

SPOTLIGHT
ON

RUNNING A MODERN DEALERSHIP

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WELCOME

The complexity of running a modern dealership can be misunderstood easily by people looking in on our industry. Any general manager has so many plates to spin, and they must foster a talented team that they can rely on to not just do the basics well, but to sprinkle some magic on top that customers can notice.

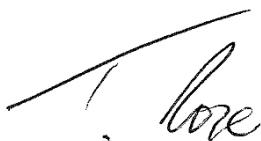
Several of the automotive retail managers *AM* is close to have reported that the marketplace in 2023 is steadily returning to relative normality after such unusual conditions from 2020 to 2022. Nevertheless, this normality now includes the drive to find customers for an increasing supply of electric vehicles, and the need to source used cars from all channels and market them carefully.

And, of course, there are the desires to delight consumers with an omnichannel experience and to hold on to decent margins after a couple of years of strong profitability.

The expectations of both the customer and the business's stakeholders must be achieved to the optimum level.

In this special digital publication, a number of industry experts, prominent suppliers and franchised dealers have shared their insights into the major aspects required in running a modern dealership.

I hope you find their contributions useful across your own motor retail operation.



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Steps to success with used

Demand for used cars has been on an upwards trajectory since COVID-19 struck but 54% of dealers feel stock quality is worsening. [Matt de Prez](#) reports

Demand is up, supply is down, prices – both wholesale and retail – are through the roof and the way consumers want to transact is rapidly shifting online. The used car market has changed beyond all recognition in a short space of time.

When the coronavirus pandemic hit, new car sales entered a landslide. In 2020, there were 700,000 fewer new cars sold than in 2019 and that trend is yet to recover.

It means, for dealers, that the availability of good quality three-year-old stock is limited and will continue to be so for the next few years, at least.

With new cars in short supply during the pandemic, dealers rapidly shifted their focus to used models. Combined with the high level of demand from buyers, prices for used cars have been on a continual growth trajectory and have delivered strong margins for retailers.

According to the latest data from the Auto Trader Retail Price Index the average price

of a used car increased 2.8% last month alone to £17,815, making May the 38th consecutive month of year-on-year (YoY) retail price growth.

Auto Trader director of data and insight, Richard Walker, says: "The used car market remains extremely buoyant, as, despite growing pressure on household finances, we continue to see car buying demand on our marketplace well ahead of last year.

"With no imminent change to the current market dynamics, we can expect used car prices to stay strong for the foreseeable future, which should help retailers maintain robust margins."

Society of Motor Manufacturers and Traders (SMMT) data shows that 6.89 million used cars were sold in 2022. It represents a fall of 8.5% on 2021, reflecting the impact of the stock shortage.

Cox Automotive predicts the UK used car market will see almost 7.1 million transactions during 2023, a 3.2% YoY improvement. Q2 is expected to deliver 1.83 million transactions, while Q3 is predicted to be close to

1.9 million. Philip Nothard, Cox Automotive UK insight and strategy director, says: "We've reviewed all the relevant data points and remain confident in our existing forecasts. It would be understandable to look at what's happening with new registrations and conclude that this performance will naturally translate over to the used market.

"Still, we must remember that most of today's new vehicles will not be seen in the used market until 2026, and possibly longer still if predictions of fleets and private buyers retaining vehicles for longer prove accurate.

"We must also remember that the used market continues to be impacted by huge volume lost over the past three years; some 42 million fewer vehicles were made globally in this period compared with the previous three years. This equates to 2.3 million vehicles that should have entered the UK's used market around now, but never did. Nevertheless, the fact that we're looking at completing more than seven million used car transactions this year is a positive position to be in."

SOURCING STOCK

An overwhelming majority of car retailers (84%) say the availability of used car stock is their biggest concern, according to research carried out by Startline Motor Finance.

This is the highest level since its monthly

Part-exchanges that might have previously gone to the wholesale market are being retained by dealers for their own lots



car sales

survey began 13 months ago, with the previous high of 77% recorded in July 2022.

More than half of dealers (54%) say the general condition of stock is “worsening” and 41% that the cars they are retailing are getting older, while 39% are looking for new sources of stock.

No dealers in the research reported that stock is getting younger and just 2% claimed that condition is improving.

More than a quarter (26%) of those surveyed also say some types of vehicles are in improved supply but, conversely, 24% reported that availability of others is getting worse. Overall, 57% say that the situation remains poor.

Paul Burgess, Startline Motor Finance chief executive, explains: “Demand in the used car market remains really quite strong, despite the cost-of-living crisis and other economic difficulties, while new car supply remains well below historic levels, even though it is slowly improving.

“What this means is that the stock supply situation isn’t really getting any better for dealers and, in some key respects, is worse, with retailers having to sell cars that are continuing to age and in worsening condition.

“While more than a third of dealers report that they are looking for new sources of stock, there are no easy solutions. New car

production is unlikely to suddenly ramp up while consumer demand gives every impression that it will stay pretty resilient.”

Because of current shortages, particularly in one-to-three-year-old vehicles, retailers are increasingly having to look to other channels to find the vehicles they want.

Among the most popular channels is part-exchange, direct from consumers and auctions, a recent Cox Automotive survey has found.


The best and most competitively priced stock is ultimately that which is self-generated by the dealer, such as through part-exchange or their own car-buying service.

Half of dealers are increasing the volume of part-exchanges they retain for retailing that would normally have gone to the wholesale market, according to the Cox study.

It also means cars can be properly assessed prior to purchase, without the need for a condition report by a third party.

Umesh Samani, chairman of the Independent Motor Dealers Association (IMDA) and owner of Specialist Cars Stoke, says: “I buy all my cars directly from private owners or from trusted trade contacts. The cars are higher quality.

“A lot of dealers are guilty of giving away cars by not looking at part exchanges.”

In a bid to meet changing consumer 

ADVERTISING FEATURE



By Anthony Gaskell
Managing Director, EMEA

In the era of modern technology, car dealerships have the opportunity to leverage various tools and techniques to enhance their online presence and operate their sites more effectively.

Embracing these advancements can lead to increased sales, improved customer satisfaction and streamlined operations. It’s win-win, but it needs to be done properly.

I’m sure readers familiar with myself and Reputation will expect a scalable focus on reviews, customer feedback and overall CX to be my first suggestion. And it is! But there’s so much more to CX than just feedback.

Think about the customer journey. In nearly every single instance, it will begin online. A user-friendly website is crucial.

Car dealerships should invest in responsive design, ensuring their site is accessible and optimised for mobile devices. But also features like integrating advanced search and filtering options allows customers to easily find the vehicles they are interested in.

Next, leveraging virtual reality (VR) and augmented reality (AR) can revolutionise the car-buying experience. Customers can virtually explore vehicles, view interiors and even take test drives – all from the comfort of their homes.

This technology reduces the need for physical showroom visits and accelerates the decision-making process.

Furthermore, utilising customer relationship management (CRM) software can help dealerships manage leads, track customer interactions and personalise communication. Automated chatbots can provide instant customer support and answer frequently asked questions.

By embracing modern technology, car dealerships can create a more efficient and engaging online platform, enhancing the overall customer experience and driving sales growth.

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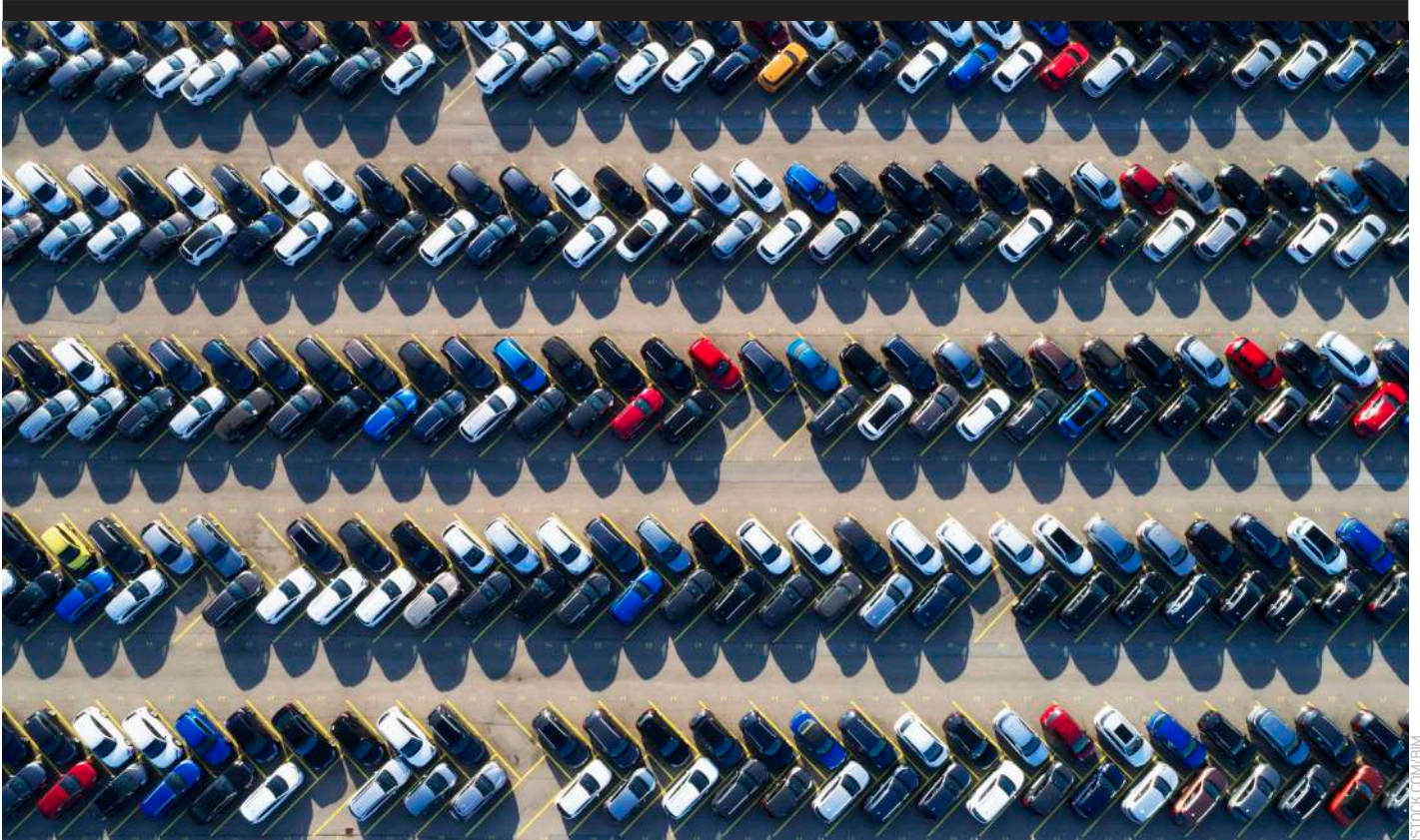
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behaviour and demand, many retailers have also changed their stock profile, but without losing sight of their core customer base. That often means trying to source alternative brands, models and fuel types or buying cars to order.

