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AUTOMOTIVE MANAGEMENT



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# AM

AUTOMOTIVE MANAGEMENT

DELGARTH MOTOR CO / P26

Steve Turney on managing  
growth in a family firm



PROFITS

PEOPLE

MERCEDES-BENZ INSIGHT / P20

## PUTTING THE PIECES TOGETHER

PRODUCTS

UK chief executive Gary Savage  
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rebuilt its dealer relationships

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Five pages of expert  
advice on how to future-  
proof your F&I business

DS4 / P74

Premium brand aims to  
grow its appeal with two  
styles of family hatch







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## Digital changes will speed up in 2016. Don't be left behind

**W**hat a year 2015 has been. The major takeovers have started again: Lookers buying Benfield, Vertu buying South Hereford, and Stoneacre taking over Autoworld. There is no doubt that such activity will continue in 2016 as the groups still see plenty of opportunity to consolidate the industry further.

However, that consolidation is happening at a relatively slow pace when compared with the speed at which motor retail is destined to become a more digital industry. There is a wake-up call on the way for those in this sector who have seen digital as a purely marketing tool until now, and who have said it won't be a commerce channel for big-ticket items.

Although it will be deeply embroiled in the emissions cheating scandal for some time yet, Volkswagen Group deserves some credit for its forward-thinking approach to motor retail. For two years, its 'blended retailing' strategy has been smoothing the seams between the digital and physical aspects of the customer journey.

Others have gone further still. Hyundai Rockar is selling cars digitally through its two shopping centre stores. BMW Retail Online allows consumers to choose, spec and buy their car entirely online in under 10 minutes. Mazda has begun allowing consumers in London to use 'MyWay', which offers the test drive, part-exchange valuation and car handover at the buyer's home or workplace. Cambria Automobiles already has a digital salesperson in each of its showrooms, and now Vertu Motors, which already sells a small proportion of cars online, has bought Aceparts, an e-commerce operator that sells quality car parts.

Our recent poll of more than 600 consumers found that four in 10 would consider an option to buy a car online and have it delivered to their home. Make sure digital is in your plan for 2016.

**Tim Rose**  
Managing editor

### OUR EXPERT CONTRIBUTORS



"Problems at VW could be more deep-seated than originally thought"

**Prof Jim Saker: P31**



"Even in a bumper year for sales, profitability remained a concern"

**Philip Nothard: P36**



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Merry Christmas and a prosperous New Year to all of our readers. Our festive cover illustration this month was by George Williams of Spot On Caricatures

