
Monthly Payments – The real driver in car purchase decisions.

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Ask anyone you know for the list price of their car, and the likelihood is they won't have a clue. Ask what their monthly payment is however, and it'll be at the tip of their tongue. 20+ years ago, it was a sign of pride and success to be able to say 'I own it' or that 'I bought it in cash' when referring to a car purchase. Today perhaps you'd maybe keep this to yourself for fear of looking a bit old fashioned. Similarly, if you were to sit in any showroom today and listen to the conversations between the salesperson and the buyer, the discussion is focussed far more around getting to an agreeable monthly payment than the features and options on the car itself. Ultimately the list price to the consumer is now almost irrelevant.

So, what changed?

Well from an industry perspective it is a combination of factors, low interest rates, the rise of the PCP model, which drives customer retention and forces change cycles favouring manufacturers, and changes in consumer behaviour. Today, in most markets the proportion of cars bought via some form of finance is circa 75-80%. The car market is driven by consumers who purchase their cars based on monthly affordability or 'share of wallet'.

Financing has become the Norm

From a consumer perspective it is no surprise financing has become the norm, take something like a new BMW 5-Series, you'd have the choice to paying £50,000 upfront, or around £500 a month. If you are fortunate enough to have £50,000 laying around then it can be far better utilised in some investments, towards a property purchase, or quite simply anything else that isn't a depreciating asset. If you don't, well you can now potentially drive a vehicle which you couldn't afford to purchase outright.

Not to mention benefiting from additional financial incentives from both the manufacturer and the retailer, which aren't often available to cash buyers. At the end of the term, consumers have the choice to simply hand the car back, trade it in for a newer model, or pay the balloon and keep it! All adding to the convenience and attractiveness of a finance deal.

So, car finance and particularly an attractive headline monthly payment figure has become the one of, if not the most important drivers in consumers car purchase decisions. Yet the industry still does the majority of product and planning analysis based on the new car price.

Why?

Well, until now there has been an absence consistent, real time monthly pricing data that allows assessment of the competitiveness of models based on this key driver. To address this JATO is launching the first multi-market monthly pricing data solution to assist OEM's and National Sales Companies with this exact challenge.

This is a real game changer for the industry, finally providing the platform upon which to make key decisions, maintain competitive advantage relating to the real driver in car purchase decisions. Why not get ahead of the rest and sign up to be one of the first to hear about JATO's solution for Monthly Payments when launched, just [click here](#).