AUTOMOTIVE MANAGEMENT

www.am-online.com June 2017 £8.00

Leading the way in sales lead management technology

Dealerweb Showroom, the established leader in lead management, is a system created by people with a wealth of dealership experience.

This industry knowledge and insight has not only led to a system developed to meet the exacting demands of sales operations, it's modular configuration means it can be adapted for any sales process and for any size of dealership.

And there's a treasuretrove of features and functions that can be bespoked to any existing sales process. *Enquiry Builder* ensures that every lead follow-up is prompted and visible to the sales manager. *Deal Builder* involves the customer at the point of sale, creating and enhancing the whole buying experience. *Profit Builder* presents sales managers with unparalleled deal configuration and profit control. Real-time *KPI Reports* provide management with live sales department performance down to the last decimal point and *Campaign Builder* makes marketing and CRM communications simple, immediate and effective.

Dealerweb Showroom links seamlessly with our optional cloud based call recording system, improving both performance and efficiency simultaneously.

The industry has seen many attempts to provide a technology solutions only to find that they fall short because the final systems were found to be far too complicated, inflexible and user-*un*friendly.

It's Dealerweb's hand's-on industry knowledge that's bridged the technology-user gap resulting in design and functionality created to ease workload stress - not add to it!

And now that our customers can link to Dealerweb React, we are able to deliver the most powerful sales lead management capability available to the automotive retail sector.

To find out more and book a demo, call us today on +44 (0)1392 247477 or email info@dealerweb.org

Dealerweb Showroom

www.dealerweb.org info@dealerweb.org

AM
AUTOMOTIVE MANAGEMENT
www.am-online.com
June 2017 £8.00

SPOTLIGHT: MOTOR FINANCE / P43

COULD YOU END UP IN DEEP WATER?

Booming car sales depend on cheap finance, but could they survive an economic 'perfect storm'?

PLUS How to spot finance fraud

ELECTION INSIGHT / P6
AM asks dealers and suppliers what they want from GE2017

BRAYLEYS CARS / P24
MD Paul Brayley on restructuring for growth

KIA / P32
The South Korean brand is having a very good year

EDITOR'S LETTER

There has been a lot of discussion about motor finance in the past couple of weeks. National newspapers have questioned whether a crash is coming, and the Financial Conduct Authority (FCA) announced plans for a review of motor finance, as it has previously carried out into add-on insurance products, such as GAP. It will look for evidence of "inappropriate lending" – let's hope it doesn't find any.

Of course finance houses have their own checks and measures, but are these robust? And while the franchised dealers *AM*'s team speaks to have defined processes for recording how and why a finance product is sold, do all motor traders?

Some *AM*100 dealer groups recently told me that their PCP delinquency rate was below 1%, and they did few sub-prime transactions. However, as the conversations continued, they confirmed an intriguing aspect – a lack of transparency in motor finance.

One group wanted to benchmark its performance, so had asked its main independent finance provider for delinquency rates across its lending book. That request was denied.

And in our finance-themed insights in this issue, none of our trade bodies, including the Finance & Leasing Association (FLA), have been able to give a solid picture, backed up by published data, of the health trend in motor finance. The FCA and FLA both told *AM* they do not monitor defaults.

Finance houses need to reveal their data. Until they do, they and their dealer partners can object to newspapers' headlines all they like.

T. Rose

MEET THE TEAM

Tim Rose
Editor

Tom Sharpe
News and features editor

Stephen Briers
Editor-in-chief

Jeremy Bennett
Head of digital/ associate editor

CONTENTS

WHAT DOES THE ELECTION MEAN FOR DEALERS?

Ahead of June 8, *AM* asked for opinions on what policies matter most to UK franchised dealers and their suppliers

When 2017 dawned, it came with a set of headwinds – involving Brexit and fears for the future of diesel vehicles – that many car dealers were hopeful of weathering.

As the SMMT forecast a 5% decline in new car sales that would end five years of growth (now revised to a 2.6% fall), few could have predicted that Prime Minister Theresa May would go back on her post-EU referendum pledge that "there should be no general election until 2020" due to the need for a "period of stability".

After a record March – albeit fuelled in part by changes to VED road tax legislation – followed by the worst year-on-year April decline (19.8%) since the financial crash of 2008, we now find ourselves just weeks away from the June 8 general election.

While the Lib Dems plan to ban diesel-powered car and small van sales by 2025, neither Labour nor the Conservatives have produced manifesto plans for a diesel scrappage scheme.

Labour has vowed to bring the rail network back into public ownership, "position the UK at the forefront of the development, manufacture and use of ultra-low emission vehicles" and make improvements to the UK road network.

But Jeremy Corbyn's party is unlikely to curry favour with business leaders, meanwhile, with plans to increase income tax for those earning over £80,000 to 45p and £123,000 to 50p.

Tim Farron's Liberal Democrats share Labour's plan to scrap proposed cuts in corporation tax and plan to push up the rate of tax for those earning £150,000 to 46p while introducing a new "genuine Living Wage".

Both the Lib Dems and the Conservatives also promise a review of the business rates system to take account of increased online sales.

Cambria chief executive Mark Lavery agreed with May's assertion that a snap election was needed to "guarantee certainty and stability".

Lavery said the Prime Minister needed: "A mandate that will allow the government to bring about Brexit and the related changes to legislation that need to happen."

As *AM* went to press, the Conservatives were 16ppts ahead of Labour, with 47% of the projected vote, according to the *Financial Times'* poll of polls, although Labour had rallied from a low of 24% recorded ahead of the leak of the party's manifesto.

Lavery said he considered policy matters "out of his hands" and would not comment further, but Marshall Motor Holdings chief executive Daksh Gupta was keen to emphasise areas where he hoped political parties would focus their attentions.

Speaking ahead of the publication of the Lib Dem diesel pledge, Gupta said he saw efforts to reduce "media scaremongering" about diesel emissions as a priority, along with the implementation of a diesel scrappage scheme that would drive incremental sales back into dealerships and prove a "win-win" from an emissions and VAT point-of-view.

While he was supportive of the current government's stance on corporation tax – the rate is due to fall to 19% in 2018/19 and 17% in 2020 – Gupta said he would like to see business rates and the apprenticeship levy re-assessed.

"THE LESS GOVERNMENTS DO, THE BETTER. THE MORE THEY GET INVOLVED, THE WORSE THINGS GET

ROBERT FORRESTER, VERTU MOTORS

Gupta said: "If you invest in a premium franchise anywhere in the country you have to meet the same CI standards, but the cost of land and employment in certain areas are extremely prohibitive. The [next] government needs to look closely at business rates and see if it's fair how they're applied."

Gupta said he wanted to see a reappraisal of the apprenticeship levy, meanwhile, which he said had been "poorly communicated".

"It feels like a stealth tax. They could do a much better job."

The National Franchised Dealers Association emphasised the need for a strong free-trade agreement with the EU.

NFDA director Sue Robinson said she hoped to see parties support the sector through: open trade with the EU; the continued availability of affordable and accessible finance; a focused national retail strategy; a fair and transparent fuel policy; and an upgraded road network.

Echoing sentiments made after the FCA announced plans for an exploration into possible "inappropriate lending", Robinson said: "The government must not introduce policies that could prevent

consumers or businesses from borrowing to purchase cars or make capital investments."

Robinson said the next government needed to re-evaluate and develop a retail strategy, which has been "unchanged since its publication in 2013". She added that parties should commit to "continued financial support to those who want to purchase electric vehicles".

Some suppliers approached by *AM* were unwilling to comment on political matters ahead of the election, but GForces' group strategy director, Tim Smith, said: "We need to provide reassurances of stability, and show that our economy is grounded, and adequately structured to reward investment.

"Let's see more pilot schemes for advanced technology like autonomous vehicles, and greater support for drivers, and manufacturers, of alternative-fuelled cars."

A "re-strengthening the pound" also needs to be at the top of the political agenda, according to Smith, after the fall in the value of the pound – not falls in demand and efficiency, as officially stated – was rumoured to be behind Ford's plan to cut more than 1,100 jobs from its engine plant in Bridgend by 2021.

Nathan Tomlinson, dealer principal at Devonshire Motors, wanted to see parties seek "a better format for consultation with the industry" to help ensure "policies are clear and effective over a longer period".

Vertu Motors chief executive Robert Forrester was pragmatic: "My personal view is the less governments do, the better. The more they get involved, the worse things get.

"We have just had 10 years of CO_2-related tax and legislation – albeit much from the EU – and have pushed manufacturers into pushing diesel vehicles. Now the law of unintended consequences has come to bear, as it always does with political intervention."

However, Forrester did concede that he was "quite pro- a diesel scrappage scheme".

DIESEL SCRAPPAGE SCHEME STILL UP IN THE AIR

A clean air plan, which could include an £8,000 grant incentive for 15,000 motorists to swap the UK's worst-emitting cars for EVs, will not be decided until around July 31.

Efforts by the Department for Environment, Food and Rural Affairs (Defra) to postpone publication of the Government's draft clean air plan until after the general election on June 8 – citing 'purdah' rules limiting announcements during the election period – failed when the High Court ruled it was essential to publish the plan immediately.

The Government published its draft plans on March 5 and hopes of a diesel scrappage scheme now hinge on the results of consultation period ending on June 31.

The government's final plan – likely to include the creation of clean air zones within which local authorities could charge a "toxin tax" to the worst emitting vehicles – is due to be published by July 31.

Details of the "targeted" car scrappage scheme were featured in technical documents supporting the main consultation paper, however, leading some to suggest it may not make the final plan.

While the timing of the clean air plan's publication means it is unlikely to affect votes on June 8, the Liberal Democrats have pinned their colours to the mast with a pledge to ban diesel-powered cars and small vans by 2025 if they gain power.

The pledge is likely to prove unpopular with retailers and manufacturers.

Research suggests recent negative headlines surrounding the nitrogen dioxide emissions of older diesel cars are already unsettling diesel vehicle sales.

Cap HPI has reported that 45% of retailers were reviewing their stock profiles as a result of anti-diesel sentiment and consumer-to-dealer trading platform Wizzle saw diesel selling times double between August 2016 and April of this year.

Karen Hilton, Carwow's head of sales operations, told the *AM* DigiTech conference that its diesel orders had fallen from 50% in October to 33% in April.

She said: "Who can blame (consumers) when we read headlines such as 'Four major cities to ban diesel vehicles by 2025'; 'Will the diesel car you are driving be worthless in five years' time?'; or 'Diesel cars: It turns out we were wrong'?"

> WHO CAN BLAME (CONSUMERS) WHEN WE READ HEADLINES SUCH AS 'WILL THE DIESEL CAR YOU ARE DRIVING BE WORTHLESS IN FIVE YEARS?'
>
> **KAREN HILTON, CARWOW**

THIS MONTH'S NEWS HIGH

APR

24th

USED CAR FINANCE 'RIP-OFF'

£1.4BN

An investigation into automotive finance criticised used car dealers for a "£1.4 billion-a-year rip-off" after comparing the deals offered by 100 UK retailers. The investigation – a partnership between *The Daily Mail* and Confused.com – found a dealership's average car finance interest rate was 9.4%, compared with 3.2% widely available online.

26th

KEN TRINDER DIES, AGED 67

Ken Trinder, the former managing director of Evans Halshaw Contract Hire, has died following a short battle with cancer.

Trinder, 67, was well known in the fleet and motor industries, having previously worked as head of business development at Epyx. More recently, he was launching a new career management platform company, Dalmatian Systems.

FRANCHISED WORKSHOPS '40% PRICIER THAN INDEPENDENTS'

40%

A survey of 6,000 UK garages identified that franchised retailers charge an average of 40% more than their independent rivals for an hour's workshop labour. Motoreasy said the most expensive rate uncovered by its research was £234 at Porsche Reading, while the cheapest was just £36.

27th

PENDRAGON MAKES 'STRONG START' TO 2017

Pendragon reported "a strong start" to 2017, with growth in after-sales and used sales. An interim statement to the London Stock Exchange reported that revenues grew 10.4% like-for-like and underlying profit before tax rose 17.6% from the same period last year, between January 1 and April 26.

MAY

3rd

JARDINE HITS AUDI Q POWER AWARDS FOR SIX

Jardine Motors Group won half a dozen top awards at the recent Audi Q Power Awards 2016. Represented by 11 Audi locations, the group received the coveted Divisional Award and Amersham Audi was named Centre of the Year.

IN DETAIL
To view the full story go to am-online.co.uk/news

4th

MARSHALL NAMED TOP MOTOR RETAILER TO WORK FOR
Marshall Motor Holdings was named the top UK automotive company in the latest Great Place to Work survey, coming 22nd overall in the large category (500-plus employees) in the annual ranking. Daksh Gupta, Marshall chief executive, said: "We are very proud to have achieved Best Workplaces ranking for the third consecutive year."

5th

ŠKODA OPENS ONLINE SHOWROOM
Škoda Live Tour will allow customers to connect to a showroom product host on their computer, tablet or smartphone. The host then follows instructions to demonstrate aspects of the car to them on camera.

9th

SALES DOWN, BUT PROFITS UP AT CAMBRIA

Higher margins helped Cambria Automobiles to weather a 4.6% fall in car sales, it said in interim results. In the six months to February 28, a "substantial increase" was partially credited with revenue growth of 11%, to £309.1 million. Underlying pre-tax profit was up 21.7% to £5.6m. Chief executive Mark Lavery said it was primarily volume brands "having a difficult time".

10th

16%

VERTU ADDS £400M IN TURNOVER
Vertu Motors Group has recorded "record group trading performance" as it registered its fifth year of growth with a 16% increase in turnover to the year ended February 28. The *AM*100 group credited a greater premium mix for part of the rise, as turnover grew from £2.42bn to £2.82bn.

11th

USED CARS GIVE LOOKERS Q1 BOOST

Lookers reported 30% growth in used car turnover during a "buoyant" Q1. Interim results revealed a 17% increase in gross profit on new cars, 9% on a like-for-like basis among the group's highlights as new car volumes rose 7.4% to the end of March. In March, chief executive Andy Bruce said Lookers "will be making more acquisitions".

*Calls will cost no more than 7p per minute plus your phone company's access charge. (International calls will be charged at a higher rate – please check with your telecoms provider.) To maintain a quality service we may monitor or record phone calls.

PROFITABILITY

RECORD MARCH PUSHES Q1 DEALER PROFITS UP BY 20%

However, new car volumes off to a slow start in the first half of Q2, dealers warn *AM*

Average franchised dealer profits in the first quarter of 2017 have risen like a rocket alongside the increase in new car registrations. Although Q1 volumes were up 6.2%, or 42,000 units, year-on-year, data from dealer performance firm ASE Global shows average dealership earnings in the quarter rose 20% compared with the same period in 2016.

That rise was fuelled by a new record. March 2017, when the '17'-plate was introduced, was the only time a month's profits have ever exceeded £100,000, as ASE chairman Mike Jones noted: "The genuine retail market was strong, with demand for both new and used cars being healthy".

As is typical, dealers were on the back foot after a dismal February, when ASE noted the month's largest loss in five years. However, a £15,100 year-on-year increase in earnings and bonuses in March pulled them back strongly.

Louise Wallis, head of business management at the National Franchised Dealers Association (NFDA), said she believes dealers have certainly benefited from the combination of a later Easter and some pulling forward of new car sales into March. Despite a decline in the new car market during April – which has continued through May, according to a number of AM's franchised dealer contacts – the NFDA is still expecting a strong dealer performance by the year's end.

"While there has been some adjustment of forecasts, I'm convinced it will remain a good year, when put in context that we have already had a record year. There has been plenty of feedback from members that they are comfortable with what is happening out there at the moment," said Wallis.

She said the general election was a "short-term problem", which may cause some consumers to step back due to uncertainty about which party will govern, and there will be relief once that has taken place. Overall, she said, it is business as usual, and emphasised that UK dealers are extremely adaptable to changes in the market.

'OUR MANUFACTURERS CUT THEIR Q2 TARGET'

They certainly need to be adaptable. As one franchised dealer source told *AM:* "Our manufacturers chucked everything they had at Q1, and now have cut their Q2 target.

"Maybe April was bad because everyone was still delivering the March cars they had to get to earn volume bonus. It was as if Q1 was a four-month quarter."

> Q2 IS CERTAINLY QUIETER, AND WE HAVE LOWER NATIONAL SALES COMPANY EXPECTATIONS AND SUPPORT FROM A VOLUME POINT OF VIEW
>
> MIKE JONES, ASE

Another dealer suggested some may write off Q2 and save business for Q3, to avail of bigger bonuses.

Tim Humphries, finance director at Beadles Group, which represents a number of volume and premium brands across Kent, told *AM* its Q1 earnings were strong, thanks to March's strong sales, and the group beat its performance in Q1 2016.

He believes the prospects for Q2 are poorer, after the significant decline in April's market. This decline has continued at least to mid-May, and Humphries warned that for some dealers with high gearing, this poses a cashflow issue.

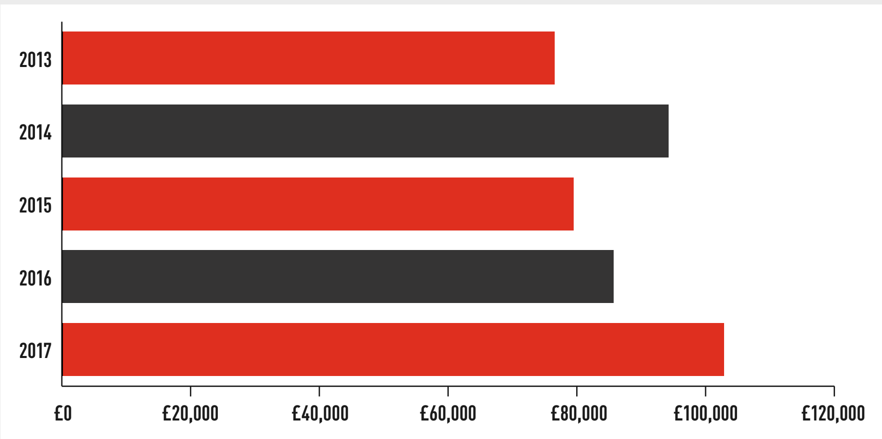
He said Beadles was in a strong position as it has no loans and it "washed through" its March part-exchanges early in April to release the capital, so the impact on cashflow has been small.

Humphries expects the market to strengthen from June. "It's likely manufacturers will try to finish Q2 with a flourish, and then there'll be a lot of activity in Q3," he added. "We're bullish about the second half of the year. Overall, we have forecast for growth."

At Aylesbury Motor Group, sales director Paul Cockton said the family-run Honda and Nissan business had a good first quarter in both sales and profits, although had to do a little pre-registering. So far in Q2 there has been a slowdown, but the business has been "ticking along" generally, he said.

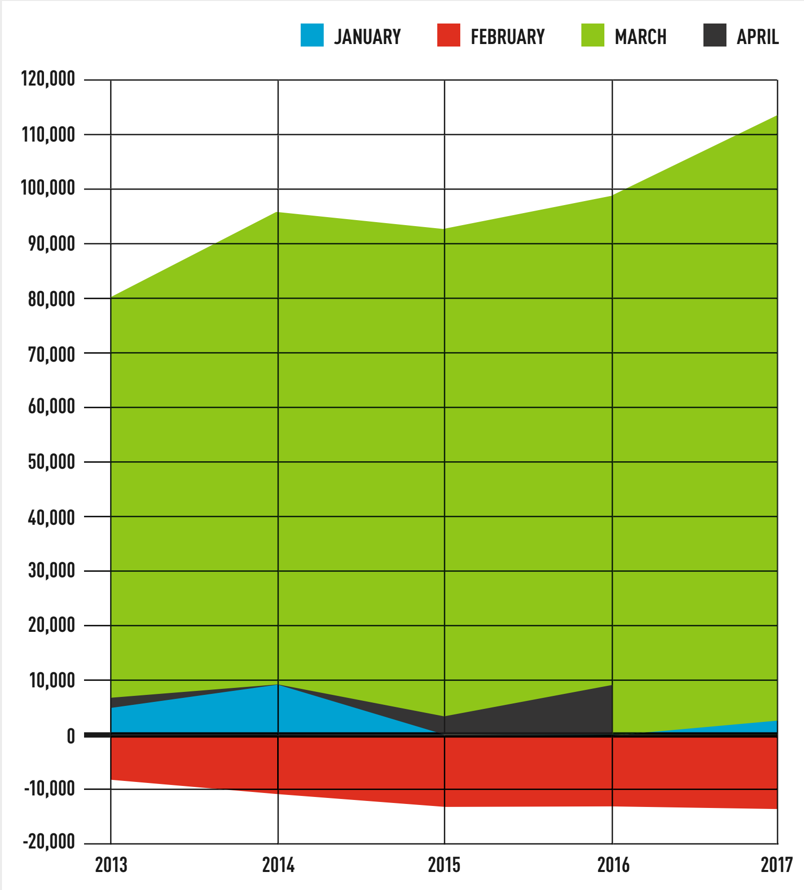
Harratts Group in Yorkshire also had a good Q1, with profits £12,000 ahead year-on-year to total

Q1 AVERAGE PROFITS SOURCE:ASE



Sponsored by

ASE AVERAGE DEALER PROFITABILITY



£564,000. Operations director Craig Fraser told *AM* it was a "painless" Q1, but in going through a couple of lean months all franchised dealers need to ensure they build up their used car stocks because the drop in new car sales leads to a fall in retail-ready part-exchanges.

Fraser added: "Keeping that sales volume up is important for cashflow. A lot of people concentrate on margins, but you have fixed overheads and you need to keep the money coming in."

Fraser said some in the industry blamed the slowdown in the new car market on school holidays and fewer working days for servicing due to Easter, but he believes there are broader economic factors at play. The Bank of England has reported that growth in consumer spending is slowing in the face of an uptick in inflation, which reached 2.7% in May, as wages fail to keep pace. *(See 'Are PCPs close to the edge?' on Page 44).*

Jones said: "Q2 is certainly quieter, and we have lower national sales company expectations and support from a volume point of view. April profits will have the effect of Easter and an increase of consumer uncertainty around the election. But we see positive signs already for Q3, with some brands increasing their expectations.

"If dealers have strong used car operations and aftersales operations, that counters the concerns when new registrations are lower. There is an argument that this is letting the industry take a breath from processing new cars at record levels, and even with a quieter Q2, the market is still at historically high level."

He believes dealers will have a good 2017. They are well sheltered from residual values softening because that risk is retained by finance companies, he said. Dealers have benefitted from strong financial results in recent years and a large vehicle parc from which they can make money. In addition, they may be able to improve their margins in each sale, he said. TIM ROSE

SPONSOR'S COMMENT

By Richard Jones, managing director, Black Horse

In recent weeks, the media has taken scrutiny of the motor finance industry to a new level. We have seen speculation on pricing comparisons, mis-selling, indebtednesss and irresponsible lending, customer understanding and also on what could happen to diesel valuations.

I've read this coverage with concern because the facts are sometimes inaccurate or missing, and the alleged issues are either not issues or hugely overstated. However, our customers are less well placed to discern this.

Regulator focus is also increasing. The recent FCA business plan refers to concerns around whether lending in motor finance is consistently being acted out responsibly and concern over transparency for customers. I believe their statement points to questions they have on the current market structure, and whether this could lead to systemic conduct risk for customers. Expect more study and market remedies to follow at some point. However, the FCA plan was important for what it did not say – e.g. no motor finance thematic review was announced and no urgent activity was signalled.

On diesel, at the time of writing, we have no clear Government policy and regional mayors are drafting their own policies. The focus of the work is older vehicles, but there is little distinction made in the media between, say, an older Euro 4 and a Euro 6 diesel vehicle, yet the emissions improvements on the latter, sold since 2015, are enormous.

So what can the industry do next? We should welcome challenge and deal with it calmly and factually. We need to educate our customers and the wider public through our engagements. We must engage Government to deliver a sensible managed environmental policy following its consultation publication. Every motor finance company must be pro-active and responsible, for example ensuring affordability assessments are robust and ensuring guaranteed future value (GFV) policies are managed prudently. Finally, we need to work closely with regulators to ensure the market keeps improving for its customers.

Motor finance is a key market for the UK economy – it facilitates the UK motor industry and it is well run. We all have to work harder than ever to keep it that way.

NEW CAR REGISTRATIONS

Fewer selling days and VED blamed for April market fall

The new car market felt a shockwave from the industry alerting consumers to the VED regime that came into force on April 1, which reportedly pulled forward some deals into March. The SMMT reported April's total registrations were down a fifth compared with the same month in 2016.

Demand was down across the board, with registrations by private buyers, businesses and large fleets falling 28.4%, 21.0% and 12.3% respectively.

Mike Hawes, SMMT chief executive, said: "With the rush to register new cars and avoid VED tax rises before the end of March, as well as fewer selling days due to the later Easter, April was always going to be much slower.

"It's important to note that the market remains at record levels as customers still see many benefits in purchasing a new car. We therefore expect demand to stabilise over the year as the turbulence created by these tax changes decreases."

1 BMW

One of eight brands to buck the downward market trend, BMW recorded 297 extra registrations year-on-year. Its 1 Series was its best performer, with 2,740 registrations.

