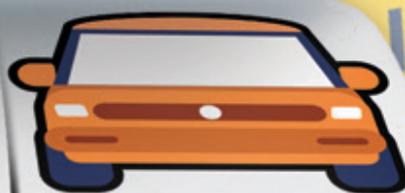
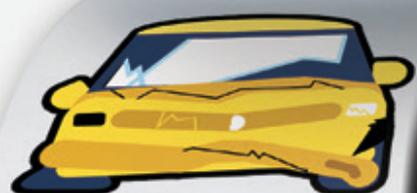


Second-hand car purchase

ROULETTE IS OVER



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autoDNA report based on SW Research analysis

Buying a used car is an exciting process and often brings ambivalent feelings, including the stress of making the wrong choice. The transaction's finalisation does not guarantee the purchase of a car, which can be used without any problems for a couple of years and then resold.

Why is it so? According to the research conducted by SW Research for autoDNA [autoDNA](#), the Polish used car market has a major transparency problem. Drivers are tired of this - they expect fair offers as they do not want to waste time. Moreover, they can pay more for cars with a proven and reliable history than for the proverbial pig in a poke.



Mariusz Sawuła,

Board of Directors Chairman of the autoDNA owner

As a company operating for ten years in the automotive industry, we know that buying a good second-hand car in Poland is like playing roulette. As many as 70% of buying drivers have experienced deliberate manipulation by the car seller. At best, they didn't learn the entire truth about the car they were interested in. At worst, they were just lied to. About 12% of Polish drivers encountered a situation when the seller included an incorrect or false VIN in the advertisement. However, what is more disturbing is that 18% of drivers buying cars from online advertisements faced problems obtaining such a number from the seller. That means an apparent attempt to obscure the car's history.

What can be done about it? Our report shows that a remedy is simple. Transparency is the basis of free and developed markets. It allows us to distinguish between good- and bad-quality products. Thus, it leads to a higher price of the former and a reduction - at least in the buyers' understanding - the prices of the latter. However, the point is not only the selling and buying a vehicle but the global and social mechanism in which we - actors on the automotive market, that is, in fact, all Poles who own a car - participate.

Our report shows that it is a complex problem, but there already exist solutions for improvement, all we need is to apply them en masse. For instance, the vehicle history report based on the VIN, which is also available free of charge, enhances the credibility of both parties to the vehicle purchase and sale transaction. Nowadays, transparent access to information is a necessity for both the seller and the buyer.



The study by autoDNA and SW Research confirms

Nearly 20%
of car buyers from online advertisements
had a problem obtaining the VIN from

the seller - it is an apparent attempt to hide the car's history. Over 10% of drivers encountered an incorrect or false VIN provided by the seller in the advertisement.

Key conclusions from the report

The dealers who cooperate with autoDNA confirm that viewers of ads with an autoDNA vehicle history report **spend over 50% more time on them because of the added value, while the dealers who use the reports record 30% more phone enquiries about the offer details.** It means that customers are tired of looking for cars from unreliable sources and appreciate transparent offers.

Who is the average customer? Usually, it is a person who is not very familiar with the market and cars – dishonest traders from the shadow market misuse that. People who are more familiar with cars used are a real nightmare for dealers.

They will not go for vehicles with a vague history so quickly. Both buyers and sellers can count on **autoDNA, a supplier of vehicle history reports contributing to greater market transparency.**

As an effective tool developed due to the free, open market, such reports respond to the lemon cars' market as mentioned above (see the report for details). There are three main arguments for their widespread use:



1. Highlighting the offer among many similar ads

1. First of all, it allows highlighting the offer among many similar ads. If we include the report in the transaction, the customer is more likely to buy, even if the vehicle has a higher price. The other party to the transaction perceives such adverts as more reliable.



2. Saving time

2. The second argument is saving time. The report allows you to pre-screen good cars from lemons. So there is no need to drive, watch many vehicles, and verify their documents yourself. As the old saying goes „time is money” and perfectly fits the vehicle history report. Such an investment returns even several hundred times because when you spend several dozen zlotys and add the report to the advertisement, you can earn an additional 5-10% of the initial car value. Using these solutions increases market efficiency, improves products' quality, and pushes up good products' prices



3. Protection against the purchase of a lemon car

3. For the buyer, in turn, the report may constitute a protection against the purchase of a lemon car, which translates into thousands of zlotys saved. According to the data collected by autoDNA, the difference in the value of the same vehicles whose mileage differs by 100,000 km may be 25.8k zlotys. Even a slight adjustment by 25,000 km in the case of popular models means for the buyer a loss of at least two thousand zlotys (the difference in price due to the mileage). The actual losses depend on the model. In the case of the Audi A4 2.0 TDI, one of the most popular cars on the aftermarket, the odometer rolled back by 25,000 km will give a price overstated by 3,200 zlotys. For the Volkswagen Passat 2.0 TDI, the average loss is nearly PLN 3.7k. The more expensive the car, the more you can lose. For the BMW 5 Series 3.0d, the difference is 5.7k zlotys.

