates in over 130 cities in India. The company has the highest revenue of any auto vertical in India, although the total of \$416 million U.S. in FY2020 includes the full price of cars sold.

It is also the best funded, [with its latest round raising \\$450 million in mid-September](#), taking its post-money valuation to more than \$1.8 billion.

Cars24 was the first to bring the online c-to-b model to India, focusing on transactions and solving supply-side problems for dealers. For individual sellers, it mitigated the issues of trust, safety and an unwieldy documentation process. A critical component of trust building was a massive physical footprint established by Cars24, which stands at more than 160 outlets across India, a mix of owned and franchised “retail showrooms.” At the back end,



Cars24 is the market pioneer in India for online car sales. Source: Cars24.com

Cars24 runs an auction platform for dealers. This enables dealers to quote the right price to the seller with a clear commitment from a dealer to buy the car from Cars24 at that price. However, rapid expansion has required significant upfront investment. Losses have been substantial but are narrowing --- loss after tax stood at \$39 million U.S.

The company is led by CEO and co-founder **Vikram Chopra**, with lead investors including Exor Seeds, Moore Strategic Ventures, and Unbound.

“Apart from developing the concept of closing the deal in two hours, our unique after-sale services of instant payment and hassle-free transfer of documentation have been some standpoints that differentiate us from other players,” Chopra recently told Indian media.

Spinny, which launched in 2015, runs a dealership network of its own called Car Hubs, procuring and selling used cars. It was the first major c-to-b-to-c company in,

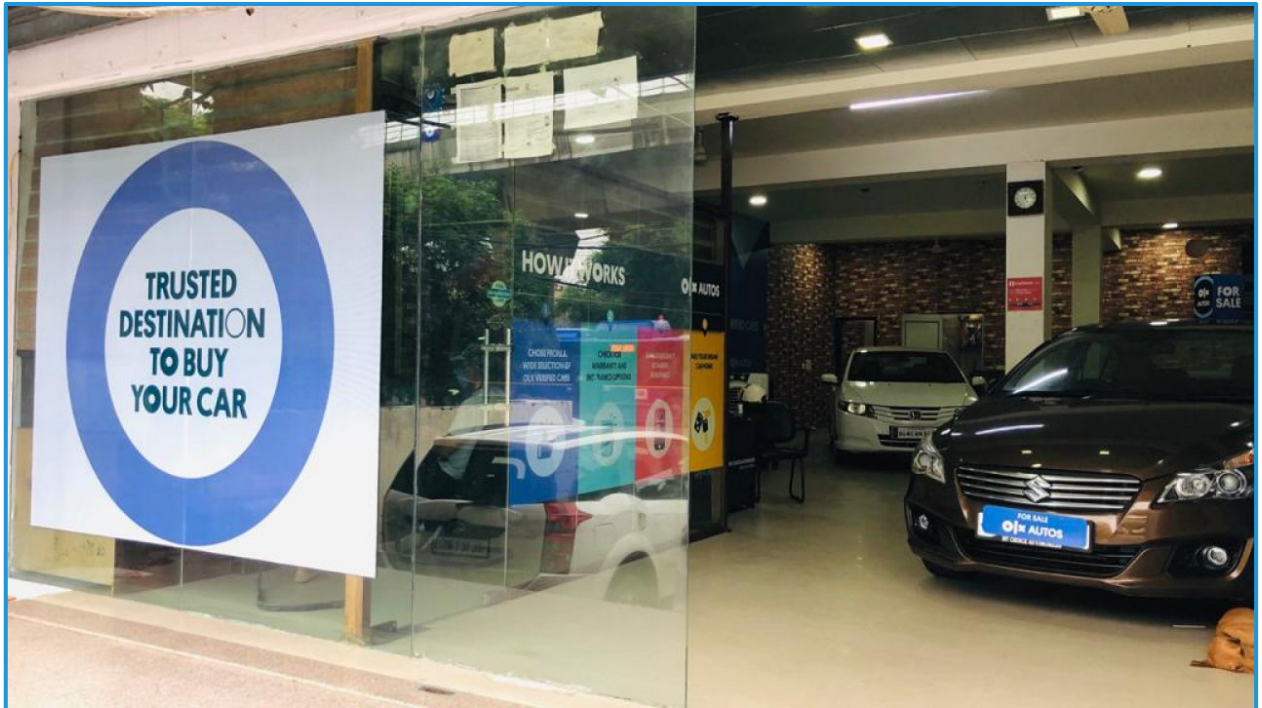
the market. Founded in 2015 by **Niraj Singh Mohit Gupta** and **Ramanshu Mahaur**, Spinny was initially a c-to-c marketplace, before it pivoted to transactions in 2017.

The company is emblematic of the financing rush in Indian autos. It raised \$44 million in March 2020, followed by \$65 million in an April 2021 Series C funding round led by VC firm General Catalyst, and is now rumored to be raising another \$100 million from Tiger Global Management, which would push the company’s valuation to \$800 million.

“The used-car market in India is huge and ripe for reinvention. We believe Spinny is uniquely positioned to tap this opportunity, given their compelling leadership and their real market momentum,” General Catalyst partner **Adam Valkin** told media in the April funding round.

In August 2020, [Spinny acquired rival auto marketplace Truebil](#) for a combination of cash and equity, with the totals undisclosed.

Spinny is deploying the funds to improve



OLX Autos has opened 150 offline stores across India to accelerate adoption. Source: OLX Autos

customer experience, expand into new markets, strengthen product and technology, and recruit new talent. The company has thus far raised \$231 million, sells around 1,500 used cars per month, and has over 900 employees working in nine Indian cities.

C-to-b: OLX Autos

Prosus-owned horizontal OLX.in was one of the first to offer car classifieds in India. However, due to cars being just one category in its multi-vertical offering, OLX was unable to establish an early leadership position in the market. Instead, its car offering has morphed largely into [OLX Autos](#), the c-to-b car-buying business that was originally developed from a JV between OLX and Frontier Car Group. OLX.in remains one of the top destinations in India for car listings (around 3 million currently listed on the site), but OLX Autos is the primary revenue driver. OLX Autos has opened 150 offline stores across India.

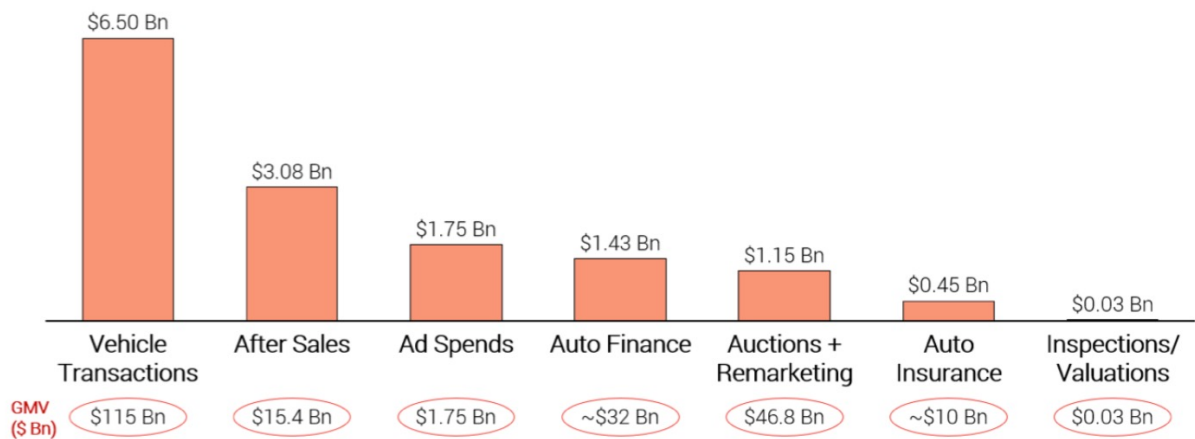
“As a platform, we have been positioned

both from demand and supply side to solve consumer pain points. The car seller is a convenience-seeking consumer who wants to sell their used car, get money instantly, while the buyer wants to be sure of the kind of car they are buying --- the price, the inspection and the longevity of the car. That thought process helped us stitch an opportunity from helping a consumer sell his car to aiding a consumer to buy a car. That’s the genesis of omni-channel at OLX Autos as a platform,” the company’s CEO, **Amit Kumar**, told the AIM Group.

We expect OLX Autos, as it has in other markets, to evolve into a c-to-b-to-c service. It’s not clear whether it will take a more dealer-friendly approach in India than elsewhere given its classified operations. It already operates a franchise model that lets independent dealers sell as well as buy cars under the OLX Autos brand.

OLX Autos India will require significant financing if it is to close the gap with Cars24 and even the likes of Spinny and Droom --- all of which have much bigger war chests for

Revenue pool available for auto marketplaces in India (FY20, U.S.D.)



Source: [CarTrade draft red herring prospectus](#)

Note: Ad spend includes expenditure by auto OEMs and auto dealers (used and new)

marketing and product expansion. Parent Prosus will need to either provide the funds or possibly look into combining forces with another major player to challenge for market leadership.

What’s next?

The current capital arms race launched by the growth in the used-car segment will deliver significant changes in the Indian market in the coming years, particularly in transactions. The assumption is that profit per vehicle sold from a transactions approach will dwarf equivalent profits from classifieds. The potential of the segment is even attracting other mobility brands, with OLA, India’s leading taxi aggregator, [on the verge of launching a used-car retailing business in Bengaluru](#).

While the unit economics of the model aren’t proven --- Cars24’s losses in FY20 were \$38 million, a net margin of around -10%. CarDekho losses mounted to \$12 million, a whopping -37% net margin --- there’s no doubting the growth potential. Investors

believe the industry will be strongly profitable longer term, as e-commerce in India now is, after its own long gestation period.

All players have a clear focus on building the perfect c-to-b-to-c business: hybrid digital and offline, high-tech, nationally branded, capturing the larger transaction margin. What’s not clear yet is to what extent dealers will be disintermediated. Will the evolving services support only owned and franchised retail outlets or will some of them also work with independent dealers to help them compete in their own right on a networked model?

There’s also a clear focus on adjacent revenue streams, namely loans and insurance. With only 15% of used-car transactions being financed by banks, there is a significant gap in the market.

While classified sites have traditionally monetized this through lead-sharing with banks and insurance companies, Cars24 is taking a big bet on lending, having acquired

Drivers behind digital development in India

Key Foundational Pillars

Several Government initiatives (Jan Dhan, Aadhaar, UPI, GSTIN) fast tracking India's digitization

Ubiquitous accessibility:
Nationwide 4G wireless services

~680+ MM¹ unique 4G connections

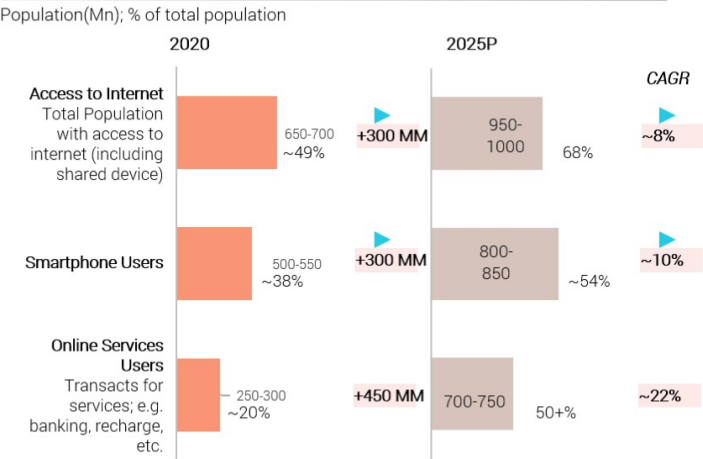
High Affordability:
Lowest data prices globally

\$ 0.09 / GB (vs global average of \$ 5 / GB)²

Push for FTTH roll-out:

5G roll out around the corner

India To Have ~ 1 Billion Internet Users in 5 years ³



- Sources:
1. Airtel, Vodafone Idea, Reliance Jio Infocomm quarterly results as of 31st December 2020. BSNL does not publish separate 4G connection numbers
 2. Cable.co.uk. Worldwide Mobile Data Pricing report for 2020
 3. Redseer estimates. Service transactors includes users accessing on either desktops, Laptops or smartphones. Anyone who is transacting for banking (NEFT, IMPS, etc.), IRCTC, mobile recharges, P2P, P2M, recharge, Bill pay is included.

a non-banking financial corporation (NBFC) license to underwrite loans in-house.

CarDekho reached a monthly run-rate of more than \$13 million in used-car loans in December 2019 but its application for an NBFC license was rejected due to it being registered in Mauritius. Droom acquired an NBFC called Xeraphin Finvest to strengthen its consumer lending arm, Droom Credit, in November 2019.

Technology will continue to grow in importance as critical elements like pricing, lending risk calculations, and the ability to maximize digital data capture (historical car ownership records, insurance records, car condition profiling) will also be critical to success.

Cars24 is currently leading in the market, with the biggest financial war chest and momentum, and with the willingness and capability to shift to the to-b-to-c model and financing next. In some ways, it is Cars24's market to lose from here on. Spinny, although much smaller in footprint, has a headstart in the c-to-b-to-c model.

