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# Market Intelligence

January 2023

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Paul Sell,  
Associate Director,  
Trend Tracker

“ Now into 2023 and there are clear signs that supply chains are opening up, shipping times are improving, parts delays easing, and repair volumes are up Vs the end of 2022 – some signs of a return to ‘normal’.

However, there are still some concerning trends to consider: the economic and political situation is still uncertain, and inflationary pressure remains, particularly on wages creating significant numbers of strikes from the public sector.

Whilst in the short-term attention is on energy costs and how this is impacting margin, almost all other costs are escalating too which is impacting customers affordability, with car insurance up by a reported 19% year-on-year.

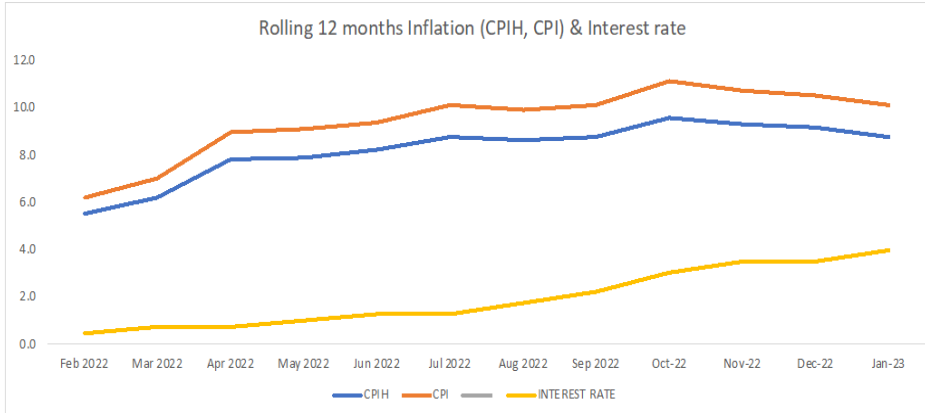
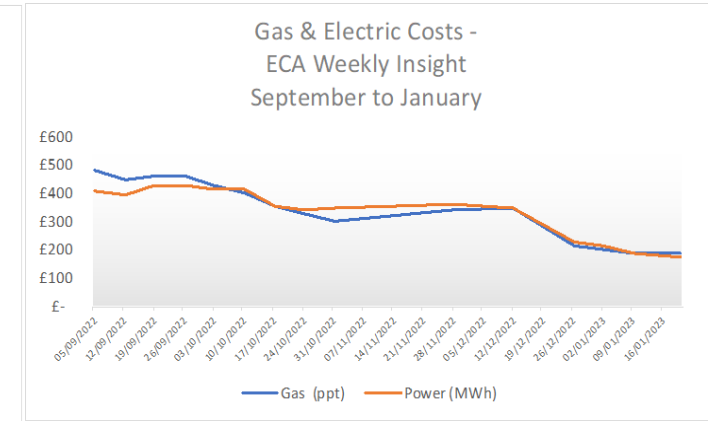
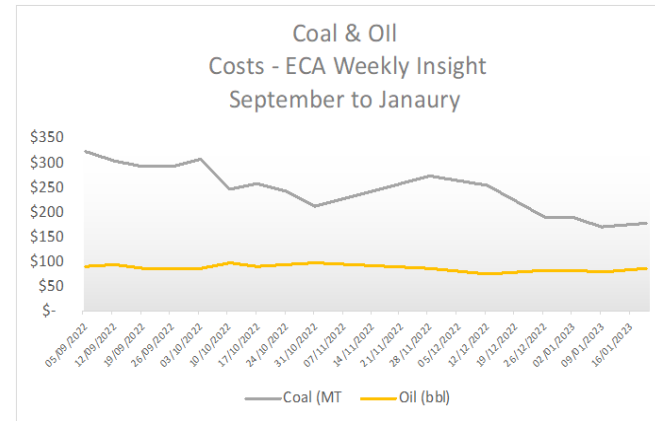
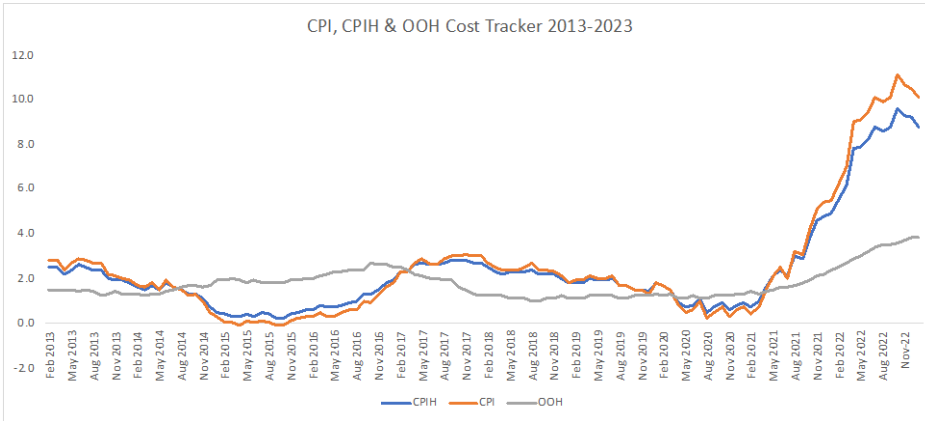
One thing is for certain, repair costs are rising rapidly and the full extent of this has not been seen yet, as insurers continue to battle with the need to increase motor insurance prices.