Using these relatively simple solutions increases market efficiency, improves products' quality, and pushes up the sound products' prices.

Introduction

Imported cars dominate the Polish second-hand car market. Since Poland joined the European Union in 2004, we have brought over 14 million vehicles to the country. Additionally, several hundred thousand cars from the domestic market are sold annually.

autoDNA delivers the product- **vehicle history report** - which, on the one hand, **builds the transparency of the automotive market** (of better quality and more accessible by unlocking a large number of attractive offers). On the other hand, it promotes products - **cars with a proven vehicle history and services**, namely mechanical as well as body and paint repairs made at professional workshops per the manufacturer's recommendations and in compliance with the applicable repair standards. The result is **building a positive image of customers who use our services**- new and used car dealers who authenticate vehicle sales through autoDNA reports and increase the residual value of vehicles with a proven history

Imports of used cars for the years 2003 - 2020



source: Polish Association of the Automotive Industry

While in the 1990s car sales were driven by the political transformation and the related automotive „hunger”, and the car was a determinant of social status, **after 2004 there was a surge in imports of vehicles that are simply used for travelling.**

The demand for second-hand cars from markets other than Poland is driven by:

- the dynamic **development of the road network**
- the fact that 14 million Poles are still affected by the so-called **transport exclusion**, i.e. lack of public transport near their place of residence
- **the increasing wealth**, which is reflected in the GDP growth in recent years, and in the average salary.

As a result, **Poland has become one of the most motorised countries in the European Union**. According to the European Automobile Manufacturers' Association (ACEA) data for 2018, there are 672 cars registered per 1000 inhabitants in our country. In Germany, the ratio is 610, and the entire EU has an average of 587.

Such a high motorisations rate also comes from the fact that **a significant part of the Polish population is somehow forced to buy a car, mostly a used one**. That is one part of the issue - another one is that society is getting wealthier and accustomed to using private means of transport. Many Polish families have not one, but at least two cars. Some of us choose to move to the country and accept that we cannot function without one car.

The mass flood of used cars, whose average age is 11-12 years, which is not much less than the statistical car in Poland (about 13.5 years), causes a paradoxical effect. On the one hand, the choice is rich. On the other hand, many cars in poor repair and with a vague history are coming to the country. Even before the COVID-19 epidemic, the market displayed oversaturation - an excess of offers versus the number of potential buyers. Theoretically, this is good news for the buyers. However, the flood of offers brings about a temptation of abuse because the advertisement should be positively distinguished, which sometimes has little to do with the vehicle's actual condition. Since 2004, there has been an avalanche of imports. Several million cars, including many with an obscure past, arrived in Poland. That is why one has to be cautious and avoid cars with no proven history.

Today, both new and used car dealers experience an even deeper drop in the number of transactions or even their complete absence, despite having plenty of cars for sale. The buyers have so far postponed the transactions due to the high uncertainty about the future. The poor market condition means that individuals do not want to put up well-kept cars for sale because they cannot get a reasonable price for them in a swarm of offers, including fake ones.

There are not many good cars. That is a consequence of the last year's decline in new car sales and lower imports - a total of nearly 300,000 items, of which over 161,000 are imported second-hands, and about 140,000 is the decline in the number of new car registrations. Result? **There are not many good cars offered on publicly available sales channels. Such a situation is aggrieved by the economically uncertain times, which make drivers delay with replacing the vehicle.**

The market is essentially divided into authorised new cars dealers who increasingly sell used cars within import programmes, extensive networks of second-hand cars dealers, consignment car dealerships, and the shadow economy. The latter part of the market is highly unofficial activity. It operates without taxes due on the fair market value of the vehicle, warranty (thanks to the so-called German contract, i.e. with a fictitious selling party), and sometimes with the odometer rolled back

Considering the current situation on the market, what is missing there? **AutoDNA, a Polish company that is a leading service provider for checking the history of a car based on the VIN, has investigated what online car buyers expect.** Drivers want as much information as possible to be presented in car sale offers on the internet. Car sales offers with complete data, including VIN, are found more reliable, and we are ready to pay more for such vehicles.



The study by autoDNA and SW Research confirms

80% of Polish drivers find the advertisement with the VIN more attractive and the possibility of generating a report, even though the offered car is approx.

5% more expensive*. 20% of drivers prefer an advertisement without a VIN, arguing for a lower price and getting the VIN from the seller.