However, these are still early days and all competitors have a fair shot at the transactions model. While this is probably not a winner-takes-all market, it is still most likely a winner-takes-most market with the virtuous cycle of scale driving word of mouth, wider distribution footprint, and economies of scale. Over the next few years, the sector will likely witness consolidation and a growing share of "organized retail" in used-car sales.

Companies to Watch



A look at three fascinating companies that are worth watching

ReezoCar: Acquisition by banking giant offers opportunity to build new products

- Acquisition offers Société Générale chance to expand automotive presence
- ReezoCar is one of the largest used-car transactions services in France
- Plans to build cross-promotional products in insurance and certification

**By Dualta Mac Lochlainn
and Pavel Marceux**

The ReezoCar acquisition is another example of a major banking institution getting into used cars to build its product portfolio

ReezoCar, the France-based digital concierge service for used cars, was acquired by local banking giant Société Générale in December. The acquisition was likely pushed through due to the site's stalled progress, but there is an opportunity to build strong cross-promotional products with the bank's support.

It's an exciting time for digital used-car retailing. Numerous models are popping up worldwide, offering new and innovative ways for consumers to locate and purchase preowned vehicles.

ReezoCar is one such model.

How it works pos

The ReezoCar model is a combination of search, aggregation and cross-border price arbitrage. It is similar to Auto1's AutoHero, BuyACar in the U.K., and various concierge models around the globe. There are business that share aspects of the model, but we don't know any company offering a truly similar model.

ReezoCar aggregates used-car listings from 10 marketplaces across Europe, offers them to consumers in a navigable search engine, and helps facilitate the entire buying journey for a commission. There's no in-house stock --- just 7 million listings of used vehicles to choose from.

Users can search for a desired vehicle on the site and attempt to organize the entire purchasing process themselves, or they can also go "a la carte" and cherry-pick specific components within the package, such as:

- Price negotiation
- Full vehicle inspection and certification
- Payment facilitation
- Registration and documentation
- Home delivery

Updated from AIM Group
Marketplaces Report 22.04,
Feb. 25, 2021

Notable bank-owned used-car marketplaces / services

Businesses (country)	Owner bank	Background
WebMotors.com.br* (Brazil) Coches.com (Spain) SCMultirent.pl (Poland) AutoBoerse.de (Germany) NeoAuto.com* (Peru) WabiCar.com (Spain)	Santander Group	Santander Group, one of the world's largest financial services companies, has the most expansive activities in automotive marketplaces of any bank at present. It's building a dedicated product infrastructure across Latin America and has been both launching and acquiring automotive businesses across Europe. It owns the No. 1 auto marketplace in Brazil and the No. 3 auto marketplace in Spain.
ICarros.com.br (Brazil)	Itau Bank	The Brazil-based bank owns the No. 2 auto marketplace in Brazil, competing directly against banking rival Santander
SberAuto.com (Russia)	SberBank	The largest bank in Russia launched a transactional auto marketplace in 2020 to compete against Avito.ru, Auto.ru and Drom.ru
ReezoCar.com (France)	Société Générale	The France-based banking giant acquired its first used-auto business in late 2020

Source: AIM Group analysis
* Majority owned by Santander Group

- Separate warranty and repair guarantee through car manufacturers and independent service centers
- Financing, insurance and leasing options through Société Générale

The fee taken by ReezoCar on the transaction differs based on the car in question, but it averages out at around 6% of the price. The company also takes a percentage of any savings achieved through negotiation, usually at around 50%. The site has no display ads and the company doesn't sell its data.

Most of its customers at present come from France and Belgium (where

there's a dedicated ReezoCar.be domain for Flemish / Dutch speakers, while French speakers in Belgium use the French site).

Where do the vehicles come from?

"Germany is the No. 1 location, followed by the Benelux countries, then Italy and Spain. We find that prices can differ significantly even in the same country, with contrasting price points in the north and the south of a nation," **Laurent Potel**, ReezoCar co-founder and CEO, told the AIM Group.

Impact of the acquisition

The Société Générale buyout was perhaps not a surprise considering the bank was the

lead investor in ReezoCar’s corporate fund-raising round in 2018 through its subsidiary CGI Finances. (The company had already raised €3 million in a venture round in 2016.)

The terms of the acquisition have not been disclosed.

Why did Potel decide to sell the business at a still-early stage of development?

“We enjoyed the existing collaboration with Société Générale and wanted to continue progressing with them going forward. We also wished to maintain and build upon the support of their offers,” Potel said.

This kind of deal is often a sign that unit economics and scaling potential were not strong enough to raise a further venture round, and the founders decided to sell the business.

Potel told us the impact of the Covid-19 pandemic has not been too severe. Sales were up in 2020 year-on-year, and the company has the capacity to function remotely during quarantines and lockdowns.

A condition of the deal was the requirement to keep the present executives on board.

“One of the important factors in the deal for both sides was that the management team stayed in place. **Vincent Deboeuf** [co-founder and CTO], **Tristan Pillon** [COO] and myself will all remain. The governing structure of the platform has taken the right decisions up until now and remains very ambitious,” Potel explained.

Banking synergies

On face value, there are certainly strong synergies. Société Générale has the resources to build out the used-car business, while ReezoCar offers a unique model with a continental offering that can be scaled quickly.

The real value in the deal for Société Générale is that it can increase the amount



Company	ReezoCar
HQ	Paris, France
Websites	ReezoCar.com / ReezoCar.be
Parent	Société Générale
Countries	Operating across Europe
Founded	2013
Funding	\$3.7m over three rounds
No. of employees	41 as of July 2021
Traffic	1.6m total monthly visits in July 2021 (SimilarWeb)

of product it pushes through Rezoocar. The bank would enjoy a return beyond the simple profitability of the ReezoCar business, so the business potentially has higher value to Société Générale than to other investors.

“One of our main projects for the year ahead will be to integrate the services and products of the Société Générale group,” said Potel.

Over the past few years, European banks have shown a real desire to get into the car-selling business, gradually comprehending the potential crossover in financing, warranties, insurance and data. Spain-based [Santander Bank has acquired several auto marketplaces while launching its own marketplace in Germany last year](#). Russia-based state-owned bank [SberBank also launched its own auto marketplace last year](#).

For Société Générale, the transaction reflects its ability to support profound



The Reezocar team, based in Paris. Source: Reezocar.com

changes in automotive and financial services, and to offer new services to its customers.

“Reezocar’s business model, its innovative positioning and the quality of its offer appealed to us because it strengthens our customer relationship promise. Synergies with our different businesses are numerous and allow us to go further in our ‘open banking’ strategy,” Société Générale Group chief innovation officer **Claire Calmejane** told media following the acquisition.

Going forward, stronger integration within the Société Générale ecosystem will allow Reezocar to push ahead with stronger offerings.

This includes:

- Providing a full insurance product to Reezocar users.
- Developing a ‘certified cars’ section on the site.
- Marketing and offering Reezocar’s used-car products at offline Société Générale branches.

Since the acquisition, Reezocar already has a different feel. The site is now faster, with a great UI experience. There are now “certified cars” available, under a regular digital dealer model. There’s also new cars and cars for lease. Clearly, the business has expanded.

Who are the competitors?

In terms of the overall digital to-consumer used-car ecosystem in France, Reezocar is among the top seven sites by monthly visits. It’s well behind used-car marketplace leaders like LeBonCoin and LaCentrale, and at a similar level to AutoScout24.fr, AutoMobile.fr and OuestFrance-Auto.com.

However, Reezocar’s transactional model is not really comparable to classified sites. A much more direct competitor in France is AramisAuto.com, the largest used-car transactional service in France by sales and revenue. Aramis Auto saw revenue of €748 million in 2019.

On a continental level, Auto1’s AutoHero product is the most likely rival. The soon-to-IPO business offers cross-border arbitrage and home delivery of used cars, but it also wants to do plenty of in-country business akin to a more standard digital dealer model.

In all, the Reezocar acquisition is a deal that may suit all involved parties. Société Générale receives a transactional vehicle for its auto-focused products, while Reezocar gets the necessary support to grow with fewer risks. Much will depend on how much the France-based bank is willing to invest to take the venture to greater scale and compete for transactional leadership in both France and the wider continent.

Syarah: The automotive marketplace leading digital retail in Saudi Arabia

- Syarah launched digital retailing for cars in 2019
- Covid-19 restrictions and new taxes helped drive the product
- Raised \$20 million to fund expansion across MENA

By **Lucy Barnard**
and **Pavel Marceux**

Demand for automotive digital retailing is gradually rising across the Middle East, with Syarah spearheading efforts in Saudi Arabia

There are numerous [marketplaces globally at the spearhead of digital retail in autos](#), building transactions-led services that enable consumers to purchase vehicles almost entirely online. Asia, Europe and the United States have been at the forefront of this movement --- but an interesting business is also riding the transactional wave in the Middle East: Saudi Arabia-based auto vertical [Syarah](#).

The pivot: From generating leads to transactions

Syarah (Arabic for 'car') was initially launched in 2015 as a classified site focused purely on delivering leads for dealers. In 2019, its leadership (co-founders **Salah Sharef** and **Fayez Alanazi**, and deputy CEO **Omar Tahboub**) decided to search out more profitable business models.

"We had close to 300 dealers onboard but the dealer subscription business model made it pretty hard for us to generate revenue numbers in line with our ambitions. Even as we continued to grow the number of dealers, it was evident this was not going to be a growth model. We realized we had to go into the transaction," Tahboub told the AIM Group.

The auto vertical first began experimenting with car financing in 2017. However, the auto loan approval process was heavily reliant on manual processes and bank agents that are physically stationed in dealerships. This created significant bottlenecks in converting the thousands of digital loan applications that Syarah was receiving on a monthly basis, slowing down what was a fairly manual process already. The decision was made to look at other avenues, especially e-commerce models, with financing remaining a smaller part of the business.

"In Saudi Arabia, dealers still work with very manual methods. Moving into e-commerce meant that we had to figure out how to create an end-to-end system to serve the customer in a totally digital manner. All the stakeholders we work with --- the dealers, the DMV, the warranty companies, the insurance companies, the

Updated from AIM Group
Marketplaces Report 22.06,
March 25, 2021

Cars sold monthly via Syarah Online (new and used)



Source: Syarah

shipping companies --- all these companies are still quite manual,” Tahboub said.

By early 2019, Syarah had the system in place. It was “messy under the hood” but the journey was smooth and all digital on the front consumer end. The service --- called Syarah Online --- lets buyers browse available used and new vehicles on the site and put down a deposit to lock in their price. The vast majority of buyers place their orders and make the purchase without seeing the car before the purchase takes place. Car buyers can use an app to track the process, from booking to delivery.

However, it took a perfect storm of events for the digital-retail model to be embraced by local consumers, who were still accustomed to physical transactions.

Taxes and Covid-19 help launch

Two events helped drive adoption of Syarah’s online car-buying service on a bigger scale.

The impact of Covid-19 from early spring of 2020 saw dealerships temporarily shut down and normal habits constrained in Saudi Arabia. Concerns over social distancing and quarantines meant more consumers looked into buying cars fully online.

At the same time, the Saudi government [announced plans in May 2020 to increase the consumer tax on car purchases](#). It was due to rise from 5% to 15%.

Consumers rushed to buy vehicles before the new tax was launched and with the Covid-19 outbreak still limiting physical car-buying interactions, Syarah saw a boom in demand for its almost-online service.

Since then, the number of cars solid via Syarah Online has gradually increased (see chart above), reaching more than 400 in August 2021. Some 6,500 cars have been sold via Syarah Online to date, most of them new.

How Syarah's digital retailing works



Source: Syarah.com

“We work with our network of dealers to bring the cars that meet our standards onto our e-commerce platform. We take an active role in curating and merchandising the car catalog of new and used cars on our platform, and we bundle a number of services to create a digital end-to-end journey for our clients. This involved creating in-house systems and competencies to handle car inspections, car photography, insurance and warranties, shipping, and whatever other processes may be requiring to complete the journey,” Tahboub told us.

The company reports a steadily declining cost of acquisition, which demonstrates increased acceptance and adoption of the digital car-buying experience in Saudi.

The real challenge going forward for Syarah will be to build the traction of used-car digital retail. The proposition in used cars shares some elements with new cars --- convenience and value --- but creating customer trust and peace of mind with the used-car digital experience involves a bigger challenge. Saudi consumers are still very

cautious with used cars. Syarah views full transparency, certified inspections and money-back guarantees as the gradual solution to the trust issue.

“For used cars, we’re looking to have 1,500 cars on the site that are fully inspected, certified on quality, perfectly visualized in terms of photos and video, and with a five-day money-back guarantee on each one,” Tahboub said. At the moment, the site carries 1,000 vehicles that meet these criteria.

In terms of rivals, Syarah faces two primary forces in autos in Saudi Arabia: [Haraj.com.sa](https://www.haraj.com.sa), the dominant local horizontal with a strong auto category; and [Motory.com](https://www.motory.com), the auto marketplace. Both are privately owned. Traffic data to Haraj’s automotive category is unavailable, but it’s almost certainly the most visited automotive classified in the country due to the popularity of the site (around 33 million total monthly visits on average, according to SimilarWeb). Motory is just ahead of Syarah by visits, but the site is reliant on its editorial content for much of its traffic.