2 SEAT

Another brand that rose while most fell, Seat is riding high on the success of its Ateca SUV and run-out of its Fiesta-rivalling Ibiza ahead of its replacement's arrival this summer.

3 JEEP

Registrations were down a monumental 72% year-on-year, and are 38% down to date. Buyers of Jeep's diesel Grand Cherokee now get hammered with £800 first registration tax – triple what they would have paid in March – and £440 annually thereafter for VED.

	April					Year-to-date				
Marque	2017	% market share	2016	% market share	% change	2017	% market share	2016	% market share	% change
Ford	16,183	10.64	23,311	12.30	-30.58	120,707	12.42	117,208	12.19	2.99
Mercedes-Benz	13,345	8.78	12,077	6.37	10.50	68,182	7.01	59,316	6.17	14.95
Audi	13,094	8.61	13,668	7.21	-4.20	60,874	6.26	61,048	6.35	-0.29
1 BMW	11,277	7.42	10,980	5.79	2.70	60,758	6.25	57,475	5.98	5.71
Vauxhall	10,732	7.06	16,037	8.46	-33.08	77,465	7.97	91,069	9.47	-14.94
Volkswagen	9,954	6.55	16,877	8.91	-41.02	69,732	7.17	74,320	7.73	-6.17
Nissan	8,041	5.29	10,029	5.29	-19.82	61,391	6.32	53,872	5.60	13.96
Hyundai	6,958	4.58	7,183	3.79	-3.13	34,814	3.58	32,551	3.39	6.95
Kia	6,291	4.14	6,866	3.62	-8.37	35,996	3.70	31,028	3.23	16.01
Škoda	6,011	3.95	6,617	3.49	-9.16	28,333	2.91	27,039	2.81	4.79
Peugeot	5,405	3.55	6,804	3.59	-20.56	33,798	3.48	37,795	3.93	-10.58
Toyota	5,113	3.36	6,644	3.51	-23.04	40,152	4.13	37,432	3.89	7.27
Land Rover	4,116	2.71	6,482	3.42	-36.50	33,855	3.48	30,600	3.18	10.64
Renault	4,074	2.68	5,196	2.74	-21.59	29,200	3.00	29,155	3.03	0.15
2 Seat	3,926	2.58	3,500	1.85	12.17	20,708	2.13	16,890	1.76	22.61
Mini	3,734	2.46	3,994	2.11	-6.51	21,001	2.16	20,172	2.10	4.11
Honda	3,016	1.98	3,353	1.77	-10.05	20,787	2.14	23,062	2.40	-9.86
Citroën	2,789	1.83	4,639	2.45	-39.88	21,136	2.17	25,993	2.70	-18.69
Volvo	2,735	1.80	3,324	1.75	-17.72	16,317	1.68	14,832	1.54	10.01
Fiat	1,981	1.30	3,890	2.05	-49.07	19,558	2.01	22,555	2.35	-13.29
Jaguar	1,732	1.14	2,405	1.27	-27.98	14,866	1.53	11,085	1.15	34.11
Mazda	1,690	1.11	2,314	1.22	-26.97	16,859	1.73	19,505	2.03	-13.57
Suzuki	1,658	1.09	2,303	1.22	-28.01	15,609	1.61	13,848	1.44	12.72
Dacia	1,397	0.92	1,898	1.00	-26.40	9,603	0.99	9,351	0.97	2.69
Mitsubishi	1,309	0.86	1,392	0.73	-5.96	6,413	0.66	7,977	0.83	-19.61
Porsche	1,240	0.82	1,361	0.72	-8.89	4,977	0.51	4,687	0.49	6.19
Smart	965	0.63	900	0.47	7.22	4,182	0.43	3,737	0.39	11.91
Lexus	672	0.44	835	0.44	-19.52	4,566	0.47	5,172	0.54	-11.72
DS	416	0.27	902	0.48	-53.88	3,627	0.37	6,186	0.64	-41.37
3 Jeep	364	0.24	1,303	0.69	-72.06	3,126	0.32	5,049	0.53	-38.09
SsangYong	282	0.19	257	0.14	9.73	1,641	0.17	1,640	0.17	0.06
Alfa Romeo	265	0.17	345	0.18	-23.19	1,984	0.20	1,953	0.20	1.59
MG	219	0.14	272	0.14	-19.49	1,284	0.13	1,264	0.13	1.58
Abarth	213	0.14	287	0.15	-25.78	1,514	0.16	1,314	0.14	15.22
Subaru	123	0.08	272	0.14	-54.78	1,055	0.11	1,257	0.13	-16.07
Infiniti	118	0.08	335	0.18	-64.78	1,403	0.14	859	0.09	63.33
Maserati	109	0.07	94	0.05	15.96	749	0.08	421	0.04	77.91
Bentley	104	0.07	195	0.10	-46.67	685	0.07	653	0.07	4.90
Aston Martin	77	0.05	41	0.02	87.80	722	0.07	315	0.03	129.21
Lotus	29	0.02	24	0.01	20.83	117	0.01	111	0.01	5.41
Chevrolet	13	0.01	0	0.00	0.00	31	0.00	3	0.00	933.33
McLaren	9	0.01	0	0.00	0.00	146	0.02	0	0.00	0.00
Other British	70	0.05	80	0.04	-12.50	245	0.03	249	0.03	-1.61
Other Imports	227	0.15	219	0.12	3.65	1,924	0.20	1,237	0.13	55.54
Total	152,076		189,505		-19.75	972,092		961,285		1.12

USED CAR SALES

Media reports on diesel are hurting values

Diesels depreciating more at three years/60,000 miles than petrol, says Cap HPI

Continued press reports painting diesel in a negative light are having a negative effect on buyer behaviour, according to Cap HPI.

Data at the end of last year showed diesel and petrol values on a level pegging, but diesel has failed to pick up as quickly as petrol over the start of 2018.

The company's Gold Book forecast data shows values for typical three-year-old diesel vehicles have fallen more than for their petrol equivalents.

In the past six months, diesel values at three years/60,000 miles have depreciated by 6.4%, compared with a petrol car decrease of 4.8%. The average performance over the past five years would imply an overall depreciation of -4.7% over the same period.

Cap HPI has seen diesel values slide "for a number of years", but confirmed that recent bad press is likely to affect smaller diesel vehicles in particular as well as pre-Euro 6 diesels.

The Euro 6 standard was introduced in September 2015, but many manufacturers introduced models with compliant diesel engines well ahead of the deadline. The SMMT welcomed the Government's confirmation that Euro 6 diesels that have been on sale for the past two years will not face penalty charges in the future.

Cap HPI is taking into account the extra rate of deflation of diesel in certain model segments with its Gold Book forecasting and is keeping it "under constant review".

Cap HPI sister company HPI is offering free valuations to diesel owners online at hpivaluations.com for a limited time to help boost confidence. For cars under five years old, future valuations up to five years in the future are provided.

> WE HAVE TO CONSIDER THAT WITH PRE-EURO 6 DIESELS THERE PROBABLY IS AN INCREASED RISK ON VALUES
>
> ANDREW MEE, CAP HPI

Andrew Mee, Cap HPI senior forecasting editor, said: "We have to consider that with pre-Euro 6 diesels there probably is an increased risk on values.

"They will be prone to impact on future legislation and various actions. They could lose their value slightly more quickly and we'll take that into account with our forecasts. However, pre-Euro 6 vehicles are worth less anyway, so there's less money to lose if they are impacted."

James Dower, Cap HPI Black Book senior editor, said diesel values over the past six months at one year/20,000 miles have depreciated by 6.3%, and petrol cars by 4.9%.

He said: "Average performance over the past five years would imply an overall depreciation of 5.7% at this age over the same period. However, in this case, the difference is due to a combination of reduced supply of nearly new petrol cars and reduced demand for diesel."

Gold Book forecasts have been assuming increased deflation for diesel relative to petrol, across most vehicle sectors, for some time.

Larger diesel SUVs, upper-medium, and executive cars are likely to continue to be a more attractive proposition than their petrol equivalents, in most cases. In the most recent data referenced above, diesel executive cars fared better than their petrol equivalents by 1.4ppts.

Dower said SMMT figures reflect diesel's share of the market being in decline due to private buyers moving towards petrol, in addition to alternative fuel vehicles starting to eat into the diesel market.

He said: "In reality, we are seeing [diesel values] slip. But let's not be too worried, as there are still significant volumes of diesels being registered and there's still a significant demand for them."

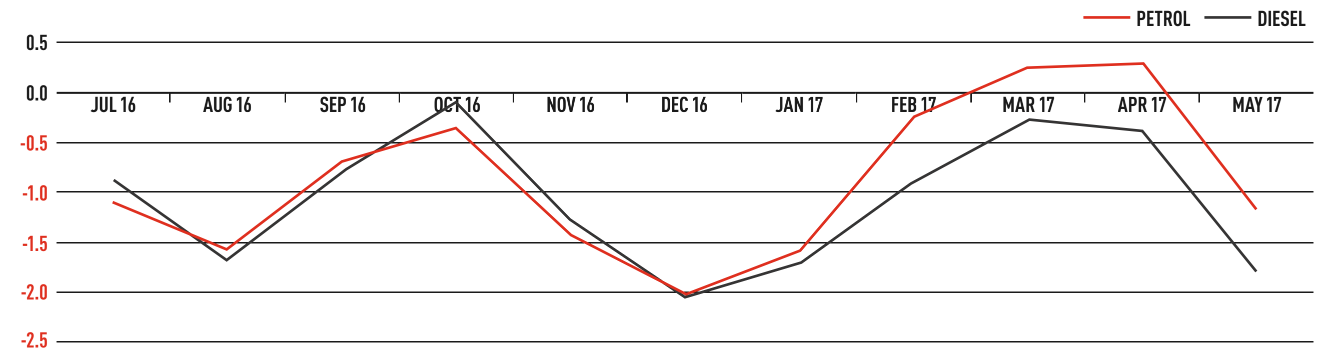
Much of the negative sentiment attached to diesel relates to older and less refined diesel power units. Dower said the modern diesel is something of a different proposition and manufacturers have made significant investments in new engine and post-combustion technology to significantly reduce NOx levels.

Philip Nothard, Cap HPI black book editor – retail and consumer specialist, said: "Dealers are being bombarded by the media and it's not very insightful.

"It's a really broad brush and there's a lot of confusion around CO_2 and NOx. There's a little bit of a panic out in the market place."

TOM SEYMOUR

CAP HPI AVERAGE MOVEMENT OF DIESEL AND PETROL VALUES AT THREE YEARS/60,000 MILES JULY 2016-MAY 2017



Strong offers continue into second quarter

While dealers are recovering from a disappointing month in April, they now also have to deal with the worry of the FCA's planned review of motor retail finance.

The FCA's concerns over a lack of transparency in the market is alarming, but dealers have accepted and adapted to change before.

The industry will be watching the FCA's "exploratory work" closely on "whether products cause harm", but while dealers wait for a decision on whether there will be intervention, strong offers continue to be available across the board in Q2.

AM's analysis of the majority of manufacturers' representative examples shows that 0% deals have reduced slightly to 50, down from 56 in Q1, but it still illustrates that manufacturers are pushing to get bums on seats with attractive offers in what is historically a slower quarter for the industry.

There continues to be 14 different manufacturers using 0% finance in Q2, the same as Q1, including Toyota, Škoda, Mitsubishi, Nissan, Renault, Alfa Romeo, MG, Jeep, Seat, Citroën, Volvo, Jaguar, BMW and Mercedes-Benz.

BMW also has a wide range of offers at 2.9%, marking it out as one of the lowest-rate APRs available for buyers in Q2, compared with Audi's 3.9% and Mercedes' 5%. The highest APR deal in Q2 comes from Dacia at 7.9% on the Sandero, Sandero Stepway, Logan and Duster. This will be down to the relatively small margins available on products from a value brand.

Once again, Suzuki takes the crown for the least expensive monthly payment at £79 for its Celerio 1.0 SZ2 after a £2,363 deposit and it also has the lowest final payment at £2,219. The Dacia Sandero comes in second at £89 a month, although it has a lower deposit of £980, which would make it the least expensive finance deal on offer in Q2.

VW is in the top three in Q2 with its Move Up 1.0-litre three-door for £105 a month after a £2,492.13 deposit. Seat's Mii Design 3dr 1.0 12V 60PS city car takes the title for the lowest deposit on offer at just £146, with a matching monthly payment of £146 over four years.

Citroën has a strong showing in the lowest deposit table with a range of models and sizes all available with a £500 deposit. DS gets in on the action too, with £500 as an entry point on DS 3 and DS 4 model variants.

According to the most recent NFDA Dealer Attitude Survey, Suzuki and BMW's network are happy with the strength of their brands' offers.

Suzuki's network rated the strength of its retail offers at 8.8 out of 10 and BMW ranked them 7.5 out of 10, both above the average score of 6.8.

While Suzuki had a tough April, down 28%, the strength of its retail offers and model line-up has given it double digit growth at 12.7% year-to-date to 15,609 units. Similarly BMW is maintaining growth this year, up 2.7% in April and 5.7% year-to-date to 60,758 units.

While Citroën's offers look competitive, the brand is still struggling for registrations. It saw a massive 39.8% drop in April and is down 18.6% year-to date at 21,136 units. This puts it just more than 5,500 units ahead of Suzuki. TOM SEYMOUR

> *AM*'S ANALYSIS SHOWS 0% DEALS HAVE REDUCED SLIGHTLY TO 50, DOWN FROM 56 IN Q1

10 LEAST EXPENSIVE VOLUME CAR PCP DEALS IN Q2 BY MONTHLY PAYMENT

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Suzuki Celerio 1.0 SZ2 5dr	PCP	£2,363.00	48 months	£79.00	£2,219.00	5.90%	30/6/2017
Dacia Sandero Ambiance SCe 75	PCP	£980.00	48 months	£89.00	£2,515.00	7.90%	30/6/2017
VW Move up! 1.0 3dr	PCP	£2,492.13	47 months	£105.00	£3,159.90	4.60%	2/7/2017
Dacia Logan MCV Laureate TCe 90	PCP	£2,699.00	48 months	£119.00	£3,255.00	7.90%	30/6/2017
Fiat Panda Pop 1.2 69hp MY17	PCP	£549.00	48 months	£119.00	£2,266.00	6.90%	30/6/2017
Hyundai i10 SE 1.0	PCP	£1,999.00	37 months	£123.62	£3,892.50	4.90%	30/6/2017
Kia Picanto 1.0 '1 Air' Manual 5dr	PCP	£2,200.00	37 months	£127.57	£2,741.25	4.90%	30/6/2017
Dacia Sandero Stepway SE Summit TCe 90	PCP	£2,803.00	48 months	£129.00	£3,233.00	7.90%	30/6/2017
Toyota Aygo x-press 5dr 1.0 VVT-i Manual	PCP	£2,131.00	42 months	£129.00	£4,635.00	0.00%	30/6/2017
Škoda Citigo 5 Door Colour Edition 1.0 MPI 60PS model, with Candy White paint	PCP	£751.72	42 months	£135.00	£3,473.28	0.00%	3/7/2017

10 LOWEST DEPOSITS ON PCP DEALS IN Q2

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Seat Mii Design 3dr 1.0 12V 60PS	PCP	£146.00	48 months	£146.00	£2,916.42	6.50%	3/7/2017
Citroën C1 Flair 1.0 VTi 68hp ETG 5dr	PCP	£500.00	37 months	£199.54	£5,519.00	4.90%	30/6/2017
Citroën C3 1.2 PureTech 110hp	PCP	£500.00	37 months	£285.23	£6,952.00	4.90%	30/6/2017
Citroën C3 Picasso Platinum 1.2 PureTech 110hp	PCP	£500.00	37 months	£301.11	£4,928.00	4.90%	30/6/2017
DS 3 Performance Line 1.2 PureTech 130hp	PCP	£500.00	37 months	£319.64	£7,622.00	4.90%	30/6/2017
DS 3 Cabrio Performance Line 1.2 PureTech 110hp EAT 6	PCP	£500.00	37 months	£415.76	£8,993.00	4.90%	30/6/2017
Citroën C4 Hatch Flair 1.2 PureTech 130hp	PCP	£500.00	37 months	£418.47	£5,249.00	4.90%	30/6/2017
DS 4 Performance Line 1.6 THP 210hp	PCP	£500.00	37 months	£421.72	£8,924.00	4.90%	30/6/2017
Citroën C4 Picasso Flair 1.6 BlueHDi 120hp EAT6	PCP	£500.00	37 months	£475.78	£10,530.00	4.90%	30/6/2017
DS 4 Crossback Moondust 1.6 BlueHDi 120	PCP	£500.00	37 months	£553.02	£8,102.00	4.90%	30/6/2017

SEARCH FOR FINANCE OFFERS
For a searchable list of manufacturers' finance offers, go to am-online.com/offers

DEADLINE ALERT: LAST CHANCE TO REGISTER FOR AM'S BEST UK DEALERSHIPS

Time is running out to register before the June 2 deadline. Find out how the programme can benefit your dealership below

AM Best UK Dealerships to Work For is the only awards and recognition programme of its kind dedicated to the motor retail sector. The top dealerships will be recognised as outstanding employers through their innovative practices and policies as well as the levels of employee engagement.

Details of the top companies will be published with accompanying editorial in the December 2017 issue of *AM*, published on November 24, on AM-online.com and at Automotive Management Live on November 9 at the NEC in Birmingham.

The goal of *AM*'s Best UK Dealerships to Work For is to identify and honour those great places to work, which strive to create and build even better workplaces for their employees.

AM has partnered with Best Companies Group, which manages a similar initiative in America. Winners in that programme have said that, among other benefits, the recognition enabled them to benchmark their company with their peers and gave them excellent public relations and marketing advantages.

In a world of shrinking margins, an intentional and progressive human resources strategy is critical to sustaining a competitive advantage.

One measure of such strategies is the quality of the workplace experience. Numerous studies show a strong correlation between profitability and creating a great place to work.

In addition to the positive impact the award has on employee relations and recruitment, the driving force for companies to participate is the remarkable effect that workplace improvements can have on their bottom line.

"Exemplary dealerships will not only have great benefits and salaries, but also support the active lifestyle and have created cultures where people love to come to work," said *AM* editor-in-chief Stephen Briers. "A great dealership provides employees with the full package."

Participation is free and dealerships have the option of purchasing an in-depth Employee Feedback Report, which will enable them to develop and implement the strategic steps necessary to create a great workplace and continue to improve their business performance.

WHAT ARE THE BENEFITS TO YOU?

There are a number of benefits to companies that choose to take part in the *AM* Best UK Dealerships To Work For programme. They include:

1. Recognition as a top employer, including use of the *AM* Best UK Dealerships To Work For logo
2. A promotional aid for recruitment and staff retention
3. Promotion to potential customers; raising your profile in your local area
4. The ability to benchmark performance against peers
5. Understanding of employees' views and areas to improve

ARE YOU ELIGIBLE?

To be eligible for consideration, companies must:

- Have a minimum of 15 employees working in the UK
- Be a franchised dealership
- Be a publicly or privately held business
- Have been in business for a minimum of one year

A 40% employee response rate is required (80% for dealerships with 15-24 employees). Temporary or seasonal workers, contractors, consultants, interns and volunteers are not counted as employees or included in the survey.

PROGRAMME TIMETABLE

JUNE 2: Deadline for participants to register. Retailers can register as a group or by individual dealership. Verification will be sent within 24 hours

JUNE 9: A web link for the employer questionnaire will be sent to the contact at each registered company

JUNE 23: Completed employer questionnaires are due

JUNE 30: Online employee engagement & satisfaction surveys are emailed to staff

HOW IT WORKS

AM Best UK Dealerships To Work For is a two-part process designed to gather information about each participating dealership.

Part one: the employer completes the employer questionnaire, which details company policies, practices, benefits and demographics. This can be completed at group level for all the participating dealerships where applicable.

Part two: employees of the company complete the employee engagement and satisfaction survey, an in-depth set of 76 statements based on a 1-5 scale of 'disagree strongly' to 'agree strongly'. The survey also includes two open-ended questions and seven demographic questions.

Both surveys are completed online, although a paper option is available if email and internet technology is not available for use by employees.

Best Companies Group will combine the results of the two surveys to determine which companies make the list of the Best UK Dealerships To Work For.

Participating is free, and dealerships will have the opportunity of purchasing an Employee Feedback Report from Best Companies Group, which will provide comprehensive details of the surveys, including employee comments and benchmarking against peers.

JULY 14: Deadline for completion of employee survey

AUGUST 22: Notification letters sent to participating dealerships

SEPTEMBER 5: Employee feedback reports sent to companies that ordered them

NOVEMBER 9: *AM* Best UK Dealerships To Work For report published at Automotive Management Live

TOP DEALERS HELP TO SHAPE MOTOR RETAIL'S BEST EVENT

Executives' expertise guides Automotive Management Live to be bigger and better in 2017

AM has called on some of the UK's top motor retail executives to ensure the second annual Automotive Management Live (AML) exhibition has the scale and features to fit with its new home at Birmingham's NEC on November 9.

The first meeting brought together: Lookers chief executive Andy Bruce and Sytner Group managing director Darren Edwards, representing national groups; JCT600 chief executive John Tordoff, Thurlow Nunn group managing director Simon Bottomley, and Swansway Group director John Smyth, representing privately owned regional groups; and Nathan Tomlinson, dealer principal of Devonshire Motors, to provide the views of the smaller franchised dealer.

Also on the board is Sue Robinson, director of the National Franchised Dealers Association (NFDA), which has partnered with *AM* for the event.

Members discussed how to help develop the scope of AML, including providing opinions on speakers, workshops and 'theatre' sessions as well as views on practical matters, such as the venue.

Some of their suggestions have already been incorporated, such as expanding the number of topical sessions to include data management and used car retailing.

Smyth said: "There's a massive wealth of experience [on the board] and we can advise from a dealer's perspective. The event is developing and growing and will get bigger and bigger as time goes by."

Tomlinson said: "Events such as AML take a lot of getting right, as they need to be so many things to so many people. For such a small and focused group, there was a really broad spectrum of views [on the board] representing thoughts and feedback from the biggest dealer groups in the UK right through to smaller independent dealers.

"With increasing pressure on dealership personnel at all levels, if someone is going to give up valuable time to be away from the business, then we absolutely have to ensure they are getting something back.

"Things are changing so quickly in our industry, there is so much information to assimilate and decisions to make to ensure that our businesses remain profitable, compliant and ready to adapt to change. I know the daily pressures that dealers face extremely well and I know how important it is to have a source of quality information and resource.

"With the amount of effort going into it, there is no doubt AML is going to be a fantastic event.

"Without exception, everyone on the board is working really hard to ensure that AML will provide quality information and resource to benefit dealers of all shapes and size."

AM editor-in-chief Stephen Briers said: "After the success of the first Automotive Management Live event in 2016, we're delighted to have enlisted the help of these dealer group leaders. We aim to build on the foundations of last year's event and provide even more business-critical insights and best practice in this year's event.

"The advice and input already being shared by the members of the AML advisory board is proving crucial to how we will set out the 2017 Automotive Management Live at the Birmingham NEC."

■ Also new for this year, as a result of its new location at the NEC, is a partnership with the Birmingham Chamber of Commerce. The chamber will bring along local dealers so they can benefit from the best practices and learning opportunities offered by the event.

AUTOMOTIVE MANAGEMENT LIVE ADVISORY BOARD

ANDY BRUCE, LOOKERS

JOHN TORDOFF, JCT600

DARREN EDWARDS, SYTNER

JOHN SMYTH, SWANSWAY

SIMON BOTTOMLEY, THURLOW NUNN

NATHAN TOMLINSON, DEVONSHIRE MOTORS

SUE ROBINSON, NFDA

TIM ROSE, EDITOR, AM

STEPHEN BRIERS, EDITOR-IN-CHIEF, AM

Automotive management LIVE

In association with NFDA

NOVEMBER 9, 2017, NEC BIRMINGHAM | AUTOMOTIVEMANAGEMENTLIVE.CO.UK

VIEWPOINT

MOTs CAN PROVIDE HOT SALES LEADS – DON'T GET HUNG UP ON PRICE

SCOTT HAMILTON is managing director of MyCarNeedsA.com

Independent garages continue to dominate MOT testing, carrying out three quarters of all MOTs carried out in 2015, according to a recent study.

The 2016 Castrol Professional Car Servicing and Repair Trend Tracker report also reported that not only did independents carry out 72% of all repairs, but 55% of routine services.

According to Trend Tracker, 30% of all work carried out by independent garages is directly linked to an MOT test.

Major fast-fit product offers (such as wipers, tyres or lights) are also among the highest MOT test failure categories. Undoubtedly, independent garages have a strangle-hold on MOT testing.

With the pool of repair work shrinking thanks to the strength of new car sales and with customers being encouraged out of used cars into new, dealers need to think about how they can attract other motorists to their workshops.

We know from our research that 39% of our customers are heavily influenced by the services and information provided with the quote, together with the customer reviews they find online. They are not buying on price alone.

