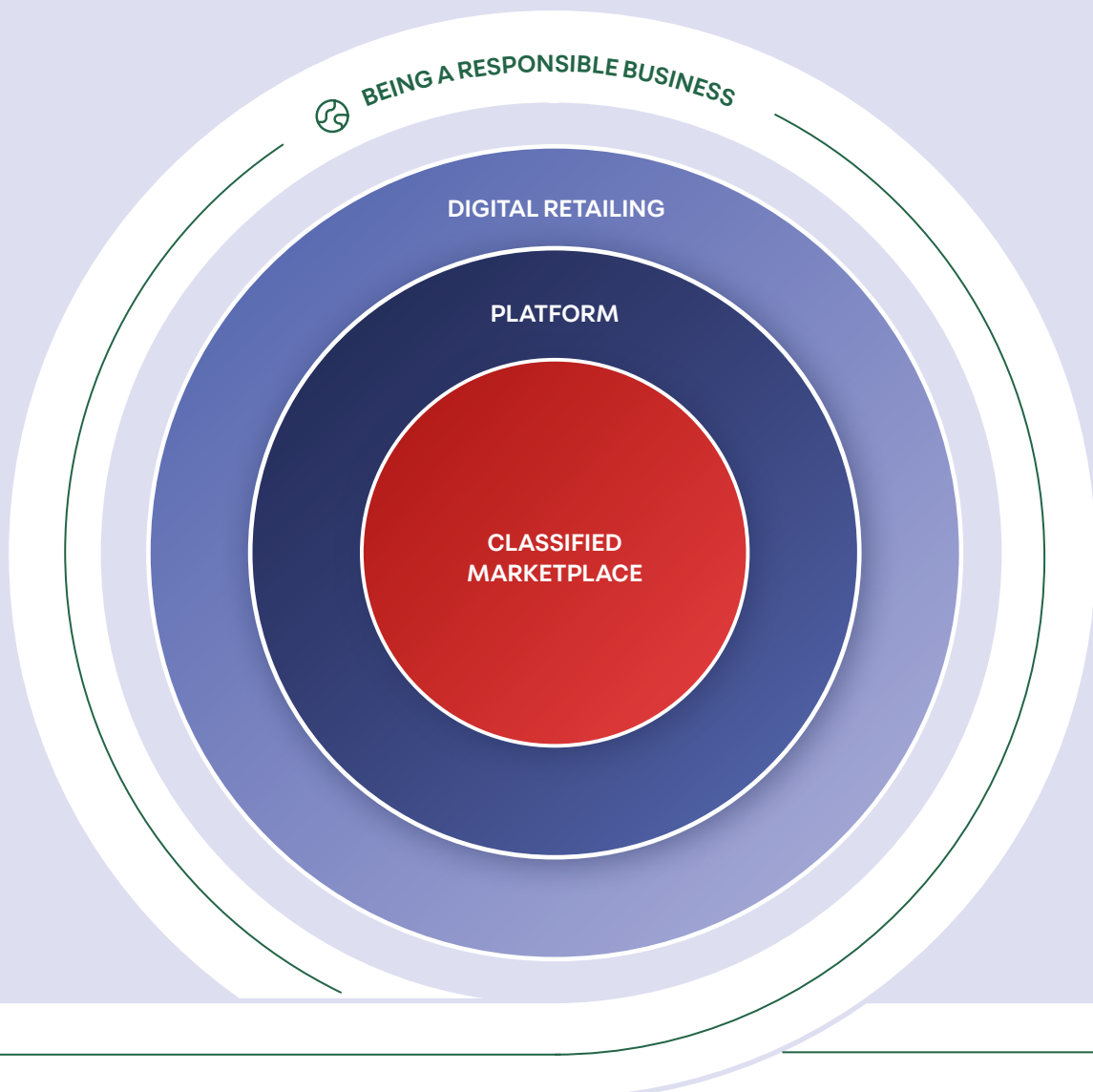


# Driving Change Together. Responsibly.

Our purpose continues to be Driving Change Together. Responsibly. We deliver on this through our three strategic priorities detailed below, alongside our commitment to always being a responsible business.

Whereas we previously presented Digital Retailing and Data (now called Platform) alongside our Marketplace, we now recognise that all three of these areas are interconnected and complementary.

Our strategy is only possible because of the strength of our Marketplace and everything we are doing serves to strengthen it.



Read more overleaf 



## Classified marketplace

Be the best place to buy a car



## Platform

Be the industry's data & technology platform



## Digital retailing

Be the enabler for all retailers to sell online



## Being a responsible business

A key part of our purpose is *responsibly*, wherein we commit to doing the right thing. Our teams are passionate about this and it infuses our culture.

It ensures we strive to make a positive difference to our people, the automotive industry, our communities and the wider environment.

[Read more P26](#)

2023 progress



**Classified marketplace**

Be the best place to buy a car

In our core advertising marketplace, we successfully executed our annual price increase in April 2022, which included the launch of Retail Essentials, the first module of our Auto Trader Connect platform. This product was well received by customers given the quality of the data and the operational efficiencies it delivers. Our customer numbers in the UK are at record levels, with continued low levels of cancellation in part due to the strength of our standing with customers. We continue to make progress deepening our partnerships with our customers, particularly through providing our market-leading insight. Our sales teams have data driven, goal focused conversations with our customers. Levels of new customer acquisition were largely consistent with the prior year. Penetration of our higher yielding packages increased, with 33% of retailer stock now above Standard as at March 2023 (March 2022: 31%). We also saw an increase in the uptake of our

Market Extension product (allowing customers to sell vehicles outside their local area) and our Pay-Per-Click product which allows stock items to appear at the top of the search listings.