Syarah has around 1 million monthly visits on average.

\$20 million raised for expansion

In August, [Syarah raised \\$20 million in a Series B round](#). The funding is being used to scale up its used-car sourcing operations and expand inspection capabilities, with one center currently being built in Riyadh.

Syarah is also planning on expanding across the MENA region over the coming years, though Saudi remains the primary target market.

Around 700,000 new cars are sold in Saudi Arabia annually, while the figure is 1.5 million for used cars.

Syarah's aim is to reach 5,000 online vehicle sales on a monthly basis, both new and used, within three years. Half of the current demand comes from the three major cities --- Riyadh, Jeddah, Dammam. This is where the attraction lies in the Saudi market: it's a large country (around 35 million people) with multiple major cities. The country is arguably the most attractive proposition for auto digital retail in the Middle East, with a much larger population than the UAE and a much more digitally advanced landscape than in Iran.

The challenge for Syarah is to navigate across the fairly fragmented Saudi car market. There are around 2,500 dealers in the country, including both franchise dealers that have relations with manufacturers, and independent operations. The degree of tech competency can vary greatly.

"That fragmented nature of the market has played into the e-commerce offering. We are able to take the price advantage from one city and offer it to clients in other cities. This has been an important part of our new-car offering. Since we don't own new-car stock and source directly from dealers, we give



Omar Tahboub, deputy CEO, Syarah

preference to dealers that have the best prices. In other words, you could say that we have been leveraging e-commerce to equalize prices across all cities for each new-car make and model," Tahboub told us.

Offline remains a key component in Saudi Arabia. Many dealers continue to depend on traditional marketing to create leads and generate foot traffic. Some dealers view Syarah's digital retailing initiatives as competition.

"We don't see it that way. There is a segment of e-commerce buyers that someone has to serve. It is natural for a provider to step up and fulfil this need. But I don't think e-commerce is going to take a sizable share away from physical dealerships for probably the next five years. If we can capture 5% of the market, we'll be satisfied," Tahboub said.

To reach a bigger scale, Syarah believes it will need to expand the sourcing process by buying used cars from individual sellers and fleet companies. Scaling up will also involve establishing more reconditioning centers to centralize the operations of inspection, reconditioning, and photography.

VavaCars: An oil-trading giant with a c-to-b-to-c automotive business

- Backed by Vitol Group, VavaCars is now operational in Pakistan and Turkey
- In Turkey, it's using Vitol's extensive network of petrol stations to buy cars
- In 2020, VavaCars achieved \$110 million U.S. in GMV by selling 5,500 cars

**By Pavel Marceux and
Tariq Ahmed Saeedi**

With its deep financial reserves, VavaCars has an opportunity to build a major digital retailer in the early-stage markets of Pakistan and Turkey

Digital retail in cars and the wider auto classifieds market is a hot space right now. This is exemplified by the number of new entrants without historic links to trading cars, led by banks in particular ([Santander Group in LatAm and Europe](#), [Société Générale in France](#), [SberBank in Russia](#), and many others). The next wave could well be led by the petrol retailers, beginning with [VavaCars](#).

VavaCars is a c-to-b-to-c automotive marketplace focused on Turkey and Pakistan for now. What makes it unique is that it's owned by one of the world's largest private oil-trading companies --- Netherlands-based Vitol Group. With annual revenue of more than \$200 billion, the company is looking at ways to better leverage its extensive network of "downstream" fuel stations strategically located in key emerging markets

Scalable links between cars and fuel

The link between Vitol and car retailing is actually much more profound than it may first seem.

"We are uniquely placed due to the competitive advantage of Vitol's fuel retail network to source the very best cars," **Lawrence Merritt**, co-founder and CEO of VavaCars, told the AIM Group from his office in London. "We believe the used-car market opportunity is enormous, particularly in moving this industry from being a very traditional offline industry into a dynamic online industry. Right now, the used-car industry feels like books in 1994 and Amazon just launched."

Petrol Ofisi, a wholly owned subsidiary of Vitol, operates more than 1,650 petrol stations in Turkey and is the second-biggest fuel supplier in the country. Many of VavaCars' purchase centers are located at Petrol Ofisi sites.

VavaCars launched in Istanbul in 2019, leveraging the brand and distribution power of Petrol Ofisi, and was initially focused on purchasing used cars from consumers (c-to-b) and selling them

Updated from AIM Group
Marketplaces Report 22.17,
Aug. 11, 2021



In Turkey, VavaCars purchasing points are integrated into Vitol's Petrol Ofisi chain of petrol stations

through its proprietary auction platform to auto dealers. VavaCars sources most of its cars directly from consumers, but also participates in auctions across wholesale platforms and purchases fleets to complement its consumer-bought cars.

The b-to-c element of the business (selling cars to consumers) was soft-launched in July.

“For the last six months, we have been testing, learning and iterating on how we sell to consumers by using some of the biggest third-party platforms in Turkey,” Merritt told us. “We have been able to validate a whole bunch of assumptions and as a result fashion our b-to-c value proposition for impact from Day 1. Ultimately, we are a data-driven company that trades used cars.”

The Turkey business is well ahead of the Pakistan market. It was launched earlier

(January 2020 for Pakistan), but the two markets are also at vastly different scales in terms of online readiness and maturity.

Why Pakistan and Turkey?

Why were Pakistan and Turkey chosen specifically as the launch markets?

Both countries are largely closed off to used-car imports due to state regulations and prohibitive import taxes on vehicles. Cars thus appreciate in value and have high average selling prices. Used cars in Pakistan and Turkey are investment assets. They are a hedge against inflation.

The average selling price (ASP) of a used car in Turkey is \$15,000 U.S. In Pakistan, it's \$12,000 U.S.

“In Turkey and Pakistan, everyone loves cars and trading used cars is a national pastime. In addition, we see high ASPs, high

margins, low-cost structures, low customer acquisition costs, an attractive addressable market, and access to strong talent pools, relatively speaking,” Merritt said.

VavaCars sees the annual addressable market in Turkey for its business model at around \$50 billion U.S., making it one of the largest markets in Europe. Around 6 million used cars are sold in the country every year.

Turkey-based marketplaces have launched a number of auto-specific features over the past year. Prosus-owned horizontal LetGo, for example, launched auto vertical OtoPlus in March.

“Being a marketplace where you can buy and sell cars quickly is no longer sufficient. You need to become a solution partner to solve problems that may occur during and after a sales transaction, and give a complete shopping experience to users,” **Onur Kavak**, GM of LetGo Turkey, told the AIM Group.

Meanwhile, local e-commerce giant N11 [launched automotive digital retailing site Garaj11.com in June](#), and has teamed up with VavaCars to build inventory.

In Pakistan, the used-car market is valued at \$10 billion U.S. annually, with around 1 million transactions. There are currently three purchasing centers in Pakistan. Vitol also owns petrol stations across the country but VavaCars has not opted to tie in its services with these.

Pakistan-based c-to-b marketplace CarFirst [introduced a doorstep inspection service in July](#), ramping up its own c-to-b offerings. [Classified leader PakWheels has also ramped up its transactional services.](#)

“We have seen pre-Covid levels of activity from our consumer business,” **Raza Saeed**, founder and CEO of PakWheels, told the AIM Group. “There has been a rapid shift toward online services and over time a lot more people will be willing to transact big-ticket items like vehicles online.”

‘We developed a playbook in Turkey and that playbook is now being rolled out in Pakistan. The challenges we face in Pakistan are challenges we have likely faced in Turkey.’

Lawrence Merritt,
Co-founder and CEO, VavaCars

Merritt’s mother is originally from the Pakistani city of Gujranwala, known for its enterprising entrepreneurs, so he has a good understanding of the culture. His father is from Hong Kong and he was raised in London.



“We developed a playbook in Turkey and that playbook is now being rolled out in Pakistan. The challenges we face in Pakistan are challenges we have likely faced in Turkey. So, the relatively similar characteristics of our two markets is an advantage as it makes sharing best practices real and valuable,” he told the AIM Group.

Business model explained

How will the service work? Consumers will be able to browse used vehicles on the VavaCars site and its various affiliates sites. They will be offered a 14-day money-back-guarantee, a three-month warranty and free door-to-door delivery. Every car the company buys goes through a 150-point checklist via in-house inspectors located at the purchase centers. It has more than 30 centers in Istanbul, Ankara, Izmir, Bursa and beyond, now addressing 80% of the car market in Turkey.

Of course, the process is not fully online yet. The consumer has to deliver the car for inspection and still handle an offline notary

İkinci El Araç Almanın ve Satmanın En Kolay ve Güvenilir Yolu


Aracınızı Satın

Araç Alın

Yılı
Model yılı

Marka
Marka seçiniz

Aracımı Değerle



VavaCars launched its b-to-c service in July 2020. Source: VavaCars

process to complete the sale. Merritt told us that typically half of consumers who visit a purchase center accept the company's offer.

On the b-to-c side, the refurbishment and logistics operation has also begun, with considerable further investment planned to enable a network of regional inspection and reconditioning centers.

"We are not here to launch b-to-c and offer cars consumers the way everybody does. There is no value in doing things the way they have always been done. We are here to disrupt a current buying and selling experience that consumers generally don't trust," Merritt said.

VavaCars does not list or take a cut of the commission at the time of sale. This means it carries the inventory on its balance sheet.

What about the competition? Merritt is

certain nobody is buying cars online in Turkey at any kind of scale.

"We love competition, it makes us stronger but generally we prefer to be customer-obsessed. Nobody has tried to sell cars through a fully end-to-end e-commerce journey so far," he told the AIM Group. "The used-car industry likes to drive into the future while looking out the rear-view mirror."

Merritt views this as his ultimate mission with VavaCars --- build trust in the brand to shift the consumer mindset.


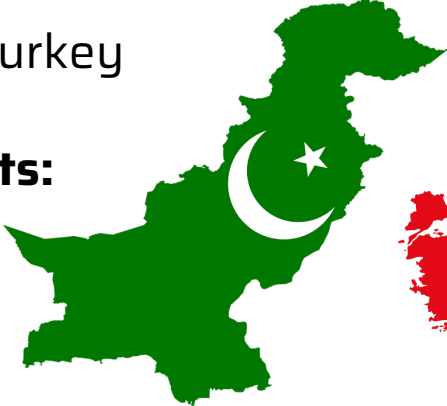
Turkey has seen an increasing interest in the c-to-b-to-c model. All the top OEMs have entered this space through trade-in options for used cars to customers, including H2.com.tr by Honda and Carbook.com.tr by Nissan. The country's automotive

VAVACARS

2020 statistics:
\$110 million U.S. in GMV
5,500 cars sold
90% of them in Turkey

2023 goal:
\$1 billion U.S. in GMV

Operating markets:
Pakistan
Turkey



Source: VavaCars

marketplaces remain at a nascent stage of the transactional model, with market leaders like Arabam.com and Araba.com still primarily reliant on listing fees.

In Pakistan, there are two significant transactional marketplaces --- car-purchasing site CarFirst and hybrid classified company PakWheels. But the transaction volumes remain small. It's a market that is still there to be won.

How do the numbers look?

In 2020, its first full year of operations, VavaCars achieved \$110 million U.S. in GMV by selling 5,500 cars, 90% of them in Turkey. This was entirely on the c-to-b-to-b business model and during the global pandemic.

"It's a race to get to \$1 billion in GMV within the next two years," Merritt said. "We are optimizing for volume and market share whilst continuing to improve our unit economics, which means we will continue to invest. It's just Day 1 for us. We are well capitalized and are just getting started."

VavaCars views Carvana as the global poster child for its business. The U.S.-based digital retailing giant launched in 2012 but did not break even until 2020.

"Some 98% of global used-car trading today is offline. This category has been frozen and it's time for us to thaw it out. We are here to flip it from analog to digital. Let's call it the Amazonification of used cars," Merritt said.

Top 50 automotive marketplaces and classified sites / apps



This list includes automotive marketplaces and classified companies. Horizontals with an automotive component are not included. Rankings are based on total monthly visits in July 2021, sourced from SimilarWeb, with international domains aggregated to create a traffic total for each specific brand. For example, monthly visits to all CarGurus-branded sites globally have been combined into one total.

Note: Monthly visits to China-based sites may be inaccurate, due to the country's firewalls, and are likely to be higher than stated by SimilarWeb.

The Top 50 auto sites globally

Based on total monthly visits in July 2021, sourced from SimilarWeb.com



Visits per '000 population



Visits per '000 internet users

1.



drom.ru



(2)



481



633

Drom.ru: 69.2 million. The most visited auto vertical in Russia, Drom has a loyal audience base in the east of the country. The site's editorial content represents a large proportion of its traffic, [while its revenues are lower than those of Auto.ru or Avito Autos](#). This year, it became the No. 1 auto marketplace in the world by visits.

2.