Our research also indicates that customers still believe franchised dealers are significantly more expensive and they are intimidated by the anticipated experience.

Of course, price is an influencing factor for most customers and many opt for independent workshops and garages, because they are cheaper. We know customers pay an average of 11% more when they choose a franchised dealer to carry out work.

We have seen many instances where the service department is hamstrung by a budgeted retail rate and misses out on an MOT, servicing or repair lead for the sake of £10-15. I wonder, what would the used car manager pay for that lead?

Dealers who understand the importance of capturing aftermarket customers know they can subsequently exploit the potential profit opportunity of a new service, MOT and/or repair customer.

One manufacturer on MyCarNeedsA.com is capturing more than 50% of their brand's work on the site, with more than 60% of customers choosing their dealers over independents to carry out clutch replacements.

As every potential aftersales lead is a potential new customer – in new cars, used cars, parts, service or bodyshop – having a more all-in approach to customer acquisition can be of significant benefit across the entire business.

For example, a customer who has owned their vehicle more than 24 months (in the change cycle), lives nearby and needs a major service or new clutch, could provide a hot prospect for a the sales department.

However in many dealerships, there is little crossover between the aftersales and sales departments on marketing strategy and planning.

"30% OF ALL WORK CARRIED OUT BY INDEPENDENT GARAGES IS DIRECTLY LINKED TO AN MOT TEST"

WHY PERCEPTION, NOT PRICE, WILL BEAT THE INDEPENDENTS

PROFESSOR JIM SAKER is director of the Centre for Automotive Management at Loughborough University's Business School and an *AM* Awards judge. He has been involved in the automotive industry for more than 20 years

Despite the 'lies, damn lies and statistics' phrase popularised by Mark Twain (and some of my own reservations about online surveys), it is always of interest when a new piece of research comes out.

I was particularly drawn to the NFDA Consumer Attitude Survey 2017, which throws up some interesting insights.

One of the most interesting results comes from the overall satisfaction scores for car servicing in the UK. It found that customer satisfaction ratings for franchised dealers were at 80%, compared with independents at 87% and non-franchised national chains at 72%.

One of the key statements in the survey was that the perception of franchised dealers changes dramatically if a consumer has used one in the past two years. They argue that if a consumer has used a dealership, they have a far higher opinion of a franchised dealer across all categories. This indicates that past perceptions are being changed by the experience of the contemporary dealership.

The report highlighted that the thorny issue of service pricing remained a big factor in favour of the independents. Mark Squires, NFDA chairman, has been quoted in this magazine and elsewhere as wanting franchised dealers to shout more loudly about what they are good at, to overcome the negative view of pricing. I have a great deal of sympathy for this view.

There will always be 'price' shoppers, but this should not dominate the franchised dealer proposition. The survey highlights that franchised dealers outscore independents in the areas of professionalism, knowledge, customer service, reputation and reliability. This is a very strong mix of attributes for any brand proposition.

Squires is right that franchised dealers should concentrate on their core strengths and make more of this in their marketing message. Too often I get emails from dealers about the cost of a forthcoming service. I appreciate that I am a middle-class, ageing academic, but when I am booking my son or daughter's car in for service I am more concerned about its quality and the subsequent safety of the car than getting it £20 cheaper.

In the long run, the core strengths of the franchised network will increase its dominance over the independent sector. With the advances of the next five years, it is going to be difficult for independents to keep up with the knowledge and technology available to the franchised sector via their manufacturer partners.

The level of sophistication needed to service the next generation of vehicles is going to be a challenge for all in the industry. By building on the public's perception of the expertise within the franchised sector, price may be less of a factor in the marketing of servicing.

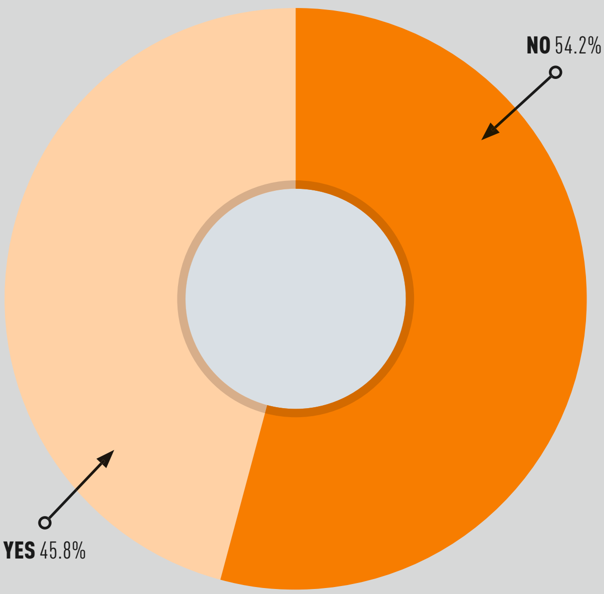
"WITH THE ADVANCES OF THE NEXT FIVE YEARS, IT IS GOING TO BE DIFFICULT FOR INDEPENDENTS TO KEEP UP"

HAVE YOUR SAY
Do you agree with these opinions?
Get in touch by email - tim.rose@bauermedia.co.uk

AM POLL

MOTOR INDUSTRY 'NEEDS MORE MANUFACTURERS, NOT FEWER'

AFTER PSA'S TAKEOVER OF VAUXHALL/OPEL, DO YOU THINK THE MOTOR INDUSTRY NEEDS MORE MANUFACTURER CONSOLIDATION?



Most *AM* readers do not think the automotive industry needs more manufacturer consolidation. A small majority believe acquisitions, such as PSA Group's purchase of Opel/Vauxhall from General Motors, will result in less choice for the consumer and fewer jobs for the industry.

"What we should be pushing for is a diversification of the supply chain, not a reduction. As more manufacturers consolidate their offerings, we are losing the option to choose something 'different'. I understand the production savings by utilising the same manufacturing plants to produce multiple models, but what we actually get is an anonymised driving experience where every car feels the same," wrote one 'No' voter. Another added: "Like almost all industries, economies of scale are used as an excuse to save money. Especially in the motor industry, where small dealers are being squeezed out. What comes with that is fewer choices for the consumer, no personal relationship with their dealer and possibly safety issues where the volume of work leads to a poor service and short-cuts."

Yet almost half of respondents believe more consolidation is inevitable. "The cost of producing a new model is now prohibitive. More joint ventures will be required to allow cost savings in R&D situations. Dealer networks will also have to be absorbed by the manufacturers to cut out the middle man," wrote one. Others suggested that there are too many manufacturers and multiple platforms, and fewer competing brands could be better for dealers.

NEXT MONTH:
HOW MIGHT THE FCA'S 'EXPLORATORY ENQUIRY' INTO MOTOR FINANCE IMPACT ON FRANCHISED DEALERS?

VOTE NOW AT AM-ONLINE.COM/POLLS

FACE TO FACE: BRAYLEYS CARS

(RE)BUILDING FOR GROWTH

Brayleys has changed its financial reporting year, its recruitment processes and its management systems. It's all about expansion, MD Paul Brayley tells Tom Sharpe

Being escorted around the labyrinthine new addition to Brayleys Cars' is rather like watching an episode of Channel 4's *Grand Designs*.

The forecourt of the former Humphris site on Rose Hill, Oxford, has room for just 20 used vehicles, which no doubt proved a hurdle for some prospective buyers.

But Paul Brayley, the group's managing director, who pondered the purchase for two years, clearly sees the potential in the site, which gives his 11-outlet network its first Mitsubishi franchise and its third Kia.

As Brayley strides first into a vehicle preparation area in the bowels of the facility and then up into the expansive workshop and up a concrete ramp to a vast former bodyshop on the first floor, his vision becomes clear.

He has invested £500,000 at the site, bought for an undisclosed fee, which will house an additional 65 used cars in an indoor, LED-lit display area liberated by conversion of the upstairs space.

It will also accommodate a new kitchen facility and a training room for employees, to support the group's increased emphasis on staff development and retention.

It is not the only grand design that Brayley is working on. Once refurbishment work is finished, "hopefully in the next month", he believes the site will be on track for an annual sales target of 1,000 cars, helping the group towards a turnover of more than £120 million in 2016/17.

That would mark a sixth year of growth for the group, which was born out of the Honda Investment Programme in 2003.

Brayley remains grateful for the start given to him by the Japanese manufacturer, which remains the group's core franchise, with 1,160 sales last year.

He said: "If it hadn't been for the sponsored dealer programme, I wouldn't be here today. I may have ended up owning my own business, but it would have been on a far smaller scale, I imagine.

"If you look around the industry some of the best started out that way: Ridgeway, Glynn Hopkin, Steven Eagell."

NEW FRANCHISES AND NEW PRODUCT

Brayleys Cars has grown rapidly, and while Brayley is content with his manufacturer partners, he is keen to be considered a good investment by Honda by expanding.

His intention is to swell the business with his current partners: Honda (3), Kia (3), Mazda (3), Renault/Dacia (1) and Mitsubishi (1).

"I'd like to represent at least one more dealership with all the manufacturers I currently work with," he said.

"Would any operation not like to represent Mercedes-Benz, BMW, Porsche, Audi? Of course, but the reality is that's not going to happen. I don't have the means to buy a Mercedes market area costing £20m or pay £7m goodwill for a Land Rover dealership.

"I'm very happy with the brands we represent. Kia, I'm sure, will sell 100,000 units this year. They will bring four new models to market.

"[From] Honda we have had the new Civic, the new CR-V, last year we had the HR-V. With Dacia, there are new models coming too.

"Mitsubishi is going to deliver its Eclipse Cross SUV, which is exciting and then Mazda, of course. We'll get the new CX-5 next and in March alone we delivered 22 of the new MX-5 RFs.

FACTFILE

TURNOVER £120 million (projected 2016/17)
SITES St Albans, Enfield, Grays, Harpenden, Hemel Hempstead, Milton Keynes, Oxford
NUMBER OF STAFF 200
NEW CAR SALES 3,057 (2016)
USED CAR SALES 3,352 (2016)

"I bought one for myself. It's the most fun you can have in a car. I did, for a while, have a 911 Turbo but you could never stretch it, you couldn't hear the engine and, because of that, it was soulless for me. In the MX-5, it felt like I was 17 again."

The group's acquisitions include a Kia and Mazda dual franchise site in Harpenden in 2012 – expanding the business by 25% at the time – a new Renault/Dacia site in Milton Keynes in 2014, Enfield Kia and Grays Mazda in 2015 and now the dual franchise in Oxford.

Brayley said the sites "take time to settle in", but the group recorded 1.4% return on sales (RoS) last year as it sold 3,057 new and 3,352 used cars.

Improved RoS remains a key target, but Brayley said that would require a period where "I kept my hands in my pockets".

Moving to a June 31 financial year-end – prompted by the shift to a new DMS – means Brayleys' latest financial results span 18 months and the business achieved a £134.4 million turnover and £1.93 million profit before tax during the period to the end of June 2016.

However, he is proud of the group's self-funded nature and low gearing of just 15.12% (2015/16 accounts) and has also been able to invest in freehold property in recent years to bolster Brayleys' assets.

Brayley made a freehold land purchase for the group's Enfield Kia showroom – next to its existing Honda facility – adding to freehold property at Grays, Harpenden and St Albans.

"We've replenished cash by making a profit", said Brayley. "Due to the support provided to me in the early days by manufacturers' finance houses, we've never been under cash flow pressure."

RESTRUCTURING STAFF

As well as ensuring the group's financial security – and ensuring that it is poised for further acquisitions – there has also been a considerable restructure of senior staff and financial practices to ready the group for further expansion.

This was partly triggered by the move to the new DMS, moving from Reynolds and Reynolds' MMI Automate to its new Power operating system in 2015.

Brayley said: "Our financial year at that point ended in December so we were two months on the new system and 10 in the old.

"I wanted to make sure that when we had the audit we had a really thorough audit over an extended period.

"To change the way you operate with everyone in your organisation is a huge task. We needed something that was suitable for a number of brands and sites, with the reporting and controls we needed as we grew, so we extended it until June.

"What also became clear was that a structure with an accounts department in our head office in St Albans wasn't working."

Brayley, who runs the 200-employee group alongside operations director Mark Corr, added Richard Lipscombe, who had been financial controller at Johnsons Cars, as finance director in June 2016.

He also made the role of finance controller redundant and introduced two divisional accountants based in Milton Keynes and St Albans.

Brayley's whole team, from newly appointed franchise directors David Carter (Honda, Renault/Dacia) and John Jackson (Kia, Mazda, Mitsubishi) to aftersales director James Darby and each site's sales and aftersales managers, now have regular contact with their accountants, said Brayley, adding: "They are available and approachable."

> **TO CHANGE THE WAY YOU OPERATE WITH EVERYONE IN YOUR ORGANISATION IS A HUGE TASK**
>
> PAUL BRAYLEY, BRAYLEYS

BRAYLEYS CARS SALES LOCATIONS

CHANGING APPROACH TO PEOPLE

A similar shift has begun in HR. Brayley said he realised about 18 months ago that retention among the group's sales executives was "disappointing" at certain sites.

The group now has a dedicated HR manager, Alice Edwards, and Brayley said he was ready to support her with more resources as the group furthered its efforts to retain staff and improve its recruitment and training policies.

A more rigorous recruitment process and a structured and smooth welcome to the business to get new employees through the rocky early weeks in a new

Brayleys is outfitting a showroom for 65 used cars in the upstairs area of its Oxford acquisition

business is essential, he said.

"Our recruitment consisted of an interview and there may have been a second one. Now, the sales manager does an interview for sales people, there will always be a second one and we'll always ask a new starter to complete a personality profile to help us understand the person, help us with knowing how to get the best out of them.

"Beyond that, the important thing is to make sure they are happy with us. Every new employee, within their first month, will receive a Brayleys 'Road to the Sale' training course. We then have an online module from Symco.

He said the aim is for the sales process to become instinctive, so that staff will approach a customer in a positive, helpful and enthusiastic mindset no matter what distractions are around them.

"Two to three weeks is the essential period for a new recruit. Get them through that and you're winning."

One employee retention area that Brayley does not see changing soon is remuneration.

He feels the commission-led model is a reflection of manufacturers' volume-led bonus payments and will not change until a time when each car sale yields a set margin, with no volume bonus.

However, internal promotion is a key part of Brayley's philosophy.

Operations director Mark Corr was the "site boy", cutting grass at the group's first solus Honda site when the business was established. Aftersales director James Darby worked his way up from parts manager at the St Albans dealership.

Brayley said he knows the value of an "arm around the shoulder" and hopes the group's new focus on HR will create more internal success stories.

"We have to make our staff feel valued, but beyond that the HR team should be the go-to place for those who have issues they might feel uncomfortable talking to their manager about," said Brayley.

Planned measures to make staff feel valued include sending birthday cards to every member of staff on key birthdays, but Brayleys already holds an annual summer barbecue for employees and their relatives, which Brayley said is a great success.

The event includes activities for families, including a vinyl-wrapped car on which children can write messages.

MARKETING THE GROUP

The same wrapped cars have proved a hit at public events and promotional visits to shopping centres. Such exposure does not guarantee leads, but does grow the profile of a business otherwise marketed by brand, said Brayley.

"How many dealer groups have we seen come and go?", he said. "The name over the door is Honda or Mazda or Kia."

Elsewhere, Brayleys' marketing budget is focused heavily on digital.

On the day AM visited, Brayley held up a bill for £26,000 that covered one month's marketing spend on: 63,000 marketing emails; website content; pay-per-click (PPC) management and campaigns; Facebook campaigns; social media; flyers; posters; GAP sales, leaflets etc; but not a plate-change promotion event run by Rhino Events.

The results justify the means. When *AM* visited, with three trading days left in March, Brayleys had achieved 110% of its 164-vehicle target from Honda; 112% of the 258 target from Kia and 110% of its 164 Renault target.

Brayleys also recently brought photography in-house, promoting a young parts assistant to group photographer.

Brayley said he made the change after learning of his weekend hobby of travelling to London's West End to photograph supercars.

"We'd been paying the manufacturers who assigned a company to come and take pictures, but you have a two-hour slot, it's raining, you can't move the cars around quick enough and they've gone without taking images of all the cars.

"We now have our own photographer, and the advantage of that is that this is someone who knows the sites inside out.

"He's very busy, but he's very organised and he's fulfilling his passion."

"THAT IS THE BEAUTY OF OUR INDUSTRY. YOU CAN REALLY PROGRESS WITH THE RIGHT LEVEL OF DRIVE, DETERMINATION AND A GOOD WORK ETHIC

PAUL BRAYLEY, BRAYLEYS CARS

MAKING 'MARGINAL GAINS'

Brayley said there is no added focus on used cars in 2017, despite the predicted downturn in new car sales, with each site operating with six weeks' future stock (equating to a stock turn of 8.7).

Aftersales remains a focus and one area where Brayley is aiming to make "marginal gains". He recently decided to scrap a £35 flat rate at the business's five MOT centres, which has paid dividends.

The flat rate was brought in to help establish the newly created Mazda dealership in Harpenden in 2012, but an assessment revealed it attracted little new custom.

In April, Brayleys decided to increase the rate to £54.85.

Brayley said: "This year we will do over 8,000 MOTs. At least 75% of those will be at the full price. That's £120,000 on the bottom line.

"This month is the first full month that the price change came into effect and we're just as busy."

Brayley acknowledged that the business's growth meant it had become harder to keep an eye on the smaller things, such as MOT pricing, but he said the new business structure is allowing him to step back and look twice at certain areas.

Other benefits have been equally welcome, he said: "I managed to take two weeks' holiday in the middle of March. When I came back and checked the 20-day forecast, I was delighted to see it well ahead of budget.

"I think that's something that should offer confidence to manufacturers, because it's not just about Paul Brayley anymore. Brayleys Cars is a well structured business that works."

From working on Thatcher's car to shaking the PM's hand

From rebuilding one prime minister's Jaguar as a "lazy" young technician, to visiting 10 Downing Street as a dealership boss, Paul Brayley has experienced the full scope of the automotive business.

Brayley's career in automotive retail started when he left school at 16 to start work as an apprentice technician with Bristol Street Motors in Colindale, Greater London.

"I can remember the engineers getting me, sticking a broom through my overalls and hanging me up on an engine rig and leaving me there," he said.

He later took a job with the Metropolitan Police and found himself working on Rover SD1 police cars and replacing the gearbox of then-prime minister Margaret Thatcher's three-tonne, armour-plated Jaguar.

However, after admitting that his main skill was positioning his back board to nod off unseen underneath the car he was working on, he moved into sales with Lex Brooklands.

In Brayley's 30-year career he has had roles of salesman, sales manager, regional general manager and franchise director, including spells with Evans Halshaw and Citroen UK.

It was while running Citroen's Berkeley Square showroom that he got the chance to meet the prime minister and the Queen face-to-face after winning a Motability award.

Brayley said: "Our managing director was French, so wasn't that keen on meeting the prime minister, so I went along to Number 10. The next year, I was at a garden party meeting the Queen.

"That is the beauty of our industry. I came out of school with no qualifications, but a desire to work with cars.

"I think, unlike any other sector, you can really progress with the right level of drive, determination and a good work ethic."

5 MINUTES WITH...

John O'Donnell, managing director, EMaC

What are the benefits of service plans for the dealer?
Mainly a steady stream of servicing revenue to offset fixed costs. An average of more than £364,000 of service activity under our plans is authorised every day.

Also, there has been a significant development in the change cycle. While finance sales have grown over recent years, the propensity of motorists to settle their finance agreement earlier has increased.

Through service plans, we continue to help sustain customer contact. If a customer is thinking of cancelling, our approach successfully minimises the risk and we also keep the dealer informed. On the other hand, if they opt to extend ownership then we can quickly extend a service plan to suit.

Can you provide a specific example of how EMaC benefited a dealership?
One group was selling about 250 service plans a month before it moved to us and increased that to about 330 – a total for last year of 3,960 that brought in more than £327,650 for the group.

To achieve this, there were regular group review meetings and best-practice process implementation, along with targeted training. Training didn't just focus on what a plan is or why they are vital for the group – it also covered sales and presentation skills. One site had two service advisers increase sales 40% in the first month post-visit.

How has EMaC grown over the years?
Over the 13 years [since it was founded], annual sales growth has gone from about 5,000 to 450,000 and currently there are over 1.5 million live plans among more than 1,000 dealer groups at 6,000 sites, making us the number one service plan provider.

Are there any impediments to continuing growth?
None that I can think of. With 20m vehicles on the road and two million new ones sold last year, that's a very positive backdrop for further development.

How does EMac's offer exceed rivals'?
Feedback shows we are the best when it comes to innovative technology, training support through our sales force and the 70-strong team manning the in-house contact centre at our HQ in Crewe.

Can you provide an example of 'innovative technology'?
Most significant is Autoquote, currently on trial at selected dealer sites. It is a time-saving automated process whereby EMaC generates a quote based on data from the dealer and sends it to them to be printed ready for the customer. If the customer chooses not to purchase at point of sale, the quote is sent to their email, enabling them to log on to the dealer website with a unique quote number for payment.

Where do service plans rank in consumer popularity? Is the main sales channel point-of-sale or aftersales?
Along with GAP, it's at the upper end of consumer choice. Aftersales is the main channel, but it varies from dealer to dealer.

How do you deal with complaints?
They run at less than 1%, which is impressive against industry standards.

We have a very robust process for dealing with complaints that may feature such issues as cancellation of the plan and refunds, or transferability.

On the latter, some dealers prefer that the plan is confined to one of their outlets, while others are happy to extend it to any outlet within their group and this is made clear in terms and conditions. We have found that an increasing number of consumers are willing to travel further afield to maintain contact with a dealer of their choice.

What are your main leisure interests?
Fell-walking and watching rugby with my fiancée.

Favourite possession?
A picture of family and friends at Wembley when Blackpool won the 2009–10 Championship play-off final to go into the Premier League.

Ambition before going into business?
To be a PGA Tour golfer. CHRIS PHILLIPS

FACT FILE

COMPANY: EMAC
HEADQUARTERS: CREWE, CHESHIRE
TURNOVER: £6.51M (NINE MONTHS TO SEPT 30, 2015)
PRE-TAX PROFIT: £3.35 (AS ABOVE)
STAFF: 88

KIA

Soaring sales, dealer enthusiasm and industry accolades all add up to a good year for the South Korean brand. But that growth brings challenges, reports Andrew Ryan

Since launching its Vision 100 strategy in 2012, Kia has regularly reaffirmed its target of 100,000 annual registrations by the decade's end, but remained coy about exactly when. If it could replicate its 2016 performance this year, it would hit it with two years to spare.

Kia's registrations hit a record high of 89,364 last year, up 13.9% year-on-year in a market that grew 2.3%.

This success was capped with recognition for and from its dealer network. It was voted franchise of the year at this year's AM Awards and returned such good results in the NFDA Winter Dealer Attitude Survey, that Kia Motors UK president and chief executive Paul Philpott was "punching the air", he told *AM* at the Geneva Motor Show.

The network recorded a 9.4 score for value of the franchise in the survey, just behind table-topping Mercedes-Benz's 9.7, with a key profitability score of 8.5 against the German brand's 9.1. In fact, when the score to every question in the survey was averaged, Kia emerged ahead of Mercedes-Benz.

Kia also had 96 responses compared with Mercedes-Benz's 13, giving a much broader representation of the network.

"The results of the NFDA survey are really important because when a network isn't engaged with the manufacturer you can never achieve your goals," said Steve Hicks, sales director at Kia Motors UK.

"We have a really strong network full of quality individuals and experienced management: Kia has always managed to keep its network strong and this puts us in a really strong place."

> **"WE ARE NOT FORCING THE MARKET... OUR SUCCESS WAS DRIVEN ABOVE ALL BY NEW PRODUCTS AND CONQUESTING FROM OTHER BRANDS**
>
> **SIMON HETHERINGTON, KIA**

Kia put last year's performance down mainly to new product, particularly its Sportage SUV, which was launched in February 2016 and accounted for 40,083 registrations. It also launched a new Optima Sportswagon plug-in hybrid and the Niro hybrid last year.

Simon Hetherington, commercial director, said: "I can categorically say that we are not forcing the market.

"Exchange rates at the start of the year meant that manufacturers were definitely putting volume towards the UK, and that volume resulted in quite a lot of forcing action later in the year to make sure that all found homes.

"Our success was driven above all by new products and conquesting."

These conquests account for about 60% of registrations, but Hetherington said Kia had also worked hard on retention.

"Through a combination of different products and programmes – and particularly increased take-up of PCP finance – we are seeing more and more repurchase," he said.

Hetherington believes a large part of the brand's appeal to customers of other manufacturers has come from Kia's move upmarket. He said it is no longer a budget brand, as its quality and pricing pitch it against brands such as VW and Peugeot.

This realignment, together with increased demand for higher-specced models across the range, helped average dealership turnover grow to £10.6 million last year, up 20% on 2015 (£8.8m).

However, it has also brought an unexpected challenge to dealers: what to do with an increasing number of

KEY PRODUCTS

Kia Picanto

Quietly holding position as Kia's second-biggest seller in 2016 – with 13,098 registrations – the Picanto should gain a further sales boost in 2017 thanks to a new model launched in April.