Auction house Aston Barclay has seen an increase in the number of dealers buying specific high value cars to order, while opting to keep lower value models in stock.

Nick Thompson, Aston Barclay director of sales, says: "Dependent on age and mileage these premium cars, particularly the 4x4s and SUVs, can cost more than £50,000, which is why dealers are generally relying on auctions each time they have a customer order. That makes sound business sense, especially now many used cars are twice as expensive as they were pre-COVID."

"The hike in prices means some dealers are stocking fewer used cars which has meant focusing more attention on speed of sale to ensure their forecourts retain healthy sales and profitability."

ADAPTING TO CHANGING CONSUMER BEHAVIOUR

When it comes to trading-in, most car owners say they will use the franchised dealer they plan to buy their next car from to get a part-exchange valuation.

But, in practice, many end up selling to specialist buying platforms – if they find a better price online.

Research by JudgeService reveals a steep rise in the proportion of car purchasing transactions without part-exchanges, increasing from 42% in May 2018 to 58% in March 2023.

When asked where they are most likely to get part-exchange valuations from, nearly two-thirds (62%) of owners cited the dealer they are planning to buy from, with only 15% planning to use a specialist online car-buying platform.

However, when asked where they would look online for a part-exchange value nearly half (46%) named Webuyanycar, followed by Auto Trader (26%) and Motorway (14%).

Dealer websites came fourth on the list with just 13% of owners saying they would visit one for a valuation.

The research reveals just how big an impact specialist online car-buying services are having on dealer part-exchange volumes, at a time when used cars are in short supply.

Stuart Saunders, founder and managing director of Urban Car Company, agrees there has been a shift in the way the public values its cars.

He explains: "People used to look at the prices of similar cars on forecourts. They were, effectively, working from a retail price backwards. Now they go to Webuyanycar and work from that figure upwards."

"The online services are setting a new base level. If we offer a few hundred more, it's easy. The hard work is already done."

Neil Addley, JudgeService managing director, adds: "Many dealers risk scoring own goals by subconsciously undervaluing part-exchanges in the hope of boosting margin. It's time to realise the old motor trade practice of trying to 'nick the PX' has been negated by the emergence of digital disruptors with deep marketing pockets

Auctions are proving a popular channel with dealers seeking to fill specific orders



MANY DEALERS RISK SCORING OWN GOALS BY SUBCONSCIOUSLY UNDERVALUING PART-EXCHANGES IN THE HOPE OF BOOSTING MARGIN

**NEIL ADDLEY
JUDGESERVICE**

who have become household names, making them attractive alternatives to customers.

"When pricing part-exchanges, sales teams need to be trained to factor in the best possible outcomes for their customers, especially when it comes to valuing cars that would be desirable for their forecourts."

JudgeService also believes franchised dealers have opportunities to retain more part-exchanges by making it easier and more convenient for customers by offering online trade-in tools and by actively marketing their buying services through social and digital channels.

ONLINE SALES

While online classifieds have played an important role in sale of used cars for more than a decade, it's hard to ignore the rise in online transactions. Since the pandemic, many dealers evolved their businesses to support a more digital buying journey and this also led to the rise of new market disruptors, offering cars wholly online with no physical sites.

With buying habits moving in an inevitable online direction, Regit founder and chief executive Chris Ashton-Green thinks automotive retailers need to think seriously about the digital experience they offer.

He says: "It goes without saying that a brand presence online is key."

"But simply building a website and hoping it wins business could work against you. A poorly functioning site could be worse than having none at all. That's because 75% of those we surveyed said the quality of a website would influence their



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Decision, with almost half of those saying it would significantly influence their decision.

"And with 92% expecting to be able to search available stock, three-in-four wanting to see high quality photos and almost half expecting to see a video walk-around, it's clear that those who invest online to win over the customer through that initial impression phase will give themselves a much better chance of securing business."

With improvements to technology and the current generation's coming of age (as car buyers) considered, Ashton-Green believes half of car buyers in the UK will be happy to reserve or buy solely online in as little as five years' time.

It's not the only way forward, however.

He adds: "There are numerous questions and considerations involved in a car purchase meaning, for many, visiting forecourts will always be essential – even if they're happy to reserve online.

"It's here where technology and 'real life'; need to hold hands. It's essential for retailers to make good use of data and technology so that when the consumer arrives for a look around or a test drive, the dealer knows their essential details, what car they like the look of and what they're expecting to be able to do."

DATA, DATA, DATA AND MORE DATA

Data has transformed the modern dealership by providing insight and invaluable analysis across a retailer's business. In the used car market, which is becoming ever-more volatile, data, arguably, has an even larger role to play.

When data isn't shared between systems in real-time, selling channels can quickly become out of sync, resulting in inconsistencies in key details, as well as incorrectly advertising vehicles that are either no longer in stock or have already been sold. These inconsistencies or errors are often the result of retailers having to manually update and rekey the same detail across multiple systems.

Real-time connectivity enables retailers to be able to respond in an exceptionally fast-moving retail market. Dealer management systems (DMSs) typically rely on data feeds which run at limited times of the day. Whether they want to make price adjustments, amend a mistake or to remove a vehicle once it's been sold, retailers often have to wait hours before their feeds are updated, potentially resulting in frustrated consumers, missed sales opportunities and reduced margins.

Data can be used to power a dealer's stocking and pricing strategy, by analysing real-time trends to ensure the right cars are for sale in the right locations and at the right time.

Auto Trader UK client development director Paul Keatley says retailers are leaving profit behind because the market is so volatile.

He explains: "There are retailers out there that are pricing vehicles below market value from day one. Profit is being left on the table where retailers are coming to market not using data."

Despite the strong price growth in the used car market, retailers missed out on nearly £25.5 million in potential profit in March alone by pricing their stock below its

More consumers are happy to go online when seeking to make a purchase

true market value. Auto Trader's data shows that a little more than half (7,700) of its circa 15,000 retailer partners advertised cars below their current value, with each retailer leaving an average of £3,300 in potential profits on the table as a result.

By analysing market trends, dealers can ensure their cars are priced correctly from day one and minimise the days to sell.

Auto Trader launched its Retail Rating five years ago, which is a metric that looks at the vehicles sold in the previous 28 days. Each car is given a rating from 1-100, based on the number of people searching for that vehicle, competition, supply vs demand and the speed of sale. That gives an indication of how desirable the vehicle is in a 50-mile radius. Cars with a high rating should be priced above market value and should generate significant demand. Those with a low rating take longer to sell and require the largest price reduction.

Michael Bell, CEO of AvailableCar, says: "Letting the data drive your decisions allows you to have the best stock turn that you can. It's not about racing to the bottom. It's about trying to maximise the desirable product. But, if it is a lower rating car, it has to spin quicker. That doesn't mean it's a bad car, it will still spin within a correct stock turn so long as you price it correctly.

"As an industry, we're horrific at pricing that best possible stock in its best possible margin at the best possible time.

"If you follow a strategy and allow it to flow in automation the market will shift and your price will follow that. That is up and down. We are great at pricing down, but awful at pricing up."

“



WE'RE HORRIFIC AT PRICING THAT BEST POSSIBLE STOCK IN ITS BEST POSSIBLE MARGIN AT THE BEST POSSIBLE TIME

MICHAEL BELL, AVAILABLECAR

A smart way to get on the EV ladder

Demand for electric vehicles (EVs) and battery electric vehicles (BEVs) continues to increase steadily in spite of UK new car sales hitting a 30-year low in 2022, rising to a 16.6% market share. The used car market is also gaining speed following three successive quarters of decline, growing 4.1% in the first quarter of 2023. BEVs are playing a major role here, with transactions rising 56.5% in early 2023.

But despite this steady rise in EV and BEV sales, there are clear signs that customers remain hesitant about used EVs – internal combustion engine (ICE) vehicles still made up 95% of the used car market during this time. To help you address this hesitation and ensure customers can consider all the options when choosing their next car, we're sharing three key benefits of buying a used EV.

EVs cost less to run than ICE vehicles

EVs cost 23% less to run than petrol vehicles on average. BEVs tend to have fewer moving parts and require fewer oils than traditionally fuelled engines, reducing maintenance requirements and running costs. Other parts, like the braking system, naturally last longer thanks to innovations like regenerative braking.