In summary, there are still some strong head winds for businesses but signs of improvement throughout the supply chain to hopefully relieve some of the operating pressures.

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# Economic Trends

(ONS, ECA)



**Inflationary pressure beginning to ease** – still much of 2023-4 to navigate before this returns to ‘normal’ – BOE / OBR, Interest rates still high to attempt to mitigate

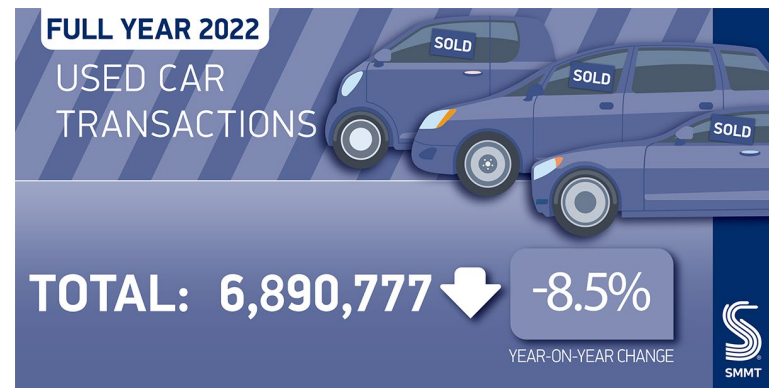
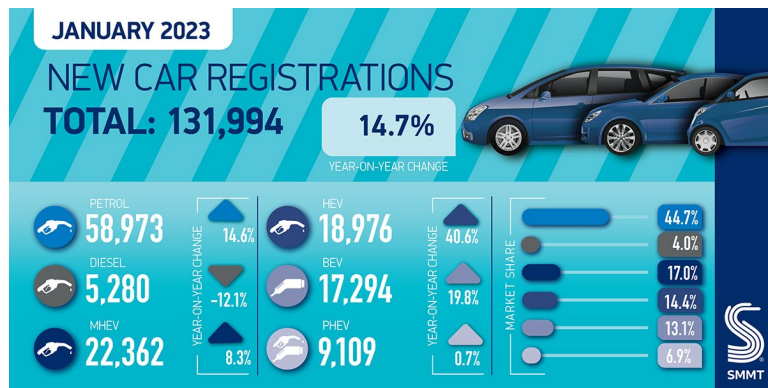
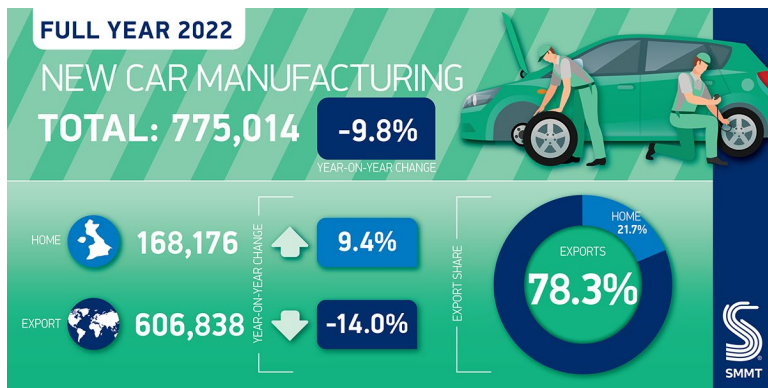
**Energy costs** – single most significant cost issue, but beginning to drop