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## YOUR NEWS

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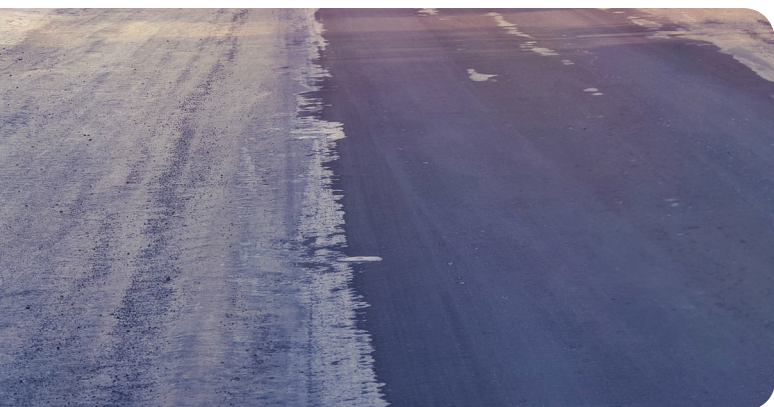
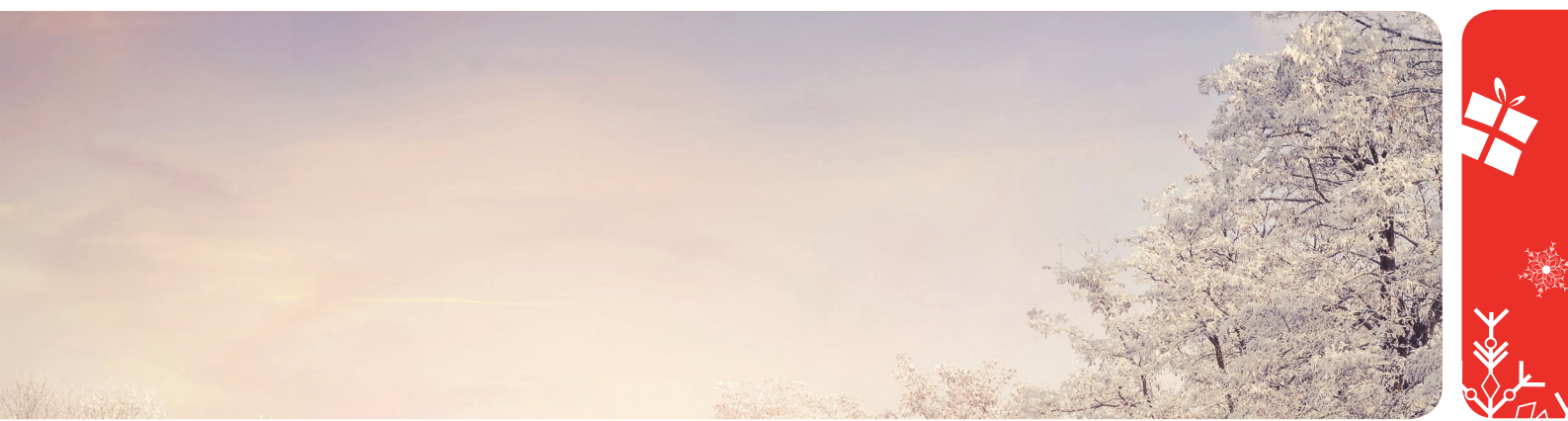
A lack of boot space relative to its rivals may put some customers off.

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McLaren sales and marketing director Jolyon Nash on exemplary customer experience and winning new custom in 2015; how to make your dealership websites better; and the Jaguar XF reviewed.





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### HMRC launches incentives review

HMRC has begun a review on incentives, following concerns over VAT on dealer deposits.

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### Ford

Ford was voted the most trusted brand in a study of consumer confidence following the VW emissions scandal.

## VOLKSWAGEN EMISSIONS SCANDALS

# VW Group 'defeat device' recalls to begin in new year

**The Volkswagen, Audi, Škoda and Seat networks will begin the recall programme to update emissions-controlling software on 2.0TDI EA189-engined cars in January.**

The carmaker said an "attractive package" will be put in place to compensate UK customers for any reduction in the value of their car. In November, Volkswagen America offered owners of cars affected there by its NOx-dodging 'defeat device' a "goodwill" gift worth \$1,000.

There was no news of any further support for Volkswagen Group dealers from its management board, which insisted sales and orders continue to be ahead of plan.

Volkswagen AG's management expect the challenge of rebuilding consumer trust to be a longer process for the carmaker. Some 450 people are conducting the internal and external investigations, and at a press conference on December 10, **Hans Dieter Pötsch, chairman of the supervisory board of Volkswagen AG**, said the company was "deeply shocked" by the events, which have "put the group in a very difficult situation". He said Volkswagen relies

on the trust of its customers, investors, employees, politicians and the public, and it "deeply regrets" the emissions scandal.

Pötsch added: "No business transaction justifies overstepping legal and ethical bounds."

Early results of the group's internal examination indicate that the software-influenced NOx emissions behaviour was due to the interaction of three factors: The misconduct and shortcomings of individual employees; weaknesses in some processes; and a mindset in some areas of the company that tolerated breaches of rules.

The company has announced that its testing practices will undergo comprehensive changes, including external and independent evaluation. It will also introduce randomly selected real-life tests to assess emissions behaviour on the road.