Battery warranties show reliability

Nobody knows for certain how long EV batteries last, but evidence so far suggests it's around ten years and 150,000 miles. Most manufacturers set warranties at around eight years and 100,000 miles to reflect this, which far exceeds the cover offered on other car parts. These warranties usually guarantee a minimum of 70% of battery capacity (and therefore range) at the end of the cover period. But although warranties are generous, manufacturers attach conditions to cover areas like misuse or abuse of the battery just as they do with components in ICE vehicles. Customers should always follow best-practice advice for driving EVs so they don't risk voiding their warranty.

Charging-point planning can help with range anxiety

According to data from Zapmap, there are now more EV charging locations in the UK than there are petrol stations, with 24,909 charging locations (containing 42,000+ charging points) vs 8,300 petrol stations. Although not all charging points are suitable for all EVs, a simple shift in behaviour to plan journeys in advance can significantly reduce any risks around range limitation in EVs. Customers should check on the type of EV charging points along their route to make sure they're stopping at the right one, make sure they have the right payment method (some are cashless, some contactless-only), and factor charging time into their overall journey plan.

"At Black Horse, we're wholly committed to proving and sharing the potential of used EVs with dealers and customers. That's why we're supporting this year's EV Rally, which will show off both the power of the UK's charging infrastructure and the latest innovations in electric car technology."

Tim Smith,
Head of Motor Finance

Find out how we're supporting dealers to guide customers through the transition to electric:
www.blackhorse.co.uk/dealer/why



Discover the potential of used electric vehicles

There's never been a better time to choose a used electric vehicle (EV): rapid charging infrastructure is coming, batteries are improving fast, and EVs still enjoy tax benefits. But some customers are hesitating. Help address their concerns with support from Black Horse.

Learn why it's a good time to buy electric: www.blackhorse.co.uk/home/green-driving-hub/good-time-to-buy-electric-vehicle

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Why retailers must focus on opening relationships that do more than close sales.

The automotive industry is undergoing a transformative phase, driven by new entrants, increased adoption of electric vehicles (EVs), uncertainty surrounding the agency model, and the emergence of new car ownership models.

Amidst these waves of change, one of the most fundamental challenges to overcome is the steady erosion of customer loyalty.

Consumer behaviour and expectations have evolved – retailers and OEMs need to adapt and stay relevant to modern demands.

Today's consumers want more than just a product; shifting retailers away from simply closing a deal, to opening and nurturing relationships that deliver value - before and after they purchase a vehicle.

Waves of change...

HABITS

With new entrants and ownership models presenting a persistent threat, and most new vehicle discovery now happening entirely online, traditional sales models lack the online prowess needed to capture, convert, and connect with the digital-native consumer.

60%

of car buyers under the age of 45 are interested in contactless sales and services.

McKinsey, 2021

EXPECTATIONS

Expectations around convenience, responsiveness, and personalisation have changed. To stay relevant, retailers must leverage connected data to unlock insights that make it easy to provide timely, relevant propositions that spark valuable engagements.

72%

of consumers claim to only engage with personalised messaging.

Affinitiv, 2022

PRIORITIES

The cost-of-living crisis and rising inflation have changed consumer buying habits. People prioritise value and customer service, emphasising the importance of adopting an Experience-First approach to unlock sustained success, growth, and lasting loyalty.

71%

of consumers say they'd increase annual spend on aftersales if the experience improved.

Accenture, 2021



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Tom Kilroy

Tom Kilroy
CEO, Keyloop



The EV opportunity will quickly dominate

Modern automotive retailers must prepare for mass EV adoption and find ways to support customers. **Tim Rose** reports

Successful motor retailers will be those which steadily adapt to the changes that widespread adoption of electric vehicles (EVs) will bring to their traditional business model.

The UK Government is sticking with its ban on the sale of new internal combustion engine (ICE) cars and vans from 2030, ruling out "expensive" e-fuels as an alternative.

It has also launched a consultation on its plans for a zero-emission vehicle (ZEV) mandate and committed almost £400 million to improving the EV charging network.

The ZEV mandate will force manufacturers to sell a certain proportion of EVs in the lead up to 2030.

In 2024, these targets will be 22% for cars and 10% for vans, increasing incrementally to 80% and 70%, respectively, by in 2030.

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders (SMMT), tells *AM* that a growing choice of EVs won't be enough to reach Government aims if the UK doesn't get more incentives for private buyers and charger investment doesn't accelerate.

The SMMT proudly celebrates that the number of different battery electric vehicles (BEVs) has risen in five years from 20 to

more than 110 in 2023, and that models launched this year are capable of an average range nearing 300 miles per full charge.

But Hawes highlights that the ZEV mandate, set to come in on January 1, 2024, demands significant growth in pure EV sales at a time when consumers' budgets are being squeezed by inflation effects.

Currently around 17% of new cars are EVs, after two years of strong increases, however growth has stalled in 2023, and used EV values have taken a significant hit.

"It is a major challenge to the industry. We can put products into the market, but we can't compel people to buy them," says Hawes.

While companies and business drivers have tax benefits from EV usage, the retail customer – which represents roughly half of the market – is left out. Hawes adds: "What's the incentive for the private buyer?"

He wants to see increased support for EV sales, whether that means fiscal benefits, money "on the bonnet" from manufacturers, or other mechanisms, and the SMMT wants investment in charging infrastructure to happen more rapidly – with a Government mandate for an accelerated charging plan to increase drivers' confidence.

"The danger is that the user experience

might get worse before it gets better," Hawes says.

Within the latest launches, some new EVs are available with ranges in excess of 450 miles. The average range for all available electric cars, including those models launched in recent years, is now 236 miles.

Many franchised dealers have been keen to control their own investment in EV sales and aftersales training and charging facilities to not race ahead of demand.

Hawes says dealers must be the authority on EVs that the consumer needs. "The key thing is that the experience and insight and education is adequate. I think genuinely it is, but it's going to be increasingly in demand as even more people need to have conversations, so they must make sure the training is up to date and they have the products."

AM100 dealer group Arnold Clark was incentivising sales of a pre-registered or used EV up to June 30 with the offer of a free home charger and installation.

The dealer group says the offer is worth £929 and includes an untethered EVEC smart charger installed by Arnold Clark's own EV charge point installation business Bumblebee. It acquired Bumblebee earlier this year for £2.5m.

The group has its own specialist EV Innovation Centres in Glasgow and Stratford to educate consumers and allow them to experience a range of electric cars.

Arnold Clark is investing £23m in 

22%
the proportion of electric cars manufacturers must sell next year

EV rapid chargers at its dealerships in a bid to create an Arnold Clark charge network that addresses motorists' EV anxiety.

In an exclusive interview with *AM*, chief executive Eddie Hawthorne revealed that the first delivery of around 560 150kW rapid charge points are due to arrive in the UK ahead of their installation of four-to-eight charge points at 80 dealership locations spanning the UK.

Access to the network will be 24/7, where possible, with charge point sessions booked via the Arnold Clark app and out-of-hours site access granted via a ANPR-activated barrier system.

"One of the things we have learned from our EV Innovation Centres is that people are becoming more and more educated towards EVs. The problem for people considering making the switch isn't range anxiety, but charging anxiety," he says.

Alluding to the strict new EV sales quotas that are likely to be ushered in by the ZEV mandate, Hawthorne adds: "It's not as though we're swimming against the tide with any of this.

"If OEMs are going to be compelled to sell 22% of their vehicles as EVs next year then we need to start removing the obstacles customers are facing – and quickly."

Fellow AM100 group Lookers has partnered with energy and infrastructure business Egg to expand its EV charging across its network.

Egg will help roll out a variety of 7kWh AC units and 150kWh DC rapid chargers across the group's dealerships and 30 car manufacturer brands, including all-electric companies such as Ora, BYD and Polestar.

Duncan McPhee, Lookers' chief operations



THE PROBLEM FOR PEOPLE CONSIDERING MAKING THE SWITCH ISN'T RANGE ANXIETY, BUT CHARGING ANXIETY

EDDIE HAWTHORNE, ARNOLD CLARK

director, says the partnership with Egg would help support customers make a "seamless and confident transition towards an all-electric, sustainable driving future".

He says: "Customers making the switch to EV will be backed by the best advice and expertise and unrivalled choice and value – all underpinned by world class, customer-ready EV infrastructure available right across our network."

USED EVs

Philip Nothard, Vehicle Remarketing Association (VRA) chair and Cox Automotive director of insight, fears that without an efficient and properly functioning EV service, logistics, storage and remarketing business model to support the volumes of electric cars and vans about to enter the used market, massive volatility of the market will be here to stay.

"We're at an odd moment in the electrification process of the used market. Everyone talks about the issue all the time, but the actual volumes remain small. It's kind of a phoney war before battle commences. However, that is going to change very quickly."

New SMMT figures show that BEVs and hybrids of all kinds now account for more than a third of domestic production and at some point soon, large numbers of electric company cars bought over the past couple of years will start to hit the used sector.

Nothard says the remarketing sector will need to gear up very quickly to support this change. That means everything from logistics companies working out how to deliver EVs fully charged through to valuation experts pondering the impact of battery degradation on used values.

Many of the questions arising don't have simple answers.

Nothard says: "There has so far been surprisingly little general recognition of the role that remarketing is going to play in the EV transition, but it should be very much at the top of the agenda.

"Without the investments we are making and the new knowledge we are accumulating, there is no used sector for EVs. And without an expert used sector, effectively new sales become unviable.

"What we'd like to see is more support provided to the sector in terms of an understanding of the role that we are playing in this transition and an understanding of exactly how difficult that process can be.

"Remarketing EVs is not business-as-usual. It marks a fundamental shift in almost everything we do."