Kia Rio

The Rio is another model re-launched in 2017, but the new version lacks the personalisation offered by some key rivals. Prices start at £11,995.

New dealerships, such as the flagship site on the Great West Road in Brentford – operated by Norton Way Group, but owned by the carmaker – show the brand's confidence

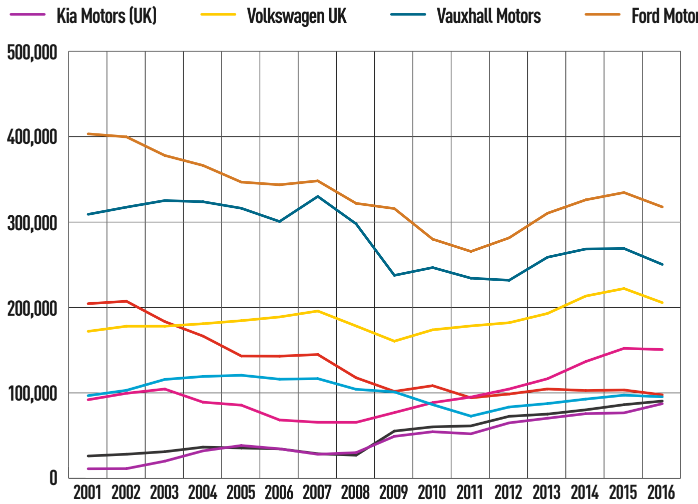
Kia Niro

Initially launched as a petrol-hybrid, Kia's plug-in hybrid Niro crossover was unveiled at this year's Geneva Motor Show. The new format could attract better registrations than 2016's 1,269.

Kia Sportage

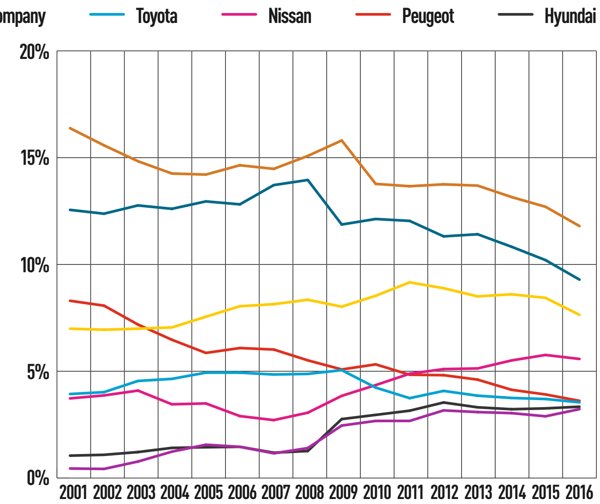
Kia's biggest seller, the Mk 5 Sportage launched last February. Almost 1,500 orders were recorded during its first three days on sale and it ended the year with 40,080 registrations.

TOTAL UK NEW CAR REGISTRATIONS



As Kia gets nearer to its 100,000 registrations target, it comes close to overtaking Toyota (2016:96,746) and Peugeot (2016:98,529)

UK MARKET SHARE



The 2009 scrappage scheme helped Kia to build share and boost brand awareness. It has since grown on those foundations

premium brand trade-ins?

"This dates back to the fourth generation of Sportage, which was the first time we took in premium part-exchanges in any number," said Hetherington.

"This has increased dramatically with the fifth generation and more dealers do focus on selling exclusively used Kias, so having disposal routes for premium product is a very real challenge for some, which you would not have imagined happening a few years ago."

Despite this, Hetherington said Kia also had a "great year" with used cars in 2016. Auto Trader data showed the 2014 Sportage was the fastest-selling used car last year. Sportage also won the AM Award for Used Car of the Year.

The brand's growth and seven-year warranty mean it now has the fourth-largest warranty parc of any brand in the UK after Ford, Vauxhall and Volkswagen.

"This is great for the overall business model, because a lot of our focus is obviously on the success of our dealers," said Hetherington.

Average overhead absorption was just over 50%, while average dealer profits were £187,000 – a record high – with a 1.6% return on sales.

Is 2% possible? Hetherington said: "I'm delighted with the rate of return our dealers are getting. Of course, I'd like it to be more, but we are not stating it as a KPI in the way perhaps some other manufacturers have in the past, as we try not to be hung [up on] setting targets that create issues.

"I think the reality is our network still has investment to make to keep pace with the level of growth required, and obviously the more investment you make, the harder [reaching 2%] gets.

"I think the relationship is as important as

> **KIA HAS ALWAYS MANAGED TO KEEP ITS NETWORK STRONG AND THIS PUTS US IN A REALLY STRONG PLACE**
>
> **STEVE HICKS, KIA**

the profit: the two things go closely together, but I do think the relationship between Kia and our dealer network is different to what you will find with most manufacturers. That's something we are very proud of."

Kia has 187 dealers across the UK. Hetherington expects this to grow, although "not massively as we are close to full representation".

Instead, he anticipates an expansion in the quality and capacity of dealerships to support the growth in registrations. This confidence in the future of the brand was also demonstrated by a number of new dealerships opening last year, he said, including Kia's flagship dealership on the Great West Road in Brentford. Owned by the carmaker, it is operated by Norton Way Group.

Hetherington added: "There has also been an interesting change in the dynamic of our dealers. If you go back four or five years, it used to be that about one third of our network was solus and sold only Kia; that equivalent figure now is two thirds.

"Again and again we are seeing businesses decide to focus exclusively on Kia as we have grown."

Strength in owner-drivers

Owner-drivers still make up the core of the network, which Hicks described as a strength.

"Some of the regionally owned owner-drivers really understand our local business and are integrated into their communities, so we want to make sure that we are important to those guys," he said.

"We have a nice mix within the group that we have, but we need to make sure our network works for all partners."

Hetherington said Kia works closely with the dealer network to make sure all employees are trained to understand the brand and customer needs.

One way the network has sought to improve customer service is the launch of the Kia Genius programme.

Similar to BMW's product geniuses and Hyundai Rockar's 'angels' these are employees whose job is not to sell. Instead, Hetherington said their role is "to know and love the product, and be able to explain the benefits of that product to the customer".

"The reason for this initiative is that car sales is a complicated business, there is a lot to do and it's something we, as an industry, don't always get right," he added.

"Our dealerships are getting busier and busier with volume growth. Therefore, challenges like looking after customers with initial enquiries, test drives, vehicle handovers, etc. are often the things that get in the way of a salesman trying to do their job. Separating those tasks out is proving very successful.

"They are not geniuses in the sense that they are technical experts. They are looking after the product knowledge and customer qualification, but not trying to sell.

"There is a distinction. They want to explain the benefits, explain why this is such a great car and then hand over to somebody who can actually talk about finance or how they want to structure the deal."

ADVERTISING FEATURE

Electrifying results

By Neil Addley, managing director, NFDA Trusted Dealers

NFDA Trusted Dealers and independent consumer advice organisation the Energy Saving Trust are running a nationwide campaign to increase awareness among UK car buyers about the benefits of ultra-low emission vehicles (ULEVs).

The campaign follows new research carried out by Trusted Dealers, which found nearly one third (29%) of UK drivers are considering an electric car as their next vehicle, but are uncertain about what to look for.

The roadshows were held in those cities designated to be the UK's first clean-air zones, with events running in Leeds, Nottingham, Birmingham, London and Southampton.

The roadshows gave drivers the real facts about ULEVs so they can consider one as their next vehicle. The Energy Saving Trust's electric-vehicle experts were on hand to advise attendees on the benefits of electric cars and to debunk common myths around ULEVs, such as battery life and cost.

The events, run in partnership with local dealers, were well received by attendees, with many participants commenting that the interactive sessions had not only improved their understanding of the technology behind electric cars, but also of the practicalities of owning one.

Our research revealed that a significant number of car buyers are now seriously considering low-emission vehicles for their next car, but are at a loss on where to start.

On the Trusted Dealers website, we have lots of information on ULEVs and we are really pleased with how events have been received by the public and hope to be able to continue our work with the Energy Saving Trust in the future.

■ **If you would like more information, please give me a call on 01423 206 272, or email neil@trusteddealers.co.uk.**

NFDA TrustedDealers

"WE ARE NOT INTO GIN PALACES FOR GIN PALACES' SAKE, BUT WE DO WANT THE RIGHT SORT OF REPRESENTATION FOR WHAT OUR BRAND IS NOW

SIMON HETHERINGTON, KIA

Currently, 30 dealerships employ a Kia genius and Hetherington expects this to grow. "It is a programme that we are promoting, but we are not setting any targets and saying 'we must roll it out to 50 dealers by the end of the month' or anything like that. But we are seeing more dealers taking it on."

In another dealer initiative, Kia seeks to expand its business centre programme. Fleet is an important sales channel, accounting for 51% of its registrations last year, and it is aiming to increase its share of this market from 3.2% to 4%.

To do this, the brand has increased engagement with major leasing companies, but its dealer network has an important role to play, particularly with small businesses.

Kia currently has 20 business centres and has a medium-term target to increase this to 30. It hopes to be close to this figure by the end of the year, although John Hargreaves, head of fleet and remarketing, said cost may limit its appeal.

"To be a business centre dealer, you do have to invest fairly heavily and, most notably, you do have to have a dedicated person just to do fleet," he said.

"You have to run extra demonstrators and invest in local advertising, so for a lot of our dealers it isn't viable.

"We are also embarking on an initiative so all dealers have to have a basic level of expertise in business sales.

"We don't want experts, but if someone comes in and wants to talk about business finance, contract hire and the pros and cons thereof, we want someone trained in each dealership who can give them practical business advice."

TV and sport support for dealers

Kia will also be supporting its dealers through national marketing campaigns. It aims to have a television presence throughout the year through a combination of programme sponsorships and television advertising, "not something we have always been able to do", said Hetherington.

Sport also plays a major part in its marketing strategy: the manufacturer sponsors the Australian Open tennis championship, while it has also extended its partnership with Surrey County Cricket Club, where it is shirt sponsor and has naming rights to its historic Oval cricket ground.

The Kia Super League – a women's T20 cricket competition – will enter its second year this summer and will also be televised on Sky Sports.

On track for 100,000 by 2020

So, with a happy and developing dealer network in place, high-profile marketing and more new products either launched, such as the Picanto and Rio, or on the way – the Stinger and plug-in hybrid versions of the Optima Sportswagon and Niro – what will 2017 hold for Kia?

Hetherington expects the total new car market to decline by about 5.5% to 2.54 million, but predicts his brand will buck the trend.

"I'm very confident that we will continue to perform well and continue to grow," he said. "We set ourselves ambitions to grow in this market by around 3-4%, so we will break through into more than 90,000 units this year."

This anticipated growth keeps Kia on track to meet its ambition of 100,000 annual registrations by the end of the decade, as stated in the Vision 100 strategy it announced five years ago. The same strategy also outlined its desire to become a top five non-premium manufacturer by the same date.

Last year the brand was eighth (discounting BMW, Audi and Mercedes-Benz), behind Ford, Vauxhall, Volkswagen, Nissan, Peugeot, Toyota and Hyundai. It trailed Hyundai by 3,000 units and Toyota by 6,000.

"Based on the recent rate of growth, reaching 100,000 units a year feels within our grasp," said Hetherington.

"However, it's almost more important to

Sport plays a large part in Kia's marketing strategy, including sponsorships at Surrey County Cricket Club

KIA NFDA DEALER ATTITUDE SURVEY RESULTS 2008-2016

Good communication from Kia's management team, which has been relatively stable for years, is paying off, with high NFDA dealer satisfaction scores and *AM*'s Franchise Partner of the Year award

> **THE RESULTS OF THE NFDA SURVEY ARE REALLY IMPORTANT BECAUSE WHEN A NETWORK ISN'T ENGAGED WITH THE MANUFACTURER YOU CAN NEVER ACHIEVE YOUR GOALS**
> STEVE HICKS, KIA

set that ambition for when we talk to our network partners. They do need to plan knowing what sort of volumes we are talking about because it's got immediate capacity and resource implications.

"We've tried very hard not to say we are definitely going to achieve Vision 100 by that deadline because I think it could lead to the wrong sort of decision-making, but I think we will get there."

Kia's growth does mean dealers are having to invest to cope with the extra demands, but Hetherington said there were no plans to introduce a new corporate identity. Its current showroom style was launched in 2012.

He added: "We are not into gin palaces for gin palaces' sake, but we do want to have the right sort of representation for what our brand is now.

"If you look at our product line-up today, it's very different to our line-up of four or five years ago. There is a customer expectation that goes with that. However, we are not a brand saying 'you must build this'.

"What we are seeing time and time again across our network is a dealer-driven desire to improve and expand the quality of their facilities because they can see the size of the range and the size of the opportunity, and they believe they need better representation to deliver it.

"We do not want to get into chasing volume for volume's sake. We want a sustainable, profitable business model. We want to have an ambition throughout our whole organisation. We want our network to grow and to deliver more, but not to hit a number at any cost."

AM AWARDS : 2017

BEST USE OF SOCIAL MEDIA; DIGITAL INITIATIVE OF THE YEAR

MARSHALL MOTOR GROUP

'IT'S NOT ABOUT TECHNOLOGY, BUT CONVERSATIONS'

Its multi-channel social media efforts have already reaped impressive rewards, but the group is about to take them up a gear, reports Debbie Kirlew

Marshall Motor Group plans to extend its already impressive social media reach by creating Facebook pages for every dealership.

Marshall Group's marketing team currently operates 28 divisional Twitter accounts; 29 divisional Facebook accounts; one group account for LinkedIn, Instagram and Pinterest, and 12 YouTube channels.

Already being trialled in two locations, the plan is for each site to host its own Facebook page by the end of this year.

Philip J Deacon, head of marketing, said: "This will be a massive challenge; we are going from 29 brand accounts to 103.

"The big one for us once we are live is generating enough local content."

This involves increasing its engagement with employees in the dealerships to provide content and implementing monitoring and broadcast software. Once operational, dealers will be able to create copy using the software, which will alert the marketing team, who will check it before publishing.

'Champions' at each site provide the central marketing team with content while themes such as 'Monday motivation', 'Thursday throwback' and 'Friday fun' provide a stimulus. A new content writer role has also been created after a member of the team showed writing talents.

Deacon said: "We want to be known as a leading light in social. Our social strategy evolves every day so we are looking at things like how to use more video and paid social. One of the issues we are tackling is how to reach those sites where social input is low. The award win has given us greater credibility with our own staff.

"I was chuffed to bits with the award, it came just as we were setting out our stall to the group. We have used it to show employees statistics and tracking and to highlight social to those who are more sceptical and think social is just for kids and posting about cats.

"When we won the award, we were on a massive journey and we need to keep going. We have to be agile."

> "WE COULD NEVER CONTEMPLATE GOING BACK TO RUNNING SOCIAL AS FIVE DAYS A WEEK, FROM NINE TILL FIVE
>
> PHILIP J DEACON, MARSHALL MOTOR GROUP

Keeping pace with mobile usage, blending the physical and the digital and further increasing response times, especially out of hours (38% of live chat leads are generated when the physical dealership is closed) are all on Deacon's radar.

"We could never contemplate going back to running social as five days a week from nine till five. It's never-ending; social is now very much a part of our DNA."

Figures for the 12 months to March 1, 2017, show Facebook, Marshall Group's most prominent channel, has a reach of 55,472,023 (which Marshall defines as the number of people who have seen a post) and engagement (the number of interactions with all content) is 1,132,517. In the same period, Twitter clocked up 7,755,041 impressions, 287,577 profile views and 8,632 mentions.

At the time Marshall Group made its

Philip J Deacon, head of marketing, Marshall Motor Group, collects the award for Digital Initiative of the Year from Darren Moon, sales director, Auto Trader

AM Award submission, sections of it were being rebranded after the Ridgeway acquisition, with a parallel digital transformation taking place.

Deacon and his team drew on Ridgeway's experience to promote the name change whilst its #Marshallmoments continues to be used to great effect.

"We don't just broadcast, we respond," said Deacon, who had the task of integrating both groups across social media platforms and bringing the joint workforce up to speed on their strategy.

"There's still a lack of understanding with views that it [social media] is just for kids, whereas the youngsters are very much involved in different platforms other than Facebook."

A recent Marshall Group Facebook campaign in the run-up to the new VED changes helped to change minds. The campaign reached more than 260,000 people in 50 days and generated 26,996 click-throughs with the most prominent age group being 44-year-old plus. In fact, over-65s made up 40% of the audience reach and accounted for 46% of click-throughs.

One of the ways Deacon measures dealerships' success with social media is the level of engagement internally, with content provision a major benchmark.

"One of the biggest successes we had was March 1 new car registrations, when every single site sent us a vehicle handover picture to post."

Content from the sites does vary, with some regularly providing material. Marshall Volvo shares pictures of interesting and classic cars when they come into the workshop and at Marshall's Vauxhall sites an administrator shares a picture of each handover undertaken.

"We work on how good engagement is and how well the sites are at providing us [the central marketing team] with content. We use peer pressure and highlight what the star sites are doing to create friendly competition," said Deacon.

He currently has his sights on some of the poorer social media performers. He is confident it will take about a month for those dealerships to start seeing results in terms of reach and engagement.

"There are so many social media channels, so we have to be very selective that we use the ones most relevant to the business. We began using Vine [short-form video hosting service] the first day it became available, but it didn't really catch on. We focus on LinkedIn, Facebook, Twitter, Instagram, Pinterest and Google Plus – it's important your map appears in the Google searches."

Deacon continues to build on previous successes, perhaps epitomised recently when Marshall's first Twitter customer, who bought a Smart car, returned recently to buy a Mercedes-Benz A-Class. Naturally, it shared the sale on its social channels.

Listening is also important. One dealership responded to news of local vandalism by offering free repairs. The story was picked up by the local media, turned into a group blog post and shared on social channels, which in turn saw *AM* run the story.

Deacon said: "It shows how everything is integrated, with one channel feeding another. However, it's not about technology, but about conversations and people."

Philip J Deacon, head of marketing, Marshall Motor Group, accepts the award for Best Use of Social Media from Jeremy Evans, managing director, Marketing Delivery

DIGITAL INITIATIVE OF THE YEAR
SPONSOR'S COMMENT

By Darren Moon, UK group sales director, Auto Trader

We were very excited to present the Digital Initiative of the Year award, and for us, Marshall Motor Group was a clear winner. As a company, they have well and truly embraced the power of social media to not only extend its potential customer reach, but to also interact with consumers, build all-important trust and help convert social engagement to site visits. Recent research revealed that 75% of new car buyers and 59% of used saw timely responses from dealers to be very important in the buying process. With 27 active Facebook pages and 24 separate Twitter accounts, Marshall Motor Group has clearly recognised just how vital a role these channels can play in responding to consumer enquiries quickly.

As well as using social to help build a more personal and engaged experience, Marshall Motor Group has employed it as a powerful sales tool, driving a hugely significant 217,937 referrals back to its websites, a 2,029% increase on the year before. It's an incredible achievement, and that's why Marshall Motor Group is a very worthy winner of this year's AM Digital Initiative of the Year Award.

SPOTLIGHT:
MOTOR FINANCE

Sponsored by ALPHERA Financial Services

IS THERE DEEP WATER AHEAD FOR PCPs?

ARE PCPs CLOSE TO THE EDGE?

It has been a boon for dealers, but rising interest rates, falling employment, regulation and Brexit uncertainty could be consumer credit's 'perfect storm'

To misquote a former prime minister, franchised motor dealers have never had it so good as they have since the recession ended.

Ultra-low borrowing costs and easy availability of credit have helped fuel record car registrations, but there are warning signs that the era of free-spending consumers and easy finance is coming to an end.

Almost a decade on from the financial crisis that brought the global economy to its knees and left British businesses and consumers feeling battered and bruised, the UK car market has been booming.

The Society of Motor Manufacturers and Traders (SMMT) reported the strongest March on record, with 562,337 new cars registered, a year-on-year increase of 8.4%.

One reason for the industry's success is its ingenuity in developing and offering attractive finance products, from straightforward loans to personal contract purchase (PCP) deals.

The Finance & Leasing Association (FLA) reported that in the year to March, point-of-sale finance accounted for 86.5% of new car sales to private buyers among its members, bubbling just under the record level achieved in 2016, and amounting to £31.9 billion of dealership finance.

Another reason car sales have been so buoyant is consumers and businesses alike have benefited from benign economic conditions as the UK has enjoyed slow but stable growth, low inflation, historic low interest rates and low unemployment.

Low rates have not only enabled car dealers to keep down APRs, but poor returns on savings accounts have encouraged people to splash out rather than save. Some £26 billion of PPI compensation over the past six years has also encouraged spending (the deadline for claims is 2019), as did the scrappage scheme.

Fears of a post-EU referendum recession failed to materialise, but there is mounting evidence that the tide is turning, bringing the risk that consumers and businesses, including car dealers and finance houses, will be left exposed.

The Bank of England recently downgraded its forecast for economic growth in 2017 from 2% to 1.9%, although it revised its previous forecasts upwards slightly for 2018 (1.7%) and 2019 (1.8%).

Average real wages are down 0.2% in the first three months of the year, the first fall in two-and-a-half years, after inflation hit 2.7% in April.

The increase in inflation, largely driven by the sharp fall in the value of the pound since the referendum, is eating into household budgets and business costs. The National Institute of Economic and Social Research (NIESR) sees inflation peaking at about 4% this year.

Official retail sales figures for March showed the biggest quarterly drop in seven years, down 1.4%. Ominously for car dealers, the biggest contributor to rising prices came from petrol stations, as fuel costs surged by 16.4%.

And those record registrations in March were followed by an almost 20% fall in April's year-on-year figures, reportedly exacerbated by the decision to bring purchases forward to avoid the new VED regime.

RISING UNEMPLOYMENT

Household savings rates were at their lowest on record in the final quarter of 2016, suggesting consumers may be spending capital and reluctant to take on more debt.

Although the unemployment rate is its lowest since 1975, the NIESR has predicted it will rise this year as uncertain businesses delay hiring. The housing market, so crucial to consumer confidence, is also showing signs of stagnation, according to the Royal Institution of Chartered Surveyors and lenders Halifax and Nationwide.

Commenting on those headwinds, Mike Allen, head of research at Zeus Capital, said: "The market has had a great run in the last four, five, six years, but it is a cyclical industry and we think it will get more difficult in the next couple of quarters."

Allen is sceptical about the impact of PPI on car sales and does not believe the claims deadline will make much difference to the market.

Louise Wallis, head of business management for the National Franchised Dealers Association (NFDA), said: "I think most people are predicting the rest of the year will be a tougher market to operate in and car sales will level off or see a slight decline. I don't think anyone is predicting a major problem."

> "THE MARKET HAS HAD A GREAT RUN... BUT WE THINK IT WILL GET MORE DIFFICULT IN THE NEXT COUPLE OF QUARTERS
>
> MIKE ALLEN, ZEUS CAPITAL

The Bank of England (BoE) was so nervous after the Brexit vote that it halved its base rate to 0.25%, which has undoubtedly bolstered borrowing. Although the BoE maintained the rate in May, the US Federal Reserve has begun raising its key rate and, according to Bloomberg, markets expect UK rates to rise to 0.75% by 2019, though Capital Economics forecasts them rising to 1.25% in 2019.

Even if rates rise soon, there would be no impact on existing fixed-rate APR deals. Wallis said: "Any rise in rates is likely to be quite small and the effect on borrowing costs would not be huge in the short to medium term. Nobody is expecting a return to the bad old days of double-digit interest rates."

Adrian Dally, head of motor finance at the FLA, said base rates were only one factor in setting APR rates: "The other factor is competition and one reason there is such a low APR environment is that there is a lot of competition and that remains a downward driver."

Brexit has brought uncertainty not just for consumers, but also for carmakers, who are wrestling with what it may mean for imports of vehicles and components.

The SMMT has estimated new car prices could rise by £1,500 if the UK fails to secure tariff-free trade deals, while PA Consulting has put the figure at £2,372.

Such an increase, coupled with the possibility that Brexit may push up the cost of insurance if foreign insurers retreat from the UK, will dampen demand.

That would squeeze manufacturers' profits, as would major swings in exchange rates against which they have not hedged. The result could be a reduced willingness to support attractive finance deals, such as zero-interest offers, and instead turn to dealers to plug some of the gap.

Allen said manufacturers and dealers would have to keep fickle motorists happy: "To keep the momentum going, deals are going to have to remain very compelling or consumers might switch into used cars."

Customers have eagerly bought into the idea of leasing cars and PCP penetration is far higher in the UK than Europe, accounting for 90% of new registrations at some dealers (a NextContinent report in 2016 said 60% of cars sold in France were financed).

Makers and dealers like PCPs because they lock customers into a cycle of replacing their vehicles every three or four years. If market conditions shift, they can flex the size of deposits required and interest rates to maintain buyers' interest.

Nervous buyers may be tempted to switch to loans, possibly from high street banks or other lenders, and then hold on to their vehicle until they feel secure enough to change it.

Wallis said: "Manufacturers want to sell cars and will make sure there are ways of making them affordable for consumers to buy them."