* in the question about the reason for choosing a particular advertisement, 80.4% of respondents can pay PLN 10,499 for a 2004 Audi A4 B6, i.e. PLN 500 more than when selling the same car for PLN 9,999 without the VIN provided.

Transparency, the missing feature on the Polish market, and is at your fingertips.

Despite appearances, the transparency of the automotive market in Poland is not a distant future. **Using the already available tools, especially information available through the VIN is enough to change the process of buying and selling a car.** It will let you learn about the car's history and avoid purchasing a vehicle in a much worse repair than it would appear from the seller's declaration. Suppose the best practices of initial verification and documenting the vehicle's history are followed by sellers and buyers. In just a few years, the purchase of a car can be much more comfortable and less stressful. Transparency of the market is in everyone's interest, because a high level of transparency will give sellers a better price for their cars, and buyers access to a quality product.

The transparency of the market itself should be distinguished from its participants' behaviour. Suppose many participants know a lot about the market. In that case, dishonest sellers find it more

difficult to finalise a transaction of a fraudulent product, i.e. one that meets at least one condition from the following list:

- selling a car through so-called German method, i.e. with the seller's false information
- with unknown vehicle history,
- without insurance,
- without documented repairs,
- with a tampered odometer.

Some of the cars are typical traps, which are named „combo lemon cars”. A lemon car is a car squeezed out like a lemon that, after purchase, won't work or will malfunction. An unlucky person who has bought such a vehicle can have a sour face, like when eating a lemon - especially if they hit a combination, i.e. **an accident car with a rolled back odometer sold via the German method. Such cars drive on Polish roads - with repaired bodywork and paintwork they are offered as accident-free.** In recent years, the situation has improved significantly in this regard, and the

availability of vehicle-related data and records is much greater. That will make it more difficult for sellers from the shadow economy to finalise deals of bad cars, i.e. German sales - with the seller's false information, unknown vehicle history, without documented repairs or with a tampered odometer.

The possibility to trace how the car's past is falsified (e.g. by checking the VIN and then inspection in an authorised or specialised workshop), is, in turn, the transparency of the behaviour of automotive market participants.



Adam Jastrzębski,
Senior Project Manager at SW Research

The research project for autoDNA was an exciting challenge for us. The issues that we face in Poland on the used cars market are a socially significant problem, and this type of research is of particular value to drivers. We have many years of experience researching the automotive market and have joined forces with autoDNA to explore the drivers' perception of the Polish market of second-hand cars. We conducted the research in September 2020 using the online interview method (CAWI) on the SW Panel web panel. As part of the study, we performed 1000 surveys. The research sample aimed to reproduce the population of Polish category B driving license holders in terms of sex, age and size of the place of residence.



The study by autoDNA and SW Research confirms

Over 73% of drivers would like car sales announcement to include a free, ready-made vehicle history report based on the VIN - this form of

presenting this information is more attractive to them than checking the history of the car based on the VIN and registration number

1. What is the point with the VIN?

Why is the VIN so crucial in regaining confidence in the used car market? VIN stands for unique **vehicle identification number - there are no two cars with the same VIN**. The VIN allows obtaining a large amount of information about a specific vehicle. Its verification can provide two types of information. First of all, the country and

year of manufacture, equipment version, colour, body type and other „factory” data. Additionally, the VIN allows you to check data in registers held by the government, insurance and many other institutions. This information can create an interesting picture of car history, which will increase its value in the buyer’s eyes.



The study by autoDNA and SW Research confirms

Almost 80%
of Polish drivers believe that each car sale advertisement should contain its VIN

60% of drivers agree to provide a registration number, 25% of drivers do not have an opinion, and 15% are against the idea.

AutoDNA has been collecting and sharing information based on VIN since 2010. The company database, which is regularly updated, includes data on vehicles registered in Europe and the world collected over ten years. **autoDNA acquires data from Germany, France, Belgium, Slovenia, Lithuania, Latvia, Estonia, Switzerland, Sweden, Austria, Norway, the Netherlands, Czech Republic, Hungary, Romania and Denmark, and thus covers the vast majority of markets from which vehicles are imported to Poland.**

For several years, the VIN has been used by the government administration to enhance the free market’s transparency and effectiveness, the quality of the products offered there, and,

consequently, **the quality of the cars provided in Poland.** Since 2014, information on vehicle mileage is collected during the obligatory technical inspection. In the same year, the government launched the www.HistoriaPojazdu.gov.pl portal, where the public can check, free of charge, information on vehicle technical data, periodic and additional technical inspections or the latest odometer readings, and since 2020 also about significant damage.