A wider problem, Nothard says, and one beyond the control of the remarketing sector, is that the crash in used EV values in recent months shows there is currently limited demand for these vehicles.

Nothard says: "Despite the fact that hundreds of thousands of vehicles will be making their way into the remarketing cycle over the next couple of years, there are few





26%
reduction in
labour time
required on EVs

signs that consumer appetite for EVs is growing at a corresponding rate, leaving a probable and perhaps dramatic mismatch between supply and demand.

"We're repeating a call that we made earlier this year around the time of the Budget, and which has since been repeated by other organisations, for the Government to consider interventions into the used sector to support the viability of EVs."

The action taken could take a number of forms designed to make buying an EV appear to be a realistic purchase for everyday used car and van buyers.

Potential support falls into three areas – practicality, pricing and security.

Practicality means a "massive increase" in investment in both home and public charging, allowing drivers to access charging where and when they need it with the minimum of difficulty.

Pricing could be helped by offering buyers subsidies and low cost loans.

Finally, security refers to some kind of guarantee over battery life. Nothard says: "It is becoming common knowledge across the motor industry that battery degradation is rarely an issue, but consumers are clearly still deeply worried about this area. Some kind of guarantee needs to be provided to overcome those fears."

How long Government support would be needed is unclear, he says, but it would probably be required in some form until EVs became the dominant element of the used market.

Nothard concludes: "The Government and the remarketing sector need to handhold a large number of used car and van buyers through their first electric purchase, helping them to overcome the range of issues that many are encountering and allay the fears many are expressing."

Cap HPI director of valuations Derren Martin says the well-reported drop in EV residual values in 2023 has made used models more affordable for consumers who have been considering moving into electric motoring. He says: "Premium EVs have been hit far harder by the recent value movements and the result is that buyers can afford to be more aspirational, and perhaps get more for their money, than they had expected might be the case."

AFTERSALES

Modern dealerships must also be prepared to adapt their aftersales practices as the parc of EVs grows. For some, service intervals have increased and the wear of components is different to ICE vehicles.

Almost 10% of service, maintenance and repair (SMR) jobs carried out by Fleet Assist's network of 5,000 franchised and independent workshops in 2022 were on BEVs, and it found the average cost of BEV maintenance in 2022 was £171, some 40% lower than all other vehicle types including ICE and hybrid (£243).

This is caused by average labour time being 33% less, using a 51% cheaper basket of parts, a 26% reduction in labour time and 39% cheaper fluids being used during their maintenance.

Vincent St Claire, managing director of Fleet Assist, says the UK garage network faces significant changes ahead. Margins could be reduced due to work content being lower in labour terms, and on fluids and with fewer parts required.

"Garages need to start preparing for the future, but simply looking at labour rates to mitigate the challenges is a blunt instrument. What is required is a paradigm shift in service delivery to ensure revenues and margins are protected, offering value and high levels of service to customers with reduced lead times and improved turnaround times to minimise vehicle downtime."

He says it is still early days and as time



“IT (THE STALLING OF EV SALES GROWTH) IS A MAJOR CHALLENGE TO THE INDUSTRY. WE CAN PUT PRODUCTS INTO THE MARKET, BUT WE CAN'T COMPEL PEOPLE TO BUY THEM

MIKE HAWES, SMMT

goes by the comparative SMR numbers are bound to change based on average mileages, replacement cycles and vehicle reliability patterns starting to shape up.

There may be a demand to diagnose and record the "state of health" capacity of a battery throughout the life of the vehicle.

"Anecdotally, we believe currently that some EVs are seeing higher degrees of warranty work around software updates than the ICE equivalent."

St Claire says some workshops have launched their own mobile service business which visits the driver at home or at work and conducts basic servicing remotely which then frees up their workshops for larger, more substantial work. Innovation will be important in the years ahead, as there is a strong possibility that EVs will potentially cause excess capacity within the vehicle repair network so more garages will be chasing less work.

"We know franchised dealers are very resilient which was shown clearly during the recent pandemic, but for so long much of that change has focused on car sales, while service and parts remained a strong revenue pillar of their business.

"Now the microscope is on SMR they will need to make that paradigm shift and reinvent their aftersales businesses as their customers transition towards a zero-emission environment.

"Those garages that work with their customers and dare to be different in their attitudes and push the boundaries, we believe, could be the winners in the longer term."

MGS takes CRM to a new level

Providing automotive retailers and OEMs with data driven CRM products and services that manage the customer journey from enquiry to sale and throughout the vehicle ownership cycle, MGS (Marque Group Solutions) is expanding its portfolio with the launch of new products this summer. Working with more than a third of the UK's franchised retailer network and six OEMs, its CRM solutions include integration of data management, cleansing, lead aggregation, automated marketing, online service booking, lead prioritisation and customer experience.

Andy Donaldson, sales director, said: "Customers are now making highly informed decisions before having direct contact with the retailer and we make sure retailers are providing the right information to give them the confidence to take the next step. **We provide precisely what a modern dealership needs - complete control of the customer lifecycle from start to finish, delivering a connected CRM experience!**

Importance of data health

MGS cemented its position as a leading automotive CRM expert with the launch of its popular free Health Check, shortlisted in the AM 2023 Awards 'best new product or service' category. In 2022, MGS undertook 115 Health Checks covering 555 franchise locations providing retailers with comprehensive insights and personalised recommendations for optimising their performance.

Across the board, MGS found that on average, retailers risk £60,000 of wasted opportunity as a result of inaccurate data. More than a quarter (27%) of DMS MOT due dates are out by 30 days or more vs DVSA and 17% of aftersales customers seen in the last three years no longer own the vehicle.

"We help retailers work smarter rather than harder," explained marketing and insight director Heather Scutchings. **"Our data-first approach gives retailers the confidence to focus on the actions that really matter, delivering efficiency, eliminating wasted spend and driving better outcomes alongside improved customer experience."**

Lead Scoring

To create efficiencies and enable retailers to deploy their teams' focus far more smartly, MGS applies lead scoring algorithms to increase conversions. MGS 360 Call Manager identifies customers most likely to make a service booking based on previous history, location to the retailer and a host of other variables. The impact of prioritisation boosts call conversion by up to 70%.

Newly launched MGS Lead Manager provides similar insights to sales teams, aggregating inbound leads and measuring customer engagement with sales campaigns through website tracking, providing a score as part of the process. Once an engagement threshold has been reached, an alert is triggered prompting the sales executive to follow-up.

Lead Manager prioritises leads and allows the retailer to engage with customers at exactly the right moment to increase likelihood of conversion. The system aggregates multiple sources of customer history and behavioural data to provide the sales executive with as much information as possible to drive conversion through compelling and meaningful conversations.



"Working in partnership with us and tailoring their approach to fit our needs, MGS provided the perfect CRM solution, enabling us to take control of conversations and prioritise calls across the customer journey."

KIERAN NIZZER Group Marketing Manager at AM award winners Holdcroft Group

MGS

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- Send highly targeted and effective prospect marketing in a few simple steps using our powerful data selection and direct marketing tools
- Track customer engagement levels with outbound marketing and measure interest through sophisticated web tracking. Prioritise your sales follow up calls based on likelihood to convert
- Automatically create 'hot leads' for highly engaged 'in-market' customers. Support your sales team to sustainably boost conversion with timely interventions
- Monitor and manage your marketing ROI - see which campaigns are generating sales. Use advanced BI reporting to track enquiry management KPIs by salesperson and department to support performance improvement

Driving better outcomes

MGS

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Is the automotive industry ready for Consumer Duty?

The Financial Conduct Authority's (FCA) Consumer Duty is a fundamental change in the expectations of firms providing products or services to consumers. It is important car retailers and manufacturers that supply financial add-on products to their customers are fully aware and compliant with the Duty before it comes into force.

There is a two-phase deadline for this:

■ First, from 31 July 2023 the Duty will apply to all new products and services, as well as all existing products and services that remain on sale or open for renewal.

■ Then a year later, from 31 July 2024, the Duty will also apply to closed products and services.

The Duty's aim is to raise the bar on how consumers are served, setting higher and clearer standards of protection across financial services (including those in the automotive industry) and requiring firms to put their customers' needs first.

Any firms selling regulated products, ranging from Warranty to GAP Insurance, Tyre and Alloy Wheel Insurance to Cosmetic Repair Insurance, need to be aware of the FCA's new expectations.

How the Consumer Duty is structured

The Consumer Principle underpins the Duty by requiring all firms to "act to deliver good outcomes for retail customers".

Then there are three cross-cutting rules establishing how firms should deliver these outcomes:

1. Act in good faith – this means honest, fair and open dealing, as well as consistency with the reasonable expectations of customers.

2. Avoid causing foreseeable harm – meaning any T&Cs, marketing, sales materials and support services must not cause any detriment to the customer.

3. Enable and support customers to pursue their financial objectives – this should be achieved through both proactive and reactive action.



Finally, there are four outcomes that act as a set of rules and guidance for the firm-to-consumer relationship. They are:

1. Products and services – they should be fit for purpose, designed to meet consumers' needs and distributed appropriately for the intended target market.

2. Price and value – the price a customer pays for a product or service must be reasonable and proportionate compared with the overall benefits.

3. Consumer understanding – information must be given at the right time and in a way that is easy to follow and understand.

4. Consumer support – support must be designed and delivered to meet customers' needs, including enabling them to understand their options and use their products as anticipated.

Is automotive ready?

The automotive industry needs to show that all products, communications and customer journeys have been reviewed and mapped out to show what good outcomes look like from a customer perspective. These include looking at

how the Duty impacts governance and accountability, management information and reporting, product design, pricing, distribution and staff training.