**Sale prices going up** – across all industries

**Difficult to ‘predict increase in claims costs’** - as a result of consistent rises in repair costs, Jan 2023 £317 up on Jan 22 (13%)

# Car market

(cap hpi, Trend Tracker, SMMT, Credit Suisse)



- **Production 9.8% down Vs 2021** as a result of the supply chain shortages
- **New car sales up 14.7% Jan 23 Vs Jan 22.** Prediction from SMMT of 2023 being 11% up on 2022.
- Plug—ins continue to grow share of sales.
- Used Car sales down 8.5% down YOY (SMMT) with record demand for electric vehicles , BEV's sales increased 37%.
- Cap-hpi report talks about how **vibrant the holiday period has been for for used car market** – increased sales conversion rates (as high as 80%), demand up / stock reduced / prices up again.

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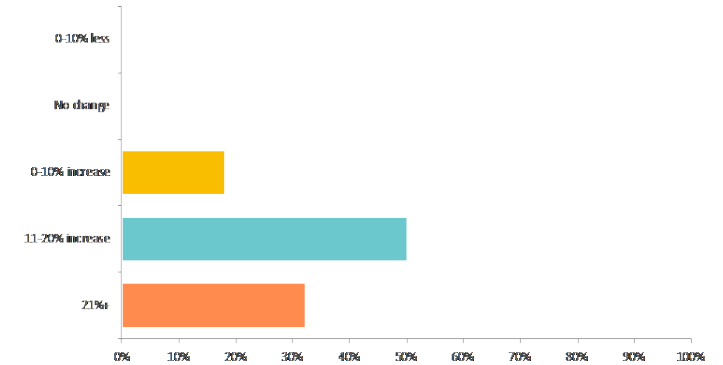
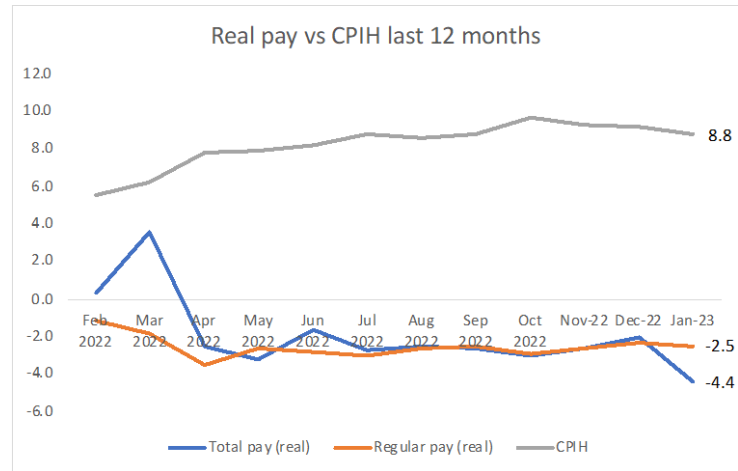
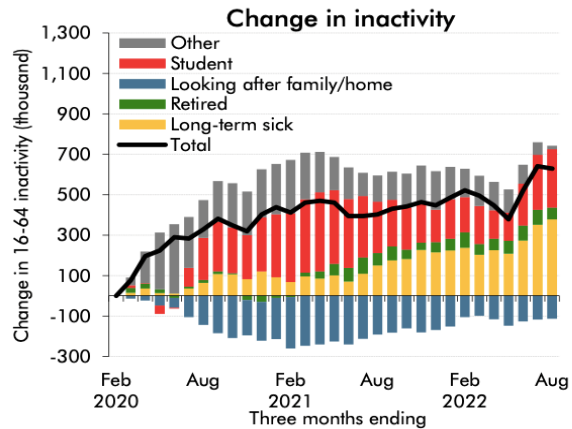