Pötsch said: "We hope that this will help Volkswagen regain lost trust."

He said the indication was that a small group of employees were responsible for the emissions test-defeating technology. As a first step, nine managers who may have been involved in the manipulations were suspended.



**At least nine Volkswagen model variants will require "adjustments" to incorrect CO2 emissions figures, the manufacturer announced after it said it had largely concluded an internal investigation.**

The company said the number of vehicles affected, about 36,000 a year, was lower than the 800,000 that VW Group had initially suggested were under review.

The manufacturer said the deviation amounted to a few grams of CO2 on average, corresponding to increased fuel consumption of about 1-3mpg. The variants affected, all from the 2016 model year, comprise both petrol and diesel variants, with both manual and DSG gearboxes.

The nine models (see the table, right) will be formally remeasured under supervision before Christmas, with results released in due course. Volkswagen Group has yet to release details of which,

Car	Engine	Gearbox
Polo	1.0l TSI BlueMotion 70kW EU6	Seven-speed (DSG)
Scirocco	2.0l TDI BMT 135kW EU6	Six-speed manual gearbox
Jetta	1.2l TSI BMT 77kW EU6	Six-speed manual gearbox
Jetta	2.0l TSI BMT 81kW EU6	Five-speed manual gearbox
Golf Convertible	2.0l TDI BMT 81kW EU6	Five-speed manual gearbox
Golf	2.0l TDI BMT 110kW EU6	Six-speed manual gearbox
Passat Alltrack	2.0l TSI 4MOTION BMT 162kW EU6	Seven-speed (DSG)
Passat Variant	2.0l TDI SCR 4MOTION BMT 176kW EU6	Seven-speed (DSG)
Passat Variant	1.4l TSI ACT BMT 110kW EU6	Six-speed manual gearbox

if any, Audi, Škoda, or Seat models are affected, although it confirmed the investigation process was the same.

## IN BRIEF

### 2016 FORECAST

Almost one in two UK dealers believe 2016 will beat 2015 for new car registrations, according to a survey.

The CAP poll found 46.3% of respondents thought 2016 registrations would pass the 2.6 million forecast for 2015, against 29% who thought they would not. The remainder didn't know.

**Philip Nothard, CAP consumer and retail editor**, said: "As confidence extends into next year, it will be important to manage the used vehicle supply chain to protect residual values.

"Manufacturers are acutely aware that the ability to offer a good deal on the front end relies on maintaining residual values." CAP has reported a slide in used values over the past three months, but it suggested prices are likely to stabilise in January as demand increases.

### AA CARS

AA Cars is introducing CitNow's video technology to its online used car customers.

CitNow Web, which enables dealers to upload short video 'walkarounds' of used car stock, has gone live with AA Cars' customers, led by premium retail group L&L Automotive.

### HONDA

Honda (UK) has held its annual Dealer of the Year Awards at London's Natural History Museum. Awards for Dealer of the Year went to: Balmer Lawn Honda (Brockenhurst); Boston Honda; Bristol Honda; Brown Brothers (Peebles); Crown Honda (Bushey Heath); Derek Warwick Honda (Jersey); Ewens of Cornhill; Horizon Honda (Christchurch); Lancaster Honda; Yeomans Honda (Bognor Regis).



## VAT WARNING

**HMRC has begun a wider review on dealer incentives, following recent activity relating to the VAT treatment of dealer deposits and the possibility that some dealers have been declaring too much VAT.**

**Alison Horner, motor VAT specialist at MHA**

**MacIntyre Hudson**, warned: "We are aware that dealer groups are currently being contacted by their HMRC teams to provide information on manufacturer rebates, partner packages and any incentive schemes in the past year. VAT is a complex matter in this area and famously led to a battle lasting over 15 years to secure large historic VAT repayments."