It should be emphasised that Poland is not the only country where odometers are rolled back. According to the ADAC estimates, every third used car sold in Germany has its mileage adjusted downwards. *ma skorygowany w dół przebieg.*



The study by autoDNA and SW Research confirms

Only 16%
of respondents know how much information about a car can be checked based on the VIN. The respondents most frequently indicate necessary information about the

vehicle, such as the manufacture year, make and model, or first registration date. More than half of the respondents know that with the VIN, you can check the car accident history.



Marek Zagórski,
Secretary of State in the Prime Minister Office in charge of digitalisation, Government Representative for Cybersecurity

With the service available on www.HistoriaPojazd.gov.pl, each citizen can quickly check for free whether the car registered in the country which we intend to buy has been stolen, scrapped, or if the odometer has been rolled back. To do this, we only need the registration number, VIN and first registration date. Moreover, using the trusted profile one can also check a car from selected European countries (including France, Belgium, the Netherlands, Italy, Sweden), as well as the USA and Canada.

www.HistoriaPojazd.gov.pl is a model example of collaboration between the public and private sectors. The users have appreciated the joined activities in fighting for the transparent second-hand car market. Numbers prove that – since May 2020, monthly searches on the portal have almost doubled. That also shows how drivers’ awareness has changed and how vital for drivers is access to information, especially for people who plan to buy a used car.



The study by autoDNA and SW Research confirms

Over 60%

of respondents had never checked information about the car based on the VIN.

Those who did usually used the free vehicle check at Historiapojazd.gov.pl. AutoDNA is the most frequently used paid service.

autoDNA, which cooperates with the HistoriaPojazd.gov.pl portal, supplements the data from the government portal. Therefore, in the case of imported vehicles one can additionally learn about total damage recorded, vehicle damage, listing in stolen vehicle registers,

the compliance of the VIN with the ISO standard, manufacturer's service actions announced, recorded scrapping of the vehicle, salvaging, prior use as a taxi or recorded odometer discrepancy.



The study by autoDNA and SW Research confirms

Initial verification of the car found on the classifieds website is mainly based on a telephone conversation with the seller and a request for additional information about the vehicle, including its history.

More than 34%

of buyers check the car on the Historiapojazd.gov.pl website before they inspect it (the survey was conducted among

individuals who had purchased a vehicle through an advertisement service in the last three years). The VIN and vehicle history are the necessary information to which potential car buyers pay attention. **40% of drivers in the previous three years have checked information about the car based on the VIN.**

2. Information asymmetry and the „lemon market” - what does this mean for the buyer and seller?



Marek Konieczny,
President of the Car Dealers Association

According to the Car Dealers Association estimates, even 70-80 per cent of cars are imported to Poland with their mileage rolled back. That translates to 700-800 thousand vehicles brought to the market each year in much worse technical condition than the „official” data show. Although altering the mileage to gain financial benefits or conceal the actual mileage is prohibited in Poland and punishable from May 2019, this phenomenon still occurs. Moreover, cars can have the odometer rolled back, e.g. back in Germany or before registration in the country.

Where does the lemon car market come from?

„The lemon car” (also called “trap car,” or “mine car” is a new or used vehicle with hidden defects (which may arise as early as in the factory or during production planning). Defective or poorly conditioned vehicles are purchased by the buyer who is unaware of their actual condition, e.g. a car may be sold with mechanical problems, discrepancies in odometer reading, with hidden accident history or after repairs carried out against the manufacturer's recommendations. The removal of economic, mechanical or legal defects overshadows the selling price and the car value. Moreover, the vehicle may be sold with irreversible maintenance issues that are likely to render it immobile and unusable shortly after purchase. Consequently, the expected return on

investment for the „lemon car” is not even close. Investing in lemons can involve economic factors, financial fraud, poor money management or just plain bad luck. The term was used by Volkswagen in a 1960 US Beetle commercial and referred to a situation where Hans and Gruber inspected a car and when there were problems with it, fixed them in the factory („We pluck the lemons, you get the plums”).

The phenomenon of lemon cars has deepened this year following the falling sales, which in the case of some dealerships reached several dozen per cents annually. Because of the economic situation caused by the coronavirus pandemic people with cash or loan-capable to buy a new or used car refrain from the purchase. The decline in demand, especially for new cars, deepens the recession. That, in turn, intensifies the phenomenon of „lemon cars” on the used car market, as it cuts off the supply of 3-4-year-old vehicles replaced, among others, by companies.