As an industry-leading provider of award-winning warranty and asset protection products, Car Care Plan has been working closely with its dealer and manufacturer partners along the distribution chain to ensure effective implementation of the Consumer Duty.

All customer journeys have been mapped out to ensure full compliance and the exercise has helped identify any gaps and to maintain the firm's reputation for regulatory vigilance.

Car Care Plan has also developed training sessions for all staff and is committed to providing ongoing information and updates on implementation to partners ahead of the rules coming into force in July.

Retail partners can rest assured knowing they are offering their customers fully compliant, dependable and competitive aftercare products through Car Care Plan.



Car Care Plan

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For further information on Car Care Plan, its products and services, visit www.carcareplan.com

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How to make every revenue stream count

While watched by the FCA, F&I still delivers welcome profit. **Debbie Kirlew** reports

Maintaining the traditionally strong finance and insurance (F&I) revenue stream within dealerships is even more vital in an economic climate where consumers are cautious, lead times for new cars are longer, and manufacturers are evolving their distribution models, despite May's new car registrations being up 16.7% (SMMT).

For James Tew, CEO of finance platform provider iVendi, the answer lies in technology, especially with stricter Financial Conduct Authority (FCA) Consumer Duty regulations coming into play at the end of July.

The company has been working closely with UK lenders to incorporate as much information as possible into its platform.

Tew says: "Every dealer has more than one lender and every lender has more than one product and all this needs explaining to the consumer.

"We are baking all this into our solutions to make it easier for the dealer which, in turn, makes it easier for the consumer. We are the conduit between the lender and the dealer and we make sure products are presented accurately, fairly and with absolute transparency and that the consumer can understand what has been presented."

By aggregating offers in a consistent and compliant way from a multiple lender panel makes it more straightforward for the consumer to compare and choose whether they are online or in the showroom, in turn delivering high levels of transparency and ultimately, trust, which is essential for ongoing success, according to Tew.

He adds: "We already see a greater conversion rate online when there is a wider choice of finance products."

Consumers are increasingly using eligibility-checking tools, which, says Tew, helps dealers, since, dependent on the results, they may become hot leads. Plus, consumers are much better placed to confidently transact and lenders can provide them with the most suitable products.

Tew says: "The FCA endorses the use of these tools as they don't impair a consumer's credit score. If lenders share their information on risk appetite, then we can present rates and products accordingly."

When iVendi published its latest white paper providing guidance on the Consumer Duty, it resulted in the most downloads in the shortest space of time.

Tew adds: "Lenders recognise that if dealers don't get to grips with the regulation, they will struggle to have a relationship with them going forward."

Likewise, finance provider MotoNovo Finance has been updating its technology and processes to ensure dealer partners are best placed to comply with the Consumer Duty and thereby enable dealers to continue succeeding in F&I.

The lender has helped more than 2,000 dealers and brokers across the UK to prepare by completing Distributor Readiness Assessments (DRAs) as part of its broader Distributor Support Programme.

Designed to help dealers and brokers understand and embed the substantive requirements of the duty as guided by the FCA, MotoNovo's DRAs have been delivered by its field team.

All have completed extensive training including from specialist motor, asset finance and leasing law firm Auxillias and a programme that sees all team members accredited as both got SAF (Specialist Automotive Finance) – the dedicated automotive finance professional qualification operated by the Finance & Leasing Association – and certified by the London Institute of Banking & Finance.

Commercial director Debbie McKay says: "Principally, it is about benchmarking their (dealers/brokers) current readiness and signposting tools and resources to help them make the significant shifts the regulator expects, where necessary.

"The focus of the DRA is on helping dealers/brokers understand the Consumer Duty expectations and their current state of

readiness, challenging them to address questions posed by the regulator."

Dealers and brokers should consider the duty's impact on their strategy and approach to remuneration, risk and incentive structures to ensure they drive good customer outcomes, according to McKay.

VALUE-ADDED PRODUCTS

With a large disparity between the sales volumes of value-added products (VAPs) between dealers, according to iVendi's data, F&I profits can be further fuelled with the right focus.

Dealers with a good finance penetration could improve revenue by selling more non-insured VAPs such as paint protection and insured VAPs such as GAP (Guaranteed Asset Protection), says Tew.

He adds: "There is a huge disparity between the average dealer's sales of VAP and the top end performers. We are looking at our data to determine what the average looks like compared with dealers reaching significantly higher levels of VAP sales to benchmark them for dealers."

With exact figures yet to be crunched, iVendi estimates the average deal would have £400-£500 of VAPs incorporated. But the top dealers can be as high as £1,100-£1,200 per transaction, highlighting a large opportunity to increase revenue streams.

Dealers could also consider broadening their VAP offering as EV ownership increases and the used EV market develops. An obvious area is the sale and installation of home chargers since the retailer is in the prime position to act as soon as an order is placed or a used EV purchased, Tew advises.

Not all F&I products are equal, AutoProtect warns, and dealers need to make themselves aware of the differences if they are to continue successfully selling the best products to consumers.

These differences should now be evident from the product reviews that suppliers had to provide to their dealers and brokers by April 30 to comply with the Consumer



WE ALREADY SEE A GREATER CONVERSION RATE ONLINE WHEN THERE IS A WIDER CHOICE OF FINANCE PRODUCTS

JAMES TEW
IVENDI



ISTOCK.COM/PROSTOCK-STUDIO

Duty. These had to include: details of the product and its rules; key features of the product; target market of the product; end-to-end fair value assessment, including any commissions; and how the lender or insurance provider expects to work with their dealers and brokers.

In turn, dealers and brokers had to assess whether their distribution arrangements (including any remuneration received or paid, and the distribution of any other product, for example, insurance – alongside finance products) offered fair value to the customer to comply with the Consumer Duty by its July 31 launch date.

According to YouGov research published last year, one-in-10 UK drivers had experienced their car being written off or stolen in the previous five years, but only 17% could replace their car on a like-for-like basis using their comprehensive insurance pay-out alone.

Mike Edwards, AutoProtect Group chief sales and marketing officer, says: “When it comes to GAP and other insurance products, assuming they all provide the same cover is to be avoided; they seldom do. Knowing the detail is critical for dealers and brokers to meet customer needs.

“Now is the time for dealers to reassess

their insurance product line-up because the regulator has explicitly noted that the motor finance sector is firmly on its radar, based on letters sent to lenders and brokers, including dealers, in early March.”

Edwards also highlights Personal Leasing as a perfect example of when the right GAP product is crucial. Personal Leasing/PCH is continuing to gain traction especially as monthly payments can be lower than for a comparable PCP agreement.

However, unlike PCP or HP, leasing products have a built-in end date that can be expensive to end early.

Any early termination typically means paying up all or most of the outstanding monthly payments which means a vehicle write-off risks leaving customers exposed and the suppliers at risk of losing that customer.

He adds: “Dedicated lease GAP products, such as that developed by AutoProtect Group, with its unique features, are not universally available, but it is one that all businesses providing personal leasing/PCH should have exposed to the customer.”

As dealers review their GAP product line-up, having the wrong product is a risk, according to Edwards, yet having the right tool for the job is easily arranged.

SPONSOR'S COMMENT



**By Tim Smith,
head of Black Horse
Distribution**

The year is racing by as years do, and we suddenly find ourselves starting H2... which in

my calendar is a great opportunity to reflect on how well we are looking after our customers and dealers.

We regularly measure NPS throughout the year, but our mid-year survey is a key benchmark. It not only tells us how well we are doing with implementing the system and service improvements we planned for 2023, but your feedback helps us shape what we do next.

When we ask our dealers what they need from a finance company, their answers go straight to the fundamentals – fast and reliable responses to proposals, quick pay-out times and simple-to-use systems. Plus, excellent support from Customer and Account Management teams when it's needed.

Following previous feedback, we re-platformed our processing system and invested heavily in our call centre teams to relaunch and drive our support levels forward.

The results have been excellent with big improvements in service in all of the areas we targeted, and we were rewarded with a big jump in our 2022 year-end scores.

We have looked to build on this in 2023 with a continuous simplification programme, which has systematically removed blockers and hitches that needlessly stop the flow of some daily transactions. This also creates more capacity to help you when it's really needed. Add to this the completion of our API suite which gives you the option to build “proposal to pay-out” digital journeys and we have hopefully delivered a good set of responses to your last feedback.

I'd like to finish by thanking everyone who completes our mid-year dealer survey. Your feedback is pivotal and we will continue the discipline of reporting back on what you have told us and what we did to improve things.

Everything you expect and more...

When you choose to work with Assurant, we don't just see ourselves as a supplier. It's very much a partnership, providing you with full access to our extensive global ecosystem and in-house capabilities to support continual growth and the ongoing achievement of your business goals.

Here, Business Development & Commercial Director, Damian Tyler, explains how our suite of products and solutions don't just deliver what our partners expect; but offer much, much more...



Our core capabilities provide an excellent foundation for successful partnerships

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Whether it's Warranty, GAP Insurance or Cosmetic protection products, we build tailored solutions, supported by world class technology, to meet the needs of our clients and use our insight from different markets to create a competitive edge.

We place a strong emphasis on digital first, omni-channel solutions

When it comes to tailoring our solutions, the Customer's needs are at the forefront of everything we do. That's why we invest heavily in market-leading platforms and technologies which ensure customers get a first-class experience when interacting with our products through all the channels we manage.

We never rest on our laurels when it comes to programme performance

We have a strong, long standing and proven track-record when it comes to optimising programme performance, helping our partners maximise revenue opportunities through improving attachment rates, both through online and offline distribution, whilst increasing team engagement with the products and services we provide.