(1)



156



196

CarGurus: 66.5 million. The most-visited auto vertical in the U.S., [CarGurus more than doubled its revenue in Q2 2021, bringing in \\$218 million](#). The company retains a presence in the U.K. and the U.S.A., but revenue is dominated by the U.S. business.

3.



309



404

Mobile: 63.9 million. Now owned by Adevinta following the EBay Classifieds acquisition, Mobile.de is the dominant auto vertical in Germany, while also running competitive verticals in France and Italy. [In July, the company raised prices for dealers](#).

4.



42



71.3

AutoHome.com.cn: 59.9 million. Majority-owned by financial services company Ping An Group, AutoHome is the leading auto vertical in China. (SimilarWeb does not have precise data on sites in China, so monthly visits may actually be higher than stated.) [In Q2 2021, the company saw its revenue decrease by 16.2% y-o-y to \\$300 million](#).

5.





349



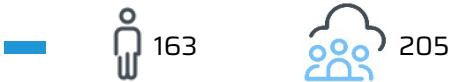
459

Auto.ru: 50.2 million. Acquired by internet giant Yandex in 2014, Auto.ru was merged with Yandex.Autos in 2016. It's No. 1 by revenue in Russia. [In Q2 2021, it spearheaded the performance of Yandex.Verticals, the parent's classifieds division](#).

 Visits per '000 population

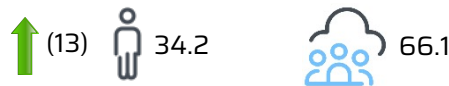
 Visits per '000 internet users

6



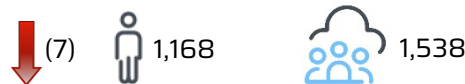
AutoScout24: 49 million. AutoScout24 is a Top 3 vertical in several European countries, including Spain, Germany, Italy, the Netherlands and Belgium. Owned by private equity investor Hellman & Friedman, [AutoScout24 has been expanding into car subscriptions and leasing services.](#)

7



CarDekho.com: 46.7 million. CarDekho is No. 1 in India. It's a subsidiary of GirnarSoft, a company that owns a number of auto and related sites in India, including ZigWheels (see below). [CarDekho is rumored to be raising \\$150 million for Asian expansion.](#)

8



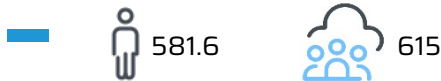
OtoMoto.pl: 44.6 million. The Prosus-owned site is No. 1 in Poland and runs in tandem with OLX.pl. [In July, OtoMoto and car-leasing company CarSmile launched Otomoto Klik, a new used-car digital retail service.](#)

9



CarFax.com: 38.6 million. CarFax is No. 2 in the U.S. by monthly visits. The company built its business from data on vehicle histories, but also has a substantial classified offering. Only the company's U.S. site offers classifieds, unlike its Canadian and European versions.

10



AutoTrader.co.uk: 38.5 million. AutoTrader is No. 1 in the U.K. by a wide margin. It's listed on the London Stock Exchange under the ticker AUTO. [Car exchange has become a key component of the business over the past year](#) following prolonged service trials.



Visits per '000 population



Visits per '000 internet users

11.



(16)



26.4



51

CarWale.com: 36.1 million. Owned by CarTrade, CarWale is the No. 2 vertical in India by visits. [CarTrade made its IPO debut on the Indian stock exchange in August.](#)

12.



(17)



62.7



95.6

MercadoLibre Autos: 34.2 million. Mercado Libre operates leading auto sites throughout Latin America, including Argentina, Brazil, Chile and Mexico. The accumulated monthly visits have been compiled only from its auto sites. [The company as a whole saw revenue of \\$1.7 billion U.S. in Q2 2021.](#)

13.



(9)



88.8



117

AutoTrader.com: 31 million. Cox Automotive-owned Autotrader is part of the massive Cox Enterprises group, with 26 auto brands including KBB.com and Dealer.com. It's the No. 3 auto vertical in the U.S. by visits. [Autotrader introduced a new service called MyWallet in February.](#)

14.



(12)



91.2



121

Cars.com: 29.6 million. Cars.com is No. 4 in the U.S. Its former parent company Tegna listed it on the NYSE in 2017 under the ticker CARS. [In Q2 2021, Cars.com saw revenues rise 52% y-o-y to \\$156 million U.S.](#)

15.



(19)



51.3



71.1

KBB.com: 27.4 million. A subsidiary of Cox Automotive, Kelley Blue Book is the leading provider of vehicle-pricing information in the U.S. It also carries listings and provides an instant-offers service. It is No. 5 in the U.S.



Visits per '000 population



Visits per '000 internet users

16.



213

234

CarSensor.net: 27.1 million. Owned by Japan-based giant Recruit Holdings, CarSensor is No. 1 in Japan. It competes with the No. 2 --- Goo-Net (see below). [A new product called Instant Live has helped onboard more customers to its digital retailing service.](#)

17.



212

233

Goo-Net.com: 27 million. Operated by the Proto Corp., a Japanese conglomerate that owns a string of automotive classified sites in Japan, Goo-Net is No. 2. Parent Proto Corp. [saw Q1 FY2022 revenue reach \\$124 million U.S. for growth of 7.3% y-o-y.](#)

18.



14.4

28.8

ZigWheels.com: 26.4m million. Acquired by GirnarSoft in 2015, ZigWheels operates in India, the Philippines, Malaysia and Thailand. [GirnarSoft has invested \\$25 million U.S. to expand ZigWheel's presence across Southeast Asia.](#)

19.



87.9

130

WebMotors.com.br: 18.4 million. WebMotors, No. 1 in Brazil, is 70% owned by Santander Bank. The remaining 30% is held by Australia-based CarSales. [In July, WebMotors acquired a 66.7% stake in Car10, a Brazil-based car marketplace.](#)

20.



351

369

BobaeDream.co.kr: 17.9 million. BobaeDream is the dominant No. 1 auto vertical in South Korea. The site has a strong editorial offering and various other car-related services.



Visits per '000 population



Visits per '000 internet users

21.



398

696

Auto.Ria.com: 17.6 million. Auto.Ria is the auto vertical run by Ukraine-based horizontal Ria.com. Auto.Ria is No. 1 in Ukraine by monthly visits, while rival Rst.ua still leads in revenue despite lower visitor numbers.

22.



52.1

69.2

Edmunds.com: 16.9 million. Edmunds is No. 6 in the U.S. It was a print magazine started in the 1960s before going digital. [Used-car retailer CarMax announced the \\$400 million acquisition of Edmunds in April.](#)

23.



1,642

2,228

Av.by: 15.6 million. Av.by is No. 1 in Belarus. It became the leader in 2016 when it merged with A.Tut.by, another auto vertical operating in Belarus. Av.by is operated by Russia-based Zubar Capital Fund.

24.



11.3

21.9

BikeWale.com: 15.5 million. Part of CarTrade, BikeWale is the leading vertical for motorbikes, scooters and bike parts in India. It's the sister site to CarWale.

25.



74.1

109.8

ICarros.com.br: 15.5 million. No. 2 in Brazil, ICarros is majority owned by Itaú Bank. The company has almost doubled its visits over the past year. [CEO Ricardo Bonzo Filho left the company in June after four years in the role.](#)



Visits per '000 population



Visits per '000 internet users

26.

coches.net

↑ (27)

315

373

Coches.net: 14.6 million. The Adevinta-owned site is No. 1 in Spain, working in tandem with the strong auto presence of Milanuncios. Coches.net has been the market leader in providing financing options on cars. (It's not related to Coches.com.)

27.

TRUECar®

↑ (32)

44.4

59

TrueCar.com: 14.4 million. The U.S.-based vertical promises to eliminate haggling by giving consumers a "true" discounted price. It's listed on Nasdaq under the ticker TRUE. [The company posted net revenues of \\$65.8 million in Q2 2021, up 1.1% y-o-y.](#)

28.

carsales

↑ (29)

563

651

Carsales.com.au: 13.8 million. Carsales is No. 1 in Australia by a wide margin, attracting more than twice as many visitors as its nearest competitor. [In August, the company launched its first digital retailing product for used cars.](#)

29.

carview™

↓ (23)

105

116

CarView.Yahoo.co.jp: 13.4 million. Z Holdings-owned CarView is No. 3 in Japan. [Z Holdings has earmarked \\$4.6 billion U.S. for investments in improvements to e-commerce and online advertising.](#)

30.

Car.gr

↓ (28)

1,179

1,692

Car.gr: 13.2 million. Car.gr is No. 1 in Greece. The site has a dominant lead in the market, with few competitors able to challenge it.



Visits per '000 population



Visits per '000 internet users

31.

Használató.hu


(37)



1,217



1,573

HasznaltAuto.hu: 11.8 million. HasznaltAuto is the Adevinta-owned No. 1 in Hungary. It shares private listings with sister site Jofogas. [Adevinta Hungary saw revenue of \\$13.6 million U.S. in FY2020, down 10%.](#)

32.

autoTRADER.ca


(35)



314



338

AutoTrader.ca: 11.5 million. AutoTrader.ca is No. 1 in Canada. Owned by private equity firm Thoma Bravo, which also owns the J.D. Power analytics house, AutoData and other auto investments. It competes with the Adevinta-owned horizontal Kijiji and its niche brand KijijiAutos.ca.

33.

LaCentrale


(22)



175



218

LaCentrale.fr: 11.4 million. LaCentrale is the No. 1 pure vertical in France, but is lagging behind horizontal LeBonCoin in automotive. Axel Springer completed the sale of a majority stake in Groupe La Centrale in March [to private equity firm Providence Equity Partners for around \\$450 million U.S.](#)

34.

autoPlus.it


179



291

AutoPlus.it : 10.6 million. Owned by the Baltic Classifieds Group (BCG), AutoPlus is No. 1 in Lithuania. [Apax Funds-owned BCG debuted on the London Stock Exchange in July.](#)

35.

CoPart


(31)



19.7



27.3

CoPart.com: 10.5 million. CoPart is an online vehicle auction site based in the U.S. for salvage vehicles, typically those "totaled" by insurance companies. Registered members bid online for vehicles being auctioned at auction houses around the country.



Visits per '000 population



Visits per '000 internet users

36.

DoneDeal


2,042



2,450

DoneDeal.ie: 9.8 million. Part of a joint venture between Adevinta and Daft Media in Ireland, DoneDeal is the leading auto vertical in the country.

37.



↑ (43)



76.1



83.7

GooBike.com: 9.7 million. Owned by the Proto Corp., GooBike is a leading listing site in Japan for motorbikes, scooters and bike parts. It's the sister site of Goo-Net.

38.



↑ (41)



1,673



1,917

NettiAuto.com: 9.2 million. NettiAuto is No. 1 in Finland, part of the Nettix group, [which was acquired by marketplace operator Alma Media in March](#).

39.



↓ (33)



167



293

RST.ua: 7.4 million. RST.ua is No. 2 in Ukraine by visits. It competes with Auto.Ria for leadership.

40.



↑ (45)



807



1,145

PolovniAutomobili.com: 7.1 million. The dominant No. 1 auto vertical in Serbia, PolovniAutomobili is owned by Infostud Grupa.



Visits per '000 population



Visits per '000 internet users

41.

arabam.com



86.7

134

Arabam.com: 7 million. Arabam is No. 1 in Turkey. It's operated by ILab Group, operator of leading job site Kariyer.net. Arabam faces strong competition from leading horizontal Sahibinden.

42.



86.2

143

Bama.ir: 7 million. Privately owned Bama is the leading auto vertical in Iran. It competes largely against horizontals Divar and Sheypoor. [In January, it launched Mashinchi.ir, an online-to-offline service for car sales.](#)

43.

KOLESA



374

489

Kolesa.kz: 6.8 million. Kolesa is the No. 1 automotive vertical in Kazakhstan, competing primarily against Prosus-owned OLX.kz

44.



21

27.9

IAAI.com: 6.8 million. IAAI (Insurance Auto Auctions Inc) is a U.S.-based online vehicle auction site. It lets registered users bid online for vehicles as they're being auctioned at auction houses around the U.S. It is partly a salvage business similar to CoPart.

45.

@ Bazoš



594

750

Auto.Bazos.cz: 6.3 million. No. 1 in the Czech Republic by traffic. Autos.Bazos is the auto vertical operated by the leading horizontal Bazos.



Visits per '000 population



Visits per '000 internet users

46.

mobile.bg


(47)



845



1,333

Mobile.bg: 6 million. Run by Rezon Media, Mobile.bg (no relation to Mobile.de) is the dominant auto vertical in Bulgaria.

47.


PistonHeads


87.6



92.7

PistonHeads.com: 5.8 million. A car community and classifieds site, PistonHeads is owned by CarGurus. [In January, CarGurus combined its CarGurus.co.uk and PistonHeads sites into a single product for U.K. dealers.](#)

48.

tucarro


108



174

TuCarro.com.co: 5.3 million. Part of MercadoLibre, TuCarro is the leading auto vertical in Colombia, alongside its parent's direct auto offering.

49.