The consequences are severe. First of all, in many advertisements, sellers hide information about the actual technical condition from buyers. It comes to the so-called **information asymmetry, i.e. a situation in which one party to the transaction has a decisive advantage over the other - they know much more about the traded object and can use this knowledge to their advantage at the expense of the buyer.**

In the deluge of „lemon offers”, it is tough to break through with an advertisement for a good used car. That is why transparency between the seller and the buyer is so important. The used car warranty only applies to a particular market segment of relatively young cars, and it is also of limited use. However, the possibilities offered by the VIN are commonly available.

Fortunately, technology makes it possible to verify what the seller has placed in the ad. Solutions such as HistoriaPojazd.gov.pl or autoDNA.pl allow buyers to reduce the information asymmetry easily, quickly, and often free of charge. That means its end in the seller-buyer relationship and unpunished manipulation. **Some people disqualify themselves from the market because they do not include the vehicle history report or even the VIN.** Such practices are a warning signal for many buyers. The VIN may be provided by phone or e-mail, but the mere fact of hiding such elementary information may prevent the contact at all.



The study by autoDNA and SW Research confirms

Almost 67%

of the respondents who used the vehicle's VIN check are satisfied with the information

obtained. The dissatisfied ones mostly claim that the report did not contain as much information as they had expected.



Paweł Tuzinek,

President of the Automotive Market Lawyers Association

We must not forget about the legal aspect at this point. When a vehicle's sale is carried out in a non-transparent manner, there is a problem with asserting one's rights and warranty for a car with a hidden past. In this case, the provisions of the Civil Code regarding the defects of the purchased item (Art. 556 - Art. 576), i.e. the warranty may be pursued. Dishonest traders will argue that it only applies to new cars from the showroom and that they are not responsible for the hidden defects of a used car, but that is not true. They just confuse a warranty [rekojmia] with a guarantee [gwarancja]. The former applies to each sale and can also be invoked when buying a used car. The problem arises at a different point.

The vehicle was purchased, for example, from a consignment dealership as a car imported from abroad and the Polish seller is not entered as a seller, but only an intermediary. We are then dealing with the so-called the „German contract” method, that is entering a fictitious owner in the contract, which involves considerable problems with pursuing your claims in the event of severe defects in the car. We should not agree to enter a lower purchase price than the actual one on the contract, because then we risk that the tax authorities will contact us to collect the thus reduced tax with interest. The legal status of the vehicle must be beyond any doubts. Otherwise, even a used car in good technical condition should fall out of our interest.

Classified ads should include reports to ensure high-quality content. That is of paramount importance for a customer looking for a car. The website user must be sure that they do not waste time browsing dubious quality advertisements which offer vehicles that are not really suitable for resale but waiting for an unaware customer. However, the number of classifieds websites'

page views is not incidental because the customer knows what they are looking for. The intermediary's and seller's job is to make it available to him. Tools to improve the quality of offers on the market are available. The only thing missing is a change in sellers and buyers' behaviour who can verify offers using the reports.

3. Transparent car purchase and sale offers - no more hiding the truth in advertisements

Modern car sales offers must be transparent and must not lie. That's how they should stand out from hundreds or even thousands of similar ads.

The reader cannot waste time studying almost identical descriptions because they will lose their motivation to search at all. Also, some of the seekers will not take every advertisement blindfold. Those are trivial statements that can apply to any transaction online or in the real world. However, when buying a car, these rules are of great importance. After all, it is the second most important purchase in your life, right behind purchasing a flat or a house, which carries numerous consequences.

A well-chosen used car will serve you for many years without related excessive expenses, and its subsequent resale will not be problematic. Additionally, owners will want to change their cars more frequently, because the fear will disappear of the frustrating buying process, which may end with getting into proverbial deep waters. A car in poor repair will generate huge costs and

will practically be unsellable in the future. This fear effectively prevents a large part of possible customers from replacing their car with a newer one.

If a driver falls into deep water, not only will they lose money and time, but also trust in market actors, i.e. online sellers and portals that post such ads, who should take care of their quality and deliver value for users. Why should advertising sites pay attention to that?

AutoDNA, a Polish company that is a leading service provider for checking the history of a car based on the VIN, has investigated together with SW Research what online car buyers expect. **In the case of online car offers, buyers focus on the possibly broadest scope of information. As it turns out, car sales offers with complete data, including VIN, are found more reliable, and we are ready to pay more for such vehicles.**



The study by autoDNA and SW Research confirms

The most popular classifieds websites have for years been: otomoto, olx and allegro.

Also gratka.pl still enjoys a well-established position among the respondents



Przemysław Vonau
OTOMOTO.pl General Manager

OTOMOTO undertakes several initiatives to raise consumer awareness and allow them easier access to vehicle history based on the VIN. On 2 March 2020, we introduced the obligation to include the VIN in the vehicle sales adverts. It is a step towards reducing the information asymmetry effect and providing our user with the fullest possible verification of the desired car before it might be too late. Our product, educational, business and marketing activities should lead to a situation where the Seeker, using our environment, will meet all their needs quickly and efficiently. For this to happen, the process must be intuitive, precise, transparent, and convenient.