A wealth of experience when it comes to delivering innovation

Back in 2020 we launched the first warranty programme designed exclusively for electric and hybrid vehicles – EV One. EV One provides us with a foundation for our global electrification strategy, allowing us to continually evolve, innovate and deliver solutions that help our partners, and their customers, thrive as connected vehicles continue to gather pace across all markets. We have recently launched a number of key enhancements to EV One, which include: battery degradation cover, SoH analysis and performance insight reporting, helping to remove barriers for consumers to switch to an electric vehicle.

Delivering a market leading experience

To ensure a best-in-class consumer experience, Assurant does not outsource any aspect of the customer journey. We are the insurer, underwriter, administrator, product manufacturer and technology provider. This means we can guarantee our partner's customers receive the experience that their brand demands; whilst being agile in innovation to ensure our clients adapt to key market trends – this is why the biggest brands around the globe trust Assurant with their customers.



To understand more, and to find out what an Assurant partnership could mean for your business, either visit [Assurant.co.uk](https://www.assurant.co.uk) or email hello@assurant.com



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SUPPLIER SPOTLIGHT

In association with... **nexuspoint**

Pointing dealers in the right direction

Digital dealer platform developers Nexus Point has launched a suite of products enabling end-to-end operational support for dealerships, independents and retail groups from one login, using a single system.

North-west based Nexus Point launched its three-pronged and fully integrated product portfolio comprising CMS, CRM and DMS, known as Apex, earlier this year which manages every aspect of automotive retailing.

Managing Director Chris Webb said: "Of course, dealers can cherry-pick from our product range and that's how the majority of our clients first came to us by opting for one product before incorporating another. But our USP is that we provide one platform with one login giving complete control of a dealership's or group's business.

"We have built a platform that we believe will come to be seen as one of the sector's best practice solutions."

More than a decade in the making, Apex incorporates everything a dealer requires to operate. It includes FCA compliance, lead generation, deal stacking, customer relationship management, and a full accounting, back-of-office solution with HMRC integrations in its DMS.

DISRUPTER

Webb added: "Nexus Point Apex is a market disrupter. It is genuinely market-leading as the dealer's website, customer management and DMS runs off one platform while integrating with other essential suppliers such as Cap HPI, Codeweavers, iVendi, Motorcheck, CitNOW and Auto Convert among others."

Nexus Point Apex has also been developed using a revolutionary payment model which makes it affordable for small independent businesses while remaining fair and competitive for large independent supermarkets and car dealer groups.

The pricing model is based on a combination of a standard minimum monthly licence fee and an additional charge according to average monthly vehicle inventory.

"That, in itself, is disruptive," Webb said. "We wanted to create a pricing model that was transparent and ensured we can continue to evolve and develop our tech while at the same time providing cutting edge technology for the smallest of businesses and delivering competitive pricing for large companies and multi-site groups."

As Nexus Point developed its Apex products, integrations from finance to

compliance and from images and video to vehicle data were vital.

Webb added: "If a system helps our clients to transact and do business or even if we have something similar but they want to use a third party, we will integrate and work with the supplier to meet the dealer's requirements."

FEATURES AND FUNCTIONALITY

As an ISO 27001-accredited business, Nexus Point can demonstrate its high standard of compliance and also provides cyber security consultancy.

The software platform is intuitive, allowing end users to switch effortlessly between applications and the dashboard has been designed for clarity and ease of use. It's also responsive so products can just as easily be accessed and used on mobiles.

Managers can gain an oversight of the business while sales executives can better manage the customer journey from booking a test drive to adding products and services and stacking the deal which can be just as easily amended if part-exchange details need to be changed or the budget adjusted. Apex incorporates a full diary system, job card system and e-signing for digital documentation. Both vehicle and customer



Nexus Point head office



**SMALLER
BUSINESSES
CAN ACCESS
TECHNOLOGY
USUALLY MORE
ASSOCIATED WITH
LARGER PLAYERS**

ROSS GIBLIN



WE HAVE BUILT A PLATFORM THAT WE BELIEVE WILL COME TO BE SEEN AS ONE OF THE SECTOR'S BEST PRACTICE SOLUTIONS

CHRIS WEBB

records are easily accessible with an holistic overview avoiding duplication while safeguards eliminate record duplication providing a clean and concise data source.

Future developments include implementing AI for cutting edge reporting solutions and additional plug-ins such as automated updates when a car is sold privately or a car owner passes away.

Security is a key element with a two-factor authentication process in place, providing banking-type levels of checks.

MARKETING INNOVATION

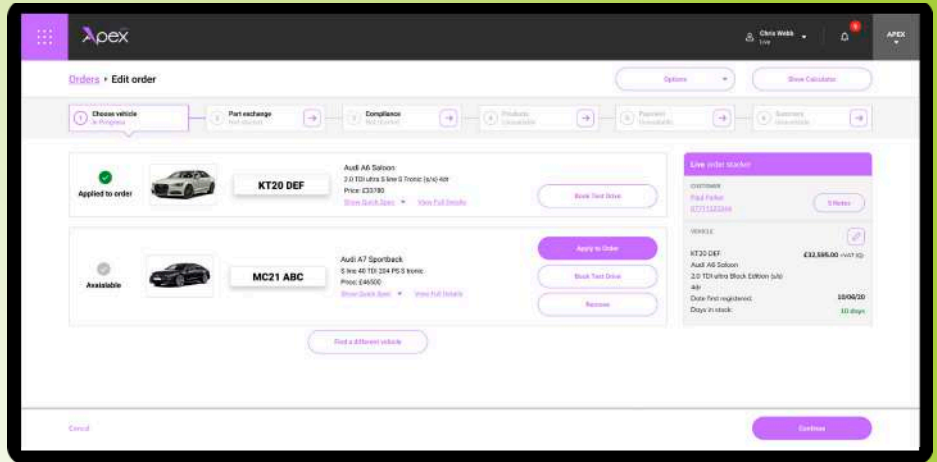
One of the Apex selling points which Webb, given his marketing background, is keen to highlight, is its ability to provide a true cost per sale rather than per lead.

As data flows through all Apex systems – CMS, DMS and CRM, an otherwise complex and hitherto difficult-to-implement attribution model is simplified, enabling the identification of lead origination, ensuring marketing spend is targeted accurately.

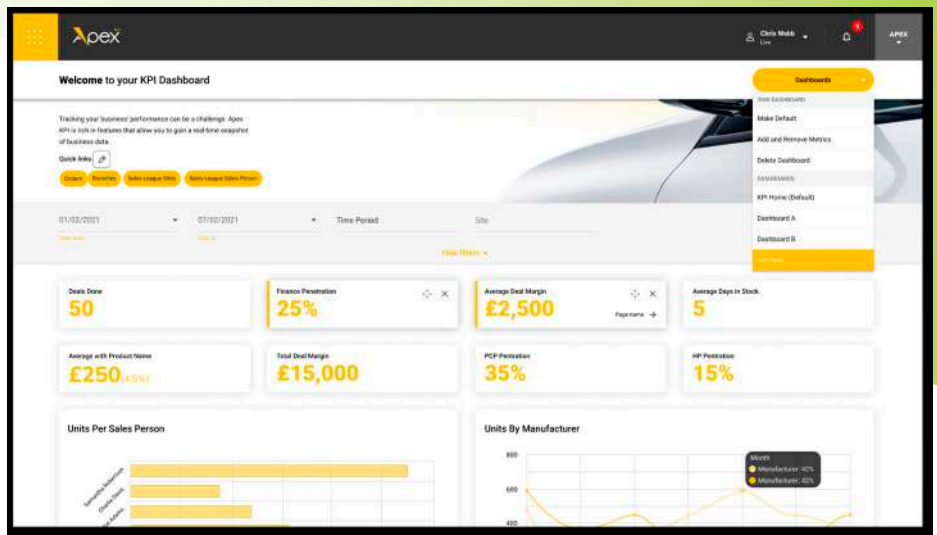
Webb says many dealers will track the last click a customer made prior to enquiry which reflects the detail provided by analytics. But this can be misleading as the purchase journey uses multiple devices, accessing multiple channels.

PEOPLE

Webb has clocked up more than 20 years in the automotive sector having started as a sales executive selling Citroën, Mazda and Honda. The company employs 50 staff, many of whom also have an automotive retail and marketing pedigree with the majority working full-time on software and development. Webb is supported by newly appointed sales director Ross Giblin who also has 20-plus years' automotive media experience, more latterly, working for eBay Motors Group.



Apex CRM Deal Stacker (above) Apex Reporting Suite (below)



CLIENTS

After working for Mitchell Group and GForces, Webb then made the decision to go it alone. After providing an email solution for Fords of Winsford, transitioning from Microsoft to G-suite (now Google Workspace), Webb was asked to transform the website and impressed, Nexus Point was then asked to develop a DMS.

In between those projects, Nexus Point was asked by CarSupermarket.com to develop its CRM system. As a result, the company had developed organically with three core products in place delivering a dealership end-to-end system.

Earlier this year, Fords of Winsford went live with the entire Apex suite.

"We realised we had created something quite unique in the automotive space – fully integrated systems that enable automotive retailers to operate all aspects of their business in one place with one login," Webb explained.

Nexus Point dealer group clients include Mitchell Group, Holdcroft, David Hayton

and Swansway while small single site operators include family-owned business Minster Car Co. Nexus Point also works with Santander Consumer Finance having built its automotive finance calculator and has helped deliver its new Your Red Car used car marketing platform.

"Those groups and businesses which have incorporated our end-to-end system have found it delivers efficiencies and cost savings across the board," Giblin said.

Currently, CarSupermarket.com alone has 300-400 users logging on and using its Apex suite every day. Fords of Winsford has indicated a six-figure saving on printing and paper alone as all documentation is now contained within Apex with the need for full deal packs for customers to read and sign eliminated.