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# Staff

(ONS, Trend Tracker)

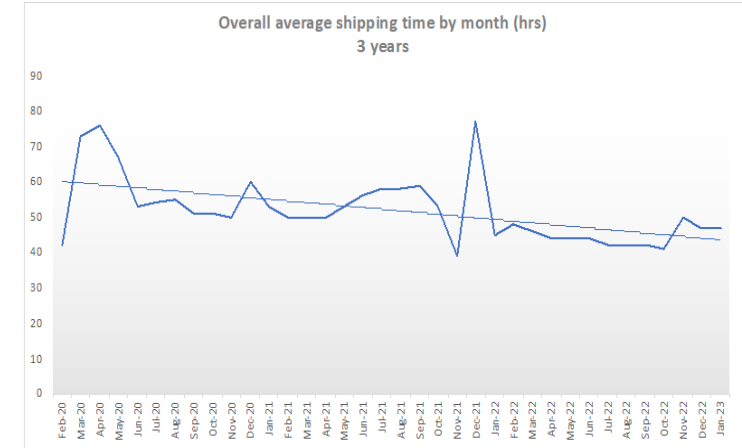
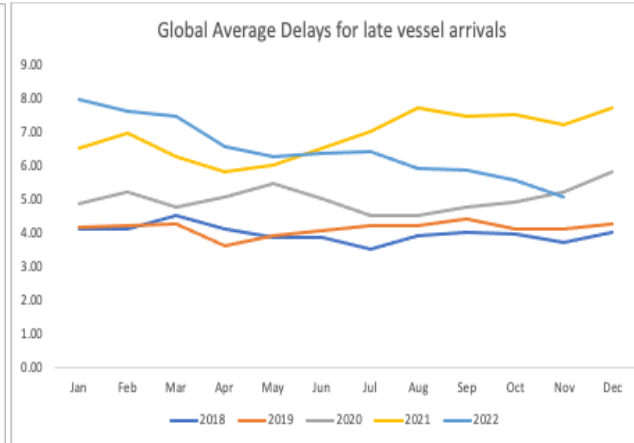
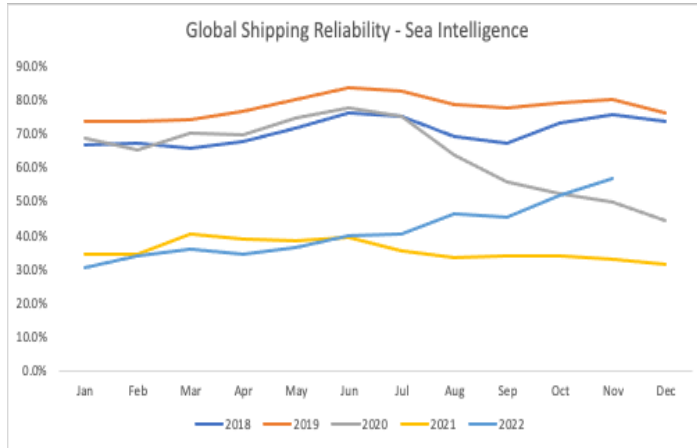


- Pandemic **changed working attitudes**– Number of inactive increased
- **Furlough** – extended the period of return to work creating choices. **Increased career switching**– across industries and types of employment
- **Real pay gap** – with ONS stating real pay at -2.5% as inflation and interest rates remain high.
- **Skills hard to attract and retain** in the industry and costs more to do so
- Gap between Private and Public pay increases (beginning to close) leading to **public services strikes**.