We believe that without a remarkable increase of confidence between the Seller and the Buyer, we can hardly talk about the development and improvement of the Polish „vehicle resources” quality. The second-hand market is triple the primary market; about a million used cars are imported to Poland each year, in 2020 alone, there were 850,000, which is where a tremendous change is expected.

Introducing the obligation to publish a VIN in advertisements is the first step towards increasing market transparency. That will improve the quality of the advertisements themselves, the possibility of initial verification of the vehicle from the couch, during the search stage. The next step is the automatic validation of the published VIN. It seems that the change will be online in the first half of 2021.

There is no doubt that we still have much work ahead, especially in educating the market participants. However, less than a year after the change, it can be stated that the lack of or providing a false VIN in the advertisement affects its credibility, and the market expectations are unambiguous - a mandatory VIN is a basis for an excellent offer to sell a used vehicle.

Simultaneously, most of us have experienced negative phenomena in the used car market. They included misrepresentation as to the car's actual condition, both formal and legal and technical, and providing a false or incomplete vehicle history. Why cannot customers looking for transparency get it? The answer is simple - transparency is not „convenient”. It also involves the fulfilment of specific requirements and standards, and above all, it requires the prior education of customers. In addition to the shadow market's activities, the buyers themselves, through unrealistic

expectations (e.g. expecting a 15-year-old car to be accident-free and with a mileage of less than 200,000 km), encourage the other party to the transaction to manipulate. The truth about buyers is quite painful - they prefer sweet lies to the worst truth. Poles do not want to accept the information that the car was damaged and professionally repaired - both buyers and sellers can negate even professional vehicle history reports which prove an accident in vehicle history. . It happens so though the study clearly shows that drivers are willing to pay more for ads with

verified vehicle history. The point is also that even the sellers do not know the history of the vehicle they offer. And if they do, they prefer to lie, deny and bluff rather than deliver the full knowledge of the vehicle's condition. In such a case, it should be the buyer to refer to the vehicle history report. **That is how a transparent, fair market for automotive offers is built.**

Based on the VIN, one can get much information about the vehicle of interest, including a vehicle history report - free one retrieved from state-owned resources or a chargeable one with more information from a private data provider, e.g.

autoDNA. The reports are an essential guide and shorten the process of arriving at a specific state of knowledge about a given car. However, they must not be the only basis to decide on buying. The report will not substitute a technical inspection at a car dealer or testing station but will help pre-select cars from the available offers. It is worth remembering, though, that the report itself does not constitute an unambiguous assessment of the vehicle's actual condition. However, if the seller confirms the information in it, it will make a good start for further checking of the car.



The study by autoDNA and SW Research confirms

Nearly half of the Polish drivers cannot think of buying a car found on a classifieds website without seeing the vehicle in person and taking a test drive. It should be noted that **almost 15%** of them consider the purchase of a commercial VIN report as a prerequisite.

It can therefore be assumed that the vast majority of customers who bought such a report on a previous car purchase cannot imagine future purchases without verifying the car history in this way (according to individuals who had purchased a car through an advertising service in the last three years)

4. Honest trader versus grey economy dishonest trader

Anyone can deal in selling vehicles in Poland. There are no licences, examinations or qualification certificates in this profession. Why is it so when the job requires enormous trust? A doctor, engineer or lawyer must have a university diploma, completed training, a relevant certificate, a licence or a completed demanding apprenticeship culminating in a formal examination. Meanwhile, a car trader does not even need to have secondary education or work experience. Would anybody

buy legal advice from a person without a lawyer's diploma? Would anybody like to be treated by a person without an MD degree? However, we tend to overlook this when buying a car, while buying a car is also a grave matter. Nevertheless, in this case, we have no problem being served by a person who is often casual and without the necessary background.



Maciej Szymajda

President, Association of Consignment Car Dealerships

A clear line needs to be drawn between professional dealers who sell cars with a proven history record and grey market traders who use illegal ways, such as 'the German method' transactions. In such an unfair procedure, the trader (most often without an officially registered business and not paying taxes) buys a car abroad (usually in Germany). The seller, an individual or an intermediary company, issues the sales contract or invoice for the trader. Subsequently, to evade taxes, warranty and legal defects liability (tampered odometer, accident vehicle, etc.) the vehicle is not registered in Poland. Then the dishonest trader looks for a customer in Poland to whom they will resell the car on the basis of a blank contract, falsifying information about the transaction because the contract will state that the seller is a „German”, and the contract was concluded outside Poland. Obviously, in the vast majority of cases, the „German's” data and signature are forged, which brings about possible criminal liability for the buyer, as well as risk of unpaid insurance if the car is stolen.