AUTOVIT.RO


269



424

AutoVit.ro: 5.3 million. . AutoVit is No. 1 in Romania. Owned by Prosus, it has a dominant lead over its nearest rival, the Russmedia Press-owned BestAuto.ro.

50.

STANDVIRTUAL


515



697

StandVirtual.com: 5.3 million. Prosus-owned StandVirtual is the No. 1 vertical in Portugal, combining listings with sister site OLX.pt.



New products and tech: Global roundup

Top automotive marketplace sites / apps around the world told us how they have improved their services and products during the past year

Global roundup of new tech and products

Allegro.pl / AllegroLokalnie.pl (Poland)

New products: New auto section. All listings cross-listed on Allegro.pl.

**Annunci.Alvolante.it** (Italy)

New tech: New tools in search.

Auto.Kufar.by (Belarus)

New products: VIN history check service for buyers.

**Auto.Ria.com** (Ukraine)

New tech: Car valuation tool, video calls and video messages, payment through Pay24 service.

AutoChek.Africa (Ghana)

New products: Car financing.

AutoDeal.com.ph (Philippines)

New products: Car financing, car comparison tool.

AutoHome.com.cn (China)

New tech: Rebranding and tech upgrade.

**AutoMobile.it** (Italy)

New products: Car valuation tool.

New tech: Virtual showcase service at DigitalDealerTour.it.

AutoScout24.ch (Switzerland)

New products: Car subscription service.

**AutoScout24**Germany

New products: Integrated dealer finance offers, finance calculators, editorial content, digital retailing product Smyle. (See, Page 88.)

New tech: Redesigned website / mobile app.

Italy

New products: New section for electric vehicles.

New tech: Smart text in search.

Netherlands

New products: One-click buying.

AutoTrack.nl (Netherlands)

New products: 360-degree photos.

New tech: New search filter.

AutoTrader.ca (Canada)

New products: Remote selling suite, digital retail feature, and PL Max, a cross-platform, priority-listing product unifying desktop and mobile upsell portfolios.

New tech: Integrated digital retail tools from MotoInsight.

AutoTrader.co.uk (United Kingdom)

New products: Guaranteed car-exchange tool, quick quote insurance service, financing tool, leasing service.

New tech: Acquired fintech site Auto Convert.

AutoVit.ro (Romania)

New products: Car history verification integrated into car listings.

MercadoLibre (Latin America)

New products: Teamed up with Santander Bank to provide financing to buyers online for both used and new cars.

AutoTrader.co.za (South Africa)

New tech: 360Spin, a virtual car-viewing feature.

YallaMotor.com (Middle East)

New products: Dealer tools and lead-generation products.

Bama.ir (Iran)

New products: Digital retailing service.



BestAuto.ro (Romania)

New tech: Car valuation tool.

Bikroy.com (Bangladesh)

New products: Motorbike vertical.



Bilbasen.dk (Denmark)

New products: Market data and insights.

Bilhandel.dk (Denmark)

New products: A b-to-b sourcing agent, HeyForsikring.dk.

New tech: Anti-fraud algorithms via Vindicate.io.

Biltorvet.dk (Denmark)

New products: Support for Facebook and Google profiles, webpage building, and online marketing services.



New tech: New version of site.

Blocket.se / BytBil.com (Sweden)

New products: Blocket payments, safe payment and insurance service, b-to-c online transactions, including financing, insurance and delivery.

CarDekho.com (India)

New products: Car-suggestion service for consumers, dedicated segment for EVs, launch of online-to-offline tire delivery service in collaboration with JK Tyre and AutoBrix, and launch of offline retail store, TrustMark.

CarFirst.com (Pakistan)

New products: At-home car inspection.

New tech: Car valuation tool.

CarForYou.ch (Switzerland)

New products: Verified ads, test drive function.



CarGurus.com (United States)

New products: Convert, a digital retail tool that lets U.S. shoppers conduct the majority of their car purchase online. An extension of "Area Boost" that lets dealers

to advertise inventory up to 1,000 miles away from their stores. IMV Scan, a dealer app that provides value assessment by scanning a car's serial number. Instant Max Cash Offer, which lets consumers sell their car to CarGurus online.

CarList.my (Malaysia)

New products: Video and 3D imaging of cars, auction service.

CarMart.ng (Nigeria)

New tech: WhatsApp chat.



CarSensor.net (Japan)

New products: Online consultations for car sales.

CarTrade.com (India)

New products: Last-mile delivery of new models from Citroën.

CarView.Yahoo.co.jp (Japan)

New tech: Electronic signatures.



Carmudi.com.ph (Philippines)

New products: Best of monthly offers.

Cars.co.za (South Africa)

New tech: Car-exchange service called Match.



Cars.com (United States)

New tech: Launched new website and tech platform.

CarsGuide.com.au (Australia)

New products: Contactless buying badges, certified pre-owned (dealer inventory) search filter.

Carsales.com.au (Australia)

New products: Launched digital retailing service called Carsales Select for used cars, dealer finance, contactless transaction badges.

CintaMobil.com (Indonesia)

New tech: Free insurance consultation service.



Coches.net (Spain)

New products: Image-recognition tech.

ContactCars.com (Egypt)

New tech: Revamped site, app.

DeMotores.com.ar (Argentina)

New products: Auto financing.

Divar.ir (Iran)

New products: Auction service.

Driven.co.nz (New Zealand)

New tech: Car-valuation tool.

DubiCars.com (UAE)

New products: Online export business, Exportsafe.

EnCar.com (South Korea)

New products: Real-time price estimates, imported car guarantee, doorstep delivery and purchase.

New tech: Self-diagnosis app.

Wallapop.com (Spain)

New products: Digital payments, home collection service.

Finn.no (Norway)

New products: Car subscriptions, digital retailing for used cars.

Goo-Net.com (Japan)

New products: Car rental.

New tech: AI chatbot.

HasznaltAuto.hu (Hungary)

New products: Doorstep car delivery, loyalty program and incentives for dealers, video showreels under listings.

Hey.Car (Germany, U.K.)

New products: New insurance products planned following Allianz partnership.

New tech: Installment calculator (leasing product).



ICarros.com.br (Brazil)

New products: "IntregaFácil" (EasyDelivery), a car service that dealerships offer to customers that delivers the chosen car to them after purchase. ICarros Club, purchase and sale service of used vehicles for fleet demobilization. Now offers an MBA in business strategy, focused on the automotive sector.

Jiji.ng (Nigeria)

New products: Importation service.



KCar.com (South Korea)

New products: Brand certification.

Khodro45.com (Iran)

New products: Legal guidance.

LaCentrale.fr (France)

New products: Cash buyback for vehicles.



Mobile.de (Germany)

New products: Car subscriptions.

Moteur.ma (Morocco)

New products: Moteur Transaction, premium concierge service that handles sales and closes deals quicker for sellers.

Motorist.sg (Singapore)

New products: One month free car insurance, free car valuation via WhatsApp.

MyMyanCar.com (Myanmar)

New products: Autobox365.com, MarketplaceRepublic.com.



New tech: Fleet management.

NeoStar.com (Croatia)

New products: Loan and leasing option through Erste Group.

New tech: New app for Android and IOS.

Nettix / Alma Media (Finland)

New products: Nettix marketplaces and Alma Media marketplaces have started to cooperate and cross-list, following the acquisition of Nettix by Alma Media.



New tech: Improved digital tools in c-to-c, including purchases via escrow.

OLX.com.br (Brazil)

New products: Insurance and financing calculators. Verification requirements for listings.

OLX.in (India)

New products: Buyers can now select cars under the inspected and verified tabs; expansion in car-buying features via OLX Autos.

New tech: Web and mobile redesign, AI-based chat feature, and dedicated app for dealers.



One2Car.com (Thailand)

New products: Section for new cars.

New tech: Video listings.

Oto.com (Indonesia)

New products: Expanded to new cities.

New tech: Car comparison tool.



Oto.com.vn (Vietnam)

New products: New suggestions under car listings in search, including “good price” and “in demand.”

OtoMoto.pl (Poland)

New products: OtoMotoKlik.pl, a digital retailing service for used cars, was launched by OtoMoto and CarSmile in July. OtoMoto also launched a section for editorial content. In September, OtoMoto launched a dedicated section for heavy machinery.

New tech: Blockchain-based digital passports launched for OtoMotoKlik service.

Philkotse.com (Philippines)

New products: Messaging via Line.

New tech: Chatbot on the website.



PiscaPisca.pt (Portugal)

New products: Listing Integration with Razão Automóvel magazine.

PolovniAutomobili.com (Serbia)

New products: Launched site for spare car parts AutoHub.rs.

SAuto.cz (Czech Republic)

New products: Car dealer directory, upgraded ad features, favorite listings, a section where shoppers can share their experience with the purchased car.

New tech: An improved interface for sellers, upgraded mobile version.

Sahibinden.com (Turkey)

New products: Valuation tools, comparison service, damage inquiry, inspections, financing.

sahibinden.com

SgCarMart.com (Singapore)

New products: More options for financing and insurance.

Syarah.com (Saudi Arabia)

New products: For its digital retail option, users can track transaction progress via an app, from inspection to delivery.

TaladRod.com (Thailand)

New tech: Revamped site, communications now available via Line messaging app and QR code.



ViaBovag.nl (Netherlands)

New products: Bicycle category, new package for entrepreneurs, videos in listings.

New tech: Consumer app.

Wayke.se (Sweden)

New products: Full digital retailing service, car exchange, credit scoring.

New tech: Dealer management system, car-exchange widget.

WebMotors.com.br (Brazil)

New products: Launched FazTudo digital retailing service. WebMotors handles everything, from publishing the listing, managing and talking to buyers, car negotiation, car inspection and the final transaction. Acquired Car10, an auto marketplace in Brazil.

ZigWheels.co.id (Indonesia)

New products: Expanded to new cities.

ZIGWHEELS.COM

New tech: Car comparison tool.

Top marketplaces / classified sites by country





A roundup of the world's leading automotive marketplaces and classified sites in 66 countries worldwide.

Total monthly visits are provided by SimilarWeb. All other data is collected from companies directly, their annual reports or from AIM Group research.

Listing volumes are retrieved directly from domains where available at the end of July 2021.

Business category / model definitions: "Freemium"--- basic services are free, while more advanced features must be paid for. "Subscription"--- professional users have to pay a monthly or annual fee to access paid services. "Aggregation" --- listings are collected from other sites, with users usually unable to post listings directly on the site.

 Argentina	1. Vehiculos. MercadoLibre.com.ar / Auto.MercadoLibre. com.ar / Autos.MercadoLibre. com.ar			Horizontal competitor
	2. AutoCosmos. com.ar			OLX.com.ar
Ownership			MercadoLibre Private Carsales	Prosus
Business category / model	Pay-per-listing	Freemium	Subscription	Freemium
2020 revenue	N / A	\$600,000 U.S. *	\$287,000 U.S.**	N / A
Total listings	133,056	24,335	14,300	20,000
Total monthly visits	21.5 million	940,000	490,000	N / A


 Australia	1. Carsales.com.au			Horizontal competitor
	2. CarsGuide.com.au / AutoTrader.com.au / Gumtree.com.au			OLX.com.au
Ownership			Public Adevinta Nine Entertainment Co.	
Business category / model	Subscriptions, pay-per-lead	Subscription, freemium	Subscription	
2020 revenue	\$305 million U.S. ***	N / A	N / A	
Total listings	157,944	200,000	16,591	
Total monthly visits	13.8 million	7.8 million (CarsGuide.com.au, AutoTrader.com.au only)	1.1 million	


* Source: AIM Group estimate

** Source: Carsales


*** Source: Company report


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

				Horizontal competitor
 Austria	1. AutoScout24.at / GebrauchtWagen.at	2. DasWeltAuto.at	3. Automobile.at	Willhaben.at
Ownership	Hellman & Friedman	Porsche Holding	Imago Informations Technologie	Styria Media Group / Adevinata
Business category / model	Freemium	Freemium	Freemium	Subscription, freemium
No. of dealer clients	2,500	340	N / A	N / A
Total listings	220,536	12,800	28,919	148,000
Total monthly visits	AS24: 1.6m; GW: 1.2m	620,000	310,000	N / A


				Horizontal competitor
 Bahrain	1. Bahrain.Yalla Motor.com	2. CarSemsar.com	3. BahCar.com	OLX.com.bh
Ownership	Bayt.com	Private	Private	Emerging Markets Property Group
Business category / model	Pay-per-listing	Pay-per-listing	Pay-per-listing	Freemium
No. of dealer clients	N / A	47	83	N / A
Total listings	2,956	2,054	4,788	3,500
Total monthly visits	84,840	51,420	<5,000	N / A


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 <div>1. Vroom.com.bd2. CarHaat.com.bd3. GarirBazar.com</div> <div>Bangladesh</div>				Horizontal competitor Bikroy.com
Ownership	Private	Private	Tiger Digital Ventures, AsiaCar Group	Saltside Technologies
Business category / model	Freemium, subscription, packages	Freemium	Freemium	Freemium
Total listings	874	N / A	369	22,464
Total monthly visits	22,418	7,055	4,691	N / A