Failing to apply the right VAT treatment can lead to assessments for VAT and the threat of additional penalties and interest. HMRC can assess for underdeclared VAT going back four years.

On the plus side, any over-declarations may result in a claim for the past four years, she said.

"Turning to manufacturer and dealer deposit contributions, this can be viewed as a discount offered by the dealer to the customer and reduces the value of the car for VAT purposes."

"We are seeing a number of finance deals where the accounting mechanism results in the dealer contribution being accounted for after the VAT value, leading to a potential over-declaration of VAT."

She said HMRC had asked some dealer groups to provide information on their full ranges of incentive arrangements and to confirm how VAT had been accounted for.

"We understand that HMRC are intending to review, test and audit the VAT treatment arising from such arrangements."

"Our motor VAT specialist team at MHA MacIntyre Hudson are working closely with our dealer network to provide advice and support on this technically difficult area."

"We are also liaising with HMRC's National Unit of Motor Expertise on the dealer deposit issues."

## EDEN

**Eden Motor Group has acquired Wokingham Motors for an undisclosed sum.**

Eden Motor Group was ranked 69th in the autumn 2015 AM100 and has grown significantly since its incorporation in 2008. It represents franchises including Vauxhall, Mazda, Fiat and Hyundai, including dealerships in Reading and Farnborough.

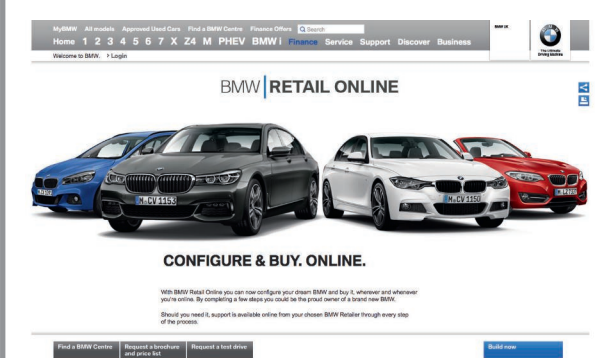
The acquisition of Wokingham Motors, which represents Peugeot as well as Vauxhall and Renault for aftersales, increases their strong market presence in the South East region.

**Group managing director Graeme Potts** said: "Wokingham Motors fits extremely well with our existing dealership locations."

"The business we have acquired has a history of strong performance and has a great reputation in the local market."

Eden Motor Group was ranking 9th in the latest AM100 updates return on sales rankings, with a figure of 2.5%.

The deal was managed by UHY Hacker Young.



**BMW RETAIL ONLINE**

**BMW customers can now choose, spec and buy a car entirely online in under 10 minutes, the manufacturer has claimed.**

BMW Retail Online allows consumers to arrange a test drive if necessary, agree financing and payment, and get a trade-in value for their own car before finalising the delivery date.

Every step can also be supported by a BMW 'Genius' or a sales executive at the retailer via live chat or email.

Industry research indicates that nearly half of all buyers would consider buying online.

**Ian Robertson, BMW board member for sales and marketing**, said: "We are the first car manufacturer to offer a digital sales solution for the entire product range and the full end-to-end buying or leasing process online."

Before being rolled out nationally, BMW Retail Online was trialled with nine UK retailers and proved such a success that 95% of BMW UK retailers have decided to offer this service to their customers.

## GLYN HOPKIN

**Glyn Hopkin has announced it is poised for another record year in 2016.**

The business achieved more than 10,700 new car registrations from January to the end of November, up 15% on the volume achieved over the same period last year. Glyn Hopkin said it is on track to break its annual turnover target of £400 million.

The Nissan Qashqai is the best-seller across Glyn Hopkin's 13 Nissan sites, its 4,000 units representing more than a third of all sales this year.

"Seeing the strong demand for Qashqai and Juke in particular we thought we might be in for another successful year, but by October we had already smashed the figures for the whole of 2014 put together," said **Glyn Hopkin managing director Fraser Cohen**.