Professional dealers make an excellent alternative for buyers with little monies and serious competition for used car programmes offered by dealer networks. It is good news as the used car market is becoming more and more professional. Sales programmes are multiplying which offer second-hand cars with certificates and even guarantees. Selected members of the Association of Consignment Car Dealerships – who are professional dealers of used vehicle, already use the autoDNA reports. They also participate in the „Checked, not rolled back” programme.

As a result, their ads with vehicle history record 30% more interested individuals who spend over 50% more time browsing them compared to similar advertisements without such reports.

It means that customers are tired of looking for cars from unreliable sources and appreciate transparent offers.

Who is the average customer? They are usually people who are not very familiar with the market and cars. That is also what dishonest traders in the grey market exploit. People more familiar with second-hand cars are a real nightmare for traders because they will not allow to be taken in so easily by a car with an uninteresting history.

Both buyers and sellers can count on autoDNA, a provider of vehicle history reports that contribute to greater market transparency.



1. Highlighting the offer
among many similar ads



2. Saving time



3. Protection
against the purchase
of a lemon car

Using these relatively simple solutions increases market efficiency, improves the quality of products, and pushes up the prices of good products. In conclusion, modern digital tools make the market more transparent, of better quality and more accessible, as they unlock a large number of offers attractive to both parties to the transaction.

5. The COVID-19 pandemic in the perspective of the automotive market

2020 may turn out to be a breakthrough year not only due to the coronavirus pandemic. The used car market in Poland was temporarily short of breath in the spring, but it quickly recovered in the summer. What is more important, however, is that the pandemic is accelerating changes that

could have been observed before. In the current situation, the study conducted by SW Research commissioned by autoDNA could not miss a part on the COVID-19 pandemic. The focus was to check the impact of the coronavirus-related restrictions on the habits of Polish drivers.



The study by autoDNA and SW Research confirms

The outbreak of the COVID-19 pandemic reduced the interest of Polish drivers in online classifieds websites (60% during the epidemic vs 90% ever). Nevertheless,

only a 25% that the epidemic

has changed their habits related to watching cars on the Internet and the possible process of buying a car

For more than half of Polish drivers the epidemic has not changed the frequency of using their cars. **Almost one-fourth of them use their cars less, mainly due to the deliberate restriction of mobility both on longer and shorter distances.**

30% of people who dropped their car did so because they do not currently have to commute (they work remotely), 20% because their scope of work has decreased or they have lost their jobs. Only 18% of Polish drivers use the car more frequently.

The key reason in that case is a shift from public transport, both city and long distance, in order to reduce the risk of the viral infection.

From the point of view of the used car market, however, the changes in the car purchase process caused by the pandemic are of key importance. In that case, as much as three-fourths of drivers changed their habits in the process of buying a car. More than 1/3 of the responded indicated that the epidemic limited the number of car inspections, which is not surprising given the restrictions.

It is important that at the same time as many as 41% of drivers pay more attention to the amount of information contained in the advertisement, and 31% of them verify the condition of the vehicle based on the VIN more often than before the pandemic. That is another reason why the VIN should be included in the advertisement immediately and increase market transparency.



Mariusz Sawuła,

Board of Directors Chairman of the autoDNA owner

It shows that in 2021 we will slowly return to normal life. Therefore, it can be predicted that there will be an increase in mobility and thus growing needs in the automotive area, especially when it comes to purchasing, changing but also selling a used car. It may turn out that a large proportion of vehicles whose age exceeds or equals the average of the entire fleet of vehicles will not be suitable or will require significant investments for their further operation. That is not a groundless statement. The declines in 2020 concerned the turnover rate of used cars not only in terms of changing their owners. According to our data, over 20% decrease compared to 2019 was recorded in the number of scrapped cars, and exports of vehicles from Poland dropped by nearly 40%. Which of course indicates that the fleet of vehicles has aged. However, every Pole wants to drive a better and newer car. That is why we should expect rationalisation of expenses and, looking for less worn-out cars, also those younger in age, but with a known history. The documented history of a given vehicle is a sign that one can consciously rationalize expenses and avoid buying a lemon car, i.e. one with at least one hidden defect.

The next and the following years will see further professionalisation and digitization of the used car sales process. Sellers, including professional dealers, note that it is possible to consciously choose the cars for sale. That involves differentiating the offer depending on the preferences of customers regarding the vehicle history. Simultaneously, one can take care of the credibility of the offer, your image and customers' time. Avoiding the sale of a lemon car, i.e. one with defects, to an unaware buyer will decide the future of their business.