But what if instead of a gentle slowdown, the economy comes to a juddering halt? Perhaps the biggest cloud hanging over the sector is the concern that a sharp downturn could leave customers unable to keep up repayments or choosing to make the balloon payment and keep their existing car for longer.

The Bank of England says the car industry plays an important part in the stability of the economy and that PCP has been good in stimulating sales. However, it warns that it intensifies the automotive industry's cyclicality and because manufacturers bear the risk of falling used car prices, it leaves the industry exposed to economic shocks.

At the extreme, the fear is that the rise in PCP has created a credit bubble, which, were it to burst, would have dangerous consequences not just for car buyers and the industry, but the broader financial system.

> **"WE ARE GOING TO SEE MUCH STRICTER SUPERVISION AND FINES IMPOSED FOR POOR CONDUCT**
> **ANTHONY HOWITT, CCAS**

'A FLASHING WARNING LIGHT'

Andrew Evans, fund manager at Schroders, has called car finance a "warning light" that is "flashing most insistently".

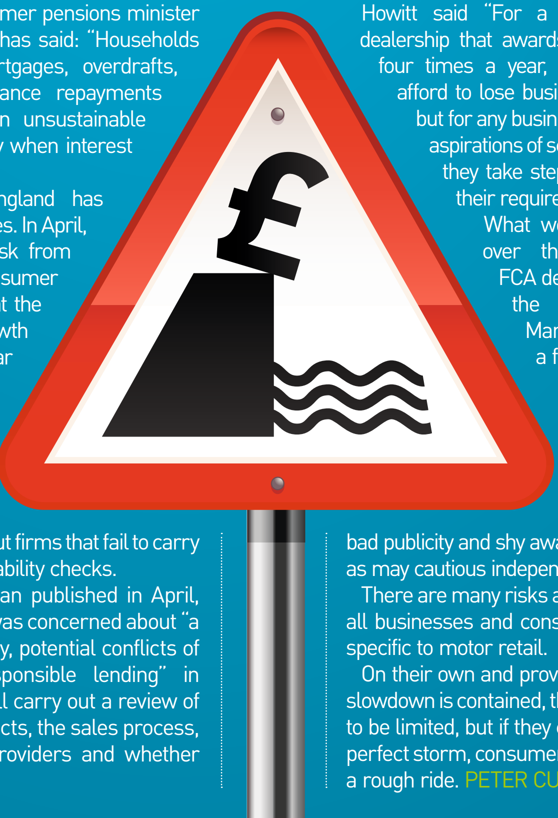
It is causing concern in the US, where there are worries about subprime car loans packaged into bonds and sold on, prompting credit ratings agencies to warn of stress in the system, though not on the same scale as the sub-prime mortgage crisis that triggered the 2008 crash.

On this side of the Atlantic, consumer campaigner and former pensions minister Baroness Altmann has said: "Households that have big mortgages, overdrafts, loans and car finance repayments could be left in an unsustainable position, particularly when interest rates rise."

The Bank of England has voiced its own worries. In April, it highlighted the risk from rapid growth in consumer credit and noted that the fastest area of growth was in dealership car finance.

The Financial Conduct Authority (FCA) has signalled it may be about to get a lot tougher and weed out firms that fail to carry out stringent affordability checks.

In its business plan published in April, the FCA warned it was concerned about "a lack of transparency, potential conflicts of interest and irresponsible lending" in motor finance. It will carry out a review of who uses the products, the sales process, due diligence by providers and whether they cause harm.



Anthony Howitt, director at Consumer Credit Advisory Services, said: "We are going to see much stricter supervision and fines imposed for poor conduct and breaches of the regulations."

A key principle of the FCA is "treating customers fairly" and if it means some vulnerable customers are unable to get dealership finance, the regulator will see it as a job well done.

The flipside is that those firms that align conduct and culture with good customer outcomes and regulatory requirements should see benefits for their brand, sales and profits.

Dally said: "We strongly believe there is very effective and strong competition in the motor finance sector. It works in the interests of consumers and we would expect the FCA to find that."

Dealers and finance providers that fail to meet FCA standards risk costly enforcement action. The alternative is to walk away from what has been a profitable part of the business and lose it to other lenders.

Larger companies are typically better-placed to understand their regulatory requirements and put the processes in place to ensure compliance. But even small companies can seek external advice and make use of existing training tools such as the FLA's Specialist Automotive Finance (SAF) test and the 'SAF advanced' qualification. Approval is expected shortly for a new motor finance specialist apprenticeship.

Howitt said "For a small, family-run dealership that awards finance three or four times a year, perhaps they can afford to lose business to the banks, but for any business of scale or with aspirations of scale, it is imperative they take steps now to address their requirements."

What would cast a cloud over the sector is an FCA decision to refer it to the Competition and Markets Authority for a full investigation.

Consumers already feeling the pinch from a tougher economy could be spooked by the bad publicity and shy away from PCP deals, as may cautious independent dealers.

There are many risks ahead, some facing all businesses and consumers, and some specific to motor retail.

On their own and provided any economic slowdown is contained, the effects are likely to be limited, but if they come together in a perfect storm, consumers and dealers face a rough ride. PETER CUNLIFFE

Lessons the finance industry can learn from thought leadership

ALPHERA Financial Services marketing manager Gerry Kouris discusses what the motor finance industry can learn from the thought leadership process, and how to apply these lessons to make a difference to your business

For ALPHERA Financial Services, conceptualising and modelling 'thought leadership' has been the result of the need to evolve and further develop our product offering in the marketplace. Changing customer demands, particularly for online solutions, regulation, alternatively fuelled vehicles and the future of mobility beyond conventional car ownership, are all market forces that demand breakthrough solutions.

ALPHERA Financial Services has been at the front end of these developments, taking a leading role in the industry to initiate an open constructive dialogue with all stakeholders, aiming to meet and exceed demands.

At the end of last year, we developed the 'Financing the Car of the Future' project, which brought industry players together to share best practice, evaluate the current market needs and identify future trends.

This resulted in a collective effort with various industry partners, including academics, franchised and independent dealers, brokers, industry bodies and researchers. Here at Alphera, we started this thought leadership process as a way to celebrate our 10th anniversary as a business, reflect on the past and forecast for the future. Although the future does belong to Alphera, we are not the only market player, therefore, via our top management, we started this journey exploring the future of motor finance.

Alphera took this opportunity to bring together the many diverse voices in the industry and create something that would not only prompt debate, but shape the direction and pace of the industry for years to come. As we celebrated our first decade in the UK market, and being part of the BMW Group, we have uniquely positioned ourselves to understand the pressures on independent and franchised dealers, while having the products and services that one of the most successful networks in the industry has at its disposal.

With success across the franchised, independent and broker markets, we have a detailed view on the shape the industry has taken. Our involvement with Rolls-Royce Motor Cars Financial Services and Aston Martin Financial Services also gives us a very interesting insight into several different sectors within the overall car market.

As a result of this process, the following three themes have emerged as lessons that will help dealers. Even though the model itself is based on theoretical lenses of management and economics science, in practice it was built as a result of the following three lessons, and not the other way around. In other words, Alphera does not perform an abstract conceptualisation of business theory, but instead contributes to it using practical and applied evidence observed in day-to-day business.

> CHANGE IS INEVITABLE AND BEING PREPARED FOR IT WILL MEAN YOUR BUSINESS PROSPERS RATHER THAN BEING OVERTAKEN
>
> **GERRY KOURIS, ALPHERA FINANCIAL SERVICES**

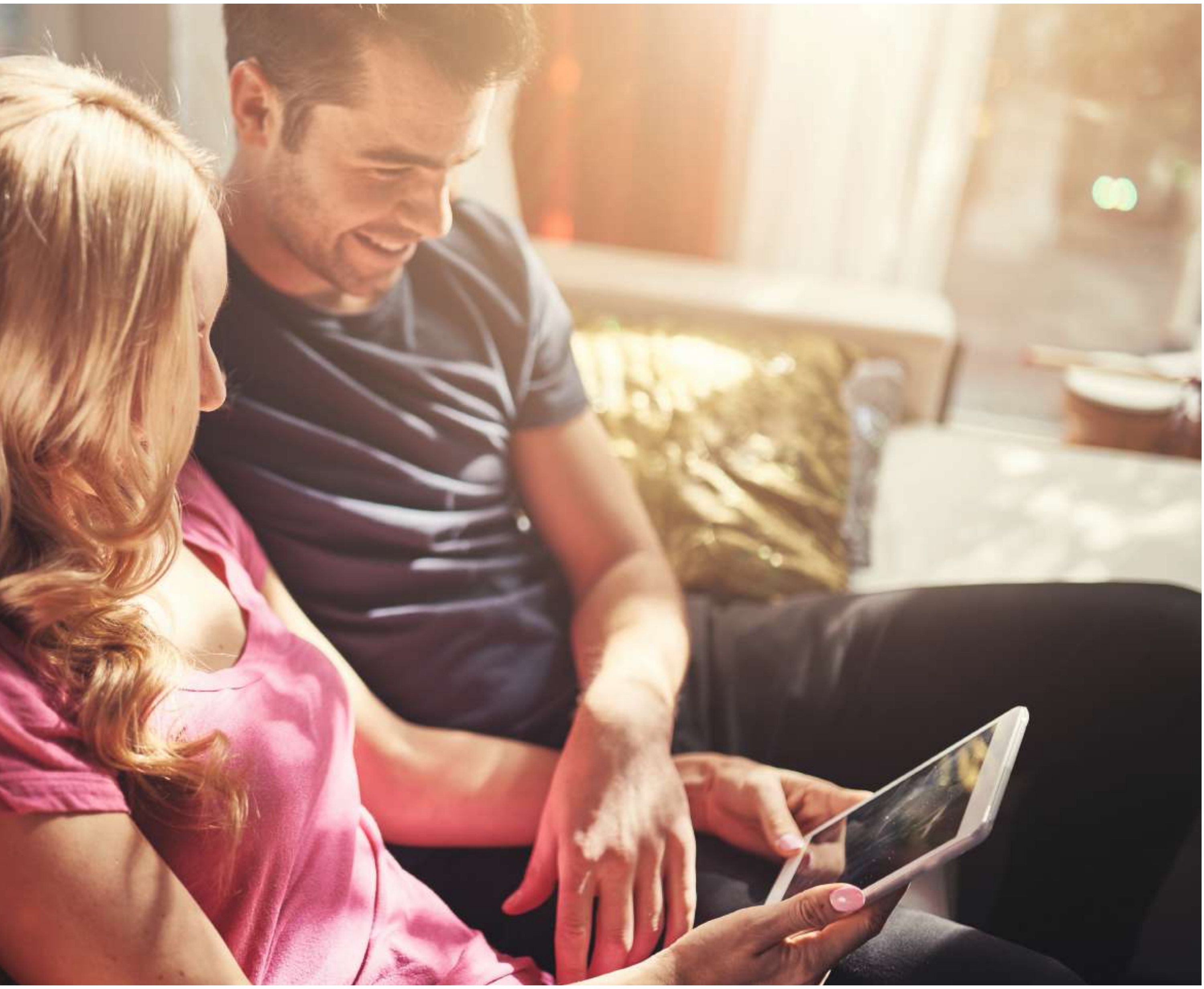
Read your audience and tailor the offer of the future

With consumer buying habits in a state of flux and the way customers interact with dealers changing, it's vital that we all understand who we are talking to and what they want to hear.

By having this level of understanding, you are able to tailor the products you offer and market them in such a way so that it appeals to your desired target audience. Also, by predicting trends in consumer habits and desires, you can tailor your future products and marketing accordingly.

Look outward and manage groupthink

We must all stay up-to-date with the



developments happening in the wider market, especially around finance, regulation and channel innovation, but it's important that we allow those events and ideas to filter into the way we develop our business strategies and activities. It's not enough to add a few buzzwords to our presentations and speeches – let change happen.

Also, don't forget to look inwards as well; be critical of inertia, challenge the status quo and don't miss those internal threats and opportunities, as well as the ones everyone is telling you are looming from the market. Established teams can be guilty of groupthink and 'when everyone thinks the same, no one is thinking at all'. Allow diverse voices and be prepared to take those risks.

Be prepared for disruptions

The now almost legendary disruptors are well known and they are every bit as hungry, nimble and innovative as we are led to believe.

However, what we must also recognise is that the established finance industry has the potential to be a strong force for positive change too, and the best dealers will be factoring that into their long-range strategies.

The big independent motor finance lenders have more connections to a dealer's customers through their bank parents than even the best-run dealer group. So, if they decide to go direct to the customer rather than support a dealer-introduced model with its higher overheads, this will change the shape of our industry hugely and the social media activity of some suggests this is already part of their plans.

On the other hand, the franchise-backed finance companies that have a lot more motivation to support the dealer networks are likely to be just as impactful with the introduction of e-retail platforms that support a digital sales process, allowing the customer to choose when and how they interact with the dealer, dipping in and out of the physical process in a truly omni-channel way.

Whatever your thoughts, change is inevitable and being prepared for it will mean your business prospers rather than being overtaken by the less blinkered new entrant technology companies.

ALPHERA Financial Services is a leading F&I provider for franchised dealers, independent dealers and brokers. To find out more about ALPHERA Financial Services, please visit www.alphera.co.uk

ALPHERA Financial Services

HOW TO AVOID THE FINANCE HAZARDS

Dealers can minimise finance risks – whether from regulation or market pressures

Despite predictions of a strong year once again fuelled by PCP funding, motor retail faces political and economic uncertainty as the UK begins to lay out its Brexit strategy and the landscape continues to shift with legislation and market disruptors all influencing dealers' F&I business.

The industry faces further scrutiny from the Financial Conduct Authority (FCA), which announced an exploratory enquiry into motor finance, highlighting potential conflicts of interest and irresponsible lending, in its 2017/18 business plan.

However, dealers can take measures to prepare for both the known – such as existing regulations – and, to a certain extent, the unknown, such as an FCA consultation and the Brexit effect. DEBBIE KIRLEW

BROKERS

Brokers offering attractive finance rates without the overheads demanded of dealers have long been an issue, but Andrew Smith, consumer credit director of FCA compliance consultancy Compliancy Services, believes they could give retailers an opportunity.

"Rather than competing with the brokers, dealers should align themselves with them and have a trusted and formally engaged panel of brokers with whom they have a relationship," he said.

"Each party wins – the dealers have an additional revenue stream as business is introduced via them to their manufacturer finance partners, plus the brokers would have access to additional funding sources. Additionally, the dealer then has the chance of retaining the customer for ongoing work.

"However, transparency is imperative and the customer has to be made aware of the relationship between the broker and dealer, and who is providing the funding.

"Aligning themselves with the larger brokers, they extend their access to finance products at the best rates. The flip side of this is the dealership may have a direct funding facility with a manufacturer finance provider at rates the broker cannot obtain, hence the need to work together."

Spencer Halil, director at Alphera Financial Services, thinks part of the solution is to incorporate more digital tools, such as vehicle configurators and online PCP calculators.

He said: "If you compare a PCP with a personal loan, on the face of it the loan can look to have the more favourable rates, but the cheapest rate is not always the best product for the customer.

"I think the reason brokers have been gaining momentum is because we have been too traditional in our face-to-face delivery. We have an advantage over brokers in that we can amalgamate the finance product with the brand. Say a customer has configured a BMW as well as a finance quote, if they change the specification, the quote will also update. It's unlikely a broker will be able to achieve anything like that in the digital space."

F&I PRODUCT PORTFOLIO

Broadening and enhancing product portfolios may provide additional F&I income.

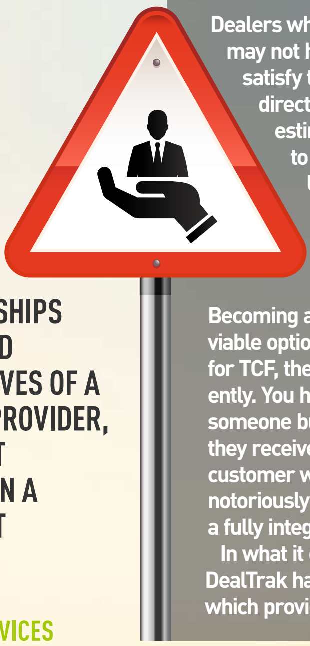
Halil said: "Most customers are catered for through HP or PCP. We have been more focused on extending the parameters of the product, such as lengthening the term to cater for wider customer needs and not necessarily providing new products.

"What we can do is create new platforms for the presentation of these products. F&I would benefit from more channel development. The sales process is not linear, but supports layers of interaction, many of which are happening at the same time. We need the functionality to meet the customer's agenda."

Smith said: "There is lots of opportunity around products such as extended warranty and add-on insurance. We work with many clients looking at new products such as to finance unexpected service, maintenance and repair costs, particularly for used vehicles. Arguably, this sits well with the FCA's treating customers fairly principle because these dealers are providing customers with a way to keep their car in the best condition."

Martin Hill, managing director of DealTrak, said: "You need to look at other products and F&I offerings as part of a balanced approach. This could be selling a number of products possibly over the course of a month or even the life cycle of the car ownership rather than concentrating on one hit in the showroom."

APPOINTED REPRESENTATIVE



Dealers who opted for limited permissions may not have the right processes in place to satisfy the FCA. Martin Hill, managing director of technology provider DealTrak, estimates about 5,000-8,000 small- to medium-sized dealer groups in the UK have limited permissions, but are unlikely to have all the required systems and controls in place.

Hill said: "I think it's a real issue. Becoming an appointed representative is a viable option but as well as having the systems for TCF, they must also deliver that consistently. You have to be able to evidence that if someone buys a car at your Aylesbury site, they receive the same treatment as a customer who purchases in Aberdeen. That is notoriously difficult to achieve unless you have a fully integrated system."

In what it claims is a first for the market, DealTrak has partnered with ITC Compliance, which provides appointed representative status for general insurance and consumer credit, to offer dealers compliance services and a fully integrated system. The new system is due to be launched this summer.

Smith said: "Many dealerships are appointed representatives of a compliance provider, but while it makes compliance easier and the systems are all in place, it is not necessarily in a dealer's best interests.

"The compliance provider cannot necessarily provide them with exclusive finance rates enjoyed by brokers. It's mutually better to have the dealerships and brokers working together to allow both to have access to funding options that neither would be able to access on their own.

"A lot of these types of relationships are going on, but may not have been formalised. Not having these processes formalised, documented and the customer being fully aware, exposes all involved to the risk of breaching both the FCA and ICO (Information Commissioner's Office) rules."

> MANY DEALERSHIPS ARE APPOINTED REPRESENTATIVES OF A COMPLIANCE PROVIDER, BUT... IT IS NOT NECESSARILY IN A DEALER'S BEST INTERESTS
>
> ANDREW SMITH, COMPLIANCY SERVICES

STAFF TRAINING & TRACKING

An extensive F&I training and development plan can ensure employees have the skills they need to deliver TCF.

Citygate does not employ business managers, so all sales executives sell F&I products after undertaking a Specialist Automotive Finance (SAF) module online, which is refreshed annually.

Compliance manager Emily Leigh-Dugmore said: "Sales staff are not allowed on the showroom floor if they haven't completed the modules. If a sales executive does not repeat the module when required, I pull them off the showroom floor and they are not allowed back until it has been completed."

To keep track of F&I decisions made by staff, Leigh-Dugmore provides a 'dashboard' to senior managers, collating information from a range of sources, including tracking any errors to identify trends or additional training requirements. The 'dashboard' also highlights the number of 'right of withdrawal', or ROW, when a finance product is taken out, but the customer changes their mind, which could indicate mis-selling. However, many switched-on customers opt for finance to take advantage of a manufacturer deposit contribution before cancelling and paying for the vehicle in full which can complicate the picture for the dealer and potentially the regulator.

With fears that PCP could become the next PPI as mis-sold claims appear, Citygate asks customers to sign an additional form, which highlights product features and states that the customer understands the elements of the agreement. In the past 18 months, the group has experienced a handful of such claims, but as a result of the form, the Financial Ombudsman has found in its favour.

According to a survey by the IMI, which has developed its own F&I accreditation programme, when 2,000 people were questioned in December on potential mis-selling of F&I products, 45% of drivers said they felt pressured to buy add-ons by a salesperson.

Steve Nash, IMI CEO said: "Our research highlighted that 63% of car buyers find the process of buying a car stressful. This underlines why it's the right time for the industry to take more responsibility to ensure anybody selling finance and insurance products has the correct training to be able to help drivers decide whether or not they would like to buy these extras when purchasing a vehicle."

Alphera is currently exploring a partnership with an education provider in the industry with the aim of providing a recognised accredited programme.

Halil said: "Staff training is one of the most important endeavours for a finance company and will become more important in the future. It's very unusual in a highly regulated environment that the person selling the product does not need accreditation. I do think the FCA will be expecting all authorised businesses to be able to demonstrate a good standard and a properly implemented training programme."

> IT'S VERY UNUSUAL IN A HIGHLY REGULATED ENVIRONMENT THAT THE PERSON SELLING THE PRODUCT DOES NOT NEED ACCREDITATION
>
> SPENCER HALIL, ALPHERA

Future-proofing your fina

As a franchised dealer, creating the right point-of-sale finance solution for your customer is a big responsibility. Both competitive pressures and regulatory expectations demand that the options presented and the solution selected is suitable and delivers that all-important positive customer outcome, every time.

To maximise the results in this area, it is critical to ensure that the portfolio of lenders available to you is as comprehensive as possible. It sounds pretty obvious, but the complexities of products, risk levels, pricing and technology are all increasing at a time when FCA requirements mean the customer requires increased simplicity and transparency.

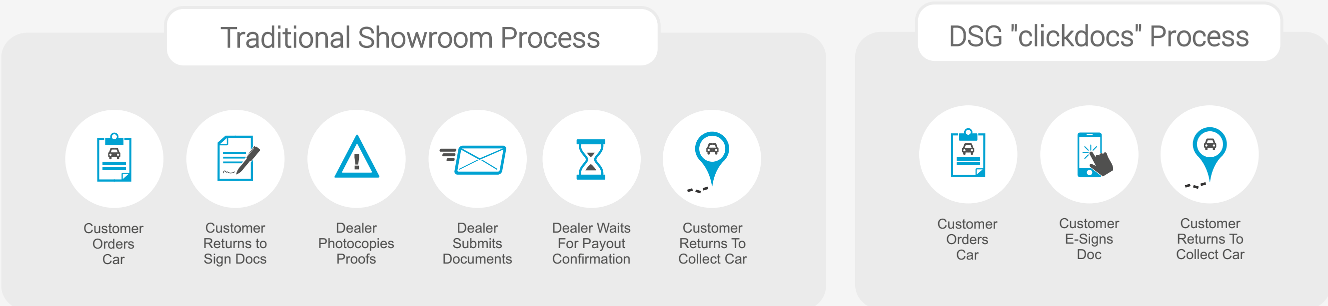
It could be a great time to look at the structure of the lenders on your panel and consider how more of the boxes above can be ticked, while creating more time for the business manager to work with customers and simplify the compliance element.

Working with a major broker such as DSG is a major step towards rationalising your lender panel. Our presence eliminates a number of issues and creates an environment to complete deals in all areas efficiently and with the comfort of increased compliance.

DSG has designed a product range to ensure every need of the franchised dealer is covered. The products are presented to dealers via our refreshingly simple aggregator, offering real choice with a consistent approach to treating customers fairly.

> "Every acceptance we issue is managed by a dedicated 'business manager' within our internal team. They ensure that both the customer and the dealer personnel have all the assistance and information they need to bring the deal to an efficient conclusion
>
> **JENNY PARKER**
> **DSG GROUP OPERATIONS MANAGER**
> jenny.parker@dsgfs.com

Many of the major dealer groups that utilise DSG as their exclusive broker recognise that the strengths of our proposition are such that they can operate more effectively by using their manufacturer lenders, just one major independent and then DSG for everything else. In fact, one dealer group in the AM100 top 20 has appointed DSG as the sole lender beyond the manufacturer relationships.



DSG Click-Docs

- Multi-lender e-Sign facility covers various prime and non-prime lenders' finance documentation
- Enables customers to sign their finance documents either at home, or at the dealership
- Incorporates state-of-the-art electronic ID authentication – no need for dealerships to take photocopies of sensitive customer information/proofs
- Provides dealer groups with an excellent opportunity to further develop their online sales strategy

Benefits to dealers:

- Enhanced levels of customer service
- Simple, consistent, paperless process
- Frees up valuable time for dealership personnel
- Improved payout efficiencies and turnaround times
- Provides management with a fully auditable process for customers signing finance docs

Benefits to customers:

- No need to visit dealership just to sign documents
- Much more modern and convenient experience
- Enhances ID security
- Simple, clear process
- Ability to conveniently purchase cars on finance from any dealership in the country

nce proposition with DSG

DSG Group CEO Richard Hoggart outside the Manchester HQ

> DSG will only ever approach dealers through senior channels. We don't try to infiltrate sites using traditional reps that just disrupt the productivity of the business manager and undermine approved relationships. We want to work on a consultative basis and find where we can add value to dealers by increasing product availability, while at the same time simplifying the process

MARK GOW, DSG GROUP SALES DIRECTOR

mark.gow@dsgfs.com

Why does this process work? Gone are the days where major brokers should be considered for non-prime opportunities only. Our pricing has become increasingly attractive in prime areas and our understanding of the compliance issues across multiple lenders and the flexibility of our systems is now ahead of the independent prime lenders which are, understandably, only able to focus on themselves.