With the sale of new and used electric vehicles increasing, we continue to invest in our electric vehicle content to ensure we are the number one destination for car buyers interested in purchasing an EV. We continue to inform consumers about electric vehicles on our social media channels and raise the awareness of EVs through our EV giveaway which achieved over 3.5 million entries this year. By rethinking our make-model product pages, we have significantly improved our EV SEO ranking, bringing more consumers to the site. When on Auto Trader, we have focused on improving the level of information to help make consumers more informed about owning an EV.



**Platform**

Be the industry's data & technology platform

As part of our annual pricing event in April 2022, we included our first Auto Trader Connect module - 'Retail Essentials'. Retail Essentials gives customers access to our most fundamental and powerful data, including our taxonomy, which improves advert quality, and enables stock to be updated on Auto Trader in real time. At the end of March 2023, we had integrations with over 90 third-party software providers with Auto Trader Connect. For our April 2023 pricing event we have launched the second module of Auto Trader Connect - 'Valuations'. This gives our customers access to our retail, part exchange and trade valuations to help inform retailers' sourcing and pricing strategies with the most accurate view of the market.

These modules are an important part of how we are increasingly using our platform to power our retailers' businesses, which strengthens our core and is a key enabler for digital retailing.

We have also made good progress in continuing to build lender integrations, strengthening both the breadth and depth of our finance platform. This is a critical asset that underpins the finance component of our Digital Retailing journey. We now have 19 lenders integrated, which we estimate represents 42% of retailers on our Retailer Finance product (based on first string lender). We also enabled the entire end to end finance transaction journey with one lender including e-sign. FCA Consumer Duty is central to our digital journeys, both for consumers and retailers.

We saw an increase in the number of software releases on the Auto Trader platform to 51,000 (2022: 46,000).



**Digital retailing**

Be the enabler for all retailers to sell online

Building on both our platform and marketplace, we are bringing more of the car buying journey online. Our approach to digital retailing is to be 'car first' and to enable any retailer (including manufacturers and leasing companies) to sell their cars online. With this goal in mind, we will initially offer two digital retailing consumer journeys: a used car Deal Builder journey on Auto Trader and a fully online retailing journey for new vehicles. For our used car Deal Builder journey, we are pleased with the initial trial and by the end of the financial year had over 50 retailers live. We have continued to develop the product with the ability to complete the deal in multiple sessions across devices, a revision to the reservations and part exchange flow and the launch of the product for multi-site customers using our Retailer Portal. We have also launched a new product page for cars with Deal Builder.

In new vehicles there are significant structural changes taking effect, including the growth of electric cars, the growth of leasing, new manufacturers entering the UK market and a shift towards new digital distribution models.

To enhance our new vehicle proposition, and to ensure we are well placed as these structural changes take effect, on 22 June 2022, we completed the acquisition of Autorama UK Limited ('Autorama').

By combining Autorama's capabilities with Auto Trader's platform and scale, we believe we have a compelling proposition for manufacturers, retailers and leasing companies, with a significant opportunity to reduce existing customer acquisition costs and grow the business's profitability.

## Future opportunities

We continue to consider ways in which we can build consumer trust in our core marketplace. We also see an opportunity to improve our search experience, particularly in the ways we use data to create a more personalised search experience for consumers.

Given the changing landscape in new cars, we will continue to evolve our new car product. For example, with an increasing number of manufacturers selling direct to consumers, or operating under an agency model, we will look to enable manufacturers to advertise new cars directly on Auto Trader with national reach.

## How we measure progress

- Revenue
- Average Revenue Per Retailer ('ARPR')
- Operating profit (and margin)
- Basic EPS
- Cash generated from operations
- Cross platform visits
- Cross platform minutes
- Number of retailer forecourts
- Live car stock
- Employee engagement

## Associated risks

- Automotive economy, market and business environment
- Climate change
- Employees
- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Legal and regulatory compliance
- Competition
- Brand and reputation

We plan to further embed our data and usage of Auto Trader Connect (Retail Essentials and Valuations) with retailers. We have launched a new Vehicle Insight tool in our Retailer Portal which has already seen high levels of engagement.

We will also continue to deepen relationships with third-party software providers, OEMs and lenders to further develop our proposition.

- Auto Trader Connect integrations
- Number of lender integrations
- Number of product releases

- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours

We will continue to scale the number of retailers on Deal Builder, and iterate the product in financial year 2024 - with an aim to monetise the product with some retailers by the end of financial year 2024.

By bringing our scale to bear, combined with continued product improvements in financial year 2024, we are confident that our new car leasing order take will grow year on year and expect to see efficiencies in customer acquisition cost.

- For our digital retailing Deal Builder journey:
  - Number of retailers using Deal Builder
  - Number of completed deals
- For our online retailing journey for new vehicles:
  - Number of new vehicle leases
  - Yield per vehicle sold

- Reliance on third parties and partners
- IT systems and cyber security
- Failure to innovate: disruptive technologies and changing consumer behaviours
- Legal and regulatory compliance