Summary

For several decades, along with the mass import of used cars, we have been observing how the traditional car market has moved to the Internet, which today dominates when it comes to the way of putting up a car for sale. Along with this, the dark side of the used car market (gray zone) moved to the web and, just like on the car mart, across unfair sales offers can be encountered. Some information is hidden from them on purpose, and as a result, due to poor communication, hardly anyone wants to buy such cars. That is a negative phenomenon for both sellers and buyers of used cars.

Although the car secondary market in Poland

is systematically making up for the losses it suffered in 2020 and is returning to normal, it still has one more aspect to improve. It's all about transparency, or rather its shortage. The coronavirus pandemic is accelerating the changes that were anyway inevitable - an increasing part of the car buying and selling process goes online. Modern vehicle history verification tools help minimize the risk of buying a used vehicle, but will never eliminate it. They certainly allow you to sift the market and separate the lemon cars from the rest. And so little is enough - an apparently ordinary VIN allows you to check the vehicle history on autoDNA.pl.

Guests appearing in the report



Report prepared by



Based on research by



Methodological note about the research

The research was conducted in September 2020 by SW RESEARCH agency using the online interview method (CAWI) on the SW Panel internet panel. The survey involved 1,000 questionnaires, the research sample was designed to map by gender, age and size of place of residence the population of Polish B category driving licence holders. The research questionnaire was prepared by SW RESEARCH agency based on questions provided by [autoDNA](#).



A leader of online panel research in Poland. The company has carried out research projects for over 300 clients. They included research agencies, media houses, public institutions, FMCG sector and non-profit organisations. SW Research's survey results and reports are published in the largest national media, including Newsweek, Gazeta Wyborcza, Rzeczpospolita and Polsat Reports

autoDNA

The autoDNA service is one of the largest in Poland and Europe offering the possibility to check vehicle history online. autoDNA reports provide information on used vehicles and their history. The service offers both own products and those by the world's largest suppliers of services and information for the automotive industry. Thanks to us, many customers have been spared from buying a vehicle with unknown history or accident records.



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Glossary

[autoDNA Blog](#) - a hub of information and news on automotive topics

[VIN-Checker](#) - a web application that allows decoding the information contained in the vehicle VIN. Depending on its operation, the VIN decoder may return a different amount of information about the checked vehicle. Also, the presentation form may vary. Most often, they are available online. There are several VIN decoders available on the Polish market, operating both commercially and free of charge

[HistoriaPojazdu.gov.pl](#) - a Polish government e-service for citizens and entrepreneurs with on-line presentation of data from the Central Vehicle Register in the form of free vehicle history reports

[Vehicle history](#) - The vehicle history is an up-to-date and concise report on the life cycle of a vehicle. It begins with the vehicle manufacture and ends when it is scrapped/dismantled. The vehicle history is usually presented in a synthetic form with dates and related facts. The facts are events (sequence of changes) which happened at a specific location and time in the past. One of the most important elements a vehicle buyer should become acquainted with

[VIN](#) - the. Vehicle Identification Number is a set of seventeen characters that identifies a specific vehicle and is its unique number. The VIN is the vehicle's code like the DNA is for humans. The number is assigned by the vehicle manufacturer and identifies the make, model, and manufacture year as well as the vehicle's history and other technical data. It is used for all vehicle types (cars, trucks, trailers, buses, motorbikes, mopeds). The VIN system is consistent with the international standard ISO 3779-1983 and has been in use since the 1980s. It has been accepted by the majority of countries and is used by leading vehicle manufacturers. The VIN uniquely identifies any vehicle manufactured in the world over the last forty year.

[autoDNA reports](#) - a commercial e-service offered to automotive market actors containing vehicle history generated based on data and information from thousands of credible and reliable sources. Reports are developed based on autoDNA knowledge and proprietary business rules. The right choice of the report will present the exact history of the vehicle and avoid costly disappointments

[„Lemon car”](#) - a new or used vehicle that has hidden defects (which may have arisen at the factory or during its operation). Defective, unprofessionally rebuilt or poorly conditioned vehicles are bought and sold by the buyer without prior knowledge of their history. For example, a car may be traded with mechanical problems, discrepancies in odometer readings, a hidden accident history, or repairs not carried out per the manufacturer's recommendations

[VIN check](#) - the process of verifying the VIN. There are several ways to check the VIN. Checking this number with the dealer costs nothing, and its verification in the autoDNA database is a small expense that can save you from buying a „lemon car”

[„Checked, not rolled back”](#) - a campaign by honest used-car dealers offering sections „For Customers”, „For Dealers”, „For Law Enforcement” and a map of where to buy a car with guaranteed mileage



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