We have assembled an unparalleled selection of prestige, uber-prime, prime, high LTV, non-prime and sub-prime lenders into a coherent collective, all operating through our platform, resulting in a consistent process that delivers transparent results for the customer and profitable results for the dealer.

Having recently launched our own subsidiary lending business, Unity, the DSG portfolio of lenders continues to expand. Multi-tiered for efficient risk management, Unity is independent to DSG, but operating exclusively through it.

Our QST system manages the entire point-of-sale process. One input of the details of the car sale will present the user with all the options suitable for the customer, regardless of the experience level of the user. Seeing multiple offers from a range of lenders with the ability to engineer payments, deposits and periods through budget preferences gives both the customer and the user confidence in the choices made.

QST allows quotes to become proposals very simply, and the two-way communication channel within the system makes any conversations between our people and our dealers really convenient.

In an option unique in motor finance, DSG are then able to offer e-signing for nine of our lenders through our "Click-Docs" platform (see the panel on the facing page), which means the process is identical every time, regardless of the lender selected. With the customer being able to e-sign from the privacy of their chosen location, the reduction in the compliance burden has been welcomed by our many dealers using this facility.

Our experienced head of compliance, Mark Lloyd, is available to all our dealers to explain and demonstrate how a major broker relationship reduces risk that exists with a dealer portfolio made up of multiple direct relationships.

Appointing DSG to your panel gives your proposals more exposure to product options, improved rates and profit opportunity, and considerably less exposure to compliance risk. Please get in touch with any of our team to start a discussion on how we can add value to your business.

> We are able to assimilate the expectations of a wide panel of lenders into a core set of procedures that we can then deliver in a simplified version to our dealers. We can report on all activity in a professional manner back to our dealers, giving clear comfort and an audit trail on how each application was managed

MARK LLOYD
DSG GROUP HEAD OF COMPLIANCE

mark.lloyd@dsgfs.com

Contact Mark Gow on 07973 831 913
or email mark.gow@dsgfs.com

DSG FINANCE

FINANCE Q&A

We ask three industry experts to assess the risks facing automotive finance in the UK

ADRIAN DALLY
HEAD OF MOTOR FINANCE, FINANCE AND LEASING ASSOCIATION

There is a spotlight currently being shone on finance in the UK's automotive sector – What is your take on speculation about a mis-selling scandal or financial crisis?

The news coming out of the FCA and the Bank of England is not always as it is being reported. The FCA is a very lawyer-dominated organisation and is very precise in the words it uses.

What is going on here is what we always expected. They are a new regulator in the finance space and motor finance is the second-biggest area of consumer finance. One of the things it wants and needs to do is get an understanding of the market.

We always expected it to do this exploratory piece of work. If I could use a motoring metaphor, rather than honing in on a particular valve or widget, they're looking at the motor finance industry as a whole.

But they have specifically mentioned potential mis-selling in automotive finance and cited that as a reason for its investigation, haven't they?

The FCA has never specifically used the term "mis-selling" or asserted that those things are happening. What people have latched onto is mention in the FCA business plan of "inappropriate lending".

What they are doing is a review of the industry, but there is no assertion that anything like that is taking place. Any credit market is vulnerable to issues if it is not working in the interests of the consumer, but ours is, I have no doubt about that.

The FCA has by no means chosen the automotive industry as its first sector to look at, despite it being the biggest after the mortgage market, and I think that is a key indicator of the health of the industry.

What proportion of the motor finance sector's lenders are FLA members?

About 98-99% are members. We had 45 lenders among our membership and they are the biggest in the industry.

Are FLA members liaising with one another and taking any additional measures to address the concerns many commentators are voicing?

The critical part of the chain in all this is the point where the product meets the consumer, which is usually in the dealership. Ten years ago, the FLA recognised that this was the riskiest part of the chain and put in place the SAF initiative, which 32,000 dealer staff took last year and which aims to eliminate that risk at point of sale.

Is there a real risk here of a financial crisis in the motor finance market, such as the US experienced with its mortgages?

Don't ask us, ask the ombudsmen, where any mis-selling issue would be referred. Look at the data coming from the financial ombudsman. The complaints are so low and the upheld complaints rates so insignificant that they are not even published by the FOS (Financial Ombudsman Service). That tells you something about the levels of financial risk we represent.

For any one of our members, the basic dynamic is that you only have a business if you loan to people you know can pay you back. It's essential that you are assessing each customer properly and responsibly.

There isn't a crisis in borrowing and we genuinely believe that. There are no parallels to be drawn with the US mortgage crisis. Looking at what happened there it was about sub-prime mortgage lending, where the terms were not well understood. Those loans were against an asset which has a value that can go up or down. A car's value will go in one, predictable direction.

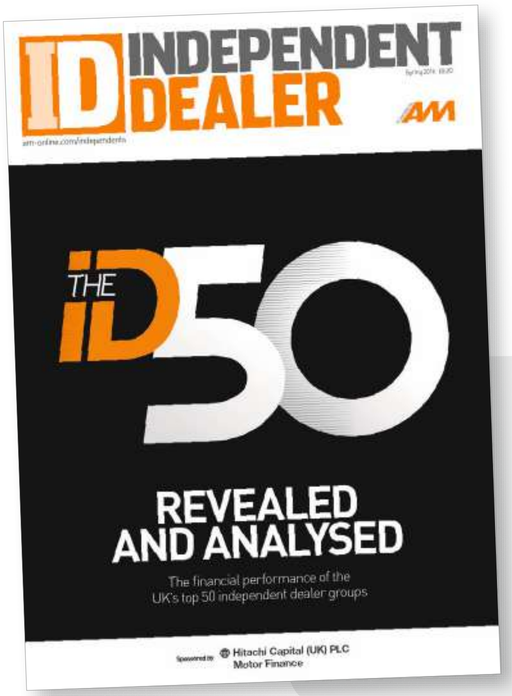
A key indicator of responsible lending might be default rates within automotive finance. Why is this data not held by the FLA and published to offer some transparent barometer of its success with consumers?

There is a limit to the amount of data that a single organisation like ours can hold, but automotive finance rates are very good and the FCA is aware of that. I can say that with some assurance because, while we do not hold that data, we do have sight of data from individual providers.

TOM SHARPE

AM PORTFOLIO

WHAT WE DO IN YOUR INDUSTRY



AM magazine

Your monthly publication, in print and digital form, brings the latest news insights, market intelligence and in-depth interviews with franchised dealers and the heads of manufacturer national sales companies. Every issue also tackles a specific topic of dealer operations and gathers inspiration for readers from sector experts.

Independent Dealer magazine

Independent Dealer is published every spring and autumn. The spring edition brings you the ID50 rankings and analysis of the largest used car retailers in the UK. The autumn edition shares best practice to help readers understand where the growth opportunities lie.

AM Awards

More than 1,000 people gather each year at the ICC in Birmingham to see the UK's best in motor retail rewarded with a prestigious *AM* Award. More than 20 trophies are presented during the gala dinner, in categories for dealers and carmakers. Every winner is celebrated, culminating in the headline awards of Retailer of the Year, Business Leader of the Year, Manufacturer of the Year and Hall of Fame.

AM-online

A daily source of UK motor retail news, insight and opinions for franchised and independent dealers. Register to receive our daily newsletter direct to your email inbox, and on Saturday a digest email brings you the most important news of the week.

AM Executive breakfast club

This free-to-attend networking and business improvement club is exclusively for directors of franchised dealer groups. Its meetings are quarterly, confidential, and always bring inspiration from a non-automotive guest speaker. Past presenters have included a director of customer service at John Lewis, a head of HR at the BBC, a co-founder of budget airline BMI Baby and a head of event services at the London 2012 Olympics.

AM conferences

Inspiring case studies, sector specialists' advice, peer networking and interactive problem-solving workshops all feature in *AM*'s conferences designed to support motor retailers in their thirst for knowledge. Our recent conferences have tackled critical areas such as people and skills, digital marketing and technology, customer service and regulation of F&I.

Automotive Management Live

The success of our newest event, combining an exhibition hall packed with more than 60 exhibitors with best practice workshops spanning important aspects of dealer operations, has prompted a decision to move it to the National Exhibition Centre at Birmingham in 2017. As ever, it will remain free for all franchised and independent dealers to attend.

AM100

Profitability, growth and acquisitions are regular subjects of conversation at the annual *AM*100 gala dinner in London. It is here that *AM* presents the latest *AM*100 rankings of the UK's largest franchised dealer groups, and previews its *AM*100 supplement, complete with analysis of the trends.

LOUISE WALLIS
NFDA HEAD OF BUSINESS DEVELOPMENT

What is your view on how the PCP market has developed and can its growth continue indefinitely?

It has grown hugely over the past few years and it has pushed the new car market forward. PCPs help keep those customers with the dealership and provides a used car stock for the dealer too. I think specific factors like the VED changes in March gave registrations a boost, but I see no indications that PCP growth won't continue.

There may be some softening of demand over the year, but PCPs make getting a new car very affordable in comparison to HP or outright purchase. That way of funding their vehicle is very much part of the consumer psyche now.

With the majority of new car purchases funded through PCP, are franchised dealers overly exposed to the product and what happens if the bubble bursts?

I think in terms of how the dealer views PCP volatility, a lot of that risk is taken on by the finance houses.

It does get raised as a topic for discussion, but we don't see any massive changes to interest rates on the horizon or manufacturers withdrawing support on retail offers. That support from manufacturers has been strong and they still very much want to sell cars in the UK, so my view is that those deals consumers are getting will continue. I would say that if dealers are worried about PCP volatility, they should talk with their finance partners.

Will used car PCPs continue to take off as a product and are there any risks there?

Used car PCPs have a lot of potential. Historically, it hasn't been available through the finance houses, but many are starting to offer it. It's another way to make those younger used cars more affordable than they would be through HP or outright purchase. I don't think there's a risk on that market with the replacement cycle as customers can still replace with a younger used car when they are into year two. If you add a service plan to that used car PCP package you are fixing your motoring costs and I think that's something customers want.

Is the way PCPs are sold on the Financial Conduct Authority's (FCA) radar? Should dealers be concerned?

There are some concerns the FCA will look at PCPs in the same way they have looked at GAP insurance sales in the market. However, we have seen no indication the FCA views PCPs as a problem area, but it's something that could happen.

How widespread is the problem of customers clocking PCP cars to avoid excess mileage charges?

It's an issue we have raised with Government when asking for odometer fraud to be outlawed. However, it is difficult to get an idea of the scale of the problem, although we do know it is happening. We will continue to campaign to outlaw clocking, but dealers can also help by identifying how many miles a buyer generally drives each year and ensuring customers set realistic miles on their contracts. We are currently waiting for the Government to respond to a recent consultation on motoring services which should be imminent.

Have GAP sales been negatively impacted by the FCA's new regulations? Should dealers be worried about commission disclosure?

We haven't seen a negative impact. It's quite interesting as we have seen from members that their GAP sales have actually increased on average. Putting a structured and FCA-compliant process in place around GAP brings it to the front of the sales process and customers walk away feeling very informed. Adhering to that process has gone pretty smoothly. The latest guidance we have seen around commission disclosure also looks as though that's not going to go ahead. It's something we will continue to watch, but at the moment it doesn't look imminent.

How good is the FCA's communication and understanding of the industry?

Communication has improved, but there's always room to go further. The huge struggle is the administrative burden for record-keeping in the wake of the FCA regulations. Dealers need to be on top of that and while the larger groups can cope, it's difficult for smaller and medium-sized businesses. Keeping up with the compliance is a tricky area and the majority of dealers are having to employ or outsource for compliance specialists and that's a direct result of the FCA regulations. A reduction in red tape in this area would be welcome.

How is the NFDA working with dealers to improve relations with the FCA?

We have an ongoing relationship with the FCA, but we tend to meet on specific issues. We did a lot of work with them around the changes to GAP.

I think the FCA still has a problem understanding what franchised dealers do and how that differs to brokers, finance houses and manufacturers. At the moment they see the industry and everyone the same way, with everyone facing the same issues and problems. We need to keep working with them and we're spending as much time as possible to educate them about how the industry works. TOM SEYMOUR

"I THINK THE FCA STILL HAS A PROBLEM UNDERSTANDING WHAT FRANCHISED DEALERS DO

LOUISE WALLIS, NFDA

> ORGANISED GROUPS OFTEN OBTAIN SEVERAL VEHICLES, WORTH £500,000, IN A WEEK
>
> SGT KATE JACKSON, NaVCIS

SGT KATE JACKSON
NATIONAL VEHICLE CRIME INTELLIGENCE SERVICE

Car dealers are being targeted by criminals making fraudulent car finance applications using fake documents and even fake identities to acquire and steal new vehicles.

The volume of reported fraud has increased by 41% in the past 12 months, according to the National Vehicle Crime Intelligence Service (NaVCIS), which was launched 10 years ago with sponsorship from the Finance and Leasing Association (FLA).

Since 2007, its fraud unit has recovered more than 4,500 cars, with an estimated value of more than £52 million. This year it expects to return £8.4m worth of fraudulently acquired vehicles, representing about 60% of the total reported. NaVCIS only sees the fraud reported by FLA members, which is a fraction of the overall finance fraud recorded in the UK.

Sgt Kate Jackson leads a team of 16 police staff at NaVCIS, who look at all the reported fraud cases from finance companies.

Q: Where is vehicle finance fraud coming from?

There is a huge spectrum of criminality. Some people have never been involved in criminal activity before, but have taken possession of a vehicle and refused to make payments.

At the other end of the scale are the international organised crime groups who are targeting the UK finance industry and exploiting any opportunities to make high-value returns on quite a low-value investment.

The ones we are seeing more evidence of are organised groups who are targeting dealerships. One obtained five vehicles in one week, worth a total of £500,000.

Q: What can dealers do to prevent finance fraud?

Greater awareness within the industry could prevent a lot of these criminals from being successful. Sales staff need to be more thoughtful when processing an application or speaking to a customer – listen to what they are telling you and listen to your gut instincts as well.

There are good opportunities to prevent fraudulent applications if the dealer just takes time to ask more questions.

Increasingly, applications are made online or by phone with no face-to-face contact. This presents a greater opportunity for the fraudsters to exploit the dealer. Ask them to bring the documents in rather than email them across and only accept original copies.

Make sure you can see the person presenting them, too. Do they look like the person on the driving licence? Do they have a driving licence?

Take a step back and review the information before completing the transaction, it will save you time and effort in the long run.

Q: How can fraudsters be spotted?

Often they will make several applications in quick succession to various finance companies. If unsuccessful, they tend to come back wanting to change some of the basic information that is processed as part of the application, such as salary.

They might also come back with another person and try to get the finance in their name. They are often persistent to get the transaction proceeded very quickly.

There are numerous occasions where elderly or vulnerable people are exploited by unscrupulous people. If you are unsure, think about whether the vehicle fits their lifestyle.

Q: Can you give some examples?

In one case last year, a 20 year-old male applied for finance and stated he had held full-time employment for four years as a dentist.

He was successful despite the fact that qualifying as a dentist takes four years at university then a few more in training. No one at the dealership staff considered that if he had been a dentist he must have started his career aged 12.

Another example was a 19 year-old female who claimed she earned £40,000 a year as a beauty therapist. If the salesman had considered that to be an unrealistic figure and questioned it, they might have found she actually earned significantly less.

With a bit of awareness of how society operates and being savvy with current affairs you can probably head off a lot of these false applications and representations that are being made just by using your own knowledge and common sense.

Q: What should a dealer do if they suspect a customer is trying to commit fraud?

The first step is to get a second opinion. It's imperative that all staff know they should double-check if they are unsure about something.

If you think you've got fraudulent documents in front of you or if you think someone vulnerable is being exploited, report it to the police.

Also, speak with the finance company. If they decide to go ahead having made further checks, at least you've had that conversation.

If you are going to involve the police then make sure you can give them as much information as you can.

If there is CCTV make sure you have the footage ready, if you have documents put them in an envelope or plastic bag so they can be forensically examined. The more help we can give to a local police force then the better the possibility of a positive outcome.
MATT DE PREZ

People who have previously bought from you often provide the best marketing, but do your customer reviews tick all the right boxes? Chris Phillips surveys the experts

SIX ROUTES TO CUS

1

Tackling the threat of fake reviews

Online customer reviews are a key indicator of business performance, with even negative comments, if handled properly, offering potential benefits.

However, along with the furore over 'fake news', review sites have been infiltrated by bogus customers. Typically, these are a business rival or a disgruntled ex-employee posting critical comments or from companies engaging third parties to promote excellence.

Noting that more than 50% of UK consumers either read or post reviews, the Competition and Markets Authority (CMA) warned that writing or commissioning fake reviews can lead to civil or criminal action. Last year, the CMA took action against an online marketing company that posted fake reviews on behalf of its clients.

"The last few months have undoubtedly shone a spotlight on the reviews industry and drawn into question the legitimacy of online customer reviews," said Matt West, chief marketing officer of Feefo.

According to Feefo's latest research, about 75% of consumers are worried about the issue, with only 7% saying they completely trusted reviews.

"Interestingly, despite this scepticism, the actual opinion of other people is still held in high regard, with the majority (69%) generally trusting the recommendations of fellow shoppers," said West.

He said businesses can put in place measures to assure customers. These include using an independent, third-party company to verify the reviews, ensuring all reviews are published and are 100% genuine.

> **69% OF PEOPLE GENERALLY TRUST THE RECOMMENDATIONS OF FELLOW SHOPPERS**
>
> **MATT WEST, FEEFO**

"Because we operate a 'feedback by invitation only' model, which means we only invite customers who have directly engaged with the brand, product or service to leave feedback, it ensures all reviews are from genuine customers," said West.

Feefo offers the following tips to spot a fake:

- Language: Genuine reviews are moderate in their tone, whether good or bad. Look out for extreme language.
- Frequency of reviews: If the business has had a surge of positive service reviews in a short period of time (half an hour to a few hours), this can be seen as a red flag.
- Review platform: Check to see if the review has been posted via an independent reviews platform. How trustworthy is this platform? Are the reviews verified.
- Anonymous reviews: Where you can, cross-reference the reviewer. Are they anonymous? Have they left more than one review? Are they all negative or positive? If they've only left one review, or multiple reviews that sound similar, tread carefully.

Neil Smith, director at used car company Imperial Cars, blamed a business rival for a "bad experience" with a series of fake reviews that took two months to resolve.

"The problem is never knowing how much business we may lose because of them (fake reviews) and you can't be too vocal about disputing them, otherwise consumers get suspicious – a case of 'he doth protest too much'," said Smith.

2

What are the benefits?

"Feedback provides the tools for dealers to be able to leverage customer insights, delivering increased traffic and footfall, more conversions and improved service and ratings," said West.

"For consumers, it helps people make more confident decisions."

Smith said use of Feefo and JudgeService over the past four years had proved "a very positive way of improving customer experience and the culture of the business".

James Westlake, managing director of Trustpilot, pointed to the latest research carried out by his company and the Centre for Economics and Business, which predicted 20% of car sales are likely to take place online within the next 10 years.

"The relationship between dealers and manufacturers risks being further marginalised unless dealers make full use of digital growth, with customer feedback playing a vital role in building relationships. Some people may be confident enough to purchase purely online, but there will always be those who want face-to-face contact in the transaction process."

TOMER REVIEW SUCCESS

3

How to encourage customer reviews

Neil Addley, managing director of JudgeService, said forms sent to every customer involved in sales and aftersales generated a response rate of about 40%. The main route of contact was emails, followed by texts, but "there's an element of postal [contact] because we don't want to disenfranchise those who don't have access to digital devices".

Use of visuals and a monthly prize draw helped combat "form fatigue" and cut the abandonment rate to about 3%.

"Consistency of approach rather than cherry-picking customers ensure we get a fair balance rather than the highly motivated detractors," said Addley.

Widgets provide access to social media platforms selected by dealers, along with an application programming interface (API) to pull data that may be of particular interest for analysis.

Addley reported a "huge uptake" of survey completion via mobiles over the past few years. Westlake confirmed the trend: "That calls for a re-think on presentation of the material. Split testing has shown that the more visually attractive it is, the more likely it is to be seen as just another piece of marketing. So we keep it vanilla – functionality over design."

COMMERCIAL PARTNER COMMENT

By Neil Addley, managing director, JudgeService

As car shoppers do more online research and engage with other customers before making a decision to head into a dealership, online reviews can be gold. Many dealerships use digital channels such as email marketing, digital advertising and social marketing, but when it comes to the final decision of which dealership to actually visit, positive online reviews can be the deciding factor in tipping the balance.

Shopping, of all kinds, is now an anytime, anywhere activity. New research, undertaken by Trusted Dealers, emphasises this. A recent study into all emails, calls and website sessions made to car dealerships from January to March 2017 found that:

- 46% of dealer website visits are between 6pm and 11pm.
- 46% of emails submitted are also sent when dealers are shut.

This means that potential customers are searching for vehicles, and even enquiring about vehicles, without visiting a showroom. And this is where online presence is vital.

Dealership reviews provide insight into the experiences of other car buyers. Consumers now know how important it is to find out what kind of reputation a dealer has before a visit and, in this digital age, the reviews that previous customers create can help prospective buyers make the right choice.

JudgeService is the UK's most effective automotive online review provider and understands how powerful reviews are in influencing buyer behaviour and aiding a conversion. We help car buyers find great car dealers.

- **To find out more, call 01423 225 166, email sales-enquiry@judgeservice.com, or visit business.judgeservice.com.**

JudgeService

DEALER MASTERCLASS
POWERED BY AM

JudgeService is a commercial partner of our Dealer Masterclass programme, and will be sharing more inspiration at Automotive Management Live on November 9.

Next issue's dealer masterclass: Finance online

4

How to handle negative comments

Addley said that sheer volume may create "some problem areas" in reviews – no spare keys, for example, or the promise of a valet before next-day collection without checking that the valet bay may be already full.

"It's important to have a right-to-reply option for each posting and to deal with any issues within one working day, or maybe within minutes because of the risk of a complaint going viral," he said.

"Above all, diplomacy is key. We have a saying in this business: 'Never pick an argument with a pig because the pig will enjoy it and you end up getting covered in mud'."

West said for other customers reading your reviews, how you are seen to handle problems is an indicator of professionalism: "By publicly responding and resolving a negative issue, you not only turn a potentially reputation-damaging situation around, but also give potential shoppers a demonstration of the service they can expect.

"From our research, more than half of consumers using review sites would be suspicious of a company or product if there weren't any (negatives), suggesting that a robust and balanced view is more influential than reams of positive feedback."

Imperial Cars sells 800-900 used cars a month and Smith said 90% of customers would recommend the company: "Negatives tend to be about miscommunication in the sales process – spec or warranty, for instance – and all need to be nipped in the bud. Otherwise, they could escalate.

"From a personal standpoint and my experience of customer buying activity, companies are normally assessed on their star rating, perhaps drilling down to a few reviews and wanting to see one or two negatives to help offset the feeling of too good to be true. If it's an 85% to 90%, that's good enough."

5

Creating new roles

Westlake recalled one dealership with a low conversion rate from MOT failures to repairs.

"It reflected lack of trust, with some reviewers complaining about how much it would cost to get repairs done at that dealer and so they looked elsewhere," he said.

"They created a new role at the MOT station, someone who was not a mechanic, but with good people skills, who explained in layman's terms what had caused the failure, rather than someone who said 'this part needs replacing and it will cost £300'."

Addley said: "Who is responsible for this (feedback and appropriate response) depends on the size of the organisation; at one time there would be a web manager, but we have seen an explosion of roles dealing with customer service.

"Having the authority (to deal with complaints) delegated by the CEO is more important than the seniority of the individual."

Westlake agreed: "There may be different roles between, say, a customer contact centre dealing with specific issue and those responsible for social media managing overall review content."

> **"NEVER PICK AN ARGUMENT WITH A PIG BECAUSE THE PIG WILL ENJOY IT AND YOU END UP GETTING COVERED IN MUD**
>
> **NEIL ADDLEY, JUDGESERVICE**

6

What can dealers learn from reviews?

West said: "The ability to drill down into specific feedback also enables dealers to improve their service offering and communicate effectively with customers, ultimately leading to cost efficiency and automation. For example, the data can be used to identify most popular products by revenue."

Addley said the "huge reporting suite" offered by JudgeService gives dealers the opportunity to look at trends within business and identify training needs.

"We are working on some statistical analysis to clearly establish a relationship between customer satisfaction and loyalty and advocacy," he added.

Smith said feedback had prompted his company to "structure remuneration packages to reflect individual standards of service".

Westlake said online reviews should be viewed as complementing traditional word-of-mouth – "they are badges of reputation, consumer confidence-checkers, trust-builders".