## PEOPLE NEWS

## WEST WAY NISSAN

A new management team has taken over at West Way Nissan in Wolverhampton. Gary Piper is now assistant general manager at the Birmingham Road site, alongside sales manager Glyn Rayner and sales controller Bob Deacon.

## PAMELA HALLIDAY



NextGear Capital has appointed Pamela Halliday, formerly of White Clarke, as its new sales and marketing director.

## CAP / HPI

CAP and HPI have established a new senior management team over both brands following the merging of their operations.

Joel Albyn joins the business as director of innovation and product management; Roland Barzegar has been appointed chief of staff; and Andrea Preston joins as head of HR, automotive.

## MIKE PILKINGTON



BCA Marketplace has appointed Mike Pilkington as chief operating officer of BCA Services. He has previously held the role of managing director at both Paragon Automotive and Manheim Remarketing.

## CLAIRE ANDREWS

Wessex Garages has appointed Claire Andrews as its service manager for its new Nissan dealership in Bristol.

## DAVID ALLMARK



David Allmark has taken up his post as head of operations at GardX Assure. Allmark, who has 29 years' experience within the motor trade and insurance industry, previously headed insurer QBE's UK claims operation.



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## IN BRIEF

**ANDY SAVVA**

Independent garage owner Andy Savva said his "legacy is in good hands" after selling Brunswick Garage as part of a management buyout.

Nick Germanou, who has worked with Savva for 14 years, secured the management buyout with the help of an anonymous investor for an undisclosed sum.

Savva has stepped aside and will take on a new role as an industry consultant and speaker.

**RICHARD HARDIE**

Richard Hardie has secured funding from Lloyds Bank Commercial Banking that the dealer says will support its plans for growth.

Founded in 1972, Richard Hardie operates sites in Durham, Sunderland, Ashington and Silverlink, selling New Peugeot and Fiat and used cars, alongside servicing and parts. The business employs 100 staff and recorded a £47 million turnover in 2014.

**HR OWEN**

HR Owen has launched its Luxury Hire division aimed at international travellers and overseas London homeowners. The group said the rental division offers "hassle-free, all-year-round" access to a fleet of luxury saloon and high-performance supercars.

**JLR**

Jaguar Land Rover is reportedly in talks with owners of the Silverstone motorsport complex as it seeks a new home for its sales and marketing teams. According to the *Birmingham Mail*, the carmaker has made a bid for the Silverstone circuit.

**NT SHAW**

NT Shaw of Louth, Lincolnshire, has joined the MG dealer network, taking the brand's total number of UK sales points to 63. The family-run dealership was established in 1977 and also has a Citroën franchise.

**FCA**

**The Financial Conduct Authority (FCA) has proposed the introduction of new procedures to help consumers shop around for insurance.**

The regulator has published proposals to require general insurance providers to publish details of last year's premium on renewal notices.

The FCA has found evidence of low levels of consumer engagement, switching, and a lack of competition when some types of insurance policies are renewed.

**Christopher Woolard, director of strategy and competition at the FCA**, said: "We hope the proposals encourage more people to shop around. It is important that insurers give their customers the information they need to do this and ensure they're treating their customers fairly."

In 2014, the FCA ran a trial with more than 300,000 consumers to test how different types of information prompted people to switch at renewal.

The inclusion of last year's premium on renewal notices had the greatest impact, prompting between

11% and 18% of people to either switch provider or negotiate a lower premium when prices sharply increase.

The FCA also tested three other disclosure options – simplified renewal notices that reinforced key messages such as the right to cancel and switch; sending 'shopping around' leaflets with renewal letters; and reminders sent through different media, including email, letter and text message.

In addition to requiring firms to disclose last year's premium on renewal notices, the FCA is also proposing:

- firms to identify and specifically prompt those consumers who have renewed the same product four times or more to encourage them to engage;
- guidance on how firms can improve their processes around renewals to deliver greater clarity and better outcomes for consumers;
- guidance that firms maintain records of past premiums.

