

Saudi Arabia Used Car Market Outlook to 2025

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The report titled “Saudi Arabia Used Car Market Outlook to 2025- By Market Structure (Organized & Unorganized), By Type of Car (Sedans & Hatchbacks, SUVs & Crossovers, Pick-ups and Luxury), By Brand (Toyota, Hyundai, GMC & Chevrolet, Ford, and Others), By Type of Sourcing, By Age of Vehicle (Less than 1 year, 1-3 years, 3-5 years & More than 5 years), By Kilometers Driven (Less than 50,000 Km, 50,000-80,000 Km, 80,000-120,000 Km & More than 120,000 Km) and By Region (Northern, Southern, Central, Eastern and Western)” provides a comprehensive analysis of the status of the used car industry in Saudi Arabia. The report covers various aspects including the current sales volume & gross transaction value, target audience, growth facilitators, issues & challenges faced by the industry, customer perception & decision-making parameters and more. Saudi Arabia Used Car Market report concludes with projections for the future of the industry including forecasted sales volume & gross transaction value by 2025, future market segmentations, Covid-19 impact, emerging online used car models, international case studies and analysts’ take on the future.

Saudi Arabia Used Car Market Overview and Size

The used car industry in Saudi Arabia has grown at a CAGR of 0.8% on the basis of gross transaction value over the period 2014-2019 and declined at a CAGR of -2.4% on the basis of sales volume. The departure of ex-pats from the country and the economic instability contributed to the decline in sales during 2016-2017. The addition of women drivers and the high levels of disposable income in the country are some of the major growth drivers of the industry. A boom in the number of online auto-classified platforms and the traction of the consumers towards online platforms is contributing to the inclining used car sales in the country.

Saudi Arabia Used Car Market Segmentations

By Market Structure: The industry in Saudi Arabia is largely unorganized due to the preference of consumers towards peer to peer sales, largely facilitated by online auto-classified platforms. The organized market comprises of large authorized brand dealerships as well as multi-brand outlets and exhibitions.

By Type of Cars: Sedans were observed to dominate the used car market on the basis of sales volume as

they are economical and suitable for almost all kinds of buyers. SUVs & crossovers were found to be the second most preferred types of cars in the country and pick-ups & luxury cars contributed to the remaining sales.

By Car Brands: Toyota continues to dominate the used car market in Saudi Arabia due to the higher preference of the consumers towards the brand for its reliability and low maintenance. Also, the easy availability of spare parts and the higher residual value of Toyota cars contributes to higher sales. Hyundai contributed to the second-highest sales volume in 2019.

By Age of Vehicle: Three to five-year-old used cars were observed to dominate the used car sales in the country in 2019. As the installment period for cars purchased on finance is around 3-5 years after which people usually prefer to sell off their cars. 1-3-year-old vehicles contributed to the second-highest sales volume as a large number of these cars found their way to the used car market when car rental companies' de-fleet their existing fleet.

By Kilometers Driven: A large proportion of the used cars sold in 2019 belonged to the category of 80,000-120,000 kilometers. Cars with a mileage of 50,000-80,000 kilometers were also largely preferred by the consumers due to their nearly new look and feel and are also economical.

By Regions: The central region including the capital of Riyadh accounted for the highest number of used car sales in the country in 2019 due to the concentration of the young working population in the region. The western region contributed the second-highest used car sales. Most of the major authorized dealers have multiple showrooms in these regions.

By Age Group of Buyers: The majority of the buyers in the used car market were observed to be in the age group 30-60 years. Many young working professionals, expatriates, families owning multiple cars belong to this age group. The demand for used cars among the age group of 18-30 years is also increasing with increasing disposable income and job opportunities.

By Type of Sourcing: Majority of the used cars sold in the country in 2019 was analyzed to be sourced from car-rental/leasing companies or used car auctions in the country. Directly purchasing cars from the consumer through buy-sell/park-sell used car imports and trade-ins were identified to be other major mediums for used car sourcing in the market.

Saudi Arabia Organized Market Segmentation

By Sales Channel: The multi-brand outlets/exhibitions contributed to the majority of the sales through the organized channel in the country. These outlets are spread all across the country and are a convenient way of buying a used car with a large variety of choices at the disposal of the consumer.

Saudi Arabia Unorganized Market Segmentation

By Sales Channel: Majority of the sales through the unorganized channel were identified to have taken place directly between consumers or C2C transactions. The rise of online platforms has made C2C transactions more convenient and the easy availability of finance in peer to peer transactions is also a contributing factor.

Competitive Landscape of Saudi Arabia Market

The industry is highly fragmented and competitive with 2,200+ dealerships operating in the market. Many brands have a certified pre-owned car program in place in the country. Amongst the brand authorized dealerships, the top 6 players including Abdul Latif Jameel Motors, Aljomaih Automotive Company, Al Jazirah Vehicles, Universal Motors & Gulf Advantage are analyzed to account for almost half of the used car

sales through the authorized dealerships. These players compete on the basis of parameters such as geographical presence, value-added services offered, financing option, after-sales services offered, dealership network, and more.

Saudi Arabia Used Car Market Future Outlook & Projections

The used car industry is expected to recover from the Covid-19 pandemic and witness growth by 2025. The increasing demand from smaller cities such as Jazan, Arar among others is expected to drive the growth of the industry. The growing traction towards online platforms is expected to compel dealerships to expand their presence online. Online platforms are expected to leverage latest technologies such as artificial intelligence & virtual reality to enhance the user browsing experience. The overall used to new car sales ratio in the country is also expected to improve in the future.

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