 <div>1. Av.by2. Abw.byAuto.Kufar.by</div> <div>Belarus</div>			
Ownership	AutoClassified	Bonustorg	Adevinta
Business category / model	Freemium	Freemium	Freemium
Total listings	53,382	16,174	150,264
Total monthly visits	15.6 million	4.3 million	4.1 million

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

				Horizontal competitor
 Belgium	1. AutoScout24.be	2. Vroom.be	3. GoCar.be	2DeHands.be / 2EmeMain.be
Ownership	Hellman & Friedman	Mediahuis	Vlan Media	Adevinta
Business category / model	Freemium	Freemium	Freemium	Freemium
No. of dealer clients	4,519	1,831	1,688	N / A
Total listings	110,000	34,148	104,000	89,967
Total monthly visits	3.9 million	1.4 million	1.2 million	N / A

				Horizontal competitor
 Brazil	1. WebMotors.com.br	2. iCarros.com.br	3. MeuCarroNovo.com.br	OLX.com.br
Ownership	Santander (70%), Carsales (30%)	Itaú Bank	BV Bank	Adevinta (50%), Prosus (50%)
Business category / model	Subscription	Subscription	Subscription	Freemium
FY2020 revenue	\$46.3 million U.S. *	N / A	N / A	N / A
No. of dealer clients	15,600	14,000	N / A	22,193
Total listings	314,700	265,000	159,997	700,000
Total monthly visits	18.4 million	15.5 million	1.3 million	N / A

* Source: Carsales

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Canada

1. AutoTrader.ca

2. KijijiAutos.ca /
Kijiji.ca

3. CarGurus.ca

Ownership	Thoma Bravo	Adevinta	Public
Business category / model	Subscription	Subscription, freemium	Subscription
No. of dealer clients	4,600	3,296	N / A
Total listings	350,000	290,319	N / A
Total monthly visits	11.5 million	2.8 million (KijijiAutos.ca only)	6.5 million



Chile

1. ChileAutos.cl

2. Autos.Mercado
Libre.cl

3. AutoCosmos.cl

Horizontal
competitor


Yapo.cl

Ownership	Carsales	MercadoLibre	Private	Frontier Digital Ventures
Business category / model	Subscription	Pay-per-listing	Pay-per-listing	Freemium
2020 revenue	\$3.2 million U.S. *	N / A	N / A	\$1.8 million U.S. **
No. of dealer clients	1,000	Around 700	N / A	N / A
Total listings	22,548	3,843	23,426	297,757
Total monthly visits	4.2 million	1 million	720,000	N / A

* Source: Carsales

** Source: Frontier Digital Ventures

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

				Horizontal competitor
China				
1. AutoHome.com.cn 2. Guazi.com 3. BitAuto.com				58.com
Ownership	Public	Private	Private	Private
Business category / model	Subscription	Commission	Subscription	Freemium
FY2020 revenue	\$1.3 billion U.S. *	N / A	N / A	N / A
Total monthly visits	59.9 million	1.1 million	160,000	N / A


				Horizontal competitor
Colombia				
1. Tucarro.com.co / Carros.Mercado Libre.com.co 2. Carroya.com 3. Carros.Mitula.com.co				OLX.com.co
Ownership	MercadoLibre	El Tiempo	Lifull Connect	Prosus
Business category / model	Pay-per-listing	Freemium	Freemium	Freemium
FY2020 revenue	N / A	\$1 million U.S.**	N / A	N / A
No. of dealer clients	N / A	N / A	N / A	N / A
Total listings	29,493	21,144	163,129	29,197
Total monthly visits	7.5 million	1.1 million	470,000	N / A


* Source: Annual report. Revenue includes value of cars.

** Source: AIM Group estimate

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

Visits to China-based sites may be inaccurate due to the effect of the Chinese firewall.

 Croatia				Horizontal competitor
1. AutoScout24.hr 2. Neostar.com 3. DasWeltAuto.hr				Njuskalo.hr
Ownership	Hellman & Friedman	Zubak Grupa	Volkswagen Group	Styria Media Group
Business category / model	Freemium	Commission	Subscription	Freemium
No. of dealer clients	N / A	273	36	N / A
Total listings	170,000	2,618	1,070	53,340
Total monthly visits	260,000	100,000	80,000	N / A

 Czech Republic			
1. SAuto.cz / SBazar.cz 2. Auto.Bazos.cz 3. TipCars.com			
Ownership	Seznam.cz	Private	Vltava Labe Media
Business category / model	Freemium	Freemium	Pay-per-listing
No. of dealer clients	1,500	N / A	1,014
Total listings	103,000	303,975	68,889
Total monthly visits	4.7 million (SAuto.cz only)	6.3 million	1.7 million

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Denmark

1. BilBasen.dk /
Db.dk

2. BilTorvet.dk

3. BilHandel.dk

Ownership	Schibsted *	Denmark Autodealer Association	Heymate Aps
Business category / model	Pay-per-listing	Freemium	Freemium
FY2020 revenue	N / A	\$6.9 million U.S. **	N / A
No. of dealer clients	3,000	1,861	1,150
Total listings	44,492	48,007	38,786
Total monthly visits	4.5 million (BilBasen.dk only)	580,000	420,000



Egypt

1.
Eg.Hatla2ee.com

2.
ContactCars.com

3.
Malekcars.com

Horizontal
competitor

OLX.com.eg

Ownership	Hatla2ee	Connecticut Financial Holding Company	Private	Emerging Markets Property Group
Business category / model	Freemium	Freemium	Freemium	Freemium
No. of dealer clients	43	N / A	50	N / A
Total listings	40,839	13,848	N / A	N / A
Total monthly visits	1.9 million	1 million	290,000	N / A

* Schibsted acquired the sites from its subsidiary Adevinta, after the latter acquired EBay Classifieds Group

** Source: Denmark Autodealer Association report

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Finland

1. NettiAuto.com /
NettiMoto.com /
AutoTalli.com /
NettiMarkkina.com

2. Autot.Tori.fi

3. Auto1.fi

Ownership	Alma Media	Schibsted	MindMax
Business category / model	Freemium	Freemium	Freemium
FY2020 revenue	\$26.8 million U.S. *	N / A	N / A
No. of dealer clients	2,400	1,327	N / A
Total listings	98,000	72,716	44,694
Total monthly visits	12.2 million	2 million	270,000



France

1. LaCentrale.fr /
PromoNeuve.fr /
MaVoitureCash.fr

2. OuestFrance-
Auto.com

3. AutoScout24.fr

Horizontal
competitor


LeBonCoin.fr /
Occasion.
LArgus.fr


Ownership	Providence Equity Partners (majority shareholding)	Groupe-Sipa-Ouest France	Hellman & Friedman	Adevinta
Business category / model	Freemium	Freemium	Freemium	Freemium
FY2020 revenue	\$67.5 million U.S.**	N / A	N / A	N / A
No. of dealer clients	7,718	2,510	4,585	N / A
Total listings	338,000	280,283	121,000	764,511
Total monthly visits	12.1 million	2.4 million	1.4 million	N / A

*Source: Former parent Nettix, excluding AutoTalli.com


**Source: Public accounts


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 Germany	1. Mobile.de / EBayKleinanzeigen.de	2. AutoScout24.de	3. Hey.Car
Ownership	Adevinta	Hellman & Friedman	Volkswagen Financial Services
Business category / model	Freemium	Freemium	Freemium, pay-per-lead
No. of dealer clients	42,000	40,000	2,000
Total listings	1.5 million	880,000	300,000
Total monthly visits	56.2 million (Mobile.de only)	15 million	1.6 million


 Ghana	1. AutoChek.Africa	Horizontal competitor Jiji.com.gh / Cars45.com.gh	Horizontal competitor Tonaton.com
Ownership	TL Com, 4DX Ventures, Etop Ikpe	Genesis	Saltside Technologies
Business category / model	Freemium, commission	Freemium, commission	Freemium, subscription
No. of dealer clients	2,500	N / A	1,600
Total listings	4,000	14,000	17,000
Total monthly visits	300,000	N / A	N / A


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 Greece				Horizontal competitor
1. Car.gr 2. AutoTriti.gr 3. GoCar.gr				Xe.gr
Ownership	Private	Private	Private	XrisiEfkeria
Business category / model	Freemium	Freemium	Freemium	Pay-per-listing
Total listings	86,350	44,801	N / A	N / A
Total monthly visits	13.2 million	2.2 million	660,000	N / A

 Hong Kong			Horizontal competitor
28Car.com 2. Cars.Mitula.hk			Carousell.com.hk
Ownership	Private	Lifull Connect	Private
Business category / model	Freemium	Aggregator	Aggregator
Total listings	115,000	44,801	N / A
Total monthly visits	1.4 million	2.2 million	N / A


Data as of July 2021. Total monthly visits sourced from SimilarWeb.


 Hungary	1. HasznaltAuto.hu / Auto.Jofogas.hu	2. Joautok.hu	3. Kocsi.hu
Ownership	Adevinta	Net Mobilitás	Kocsi.hu Informatikai
Business category / model	Freemium	Freemium	Pay-per-listing
No. of dealer clients	Over 3,000	N / A	190
Total listings	109,637	15,032	16,223
Total monthly visits	13.9 million	970,000	550,000

 India	<div> <div>1. CarDekho.com / BikeDekho.com / ZigWheels.com / Gaadi.com</div> <div>2. CarWale.com / CarTrade.com / BikeWale.com</div> <div>3. Droom.in</div> </div>			Horizontal competitor
				OLX.in
Ownership	GirnarSoft	Public	Private	Prosus
Business category / model	Freemium, subscription	Freemium, subscription	Commission (around 2.5%)	Freemium
2020 revenue	\$102 million U.S. *	\$38 million U.S. *	\$17 million U.S.*	N / A
No. of dealer clients	4,000	6,000	N / A	N / A
Total listings	150,000	130,000	129,000	320,000
Total monthly visits	94.7 million	53.2 million	12.3 million	N / A

* Source: Public accounts

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 Indonesia				Horizontal competitor
1. Oto.com / ZigWheels.co.id 2. Mobil123.com / Carmudi.co.id 3. CintaMobil.com				OLX.co.id
Ownership	GirnarSoft	ICar Asia	PT Indonesia Auto Network	Prosus
Business category / model	Pay-per-listing	Pay-per-listing	Freemium	Freemium
2020 revenue	N / A	\$1.9 million U.S. **	N / A	N / A
No. of dealer clients	1,450	N / A	N / A	N / A
Total listings	200,000	206,993	6,621	270,000
Total monthly visits	5.1 million	2.9 million	1.2 million	N / A

 Iran				Horizontal competitor
1. Bama.ir 2. Khodro45.com 3. Carap.ir				Divar.ir
Ownership	Private	Private	Private	Hezardastan
Business category / model	Freemium	Pay-per-listing	Freemium	Freemium, subscription
Total listings	32,000	N / A	N / A	N / A
Total monthly visits	7 million	2.2 million	640,000	N / A

** Source: ICar Asia

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Ireland

1. DoneDeal.ie /
Adverts.ie
2. CarZone.ie
3. CarsIreland.ie

Ownership	Adevinta, Daft Media	Auto Trader Group	MediaHuis
Business category / model	Pay-per-listing, freemium	Pay-per-listing	Pay-per-listing
2020 revenue	\$34.7 million U.S. *	N / A	N / A
Total listings	90,000	31,000	48,000
Total monthly visits	13.1 million	740,000	610,000




Italy


1. AutoMobile.it /
Kijiji.it / Subito.it
2. AutoScout24.it
3. Annunci.Alvolante.it

Ownership	Adevinta	Hellman & Friedman	Casa Editrice Universo
Business category / model	Freemium, pay-per-listing	Freemium	Freemium
No. of dealer clients	N / A	8,525	1,874
Total listings	177,811	366.455	109,471
Total monthly visits	6.1 million (AutoMobile.it only)	15.2 million	340,000

* Source: Public accounts, revenue for DoneDeal.ie only; Adverts.ie is a horizontal


Data as of July 2021. Total monthly visits sourced from SimilarWeb.