He believes that this approach should lead dealers to re-balance their websites.

"Traditionally, the emphasis has been on promoting product and services, but there's a risk of the consumer looking at the page(s) and saying 'OK, it's just another dealer' and clicking to another," said Westlake.

"There should be greater prominence of reviews, rather than just a banner at the top of the page. 'Hey, here's what our customers are saying about us, here's how we're are responding to make our service even better; in short more front-loading of material to build and sustain relationships."

Vauxhall estimates that fleet sales of the Insignia Grand Sport would rise from 82% of registrations to 90%

VAUXHALL INSIGNIA GRAND SPORT: TAKING ON FLEET RIVALS WITH VALUE

Vauxhall seems to be a little confused about the target market for the new Vauxhall Insignia Grand Sport.

At the recent UK launch event near Worcester, the team from Luton were keen to highlight that the new, more premium-feel D/E-segment contender would more effectively attract private sales. However, they also freely estimated that the share of the Insignia's sales to companies was likely to rise from 82% to 90% over the previous model.

Vauxhall is clearly banking on the success of its 2017 shift towards SUVs with the newly updated Mokka X, and the forthcoming Crossland X and Grandland X, to return strong private sales.

While Vauxhall is optimistic that the Insignia Grand Sport's standard equipment and low £17,115 starting price (ensuring an accordingly low BIK tax bill) will appeal to business users, it believes there is also a chance it may deliver a deeper appeal in retail with the launch of the Vignale-rivalling 'Exclusive' offering later this year.

Exclusive will allow dealers to entice customers with a broad spectrum of personalisation and specification options, including colour-matching.

Dimensionally, the Grand Sport is 55mm longer and 7mm wider than the outgoing Insignia. Its wheelbase is 92mm longer and the front and rear track are 11mm wider.

The result is greater cabin accommodation, but a 10-litre reduction in boot space. Vauxhall suggested this may shift some customers towards the Sport Tourer which, it claims, is no longer a "lifestyle estate" thanks to improvements to its load space. The Grand Sport is 175kg lighter than its predecessor.

Among the key standard specification additions is the introduction of a front camera system, which supports lane-keep assist, following distance indicator, forward collision alert, low-speed collision mitigation braking and active emergency braking.

There's also keyless entry and engine starting, cruise control and Vauxhall's OnStar system across the seven-grade range (Design, Design Nav, SRi, SRi Nav, SRi VX-Line Nav, Tech Line Nav and Elite Nav). OnStar delivers connected services including an automatic crash response and 4G Wi-Fi for up to seven devices.

The interior of the Grand Sport will feel familiar to owners of the old Insignia.

Much of the plastic trim feels a little more unyielding to the touch and less prominent trim is quite brittle, but this is a car with an extremely low starting price and the sheer scale of accommodation and neat interior styling may sway potential customers.

The Grand Sport delivers in ergonomic terms. New front seats offer impressive comfort, there's good adjustability in the driving position and the designers

£17,185-£26,455

1.5 TURBO PETROL 140 AND 165 PS, 2-LITRE TURBO PETROL 260PS; 1.6 TURBODIESEL 110 AND 136PS; 2-LITRE TURBODIESEL 170PS

0-62MPH 6.9-10.9 SECONDS; TOP SPEED 126-155MPH

SIX-SPEED AUTOMATIC OR MANUAL; EIGHT-SPEED AUTOMATIC

32.8-70.6MPG

105-197/KM CO_2

KEY RIVALS

Ford Mondeo

✓ DRIVING DYNAMICS, GREATER ECO-POTENTIAL

✗ BELOW-PAR INFOTAINMENT SYSTEM

Kia Optima

✓ STYLISH AND SPACIOUS, GOOD SPECIFICATION

✗ NOT A CHEAP OPTION, ONLY ONE ENGINE CHOICE

Škoda Superb

✓ QUALITY SWITCHGEAR, REAR LEGROOM, BOOT SPACE

✗ STANDARD EQUIPMENT LEVELS

REVIEW RATINGS

AUTOCAR	AUTO EXPRESS	TOP GEAR
★★★★☆	★★★★☆	★★★½☆

"VAUXHALL… BELIEVES THERE IS A CHANCE THE INSIGNIA GRAND SPORT MAY DELIVER A DEEPER APPEAL IN RETAIL"

The Grand Sport has sacrificed boot space for a bigger cabin

Vauxhall is optimistic that high levels of standard equipment will appeal to business users

have even factored in a small lip below the seven-inch touchscreen of the Intellilink infotainment system to help steady the hand of an operator on the move.

Vauxhall has also integrated more functionality into the Apple CarPlay-equipped infotainment system, de-cluttering the centre console.

Six engines are available from launch. A 1.5-litre petrol engine (0-62mph in 9.3 seconds) sheds 16kg from the outgoing 1.6, while a 110PS CDTi turbodiesel is the range's eco-champion, claiming 70.6mpg combined fuel economy and 105g/km CO_2 emissions. It accelerates from 0-62mph in 10.9 seconds.

The petrol unit felt strong enough to warrant genuine consideration for those for whom its lesser fuel economy is not an issue.

The 1.6-litre diesel was refined when up and running, but could feel a little stretched during low-rev cruising, a lack of torque limiting flexibility at A-road speeds.

Some of Vauxhall's more premium party pieces come into play further up the Grand Sport range and were evident in the range-topping Elite Nav 2-litre Turbo 4x4 auto.

Its 260PS petrol engine may struggle to achieve the claimed 32.8mpg, but it comes with LED Matrix headlights (which employ 32 separate elements to 'cut out' cars ahead, removing the need to dip the main beam), leather trim with heated front and outer rear seats, a Bose sound system and 20-inch alloys.

Despite the ability to reach 62mph in 6.9 seconds and being the first Vauxhall to feature all-wheel drive with torque vectoring and the adaptive FlexRide damping system, it is not billed as a sporty option.

Vauxhall wants the Nav 2-litre Turbo 4x4 auto to be sold on the basis of its smooth progress and added security.

It drives like the range's premium offering. While much of the interior architecture remains the same, the drivetrain's ability to channel power to an outside wheel to increase cornering traction and stability does improve handling and the advanced suspension eliminates some lingering movement after a bump or over repetitive undulations.

This will not be the pivotal model, though, as brand manager Douglas McColm attests above.

Impressive technology aside, where the Grand Sport is sure to take the fight to its key rivals is with its outright value and sleek new styling. Dealers should be prepared for increased interest from fleet operators. TOM SHARPE

> BECAUSE OF THE PRICE AND THE SPECIFICATION, WE'RE HOPING TO COMPETE MORE WITH THE FLEET SECTOR'S USER-CHOOSERS
> **DOUGLAS MCCOLM, VAUXHALL**

Q&A

DOUGLAS MCCOLM, BRAND MANAGER, INSIGNIA

The Insignia Grand Sport enters a segment seemingly on the decline. What are Vauxhall's sales expectations for the car?

We peaked with 46,000 sales in this segment in 2011 and have managed around 30,000 sales since then. That is the level we expect to maintain with the Grand Sport. We are very value-oriented and because of the price and the specification, we're hoping to compete more than ever with the fleet sector's user-choosers. The low BIK should be a real lure. We expect 80% to 90% of sales to be in fleet.

We have heard a lot about an abundant standard specification, but where does the sweet spot lie within the range?

Looking back at the previous car, the main trim level was SRi VX-Line Nav, which came with sporty body trim, larger alloy wheels and sat-nav. You didn't have to add options. We have taken a very similar approach here. In terms of engines, the 1.6-litre 136PS diesel will continue to be the most popular. We didn't offer the 110PS before and do now. With the weight savings, that engine is more than adequate, but the 136PS feels even stronger as a result.

Is it true that Vauxhall is poised to launch a new line-up of options, which may see the Insignia Grand Sport compete with the Mondeo Vignale?

Not really. What we will be putting in place is a range of options, rather than specific models. Dealers won't really have to make any changes to the showroom because it will be a very digital-led, with a specific Exclusive micro-site. A customer can configure a car and then email it to a retailer and start a conversation that way. There will be two elements to Exclusive. One will be a range of exterior and interior trims and the other will be the ability to create a bespoke paint colour through a colour-match function.

What exposure have Vauxhall's dealers had ahead of the Insignia Grand Sport's launch and what sort of feedback have you received on the car?

The dealers all travelled to Venice in April for a ride-and-drive session and they attended workshops with designer Mark Adams and one of our fleet experts. There was an OnStar breakout group, too. Back in the UK, there will be dealer training sessions in four regions from the end of May into June, covering Insignia and Crossland X. The feedback has been good. To my eyes, the old Insignia still looks good, but the dealers have clearly shown an appreciation for the changes to the interior.

Pioneering retailers are leading the way

Nick King Auto Trader Insight Director

Very few dealers would argue that today's market is a tough one. Not only is our industry fast evolving, but broad external factors such as Brexit and changes to VED are resulting in an increasingly complex and competitive environment. Despite these challenging conditions however, many dealers are thriving.

Clearly everyone is successful in business but some dealers appear to be more successful than others. To try and find out what's going on, we've just completed an in depth study. We wanted to see what these very top performers – those that are selling more cars, more quickly and making more profit - are doing that their least successful counterparts aren't.

The Pioneering Retailer:

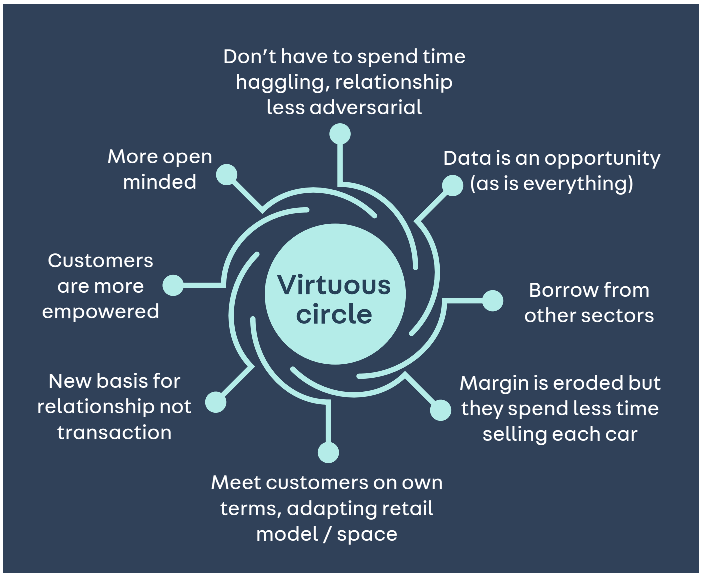
We found that the more successful dealers approached their business with what we refer to as a 'pioneering retailer' mind-set. In a broad sense, more successful retailers are embracing the changes within the market and optimistically view them as an opportunity to evolve their business.

They typically take a more entrepreneurial and flexible approach to their business, open to new views and practises from outside the automotive retail sector. Fundamentally, the study found the most successful are committed to revolutionising their businesses to meet the challenges of our ever changing industry. We found that this pioneering approach to their business creates a virtuous circle – a positive cycle of outcomes - for these top performers.

The Traditional Dealer:

This contrasts with the 'traditional dealer' mind-set, which generally considers change as a bad thing. Our research found that the less successful are falling into this group; those that fail to adapt and often look longingly back to the 'good old days' rather than eagerly to the future. In fact, 75% of those deemed successful have a positive outlook for the coming year, significantly higher than the 53% of their less successful counterparts.

Such is the attitudinal shift between the two, one in five less successful dealers are already developing their exit strategy in the longer term - an alarmingly high proportion. Crucially, whilst their pioneering counterparts experience a virtuous circle as a result of their mind set, the traditional dealers are constrained to a vicious circle.



'The shifting mind set: from traditional to the pioneering'

In a new whitepaper, we explore these contrasting mind sets in detail, as well as discuss the key macro themes that we discovered the industry's most successful place at the heart of their business: embracing digital; focus on the customer; and empowering employees. Importantly, we look at the necessary steps all dealers must take to survive in today's fast evolving marketplace – without these changes, once the currently buoyant market turns, only the pioneering minded will be left.

To read the findings in full, and to learn how you can adapt your business for success, download our new whitepaper 'The shifting mind set: from traditional to the pioneering' today: https://trade.autotrader.co.uk/successful-retailers

For the latest news, views and insight for the automotive retail community, follow **@ATInsight** on Twitter and LinkedIn

AutoTrader

MAZDA MX-5 RF 2.0-LITRE SPORT NAV

REPORT PROGRESS

MERCEDES SLC LAUNCH MAY WORSEN MX-5 SALES DIP

First-quarter registrations of the MX-5 were down 1.1% year-on-year, at 1,556, of which 1,118 were retail orders.

In Q2, Mazda has put a £500 deposit contribution behind its 37-month PCP on 3.9% APR, which keeps monthly payments at £299 if the buyer can put down a £2,451 deposit for the entry-level 1.5-litre SE MX-5 soft-top.

However, it is being less generous with the more premium RF, which it introduced just three months ago. For a similarly powered RF in SE-L trim, with its electrically folding hard-top, there is no deposit contribution and the PCP is at 5.9% APR. Clearly Mazda and its dealers have identified a better profit opportunity while the RF is fresh. But the more premium two-seater needs a more premium customer; one who is able to put down a £3,060 deposit and afford £389 per month.

The Mercedes-Benz SLC may give Mazda dealers a headache this summer, however. A new entry-level SLC 180 is being launched this June and aims to steal some of its glory, even though it is far more expensive than our MX-5 RF, at £32,039.

Mercedes can subvent the overall cost to the customer, and it claims that because the SLC has stronger residual values it will be able to market the rival on a PCP with lower monthly payments. To shift stock of its previous cheapest convertible, the SLC200, Mercedes is currently offering a £6,158 discount if buyers sign a £299 monthly PCP and pay a £4,999 deposit. TIM ROSE

OFFICIAL COMBINED CYCLE FUEL ECONOMY 40.9MPG

AVERAGE FUEL ECONOMY ON TRIP COMPUTER 40.8MPG

FIRST REGISTRATION COST £500

NUMBER OF PRE-REGISTERED/ EX-DEMO MX-5S 27 (SOURCE: AUTO TRADER)

✔ STAND-OUT STYLING, NO-FUSS ELECTRIC ROOF

✘ BECOMES QUITE NOISY AT MOTORWAY SPEEDS

CURRENT MILEAGE 0 1 6 3 0

START MILEAGE 0 0 8 7 0

SUZUKI BALENO BOOSTERJET SZ5 AUTO

REPORT PROGRESS

THE BALENO DESERVES A BIT MORE FANFARE

Suzuki finished 2016 with a record 38,190 UK registrations, up nearly 4,000 units on 2015. Having almost doubled its UK sales volume in five years, it strode into 2017 with a 1.42% market share.

The Vitara SUV, the Celerio and the Ignis were name-checked in Suzuki's self-congratulatory press release, but the Baleno, its B-segment small car, doesn't get a mention. In fact, in the monthly SMMT registration figures by model, it is bundled into 'other'.

It also gets a bad rap on first sight. "It looks like a car you'd pick up at an Iraqi rental desk," said one friend.

However, the current Baleno, launched last year, is a pleasant surprise. It has more interior space and a larger boot than the Swift, and the most space between rear and front seats in its class.

Prices start at £12,999 (for the SZ-T 1.0-litre manual) and for the top spec SZ5 auto it's only £3,500 more.

The SZ-T model includes six airbags, 16-inch alloy wheels, HID headlights, air conditioning, sat-nav, DAB radio with USB and Bluetooth, rear privacy glass, cruise control with speed limiter and front electric windows.

SZ5 (Boosterjet and the hybrid SHVS model) adds automatic climate control, rear electric windows, 4.2-inch central colour trip display, LED rear lights, adaptive cruise control and radar brake support.

For a 'budget' model, with sales so low they are not reported, it's an incredible package. JEREMY BENNETT

✔ THE SURPRISING LEVEL OF STANDARD SPECIFICATION

✘ MUNDANE EXTERIOR MEANS IT WON'T STAND OUT IN B-SEGMENT

KEY RIVALS

Ford Fiesta

✔ MASS MARKET APPEAL

✘ BASE SPEC MODELS A LITTLE LACKING IN GOODIES

Hyundai i20

✔ ROOMY, GOOD STANDARD EQUIPMENT FROM SE SPEC ONWARDS

✘ 'CHEAP' INTERIOR PLASTICS

£16,349 + £485 FOR RAY BLUE METALLIC PAINT

1.0-LITRE BOOSTERJET

0-62MPH 11 SECS, TOP SPEED 118MPH

6SP AUTO

57.6MPG

109G/KM CO_2

CURRENT MILEAGE 0 2 6 6 3

START MILEAGE 0 1 5 1 0

GUESS THE CAR COMPETITION

THIS MONTHS WINNER

Peter Defeo, a service adviser at Rockar Hyundai, correctly named the McLaren F1 in last issue.

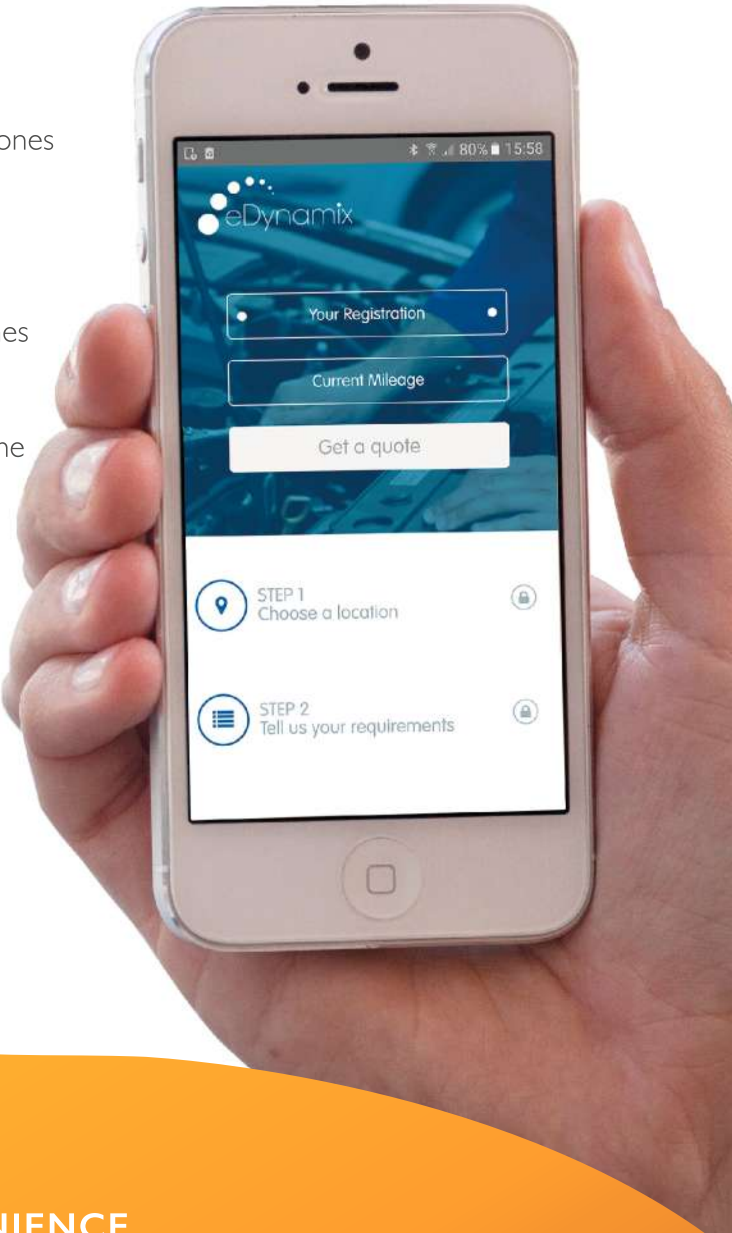
See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, June 9.

Service Plans

ONLINE SERVICE PLAN QUOTE

With 25% of online workshop bookings being made outside of working hours, imagine how many of your customers would quote themselves a service plan in the comfort of their own home, at their convenience without feeling under pressure? By adding eDynamix Service Plan Quote to your website or your Online Booking Portal this is now a reality!

- A fully responsive design which allows a quote to be created on any device, including smartphones
- Using a VRM lookup ensures that the quote is created on the right make, model and variant
- Customers can configure the quote so it matches their exact requirements
- The setup and menu pricing engine use the same parameters as your internal service plan portal
- Receive immediate alerts when a quote has been raised
- View the customers configured quote in your service plan portal alongside all internal plans
- Available 24/7



COMPLETE CUSTOMER CONVENIENCE

0845 413 0000
enquiries@edynamix.com | www.edynamix.com

eDynamix

ADVERTISING FEATURE

EXECUTIVE PANEL

Industry professionals shar

Knowledge is power, and businesses need as much expert advice and insight as possible to succeed. For senior managers in franchised dealerships, who are ultimately responsible for a multi-faceted service, retail and business-to-business operation, that need is even more pronounced. This is where AM's Executive Panel can be of real help. The Executive Panel is made up of AM commercial partners who are all experts in their key industry segment – segments that can have a major influence on a motor retail business's bottom-line profitability and customer experience.

PEOPLE

Do you WING IT when recruiting?

By Nigel Banister, director, GMD People

The dictionary definition of 'wing it' is to do something with no preparation. How many times have you heard that expression? All of us will 'wing it' at some point in our working lives, but for most management activities, it is a risky and potentially costly approach.

Attracting, recruiting and retaining staff is a big challenge for most motor retail businesses. Over the years, we have delivered many workshops to help managers run thorough and effective recruitment programmes. When we ask about their approach at the start, we often hear from those who 'wing it'.

So, how about using another definition of the expression when recruiting and inducting new staff:

W Write a punchy advertisement and up-to-date job description – businesses change.

I Include others in the recruitment process – two perspectives are always better than one.

N Notify candidates of their progress through your recruitment process – good communication is key.

G Go for the best possible candidate after a thorough process.

I Induct new starters properly – this will help you retain them and maximise your investment.

T Train new staff from Day 1 – be proactive in how you develop your staff as soon as they join.

With the motor retail sector struggling to attract quality staff and still having high attrition rates, maybe it is time to adopt our version of winging it.

■ Visit www.gmdpeople.com for our previous articles or contact us on 01327 831371. Visit us on November 9 at Automotive Management Live at the NEC in Birmingham – automotivemanagementlive.co.uk.

gmd® people

VIDEO

Make the most of each customer interaction

By Adam Price, MD & founder, AutosOnShow.tv

Building a rapport with customers before they have driven onto the forecourt or maintaining rapport after they drive away with a new or used car is a perennial problem for dealers.

Building a lasting relationship will increase service revenue, provide multiple points to upsell, and generate repeat business and recommendations. Integrating professional video into the customer journey enhances the customer relationship by providing greater transparency, levels of customer service and opportunities for contact.

Dealerships are often focused on new cars, with used sales coming second on the list of things to sort out, and up-selling aftersales a distant third.

AutosOnShow provides a platform that allows dealers to build a closer relationship with customers, and that will support vehicle sales and recurring, profitable, servicing revenue.

A strategic approach is needed to ensure that all departments in a dealership work together. It is important to take a holistic approach to create a seamless customer process from sales to service.

The AutosOnShow platform can be used to send personalised messages at any point throughout the customer journey, including information about a test drive they have booked, a reminder when a service is due, and from the person they are going to see.

Detailed video can also be taken of the vehicle while it is in for service to increase transparency and reduce complaints.

A customer's preferences can be used to inform videos of vehicles they may find of interest or to accompany a promotional event.

AutosOnShow.tv®
VIDEO IMAGERY PRODUCTS

e their best advice on motor retail issues

FOR THE LATEST INFORMATION FROM DEALER SUPPLIERS VISIT:
am-online.com/news/supplier-news/

VALETING

Who is working in your valet bay?

By Martin Peters, sales director, Autoclenz Group

Whether you are recruiting valeters, receptionists, sales executives or technicians to work in your dealership, what was quite a straightforward process of recruitment has become far more difficult in an ever challenging labour market.

Our service is all about the people, but, more importantly, it is about the right people.

All of our operators are put through a gruelling, industry-leading compliance-checking process to determine the status of their driving licences, their ability to legally work in the UK and that they are who they say they are.

There is a cost to this and, more importantly, there is a cost to adhering to the new minimum living wage of £7.50 per hour, which supports engaging the right people.

More than 30% of operators we are asked to engage with when winning new contracts from competitors do not pass our compliance-checking process. The reasons include: having no driving licence; having no passport or paperwork; or working on a student visa, to name but a few.

This "grey" labour promotes lower rates with no questions asked, but the risks that go along with this option far outweigh any potential short-term gains to your business.

Add to this the potential penalties contained within the 2015 Modern Slavery Act and the business case is a strong one to outsource your valeting to a proven safe pair of hands.

Who is working in your valet bay today?

■ **To find out more about the difference at Autoclenz, please call Lucy on 01283 554682**

autoclenz

AUCTIONS

Manage PXs to beat summer's slowdown

By Simon Henstock, BCA chief operating officer, UK remarketing

With the summer months upon us, the market is now moving into a period when demand eases and typically values remain relatively flat.

