

Motorists financing their new car receive £1000 more in dealer discounts than cash buyers... but 19% don't know their PCP from their HP

Submitted by: Performance Communications

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- What Car? Target Price report shows motorist who finance their new vehicle will receive on average £1075 more in dealer discounts than cash buyers
- Finance buyers also receive on average £1619 in deposit contributions from dealers, with some luxury models discounted by more than £17,000
- What Car? research reveals 18.8% of motorists are still confused by finance jargon even though finance sales account for 70% of all private new car sales*
- Volume of zero percent offers has increased by a third in the past 12 months, with more than 840 new model and trim combinations available interest-free
- To find the best new car deals, visit: www.whatcar.com/new-car-deals

New car buyers opting to purchase on finance will receive on average £1075 more in discounts from their dealer than those buying outright in cash, new research from the UK's leading consumer champion and new car buying platform, What Car?, reveals.

What Car?'s mystery shoppers found the average discount on a new vehicle bought on finance at the beginning of May this year was £3670. However, dealers were only willing to discount models by £2595 when buying with cash – giving finance buyers a £1075 windfall.

Research by What Car? also reveals 18.8% of drivers do not understand the difference between Personal Contract Purchase (PCP) and conventional Hire Purchase (HP), risking unexpected fees and charges as a result.

PCPs typically feature lower monthly instalments in favour of a larger final payment, with the expectation of using the car's future resale value to cover the cost. However, buyers using this method are subject to mileage restrictions, with fees incurred for exceeding the agreed terms.

Finance terms are further incentivised through dealer deposit contributions – payments made by dealers towards the deposit on the vehicle – with the average contribution standing at £1619. Some premium models, including the BMW 760Li xDrive were offered with more than £17,000 towards the deposit.

The past 12 months have seen finance discounts on new models rise from £3549 to £3670. Manufacturers have also increased the volume of zero percent interest rate deals on offer by a third.

As of May 2019, there were more than 840 make, model and trim deals available with zero percent finance. Manufacturers such as Ford and Volvo dominate the sector with 86% and 34% of their model ranges available with zero percent terms.

Attractive low rate finance deals are clearly effective. What Car?'s research found more than a third of new car buyers would consider a car that wasn't on their initial shortlist if they saw it advertised with interest-free credit terms available.

Steve Huntingford, editor of What Car?, said: "Finance plays a huge role in the modern car buying decision – the latest figures show seven in 10 private new car purchases are made on finance*."

We are also seeing a larger number of dealers offering zero percent finance terms. With an average deposit contribution of £1619, this means it's often cheaper for new car buyers to purchase their next vehicle with zero percent finance than outright with cash."

To find the best deals on new cars, visit: www.whatcar.com/new-car-deals

For more information about vehicle finance, visit:

<https://www.whatcar.com/tag/car-finance-advice-and-guides>

ENDS

*<https://www.fla.org.uk/business-information/documents/motor-finance-summary/>

** Deals correct at the time of issue

About What Car?

What Car?, the UK's leading and most trusted car buying brand, has the magazine, a market-leading website and several established brand extensions. It has helped Britain's car buyers to make purchasing decisions for more than 40 years and its tests are widely regarded as the most trusted source of new car advice.

Whatcar.com is the UK's leading car buying website, offering trusted reviews and data on every new car. A winner of numerous awards and accolades, whatcar.com is recognised as one of the UK's leading consumer websites and attracts 1.7m unique users every month and over 13m monthly page impressions. The brand has seen major investment in its digital infrastructure as it develops a new ecommerce platform, allowing users to act on the trusted advice What Car? offers.

With a print circulation of 55,459, combined with its mobile and social reach, What Car? has more than 5.5 million monthly points of contact with its audience on the move, at work, at home and at the crucial point of sale. It is the top performing monthly on the UK newsstand in the motoring category.

About Target Price

Target Price is unique to What Car?. Every day a team of mystery shoppers goes out and haggles to find the best deals available across the UK. These are printed alongside What Car? reviews as well as on the What Car? New Car Buying platform to help drivers find the best deals.

The deals are based on a cash deal and do not include elements like finance incentives or trade in considerations. The deals change on a weekly basis.

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