"Our platform is completely scalable so a company won't outgrow it and smaller businesses can access technology usually more associated with larger players because of our payment system," said Giblin.

Further Apex information can be found at www.nexuspoint.co.uk and enquiries can be made through hello@nexuspoint.co.uk

The changing dynamic of selling a vehicle

If you're not enabling test-drive booking online you're disappointing three-quarters of buyers. Alex Wright reports

Consumers are demanding more from their car buying journey than ever before. The rise of online purchasing, accelerated by COVID-19, has prompted many buyers to look to the web to do their initial research, check their eligibility, apply and get quotes for finance, and obtain insurance.

But they still want to be able to complete the process in the showroom, where they can see and get a better feel for the vehicle.

That's why dealerships need to ensure they are providing a full omnichannel model that enables the consumer to choose whichever medium they want to complete each part of the journey.

The whole dynamic of car buying has changed in recent years. Gone are the days when the dealer told the consumer what they needed – now the process is being led by the customer.

The buyer's number one requirement is convenience, according to Jana Jones, vice-president of marketing and corporate communications at iVendi. They want to be able to do every step of the journey on their own terms – wherever and whenever they like, she says.

"Today's consumers expect transparency and immediacy. But, above all else, they are looking for convenience," says Jones. "They want to be able to buy a vehicle on demand at a time that fits in with their agenda and lifestyle."

The increasing use of digital channels is evidenced by the fact that iVendi provided consumers with more than 18 billion online quotations from more than 60 lenders in 2022. Buyers using its technology also carried out around 126,000 finance eligibility checks.

According to iVendi research, consumers are now completing 80% of their purchasing journey online and the balance in the dealership – the same as it was pre-pandemic. But that's not to say the dealership part isn't as important.

"Consumers want to do a lot of this groundwork and heavy-lifting online first,"

says Jones. "But, because a vehicle is a tangible and emotional purchase, when they get to the actual buying part of the journey, they want to go into the showroom to see and get a feel for it."

MORE KNOWLEDGEABLE CONSUMER BASE

Consumers are also becoming increasingly more savvy and knowledgeable about the product from the research they have done, says Marketing Delivery's chief executive Jeremy Evans. That means they expect the showroom staff to have the same level of knowledge, if not more than them, he says.

"Consumers are doing their research online like never before," says Evans. "They know what vehicle they want and the finance options they have available to them, so when they walk into a dealership, they are seeking confirmation of this."

But often there are still big deficiencies here, with Evans citing consumer email responses raising concerns that the sales staff didn't know as much as they did about a product. Having that knowledge is key, particularly for electric vehicles (EVs) where the consumer will have researched everything from battery types to the vehicle's range.

Evans added that there were also shortcomings in dealer management systems that handle enquiries. For example, he says that some systems don't include the option for the consumer to select a hybrid or EV.

"There are still some big gaps in systems capabilities," says Evans. "That makes the

customer journey much harder because the data collected doesn't enable the dealer to correctly segment the communication and other information that needs to be sent to them."

Anuj Monga, head of mobility aftermarket and digital retail research at Frost & Sullivan, agrees that there was a gap between increasing customer demand for omnichannel and the industry's lack of options.

He adds that his company's research has found that only four global manufacturers currently provide end-to-end online retail, while most lack an online payment option to complete the car-buying journey.

"In general, the majority of the OEMs that have some online presence are observed to work with third party service providers like sales aggregators or e-commerce platforms that facilitate these services," says Monga. "This appears to be the template to follow in the transitory phase and, as the market acceptance increases, OEMs need to devise ways to internalise these capabilities to be able to control the buying process."

Another significant gap in the omnichannel journey is in viewing vehicles online. According to CitNOW's research, 30% of prospective buyers cite 360-degree interior videos as the most valued visual aid when they are looking at a web listing, yet only 14% of the top AM100 retailers have such capabilities.

According to a Frost & Sullivan customer survey carried out at the pandemic's peak in 2021, 67% of respondents said that they greatly valued the personalised steps of the digital purchase journey and suggested it's a trigger to attracting them to the online channel. Three-quarters also said that they're likely to leverage the option to book

“THE VAST MAJORITY OF CONSUMERS – TWO-THIRDS – HAVE CONCERNS ABOUT BUYING A CAR FULLY ONLINE



SALLY FOOTE, CARWOW



a test drive online in their buying journey. Carol Fairchild, chief customer officer at CitNOW Group, says that understanding customers' varied requirements and behaviours was key to offering the right approach for them.

In this vein, she says that retailers need to be adaptable and communicate with the customer via multiple channels, thinking about how best to reach them both inside and outside of working hours.

"The increasing adoption of the agency model will inevitably change the dynamic between manufacturers, retailers and customers," says Fairchild. "However, customers simply expect a seamless journey from enquiry to sales and after-sales, regardless of who is taking the lead in the background. It's crucial for technology

to integrate to make the process seamless for the customer, retailer and OEM."

The communication channel is also important. CitNOW's research found that two-thirds of customers expect a dealership to respond to them using the same method of communication as they did.

Sally Foote, managing director of carwow, says that the industry needs to recognise the customer's desire to shop using an omnichannel approach. That's reflected by the divided attitudes towards buying online, she adds.

"While the majority of consumers (60%) told us they would consider buying a car fully online, the vast majority – two-thirds – have concerns about doing so," says Foote. "Those concerns are wanting to test-drive the car before buying, seeing the car in person and being able to get their money back should they change their mind."

Jones says dealers need to empower consumers by providing a self-serve option that allows them carry out more of the buying journey themselves. They need to be able to do that both online and in the dealership, she says.

"It ticks all of the boxes, both for consumer and regulator," adds Jones. "The consumer wants convenience, immediacy and everything to be available at their fingertips, as and when they want it. On the other hand, the regulator requires the retailer to ensure that their products are being introduced in the right way and that the consumer fully understands what those products are and has been given all the information they need to make an informed choice."

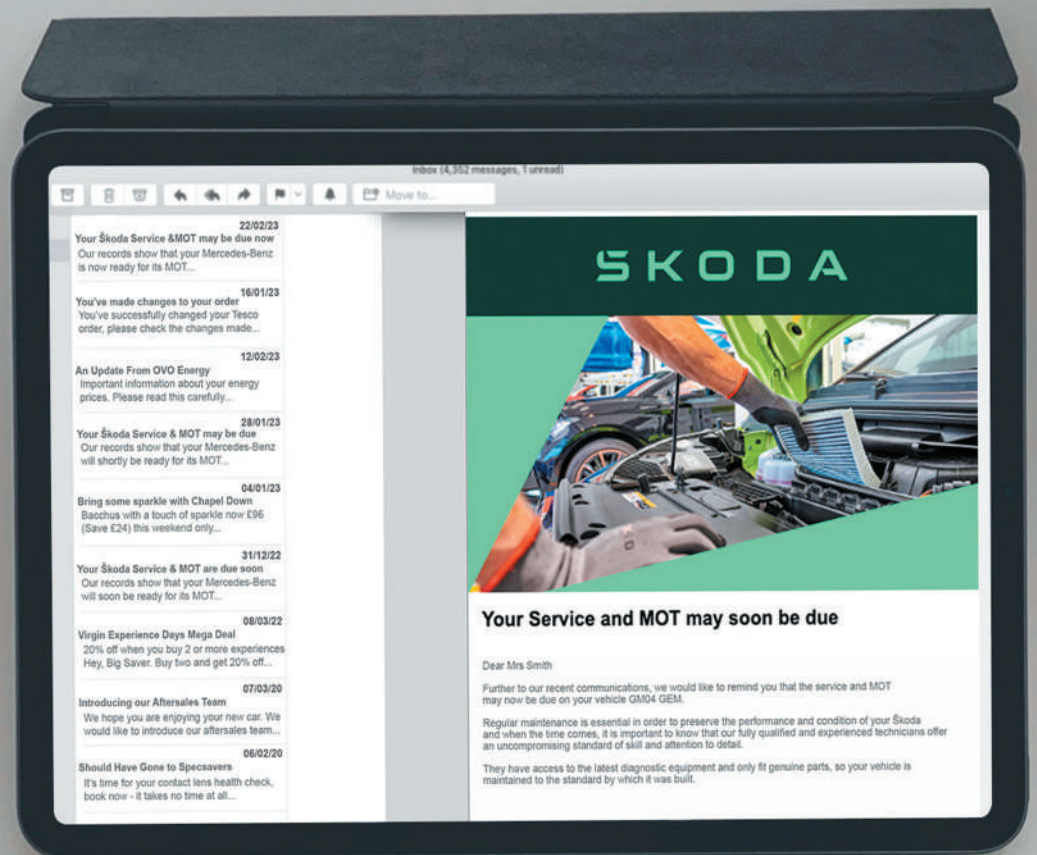


Marketing Delivery



Automotive Digital Marketing Solutions

Keep in touch with your customers in the right place, at the right time, with our marketing automation platform, **VoiceBox**, for a seamless omnichannel experience.



CRM automation will enhance dealer/customer relationships



**By Jeremy Evans,
Chief Executive,
Marketing Delivery**

A founding principle of the modern dealership is a customer-centric ethos that fosters trust, loyalty and retention. Today's

digitally-aware customers have a greater choice than ever before, and often the key differentiator is user experience and the soft skills, which, thankfully, ChatGPT will never replace.

Retailers have a host of tools at their disposal to promote positive customer interactions in the omni-channel environment but to ensure the customer receives a best-in-class experience, each communication must be relevant, timely and, of course, GDPR-compliant.

From the dealer's perspective, ensuring that these multiple communication channels are all united behind the scenes and pulling data from a single source can be a formidable task.