# Supply Chains Impact

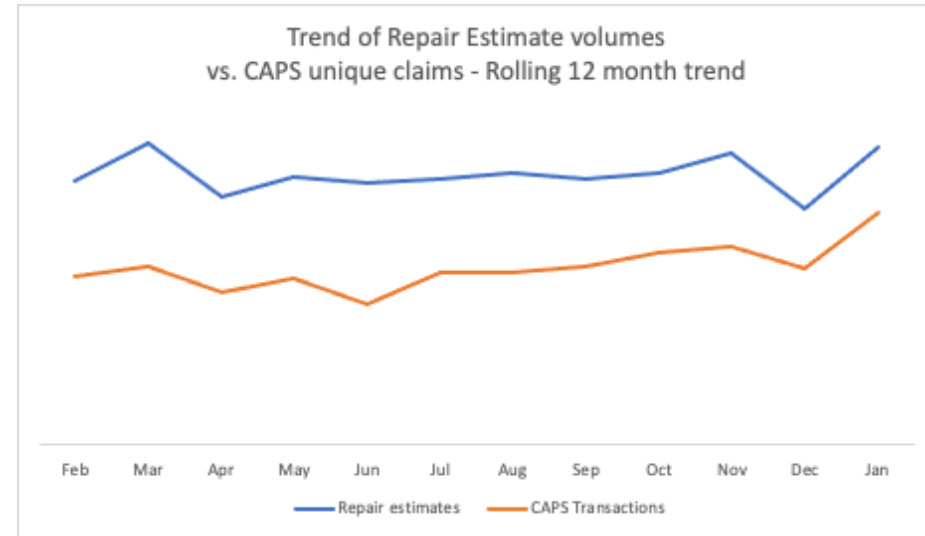
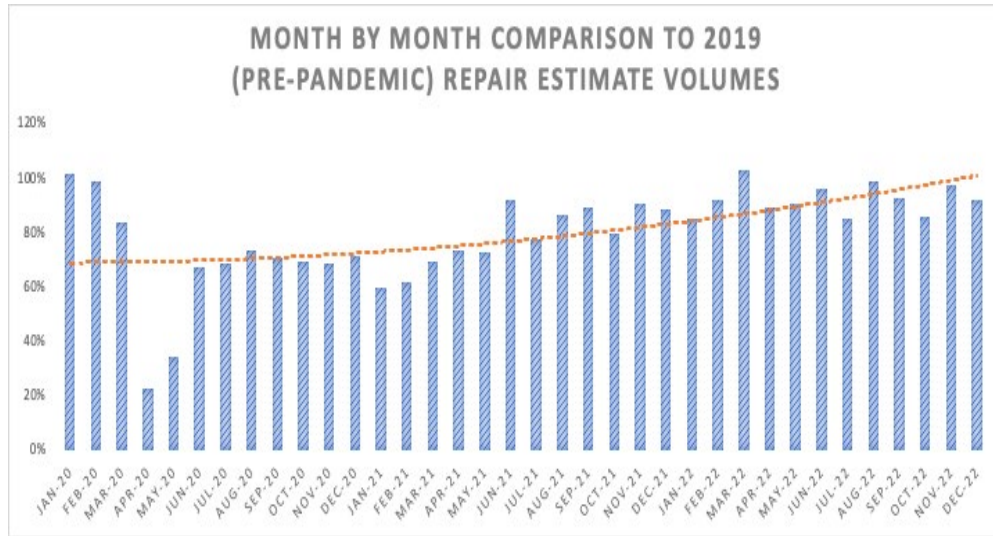
(Sea Intelligence, Advantage Parts, Trend Tracker)



- Global **Shipping delays** – Various impacts on global shipping created significant drop in reliability and increased delays, but this has been improving since July with less delays too.
- **Parts delays** – became common problem and still not fully addressed, **Repair durations**– moved out, starting to see signs of improvement
- **New ways of working** – to manage the changing demand & supply, a **New normal** – here to stay for foreseeable future

## Volumes & Costs

(Audatex, caps)



- Vehicle **Repair demand** – steady at 90-95% of pre-pandemic levels – driving patterns and rush hours have changed but volumes up.
- **CAPS and Audatex** reporting increases in January over December volumes.
- **Repair costs rising** – year on year, month on month. Jan 23 £317 higher than Jan 22 on average.



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