Families are now thinking about paying for their summer holidays and decisions on a new or replacement car are often postponed until after the summer break.

So what might car dealers focus on over the coming weeks?

It is important to re-appraise the forecourt stock and look at your pricing strategy. Be ruthless in pruning over-age vehicles and keep a close eye on your part-exchange line.

When business slows, it is important to identify the profit opportunities available in your part-exchange stock and this is where BCA's Dealer Pro tools can help.

Dealer Pro is designed to help dealerships to control and manage vehicle appraisals, provide accurate valuations and profitably manage part-exchange inventory and vehicle disposals – and as a result, to sell more vehicles relative to the market conditions.

The system has been adopted by many of the UK's leading dealer groups and has beneficially transformed the handling of part-exchange appraisals and valuations. The system can integrate with dealers' existing processes, is auditable, transparent and doesn't rely on subjectivity at any stage.

Maximise your profit opportunities by making the most of your PX vehicles. It's one sure way to beat the summer slowdown!

BCA

GREY TALENT

HOW TO GET THE BEST FROM YOUR MORE SENIOR EMPLOYEES

Dealers should try to retain the expertise and experience of their older workers

Britain's workforce is aging, the state pension age (SPA) is increasing and more people are likely to work beyond it, into their late 60s and 70s, to supplement their income. What can dealers do to meet the challenges of this changing landscape?

Next year will be the last for accessing the state pension at the age of 65. Between October 2018 and October 2020, the SPA will increase to 66. Between 2026 and 2028, it will rise to 67 and the Cridland Report, an independent review published in May, proposes that it increases to 68 by 2039.

Chris Brooks, Age UK senior policy adviser, said: "My advice to employers would be to keep an open mind and to look beyond the stereotypes surrounding older employees like not wanting to retrain or productivity dropping while they wait for retirement.

"Businesses can look at flexible working, which should be able to be applied to any industry."

Employees have the right to formally request more flexible or part-time working, but employers can reject the request, as long as they deal with it in a "reasonable manner".

At AM100 dealer group JCT600, the average age of its 2,300 employees is 40, with 35% 45 and over.

Katie Saunders, JCT600 HR director, said staff are encouraged to approach their manager to have an open and pragmatic discussion about flexible working when they near retirement age.

She said: "We very rarely start that conversation. As long as they're happy with their hours and how they're working, why would we want to change things?

"If they do want to talk about reducing their hours or part-time, we'll sit down and work together in a collaborative way."

> "WHEN YOU HAVE MEMBERS OF YOUR TEAM WITH THAT MUCH TECHNICAL KNOWLEDGE, WHY WOULDN'T YOU WANT TO RETAIN THEM?
> **KATIE SAUNDERS, JCT600**

JCT600 approaches changing hours by either seeing if it is possible to accommodate what an employee needs with no changes to staffing, or whether another site within the group may be able to accommodate them. Failing that, it will look at a potential job share with another part-time member of staff or by recruiting another part-time employee.

In other cases, an employee may look at moving to another job within the group that could offer more flexibility, such as a part-time service adviser, driver or host.

Saunders said: "We'll look at all sorts of options to find a solution. We would much rather retain skills within the business."

Picador has 165 employees across four dealerships, with an average age of 40. Of those employees, 32 have been with the company for more than 15 years, 10 have worked there for 25 years and there are 60 with more than seven years of service.

Graham Jacobs, Picador chief executive, said: "As we're a family business, having people work for us for a long time comes with the territory. We have always looked after people.

"We have always taken the approach that they can approach us to talk about flexible working or going part-time when they're ready to take that step."

Jacobs joked that older employees are usually so good at their job they can do five days of work in three anyway.

The benefits

Jacobs said older members of staff bring valuable experience, a loyal following of repeat customers and a reduction in repeated training and recruitment costs.

He said: "The longer someone works with your company, the more they really start to get the philosophy that drives your business, too."

JCT600 has a 69-year-old master technician with 50 years of service. He now helps to train apprentice technicians. Another employee, with 35 years of service, is helping to train a new apprentice at its Porsche Leeds dealership.

Saunders said: "When you have members of your team with that much technical knowledge, why wouldn't you want to retain them?"

Loyalty

For those who stay within the business, both JCT600 and Picador offer loyalty programmes.

Picador puts together a special night away and a thank you of £1,000 after 25 years of service.

After 15 years, JCT600 awards every employee a "financial gift", along with a letter of thanks from the chief executive, John Tordoff. They get a bonus and letter every five years after that.

Saunders said: "We've also introduced a weekend away where we have a black-tie dinner and a hotel stay with all members of staff – they can bring their partners – that have worked for us for 20 years or more."

RESOURCES

EMPLOYING OLDER WORKERS

An employer's guide 'to today's multi-generational workforce' from the Department for Work and Pensions.
am-online.com/EmployingOlderWorkers

MANAGING THE OLDER WORKER

Peter Cappelli and William Novelli explain how companies can maximise the value provided by older workers.
am-online.com/ManagingOlderWorkers

MANAGING A HEALTHY AGING WORKFORCE

A guide to meeting the health challenges presented by aging workers from the Chartered Institute of Personnel Development.
am-online.com/HealthyOlderWorkers

TALENT ON THE MOVE

ANDREW TRACEY, ALFA ROMEO AND JEEP

Fiat Chrysler Automobiles (FCA) UK has named Andrew Tracey as country manager for the Alfa Romeo and Jeep brands. Tracey takes over from Damien Dally, who has moved to a role in Fiat Chrysler Automobiles' headquarters in Turin.

He brings more than 15 years' experience across senior roles in automotive sales, marketing, product and planning functions to the business.

Most recently he held the role of head of marketing at Seat, overseeing the company's brand and product strategy. Tracey also spent time as Seat's head of planning and has held managerial posts in sales operations, national planning and supply, and product. FCA UK managing director Ashley Andrew also worked at Seat previously.

"I'm looking forward to the opportunities that cars such as the new Jeep Compass and Alfa Stelvio will present us as we further grow our business in the UK," he said.

Further restructuring has seen Richard Chamberlain join FCA from Renault Trucks as new country manager for Fiat Professional, responsible for all business activities at the commercial vehicle division.

The LCV business was previously run by Alejandro Noriega; he will now hold the role of country manager for the Fiat and Abarth brands, replacing Sebastiano Fedrigo who will now oversee the Mopar parts business.

Fedrigo is tasked with growing Mopar's products and its services as service, parts and customer care director.

Lee Titchner has been appointed network development director, responsible for FCA dealers in the UK and Ireland. He moves from his previous role as head of FCA UK's Mopar division.

> "I'M LOOKING FORWARD TO THE OPPORTUNITIES THAT CARS SUCH AS THE NEW JEEP COMPASS AND ALFA STELVIO WILL PRESENT US
>
> ANDREW TRACEY, ALFA ROMEO AND JEEP

TOM BRENNAN, AUDI

Audi has appointed Tom Brennan as its new head of fleet sales.

The former national contract hire and leasing manager replaces James Douglas, who has been appointed head of sales for Volkswagen Commercial Vehicles.

Brennan previously held various roles in the finance and leasing sector. During 10 years with VW Financial Services, he became its key interface with Audi UK as general manager of Audi Finance.

WILLIAM BROWN, SUBARU

Subaru UK has appointed William Brown as operations director, as it looks for new leadership in its sales strategy.

Brown is currently operations director for Isuzu UK and will add his new responsibilities with Subaru to those of his existing role.

"Subaru still has much more to give to us and its dealers, and Brown is absolutely the man to deliver it," said Paul Tunnicliffe, Subaru UK managing director.

RICHARD COWELL, BOWKER BMW BLACKBURN

Richard Cowell has been promoted to the role of general sales manager at Bowker BMW Blackburn.

His new role includes the position of BMW new car sales manager. Previously, he held the role of corporate business development manager.

Cowell – who has spent 18 years at Bowker– will support and assist sales manager colleagues at Bowker Mini, Bowker used cars and Blackburn Car Centre – also at the site.

ADVERTISING FEATURE

How to answer a telephone call

Everyone thinks they know how to answer a telephone enquiry correctly – but do they, asks Simon Bowkett of Symco Training

Here's a challenge for you – get a phone number for a random business, call it, and just from how the phone is answered, try to figure out what the company is called and what it does. More often than not, you won't have a clue.

When we are sitting there listening to the hypnotic ring-ring of the phone, it's all too easy to lose concentration. Then, when someone eventually answers, they rattle off their introduction so quickly that you don't have time to switch your ears on.

The same thing has happened to your customers, I'm sure, when they have called your dealership. It gives a poor impression of your business, and can be a little unsettling.

Four things you should do

First, when you answer a telephone enquiry, pause, take a breath, and don't start talking until the phone is next to your ear. A brief pause tells the customer to switch their ears on.

Next, at the start of the call, speak a little louder than you usually do. For two reasons. One, it's harder to mumble your introduction. Secondly, it sounds like enthusiasm and confidence – people like to deal with people who are enthusiastic and confident. Don't start yelling, just talk a bit louder.

Also, talk a little slower. Don't spend the whole call talking loud and slow though, or you may come across as a bit thick. It's just at the start of the call.

Stand up before you take the call. It allows more air to get into your diaphragm and you can project your voice better. If you have a cordless phone at your desk or you're on a mobile, walk around while you're taking the call as well. It lets more oxygen get to your brain and that helps us to think better.

More practical tips

Keep these four things in mind when you are answering the phone, and watch my new sales training video on the *AM* website (www.am-online.com/symcotraining, or at www.symcotraining.co.uk) this month for some practical tips on taking incoming telephone enquiries.

Visit our website for a free training trial

To find out how our low-cost, IMI-approved online training programme can help train your team, visit symcotraining.co.uk/freetrial and get your FREE trial started today.

BASF
We create chemistry

Senior Key Account/ Business Development Manager

BASF plc is looking for a top flight Senior Account Manager to drive new business and further develop existing relationships at Vehicle Manufacturer level for its Automotive Refinish Division.

We are looking for a confident, energetic and outgoing person with at least five years industry experience in sales/key account management and the drive and determination to succeed. You must have benefited from a good education with a minimum of A/O level in Maths and English, a business degree or equivalent qualification.

This exciting position demands automotive industry knowledge and a proven track record of developing new business, therefore we expect you to be an excellent communicator to be highly self-motivated and have the necessary skill sets, including the effective negotiating skills with tenders and commissions, required to excel in this demanding industry.

We expect you to provide effective leadership to motivate the Key Account Management team to develop the customer base throughout the dealer networks and approved bodyshops. You will report directly to the Head of Business UK and Ireland.

In return, you can expect an excellent salary together with a company vehicle, plus all the benefits you would expect of the world's largest chemical company. BASF plc's headquarters is based in Cheadle, though ideally you will be located in the Midlands or the South, enabling easy access to the leading Vehicle Manufacturers.

Please email your up to date CV with a covering letter to:
Ingrid.newton@basf.com

All applications will of course, be treated in the strictest confidence. Closing date for applications is the 23rd of June 2017.

Exciting opportunities at Motorline Volkswagen

The Motorline Group is a family-owned business employing over 1,250 staff, which represents 11 brands in over 43 dealerships, and 4 Volkswagen Group Trade Parts Centres across the UK.

Brand Manager – Horsham

Motorline Volkswagen has an exciting opportunity for a Brand Manager to join our site in Horsham. You will effectively manage the resources within the dealership to achieve the required business objectives, including sales volumes, profitability, customer satisfaction and loyalty.

Requirements:

- Previous experience as a Brand Manager, General Manager or Dealer Principal in a franchised car dealership
- Strong leadership and organisational skills
- A proven record of high sales achievement, marketing and customer satisfaction
- The ability to manage staff effectively
- A full driving licence
- Highly-motivated and target-driven

Aftersales Manager – Coulsdon

We also have an exciting opportunity for an Aftersales Manager to join our site in Coulsdon. You will formulate policies and procedures to achieve maximum revenue and profitability through the sale of labour, parts and materials whilst controlling stocks and assets, and ensuring high levels of customer satisfaction.

Requirements:

- Previous experience within an Aftersales Manager / Service Manager position for a franchised dealership
- The ability to achieve industry-leading standards of process efficiency and cost control
- To ensure departmental compliance with company policies and manufacturer guidelines
- The ability to motivate a team to ensure their objectives are acheived

We offer a competitive salary + bonus + benefits including pension scheme and company car.
To apply, please email your CV and a covering letter to: Paul Stapylton, Operations Director at: recruitment@motorline.co.uk or call us on: **01227 817752** to discuss the position in more detail.

Motorline www.motorline.co.uk/careers

Volkswagen

EIGHT QUESTIONS TO...

A DEALER FLEET BOSS

Sarah Eccles, group fleet director at Swansway Group, explains how single-handedly starting her department gave her a unique perspective

What are the main responsibilities of your role?
ECCLES: I'm responsible for customer/supplier relations, business development and department management, but that only scratches the surface. Having grown Swansway Group Fleet from being the sole team member, I have a unique understanding of the roles within it, as I've carried out all elements of the business myself in the past.

Nowadays, my diary will be mostly dedicated to working with our manufacturer partners and clients, ensuring we are not only meeting, but exceeding, our leasing company customer expectations.

What are the most significant challenges ahead in your field of work?
ECCLES: The fleet sector is ever-evolving and parameters change frequently. Keeping abreast of how this will impact not only us as a business, but also our manufacturer and leasing company partners and their drivers is paramount.

High on the discussion list at the moment has to be the proposed "ultra-low emissions" zones and EU6d Real Driving Emissions regulations. We know they pose a huge number of questions for individual drivers and fleet managers. Our manufacturer partners rely on us to provide the market with timely and relevant information on both legislation and product that meets with the end user's requirements.

How might these challenges be overcome?
ECCLES: The key is to work with the change, anticipate it and embrace it. It will happen with or without your blessing and you're better to be prepared than caught off-guard – a competitor will always be waiting to step in. As enormous as these changes and their implications can be, there's no substitute for preparation.

The recent VED amendment is a prime example. I adopted a very pro-active approach from early 2016 to ensure the only "surprises" our clients had were positive – for example some orders being able to be registered early and escape the £40,000-plus sector increase.

Industry-wide, there seemed to be a significant amount of disruption and confusion in some circles, but I'm proud to say that, with forward planning and a well briefed team, all remained calm for Swansway and, most importantly, our clients.

What attracted you to this area of expertise?
ECCLES: In truth, while I was already on the margins of the automotive industry (as a receptionist in a busy Volkswagen retailer) it was the belief of the directors, offering an unexpected opportunity that I couldn't turn down, that laid the foundations for Swansway Group Fleet. The challenge to start a department single-handed was a daunting one, but the satisfaction of winning business through nothing but hard work, determination and powerful core values coupled with the growth of strong relationships mean I couldn't imagine doing anything else.

What's the most important thing you have learned in your career, and how have you made use of it at your company?
ECCLES: It may sound clichéd, but the Swansway behaviours of 'caring, honest and proud' come naturally to me and they really do underpin successful business. It would be foolish to say every day is plain sailing – each day is diverse and has a variety of challenges within it, but, by upholding these behaviours I have yet to meet a challenge that couldn't be overcome. MATT DE PREZ

QUICK FIRE QUESTIONS

What drives you?
I have to confess I have a very competitive streak. I want to be the best at everything I do, whether it's playing Monopoly, or wanting to be top of leasing company SLA rankings. I'm passionate about treating our customers as I'd like my family to be treated and I truly value the respect from our brand partners.

What's your favourite app?
Spotify

How do you relax?
I love spending time with my family, friends and my lovely dog.

AM

AM, Media House, Lynch Wood, Peterborough PE2 6EA
Email: AM@bauermedia.co.uk

THIS MONTH'S QUESTION TO THE *AM* TEAM:
What was your favourite Bank Holiday day out destination as a child?

EDITORIAL
Editor-in-chief Stephen Briers 01733 468024
stephen.briers@bauermedia.co.uk
▸ Weston-super-Mare: sun, sand & crazy golf
Editor Tim Rose 01733 468266
tim.rose@bauermedia.co.uk
▸ The seaside at Hunstanton, Norfolk
News and features editor Tom Sharpe
01733 468343 tom.sharpe@bauermedia.co.uk
▸ Sundown Adventureland, near Retford
Head of digital/associate editor Jeremy Bennett
01733 468261 jeremy.bennett@bauermedia.co.uk
▸ The park to play football or cricket or build man traps; a dyke for 'sticklebacking'

PRODUCTION
Head of publishing Luke Neal 01733 468262
▸ Water skiing and barbequeing with family
Production editor Finbarr O'Reilly 01733 468267
▸ Perks indoor funfair in Youghal, Co Cork
Designer Erika Small 01733 468312
▸ Whipsnade Zoo, Dunstable

CONTRIBUTORS
Peter Cunliffe, Matt De Prez, Scott Hamilton, Debbie Kirlew, Chris Phillips, Andrew Ryan, Jim Saker, Tom Seymour

ADVERTISING
Commercial director
Sarah Crown 01733 366466
Group advertisement manager
Sheryl Graham 01733 366467
Head of project management
Leanne Patterson 01733 468332
Project managers
Kerry Unwin 01733 468578
Lucy Peacock 01733 468327
Katie Lightfoot 01733 468338
Account managers
Sara Donald 01733 366474
Kelly Crown 01733 366364
Kate Atkinson 01733 366473

Recruitment enquiries 01733 366473

EVENTS
Event director Chris Lester
Event manager Luke Clements 01733 468325
Event planner Nicola Baxter 01733 468289

PUBLISHING
Managing director Tim Lucas
Office manager Jane Hill 01733 468319
Group managing director Rob Munro-Hall
Chief executive officer Paul Keenan

Subscriptions
01635 588494. Annual UK subscription £99, two years £168, three years £238. Overseas one year/12 issues £149, two years £253, three years £358.

AM is published 12 times a year by Bauer Consumer Media Ltd, registered address Media House, Peterborough Business Park, Lynch Wood, Peterborough, PE2 6EA.
Registered number 01176085.

Printing: PCP
Complaints: Bauer Consumer Media Limited is a member of the Independent Press Standards Organisation (www.ipso.co.uk) and endeavours to respond to and resolve your concerns quickly. Our Editorial Complaints Policy (including full details of how to contact us about editorial complaints and IPSO's contact details) can be found at www.bauermediacomplaints.co.uk. Our email address for editorial complaints covered by the Editorial Complaints Policy is complaints@bauermedia.co.uk.

The text paper used in this publication is 100% recycled, produced from post-consumer waste.

Superservice™ triage™

FOLLOW UP ON REVENUE

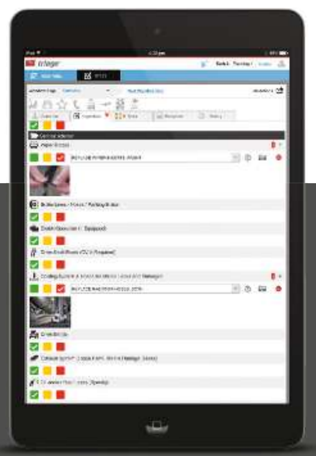
OPEN UP NEW REVENUE OPPORTUNITIES WITH A STRUCTURED FOLLOW-UP PROCESS

Customers often find reasons to decline recommended repair work on the day of service, but with Superservice Triage, the revenue opportunity is not lost.

Superservice Triage is an electronic Vehicle Health Check (eVHC) system that automatically records all declined repair work, and alerts Service Advisors to systematically follow up with customers at a future date.

This maximises service revenue by empowering Service Advisors to close sales that could be lost to competitors.

The timely follow up also demonstrates care, and encourages customers to return for future repairs.



www.superservice.com

+44 (0) 1223 896 920

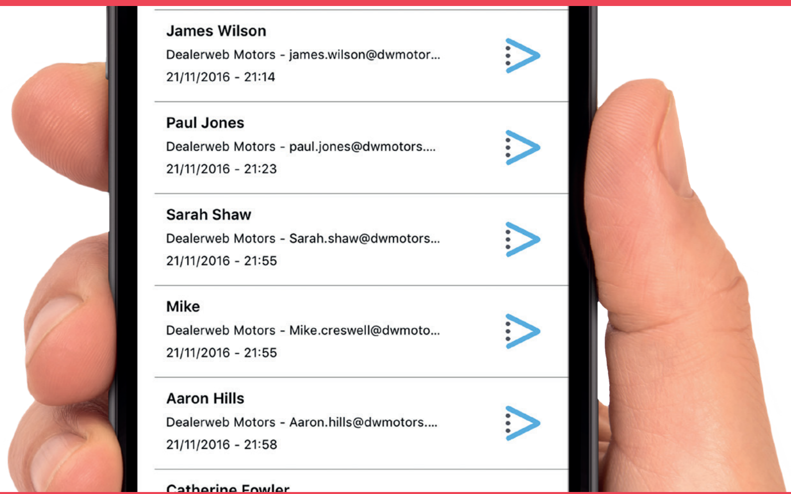
service@ifmeurope.com

YouTube superservicesolution

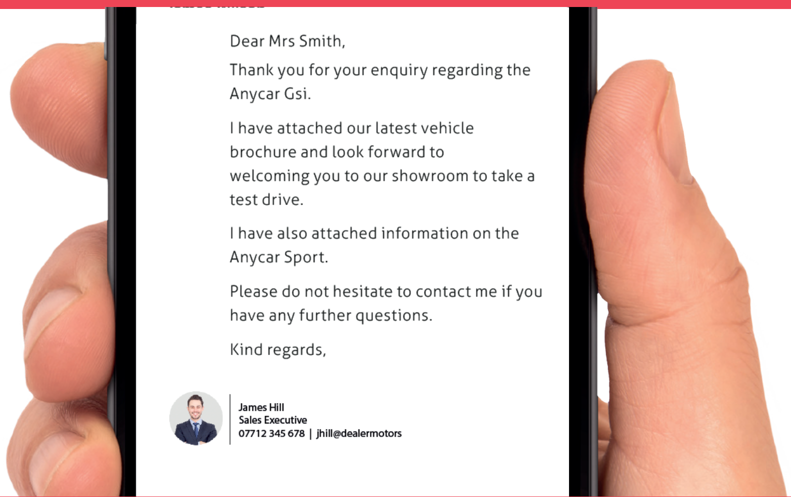
MK1614

INFOMEDIA™ Global leaders in parts and service software

@InfomediaLtd Infomedia Ltd



Sales adviser receives web lead notifications



Sales adviser selects a pre-written email response from menu, adds a downloadable brochure thereby sending a smart, personalised email back to the enquirer

Responding to web leads just got personal

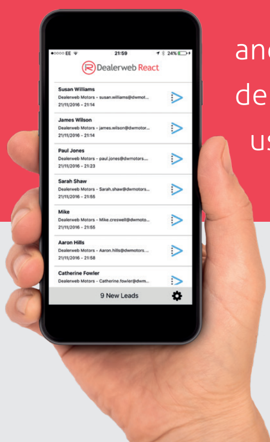
We all know how powerful demonstrating courtesy, professionalism and competence are in the sales process. Not difficult when face-to-face but not so easy in an electronic reply!

That is until now. Dealerweb React not only enables sales teams to pounce on web leads and respond in minutes, they can do this in style.

Pre-written email responses can be uploaded into a menu, selected, and if necessary modified to precisely answer the enquiry.

The appropriate downloadable sales literature and documents are easily attached and the whole email communication will be signed off with the sales adviser's photograph and contact details.

All this, and often within minutes of a web lead arriving, the dealership cannot fail to impress the enquirer with the quality of the personal service and raise conversation rates.



For more information and/or to arrange a product demonstration, please email us or call +44 (0) 1392 247477.

Dealerweb React
FEEDS ON WEB LEADS

www.dealerweb.org info@dealerweb.org

Ellie sends an enquiry about that awesome sports model to the brand's website.

At Ellie's local dealership, Stewart receives a notification about her enquiry. He selects a personalised reponse from the menu, attaches a brochure and activates the send button. Done.

Web leads responded to the way they should be. Fast.

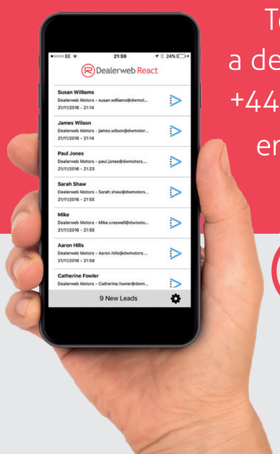
Dealerweb React pounces on every web lead enquiry arriving from the brand or media websites triggering real-time alerts to the sales team via the mobile app and email notifications.

Sales advisers are presented with a menu of pre- written, editable emails with the facility to add links to the dealership's website, documents and downloadable brochures.

This means that enquirers receive a thorough and professional reaction to their requests in minutes, fulfilling the response-time expectations

As the volume of UK web leads rise each year, so does the need to capitalise on them by not only responding quickly, but professionally and personally.

Dealerweb React is designed to do exactly that. The system is also available as an App, enabling response at any time from any location.



To find out more and book a demo, call us today on +44 (0)1392 247477 or email info@dealerweb.org

Dealerweb React

FEEDS ON WEB LEADS

www.dealerweb.org info@dealerweb.org