At Marketing Delivery, our dedicated team of developers and marketers – backed by more than 230 combined years of experience in the automotive industry – have developed sophisticated software to automate customer contact points and integrate this data into any solution the dealer favours in a fully GDPR-compliant manner.

Keeping prospects engaged

Successful modern dealerships should give equal consideration to the service levels received by prospective customers as much, if not more so, than existing ones.

In a consumer survey commissioned by Marketing Delivery, we found that of the 1,000 UK motorists polled, 67% would want to receive information about stock that closely matched their enquiry should they not be able to buy a car immediately.

Interestingly, the same research also demonstrated customer willingness to consider used stock in order to avoid long lead times for new vehicles.

Our Stock Alerts function automatically alerts customers when stock closely matching their preferred vehicle becomes available following a website



form submission or enquiry. The communication can be tailored to each customer, taking into account their degree of flexibility around a desired model and demonstrating an understanding of their needs to cultivate a mutually beneficial relationship.

Beyond sales

VoiceBox for aftersales aligns with dealers' data to contact customers and remind them to book an MOT, service or outstanding recall work.

Since the COVID-related MOT rollover, many dealerships are struggling to reinstate accurate MOT dates and there is still a degree of customer uncertainty.

Our survey found that 70% of motorists across the UK said that they 'agree' or 'strongly agree' with the statement: 'I would be more likely to book my car in for a service or MOT with a dealer that monitors the date on which it is due and makes the effort to contact me about it in advance.'

The survey also found that the majority

(59%) would prefer to be reminded about service and MOT work between three and four weeks before it is due.

Our MOTBox feature continuously cross-checks MOT dates with DVSA records, automatically sending an MOT reminder to the customer in line with the dealer's preferred contact plan.

And, given we are a Keyloop Approved Partner, this data is automatically fed back into the DMS to update relevant records, offering significant time savings for data handlers.

Bespoke

As brand loyalty declines in favour of price and convenience, many modern dealerships welcome the ability to work with a dedicated account manager to curate specific on-brand messaging that aligns with their wider marketing strategies and manufacturer requirements. This allows each dealer to adapt their messaging to suit a particular demographic and reap the benefits of a customer-centric approach.

Website: marketingdelivery.com
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Telephone: 01892 599 917

Marketing Delivery

 **VoiceBox**

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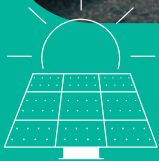
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5 key steps to AFTERSALES SUCCESS

Here, **Tom Seymour** looks at some of the main strategies that can enable aftersales departments to hit their targets

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

1 A robust contact strategy is essential for any service department to make sure it is connecting with the right customers at the right time.

Tony Sciascia, managing director at AM Franchised Dealer of the Year, Celtic Subaru, relies on the tried and tested system of reminders.

However, he says this method alone will still see customers haemorrhaging from the business to go elsewhere if greater focus is not applied.

Celtic employs a dedicated person to manage its database for services and MOTs. The team member makes a personal phone follow-up to discover why customers might not have booked in their car.

Sciascia says: "By having a dedicated person we can drill down into things a bit more and figure out why a customer hasn't booked in. If it comes down to price, we can then offer them a Plan B discounted service option."

Service plan provider EMaC partners with CRM companies to fully integrate and automate the contact strategy for service plan communications.

This allows customers to self-serve if they wish

and check-out through an e-commerce solution hosted on a branded landing page.

Finance provider Bumper offers 'buy now, pay later' schemes to help customers spread the cost of their servicing up to 10 months with monthly payments at 0% interest.

Jack Allman, its co-founder and chief customer officer, says: "The first touchpoint is your website or your outbound communications.

"All our best franchised dealer groups have a dedicated web page that informs customers up front that they can spread the cost of their servicing at 0% regardless of the vehicle age.

"They are also building this finance option into their customer retention comms. So it could be a lapsed customer, a product campaign or a seasonal campaign.

"Then, in terms of service booking, have you got these payment mechanisms to spread the cost built into your online booking system?"

"When customers see the cost of the service before booking in, they can choose to spread the cost of that service, rather than exit if they feel like it's not something they can afford right now as a lump sum."



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ONLINE BOOKING

2 Steve Ure, eDynamix strategic account director, says the majority of service bookings are still made by phone.

He described this as creating a potential "black hole" between the point of booking and the point of visit.

However, things are starting to pivot to more of a digital focus, with the ability to self-serve customers once those service or MOT reminders have gone out.

That includes a link to book immediately on the reminder itself, if it's gone out digitally or as an SMS.

He says: "Customers might make a booking over the phone and if they want to make a change to that booking, they'll have to ring back again. So, it's not a seamless process.

"We're now focusing on giving customers the ability to amend the booking online or check-in online and actually add extra elements to the service.

"Customers can add additional service items or 'buy now, pay later' finance."

Ure says these self-serve features aren't typically something that can be "shoe-horned" into a phone call.

eDynamix did a recent case study with a seven site franchised dealer group, all focusing on the same vehicle manufacturer.

Ure says: "We measured their upsell over the phone. When they implemented an online check-in, they saw their service upsell increase by 230%.

"Customers were genuinely upselling themselves and from our data online bookings are worth an average of around 33% more in aftersales revenue compared with bookings made over the phone.

"That purely comes down to the fact that customers have more time to consider their options and also be presented with additional choices."



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SERVICE PLANS

3

The 'humble' service plan has been a cornerstone consumer retention product in the UK automotive market for more than a decade.

Celtic Subaru's Sciascia says service plans feature as a major pillar of its aftersales retention strategy.

He says: "If we're not focusing on retention, we could be in a position where there are some serious shortages in the workshop.

"We're doing everything we can to retain existing service customers, but also tying in customers that buy used cars with subsidised service plans as well."

Celtic pitches service plans as a no-brainer. It prices its plans at £350 for three years' servicing to be competitive with independent rivals. Retaining the customer takes priority, as this means there is the potential for added-value sales and the ability to talk to customers about new and used vehicle sales.

Sciascia adds: "Our penetration on used car sales for service plans is 30% at the point of sale and this then increases to 50% after following up with customers.

"We're working to a target of 75% and we're getting much better at it.

"Customers taking finance can add the service plans to their monthly payment too."

Liam Finney, EMaC director of commercial partnerships, agrees that service plans are something which can work for new and used car customers, as well as being targeted to service customers.

He says: "Our most successful partners understand the long-term benefits and have robust processes in place to ensure that service plans are talked about at every consumer touchpoint."

Finney says the top performing dealers for service plans will be able to bank 5.5 months of service work due to historical service plan performance.

TARGETING OLDER VEHICLES FOR SERVICING

4

Bumper's franchised dealer data shows the average age of vehicles is six-and-a-half years, which is much older than the traditional nought-to-four-year-old vehicle target market for most franchised service departments.

The average age of vehicles has crept up by an additional six months in the past 12 months alone.

Separate business-to-consumer (B2C) data from customers going directly to Bumper for help with service budgeting before they take their car to a franchised dealer shows an even older average age of vehicle at 10 years.

This has shot up from nine years as an average age just 12 months ago.

The most popular brands represented in this customer data from Bumper show Audi and BMW as the most popular marques.

The average spend on Bumper was £750, but this has now increased to an average of £800.

Allman says: "The higher average invoice value for an older vehicle, combined with the cost-of-living crisis and the focus on retaining customers with older vehicles is a tricky balance to address.

"We're one half marketing tool and one part payment method. Offering the ability to spread payments is helping communicate to customers with older vehicles that they are an affordable option."

Celtic's vehicle age profile has stretched over the past couple of years due to the used car shortage.

It's gone from a 70% focus on franchised used cars to a 50/50 split. The business is stretching its target

customers from up to four-year-old vehicles, to up to seven years old.

Sciascia says: "If we sell a seven-year-old used car, why shouldn't we service that vehicle?"

Celtic has a value servicing range which was introduced during the 2008 recession. It's something the business has continued with.

Sciascia says: "We noticed during that recession that customers weren't booking in or they were delaying their servicing.

"The value servicing range bridges the gap. It depends on the finances at the time with customers. When things are good, we find they're more likely to pay for a conventional service. When times are tough, there are many people out there looking to cut back and this is an alternative for them."

Finney confirmed that there is a big push across EMaC's manufacturer partners to retain above and beyond their normal target vehicle parc.

Retaining as many petrol and diesel vehicles as possible into their franchised dealer networks is driving this behaviour, but there are budget differences between a customer buying new and someone who has got something already 10+ years old.

Finney says: "Some of our dealer partners look to offer different tiers of pricing to allow them to compete with the national aftermarket networks.

"They may initially talk to the consumer about the benefits of main dealer servicing, but if price is the only concern for the owner then they have a cheaper alternative that may not have all the bells and whistles, but does keep the dealer competitive."



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FUTURE-PROOFING FOR EVs

5

Electric vehicles (EVs) are still a small part of the aftersales parc for service departments, but these volumes will increase in the coming years.

Finney envisages a new retention product for EVs that offers additional aftersales features beyond just the service.

Finney says: "The pace of change is remarkable in this space and it's our role to remain agile and able to adapt to the market conditions, offering suitable products that EV owners want to buy and our partners want to sell.

"That can be a challenge for when some of



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these vehicles are being marketed as requiring significantly less aftersales attention than their petrol or diesel equivalents."

However, Finney says he can see a future EV retention product that is bespoke to the needs of each specific driver.

This might include options for tyres, alloys, cosmetics, MOT or even the installation of a home charger. He thinks customisation will be critical and having a "default" product, but with the option for pick-and-mix, will likely be the way the market goes.

EMaC has commissioned independent research on EV retention products to help inform its thinking on what the future may be in an increasingly electrified automotive market.