 Japan				Horizontal competitor
1. Goo-Net.com / GooBike.com 2. CarSensor.net 3. CarView.Yahoo.co.jp				Kakaku.com
Ownership	Proto Corporation	Recruit Holdings	Z Holdings	Public
Business category / model	Pay-per-listing	Pay-per-listing	Pay-per-listing	Pay-per-listing, subscription
2020 revenue	\$545 million U.S.*	N / A	N / A	N / A
No. of dealer clients	22,240	N / A	N / A	N / A
Total listings	503,622	495,406	489,596	564,645
Total monthly visits	36.7 million	27.1 million	13.4 million	N / A

 Kazakhstan				Horizontal competitor
1. Kolesa.kz 2. Autto.kz 3. Aster.kz				OLX.kz
Ownership	Private	Private	Private	Prosus
Business category / model	Freemium	Freemium	Freemium	Freemium
Total listings	250,000	300,000	21,043	45,000
Total monthly visits	6.9 million	110,000	100,000	N / A

* Source: Public accounts

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 <div>Kenya</div> <div>1. Cheki.co.ke2. Usedcars.co.ke3. KenyaCarBazaar.com</div>				Horizontal competitor Jiji.co.ke
Ownership	Ringier One Africa Media	Private	Kenya Car Bazaar	Genesis
Business category / model	Pay-per-listing	Pay-per-listing	Freemium	Freemium
Total listings	10,725	64,065	2,197	41,886
Total monthly visits	560,000	42,000	17,456	N / A

 <div>Kuwait</div> <div>1. Q8Car.com2. Kuwait.YallaMotor.com3. Kuwait.Hatla2ee.com</div>				Horizontal competitor Kw.Open Sooq.com
Ownership	Falcon Holding	Bayt.com	Private	Private
Business category / model	Pay-per-listing	Pay-per-listing	Pay-per-listing	Freemium
Total listings	11,598	1,394	152	10,701
Total monthly visits	130,000	120,000	<5,000	N / A

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Malaysia

				Horizontal competitor
1. CarList.my 2. ZigWheels.my 3. MotorTrader.com.my				Mudah.my
Ownership	ICar Asia	GirnarSoft	Proto Malaysia	Private
Business category / model	Pay-per-listing	Pay-per-listing	Freemium	Freemium
No. of dealer clients	N / A	N / A	N / A	N / A
Total listings	130,688	N / A	35,400	88,700
Total monthly visits	1.1 million	270,000	180,000	N / A





Mexico

				Horizontal competitor
1. Autos.MercadoLibre.com.mx 2. SoloAutos.mx 3. SemiNuevos.com.mx				SegundaMano.mx
Ownership	MercadoLibre	Carsales	LatAm Autos	Adevinta
Business category / model	Pay-per-listing	Subscription	Subscription	Freemium
2020 revenue	N / A	\$1.2 million U.S.*	N / A	N / A
Total listings	58,557	31,257	N / A	40,000
Total monthly visits	8.7 million	2.1 million	2.1 million	N / A

* Source: Carsales

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 <div>1. Motors.md2. AutoMd.su3. AvtoMd.com</div> <div>Moldova</div>				Horizontal competitor
Ownership				Simpals
Business category / model	Freemium	Freemium	Freemium	Freemium
Total listings	23,591	29,377	14,655	60,000
Total monthly visits	19,200	11,400	2,300	N / A

 <div>1. Moteur.ma / Avito.ma2. Wandaloo.com</div> <div>Morocco</div>		
Ownership	Frontier Digital Ventures	Innowebb
Business category / model	Freemium	Freemium
No. of dealer clients	5,100	2,000
Total listings	200,000	25,000
Total monthly visits	1.9 million (Moteur.ma only)	590,000

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Myanmar

	1. MyanmarCarMarket Place.com	2. CarsDB.com	3. MyMyanCar.com
Ownership	Private	Frontier Digital Ventures	AsiaCar Group
Business category / model	Freemium	Freemium	Commission
2020 revenue	N / A	\$550,000 U.S. *	N / A
No. of dealer clients	N / A	N / A	50
Total listings	N / A	2,154	3,700
Total monthly visits	37,097	20,019	1,205

Horizontal
competitor





Netherlands

	1. AutoTrack.nl / GasPedaal.nl / AutoWereld.nl	2. AutoScout24.nl	3. Viabovag.nl	Marktplaats .nl
Ownership	Automotive MediaVentions	Hellman & Friedman	Bovag Bovemij Platform	Adevinta
Business category / model	Pay-per-listing, subscription	Freemium	Freemium	Freemium
No. of dealer clients	4,754	5,669	N / A	N / A
Total listings	177,092	207,654	76,527	151,510
Total monthly visits	9.2 million	4 million	1.2 million	N / A

* Source: Frontier Digital Ventures

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

				Horizontal competitor
New Zealand				
1. Driven.co.nz 2. AutoTrader.co.nz 3. NeedACar.co.nz				Trademe.co.nz
Ownership	NZME	Private	LimeLight Software	Apax Partners
Business category / model	Subscription	Pay-per-listing	Subscription	Pay-per-listing, subscription
Total listings	44,000	33,263	24,704	32,000
Total monthly visits	820,000	190,000	100,000	N / A

			Horizontal competitor
Nigeria			
1. CarMart.ng 2. AutoChek.Africa			3. Jiji.ng / Cars45.com
Ownership	Carmart Nigeria	TL Com, 4DX Ventures, Etop Ikpe	Genesis
Business category / model	Freemium	Freemium	Freemium, commission
No. of dealer clients	12,000	8,000	1,190
Total listings	32,000	16,000	11,000
Total monthly visits	1 million	300,000	290,000 (Cars45.com only)

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Norway

1. Finn.no / Nettbil.no

2. Rubrikk.no

Ownership		
Schibsted		
Rubrikk Group		
Business category / model	Pay-per-listing, auctions	Aggregator
No. of dealer clients	2,691	N / A
Total listings	57,838	235,000
Total monthly visits	65,000 (Nettbil.no only)	460,000

Horizontal competitor



Oman

1. Oman.YallaMotor.com

2. CarZaty.com

om.OpenSooq.com

Ownership		
Bayt.com		
Private		
Business category / model	Freemium	Freemium
Total listings	2,223	N / A
Total monthly visits	90,600	76,020


Private


Freemium

25,000

N / A

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

	1. PakWheels.com	2. CarFirst.com / OLX.com.pk	3. Cars.Mitula.pk / Cars.Trovit.com.pk
Pakistan			
Ownership	Frontier Digital Ventures	Emerging Markets Property Group, Prosus **	Lifull Connect
Business category / model	Freemium	Freemium, commission	Aggregator
2020 revenue	\$1.1 million U.S. *	N / A	N / A
No. of dealer clients	2,380	N / A	N / A
Total listings	111,791	79,000	482,819
Total monthly visits	4 million	170,000 (CarFirst.com only)	130,000


	1. AutoDeal.com.ph / MotoDeal.com.ph	2. Carmudi.com.ph / ZigWheels.ph	3. Philkotse.com	Horizontal competitor
Philippines				
Ownership	Frontier Digital Ventures	GirnarSoft	MaxSpeed Auto Portal	Private
Business category / model	Subscription	Freemium	Freemium	Freemium
2020 revenue	\$1.9 million U.S. *	\$120,000 U.S. ***	N / A	N / A
No. of dealer clients	N / A	150 dealers	N / A	N / A
Total listings	5,000	5,500	4,010	N / A
Total monthly visits	2.9 million	2.5 million	1.9 million	N / A


* Source: Frontier Digital Ventures

** Prosus holds a 39% share in EMPG, which runs OLX in Pakistan. CarFirst is a Prosus company that collaborates with OLX Pakistan.


*** Source: GirnarSoft

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

	1. OtoMoto.pl / OtoMotoKlik.pl / 321Sprzedane.pl / OLX.pl			2. Allegro.pl / AllegroLokalnie.pl	3. AutoMarket.pl
Poland					
Ownership	Prosus	Public	PKO BP		
Business category / model	Pay-per-listing, commission	Pay-per-listing	Commission		
2020 revenue	N / A	N / A	N / A		
No. of dealer clients	About 10,000	N / A	N / A		
Total listings	192,000	40,719	1,526		
Total monthly visits	44.8 million	12.3 million (AllegroLokalnie.pl)	790,000		


	1. StandVirtual.com / OLX.pt			2. Auto.Sapo.pt	3. PiscaPisca.pt
Portugal					
Ownership	Prosus	Serviços de Comunicações e Multimédia	Credibom Bank		
Business category / model	Freemium	Freemium	Aggregator		
Total listings	55,000	18,509	46,010		
Monthly visits	5.3 million (StandVirtual.com only)	310,000	310,000		


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

 Qatar				Horizontal competitor
	1. QMotor.com	2. Qatar.YallaMotor.com	3. CarSemsar.com	OLX.qa
Ownership	Private	Bayt.com	Private	Emerging Markets Property Group
Business category / model	Pay-per-listing	Pay-per-listing	Pay-per-listing	Freemium
No. of dealer clients	89	N / A	81	N / A
Total listings	5,529	2,425	4,956	250
Total monthly visits	120,000	75,000	50,000	84,810


 Romania				
	1. AutoVit.ro / OLX.ro	2. CarZZ.ro / Lajumate.ro	3. BestAuto.ro / Publi24.ro	
Ownership	Prosus	Intact Media Group	Russmedia	
Business category / model	Pay-per-listing	Freemium	Freemium, subscription	
No. of dealer clients	1,200	N / A	N / A	
Total listings	172,500	18,000	130,000	
Total monthly visits	5.4 million (AutoVit.ro only)	410,000 (CarZZ.ro only)	300,000 (BestAuto.ro only)	


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

				Horizontal competitor
	1. Drom.ru	2. Auto.ru	3. Car.ru	Avito.ru
Russia				
Ownership	Amayama Auto	Yandex	Private	Prosus
Business category / model	Pay-per-listing	Pay-per-listing	Freemium	Pay-per-listing
Total listings	522,828	370,763	105,600	630,000
Total monthly visits	69.2 million	50.2 million	1.9 million	N / A


				Horizontal competitor
	1. ksa.Motory.com	2. Syarah.com	3. ksa.YallaMotor.com	Haraj.com.sa
Saudi Arabia				
Ownership	Private	Private	Bayt.com	Private
Business category / model	Commission	Subscription	Pay-per-listing	N / A
No. of dealer clients	424	300+	N / A	N / A
Total listings	10,600	21,238	8,014	N / A
Total monthly visits	1.6 million	970,000	430,000	N / A


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

<div><div>Serbia</div></div> <div>1. PolovniAutomobili.com / Mojagara.rs</div> <div>2. MojAuto.rs</div> <div>3. LakoDoKola.com</div>				Horizontal competitor Kupujem Prodajem.com
Ownership	Infostud Grupa	Ringier Axel Springer	Private	Quable
Business category / model	Freemium, subscription	Freemium	Subscription	Freemium
Total listings	70,394	10,971	7,800	40,000
Total monthly visits	7.2 million	530,000	N / A	N / A

<div><div>Singapore</div></div> <div>1. SgCarMart.com / MyCarForum.com / StCars.sg</div> <div>2. Motorist.sg</div>			Horizontal competitor Carousell.sg
Ownership	Singapore Press Holdings	AutoConcierge	Private
Business category / model	Pay-per-listing	Pay-per-listing	Freemium
No. of dealer clients	1,500	900	N / A
Total listings	50,000	N / A	N / A
Total monthly visits	2.6 million	210,000	N / A


Data as of July 2021. Total monthly visits sourced from SimilarWeb.


<div><div>South Africa</div></div> <div>1. AutoTrader.co.za</div> <div>2. Cars.co.za</div> <div>3. AutoMart.co.za</div>				Horizontal competitor
Ownership				Gumtree.co.za
Naspers				Adevinta
Business category / model	Pay-per-listing	Cars On The Internet	Junk Mail Publishing	Freemium
No. of dealer clients	1,463	Pay-per-listing	Freemium	N / A
Total listings	73,853	1,548	N / A	61,000
Total monthly visits	4.3 million	69,797	42,200	N / A

<div><div>South Korea</div></div> <div>1. BobaeDream.co.kr</div> <div>2. EnCar.com</div> <div>3. KCar.com</div>			
Ownership			
Private			
Carsales			
Han and Auto Service Holdings			
Business category / model	Subscription	Subscription	Commission
2020 revenue	N / A	\$58.7 million U.S. *	N / A
Total listings	N / A	127,000	8,939
Total monthly visits	17.9 million	3.5 million	1.2 million

* Source: Carsales

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

<div><div>Spain</div></div> <div>1. Coches.net / Milanuncios.com</div> <div>2. AutoCasion.com / MotoCasion.com / AutoScout24.es / UnoAuto.com</div> <div>3. Coches.com</div> <div>Horizontal competitor es.Wallapop.com</div>				
Ownership	Adevinta	Vocento	Santander Group	Private
Business category / model	Pay-per-listing	Freemium	Freemium	Freemium
No. of dealer clients	8,000	3,324	N / A	N / A
Total listings	254,157	231,165	81,783	N / A
Total monthly visits	14.6 million (Coches.net only)	5.5 million	2.8 million	N / A

<div><div>Sweden</div></div> <div>1. Blocket.se / BytBil.com</div> <div>2. BilWeb.se</div> <div>3. Wayke.se</div>			
Ownership	Schibsted	Private	Sweden Motor Industry Association
Business category / model	Pay per listing	Subscription	Subscription
2020 revenue	N / A	N / A	\$4.4 million U.S. *
No. of dealer clients	2,600	900	1,413
Total listings	220,000	55,000	40,000
Total monthly visits	1.3 million (BytBil.com only)	670,000	590,000

* Source: Annual report

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Switzerland

1. AutoScout24.ch /
MotoScout24.ch/
Anibis.ch

2. CarForyou.ch /
Tutti.ch /
Ricardo.ch

3. Autolina.ch

Ownership	Scout24 Switzerland AG	TX Group	Private
Business category / model	Pay-per-listing	Pay-per-listing, commission	Freemium
No. of dealer clients	5,620	N / A	2,468
Total listings	146,785	163,985	71,714
Total monthly visits	7 million (AutoScout24.ch, MotoScout24.ch only)	2 million (CarForyou.ch only)	320,000



Taiwan


1. Autos.Yahoo.com.tw


2. 8891.com.tw

3. ABCCar.com.tw


Ownership	Yahoo International	Addcn Technology	Private
Business category / model	Commission	Pay-per-listing	Pay-per-listing
No. of dealer clients	N / A	1,890	1,048
Total listings	37,837	39,341	35,849
Total monthly visits	4 million	1.7 million	610,000


Data as of July 2021. Total monthly visits sourced from SimilarWeb.

			
Thailand	1. Taladrod.com	2. One2Car.com / ThaiCar.com	3. Rod.Kaidee.com
Ownership	Private	ICar Asia	Emerging Markets Property Group
Business category / model	Freemium	Pay-per-listing	Freemium
Total listings	12,400	33,267	31,600
Total monthly visits	1.4 million	1.3 million	1 million

				Horizontal competitor
Turkey	1. Arabam.com	2. Tasit.com / Araba.com	3. Araba.Mitula.com.tr / Araba.Trovit.com.tr	Sahibinden.com
Ownership	ILab Holding	Araba Sepeti Otomotiv	Lifull Connect	Aksoy Group
Business category / model	Freemium	Freemium	Aggregator	Freemium
Total listings	135,000	130,000	200,000	300,000
Total monthly visits	7.1 million	2.2 million	1 million	N / A

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

				Horizontal competitor
<div><div> UAE</div><div>1. Uae.YallaMotor.com</div><div>2. DubiCars.com</div><div>3. Cars.Mitula.ae / Cars.Trovit.ae</div></div>				Dubizzle.com
Ownership	Bayt.com	Private	Lifull Connect	EMPG
Business category / model	Freemium	Freemium	Aggregator	Freemium
No. of dealer clients	174	470	N / A	N / A
Total listings	31,112	15,811	81,000	21,984
Total monthly visits	1.1 million	910,000	100,000	N / A

				Horizontal competitor
<div><div> Ukraine</div><div>1. Auto.Ria.com</div><div>2. Rst.ua</div><div>3. AutoMoto.ua</div></div>				OLX.ua
Ownership	Private	Private	Private	Prosus
Business category / model	Freemium	Freemium	Freemium	Freemium
Total listings	250,000	240,000	220,000	230,000
Total monthly visits	17.6 million	7.4 million	860,000	N / A

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



United Kingdom

	1. AutoTrader.co.uk	2. Motors.co.uk / Gumtree.com	3. CarGurus.co.uk / PistonHeads.co.uk
Ownership	Public	Adevinta	Public
Business category / model	Pay-per-listing	Pay-per-listing	Pay-per-listing
2020 revenue	\$337 million U.S.*	N / A	N / A
No. of dealer clients	13,336	N / A	N / A
Total listings	422,162	400,000	250,000
Total monthly visits	34.3 million	4.6 million * (Motors.co.uk only)	11.3 million

Horizontal competitor



United States

	1. CarGurus.com	2. CarFax.com	3. Cars.com	Craigslist.org
Ownership	Public	IHS Markit	Public	Private
Business category / model	Pay-per-listing, subscription	Pay-per-listing, subscription	Pay-per-listing, subscription	Pay-per-listing
2020 revenue	\$552 million U.S. **	N / A	\$548 million U.S. **	\$46.2 million U.S. ***
No. of dealer clients	23,950	N / A	18,845	N / A
Total listings	N / A	N / A	2.2 million	N / A
Total monthly visits	61.7 million	38.6 million	29.6 million	N / A

* The estimated monthly visits to Gumtree.com’s auto category plus the visits to Motors.co.uk place the combined sites into the No. 2 position in the country
** Source: Annual report
*** Source: AIM Group estimate of auto advertising only

Data as of July 2021. Total monthly visits sourced from SimilarWeb.



Vietnam

1. Xe.Chotot.com

2. Oto.com.vn

3. Carmudi.vn /
ZigWheels.vn

Ownership	Telenor, Carousell	NextGen Vietnam	GirnarSoft
Business category / model	Freemium	Pay-per-listing	Freemium
Total listings	N / A	26,084	15,000
Total monthly visits	2.5 million	1.1 million	300,000



Zimbabwe

1. CarMusika.com

2. Cheki.co.zw

3. DriveAfrica.co.zw

Horizontal
competitor

Classifieds.
co.zw

Ownership	AfriCar Group / Emerging Classifieds Ventures	Ringier One Africa Media	Private	Private
Business category / model	Freemium	Freemium	Freemium	Freemium
Total listings	8,322	N / A	34	3,025
Total monthly visits	28,614	3,000	2,500	N / A

Data as of July 2021. Total monthly visits sourced from SimilarWeb.

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28Car.com (91, 161), 2DeHands.be / 2EmeMain.be (154), 58.com (74, 75, 156), 999.md (168),

AAAAuto (24), Abw.by (153), Adevinta (19, 23, 74, 87, 100, 102, 131, 136-138, 151-155, 158-160, 162, 164, 167, 169, 177, 178, 182), Allegro.pl (142, 173), Alma Media (138, 147, 159), Anderson Auto Group (60), Annunci.Alvolante.it (142, 164), Arabam.com (129, 139, 180), Aramis Group (16-18, 20, 21, 25, 28, 31, 120), Aures Holdings (24), Auto Trader (U.K.) (2, 9, 10, 17, 18, 23, 29, 37, 39, 74, 83-87, 102, 103, 132), Auto.Ria.com (135, 142, 181), Auto.ru (131, 175), Auto1 (12, 16-18, 21, 28, 31, 35, 76-82, 90, 117, 120, 159), AutoCosmos (151, 155), AutoDeal (142, 158, 172), AutoHero (12, 16-21, 27, 28, 31, 76-82, 88-90, 117, 120), AutoHome.com.cn (131, 142, 156), AutoMobile.fr (120), AutoNation (68), AutoPlius.it (137), AutoScout24 (2, 11, 13, 18, 19, 23, 29, 34, 37, 47, 50, 51, 78, 88-90, 100, 105, 120, 132, 142, 152, 154, 157, 159, 160, 164, 169, 178, 179), AutoTrader.ca (137, 143, 155), AutoVit.ro (140, 143, 174), Automotive Ventures (36, 38), Autotrader.com (10, 58, 64-66, 68, 69, 73, 133, 151), Av.by (135, 153),

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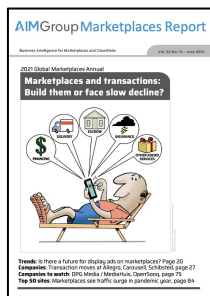
Wallapop.com (146), Wayke.se (149, 178), WeBuyAnyCar (6, 9, 12, 19, 22, 23, 79), WirKaufenDeinAuto (9, 17, 18, 76, 79),

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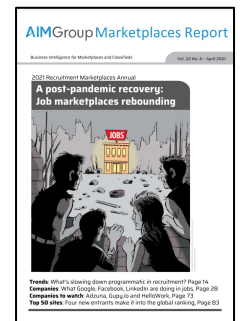
2021 GLOBAL MARKETPLACES ANNUAL



The age of fully transactional online marketplaces is finally upon us. Value-added services like delivery payments and certified goods are now all crucial elements. We dig deep into transactions-led trends, with wide-ranging insights from major international operators to smaller companies in the classified space. In this 136-page report, we take a look at Adevinta, Axel Springer, Prosus, and Schibsted, plus Facebook's continued evolution as a marketplace business. We're also keeping an eye on Jordan-based Open Sooq and DPG Media / Mediahuis. The report identifies the Top 50 largest general marketplace and classified sites worldwide as well as the Top 10 multi-vertical marketplaces by revenue.

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2020 REAL ESTATE MARKETPLACES ANNUAL



Real estate marketplaces are recovering from the global pandemic - really! - but some of its impact is permanent. Online real estate is shifting heavily to new digital and virtual tools. Our 140+ page report examines these shifts, explores trends like the brokerage/classified hybrid model and virtual tours proptech. The Top 50 list ranks the world's largest real estate sites and apps globally. Four sites made our 'companies to watch' list: Beike, the emerging revenue leader in China; IMyanmarHouse and Shwe Property, which are developing real estate classifieds in Myanmar; and Pacaso, a marketplace for shared homes started by former Zillow execs.

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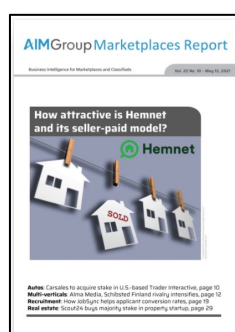
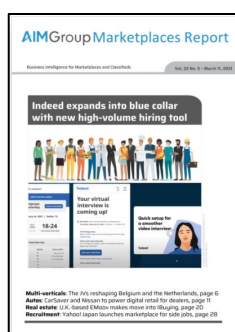
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About our consultants

Peter M. Zollman brings more than 40 years of media experience to his role at the AIM Group. He has worked with a wide range of media companies, dot-coms, technology providers, investors and start-ups to develop and expand successful interactive-media services. Zollman has served as keynote, chair or presenter at hundreds of industry and proprietary conferences. He is one of the world's leading experts on recruitment, automotive and real estate advertising. He regularly leads strategic executive workshops, works on client product launches, and oversees consultancy and research projects. He's publisher and executive editor of AIM Group Marketplaces Report, the company's business intelligence service. Zollman has experience in all facets of media: newspapers, TV, radio, magazines and cable television. He has been quoted as an expert on traditional and interactive media by CBS Evening News, The Wall Street Journal, The New York Times, Reuters, Business Week and many other media organizations. He is based near Orlando, Florida.



Katja Riefler, AIM Group managing director, has worked extensively with online services, newspapers and trade associations to shape their futures. She joined the AIM Group in 2002, became our Europe Director in 2007 and MD in 2015. She's responsible for all client relationships in EMEA and heads a team of almost a dozen European analysts. She also works closely with media associations throughout Europe. Riefler helped found the first Internet organization owned by and for German newspapers, MBT Online KG, in 1996. By the time she left to start her own consulting business in 1998, MBT Online had expanded its shareholder base to 30 newspaper groups. She has written numerous books and major reports about digital media and is a frequent speaker at conferences worldwide. Riefler has an editorial background including five years as a reporter and editor. She holds a bachelor's and master's degree, and is based in Munich.



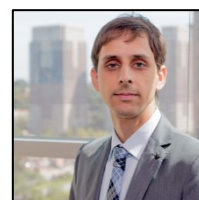
Jonathan Turpin, a principal at the AIM Group, is responsible for day-to-day operations of the company. He has served as CEO, COO and commercial director of a wide range of online media and software companies. He first got involved with classified advertising as the CEO of Fish4, a British classified service owned by a consortium of five of the UK's largest newspaper companies. He led the business for six years from startup to a team of 110 employees. He started his career in the global media and entertainment consulting practice of Arthur D. Little and is an experienced media industry consultant. He has held significant roles at MoveMe.com, Bauer Media, Beeb.com (the BBC), and AOL-Europe.



Angela Hawksford is Director-Asia-Pacific for the AIM Group, responsible for client relationships throughout the region and for coverage of Australia and New Zealand. She is focus writer / analyst covering LinkedIn and a wide range of topics for AIM Group Marketplaces Report. She worked in classified advertising at News Limited newspapers, serving a number of different newspaper's titles in Sydney. She has also worked in television, magazines and online. She's based in Sydney.



Léo Siqueira is AIM Group director for Latin America, responsible for client relationships and coverage of the region. He became LatAm director in 2017 after joining us in 2016. Siqueira has been writing, reporting, and consulting for different news outlets and corporations in Brazil and in the U.S. He has worked with a business information provider for the global petrochemical industry as well as USA TODAY, Motorsport.com and others. His expertise includes general news coverage, online, print and multimedia journalism, and corporate communications as well. He is based near Sao Paulo, Brazil.



Pavel Marceux, managing editor of AIMGroup.com and AIM Group Marketplaces Report, is based in Cyprus. Following his MA at Edinburgh University, he worked in a number of countries, including Turkey and Japan. Pavel has honed his skills and knowledge at several publishing houses and research firms. He is an experienced market analyst, researcher and editor, who values accuracy, professionalism and honesty in his work above all else. His specialist focus is technology, economics and consumer trends. Splitting his family life between London, Moscow and Cyprus, Pavel functions on a truly international platform.



Brian Blum is our lead analyst for AIM Group Marketplaces Report / AIMGroup.com. He also contributes to our special reports and research projects. Originally from San Francisco and now based in Jerusalem, he has been with the AIM Group since 2004. He is the president of Blum Interactive Media and former CEO of a tech startup. He wrote a book about the bankruptcy of a high-flying Israeli startup, "Totaled: The Billion-Dollar Crash of the Startup that Took on Big Auto, Big Oil and the World."



The AIM Group team has grown to almost 40 people worldwide. For a look at the whole team, visit <https://aimgroup.com/about>

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Here are some of our current and recent clients:

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