The FCA is seeking feedback on its proposals by March 4, 2016.

**VERTU**

**Vertu Motors, the UK's sixth-largest franchised dealer group, has bought online car parts retailer AceParts for £2.2 million.**

Vertu acquired the entire share capital of Who's Ace Holdings, which operates Aceparts.com. It said the AceParts business had built a successful presence in the non-franchised, online, automotive parts market.

In its last financial year, AceParts achieved revenues of £4.8m, EBITDA of £0.6m and a gross margin of 19%, and the car dealer group expects it to be earnings-enhancing in its first full year of ownership.

Vertu's statement to the London Stock Exchange said applying AceParts' "proven ability to efficiently manage fitment data" generated a "significant opportunity" in establishing "the sale of genuine, franchised parts online".

AceParts was founded by Alan Friedman and Ben Friedman, both of whom will be joining Vertu, along with 21 colleagues.

**Robert Forrester, Vertu Motors' chief executive**, said: "We expect AceParts to generate an earnings stream with higher gross and net margins than those in motor retail, and we believe the future growth prospects for this new business are substantial."

**HR OWEN**

**HR Owen Bentley dealer-ship staff have been rewarded for their bravery in tackling a member of a criminal gang who police connected to jewellery raids costing more than £150,000.**



Sales manager Stephan Plant and sales executive John Stanton at Bentley Cheltenham were awarded Sheriff Awards of £250 each for their bravery in restraining Lee Lovell, 32, of Newquay Road, Bristol, on September 29 last year, after his gang tried to raid a display cabinet of luxury watches. The gang was responsible for previous raids on a jewellery shop, pawnbroker, petrol forecourt cash machine and on the Bentley dealership.

Lovell was jailed for two years at an earlier hearing for his involvement in the burglaries.

**FORD**

**Ford has been voted most trusted automotive brand in the UK in a study to gauge consumer confidence following the Volkswagen emissions scandal.**

Future Thinking asked 2,735 respondents in the UK which of the 29 top car brands they trusted most.

Ford was chosen by 29%, closely followed by BMW (27%) and Audi (25%) – despite the VW Group brand being involved in the emissions scandal, with nearly 400,000 affected Audi vehicles on UK roads.

The five lowest-ranked automotive brands were Škoda (5%), Seat (4%), Subaru (4%), Smart (3%) and

Suzuki (3%). Volkswagen was trusted by 10%.

**Lisa Bedwell, senior director at Future Thinking**, said: "The best-selling car brands in 2015 according to SMMT data were Ford, Vauxhall and Volkswagen and the success of car sales for Ford is also reflected in it being the most trusted brand.

"By comparison, despite strong sales, trust in Vauxhall is a lot lower and an indication that there is work to be done in improving the brand's image.

"For Volkswagen, the level of trust is certainly now far lower than would have been expected.

"Consumers are clearly re-evaluating their perceptions of the brand and it faces a difficult time re-building trust and loyalty in the coming months."



**Amanda** is a 29 year old product designer from **Battersea**. On the weekend she enjoys riding to **Borough Market** for organic fresh food. She really wanted to buy the blue **14 Plate Audi TT Roadster** on your forecourt that she first saw on online.

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## New cars

New car registrations returned to growth in November, up 3.8% on the same month in 2014.

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## Profitability

The average dealer made £7,000 profit in October, up £2,000 on the figure achieved a year previously.

17

## Used cars

Year-on-year values were up at the two main auction houses, despite some falls from record October prices.

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# VW scandal 'has damaged trust in all manufacturers'

A third of drivers believe resale values of all diesels will fall as a result of emissions cheat

**T**he Volkswagen emissions scandal has damaged motorists' trust in all vehicle manufacturers' environmental claims, according to a study.

Research by the RAC found almost six in 10 drivers (57%) said they had lost confidence in manufacturers since the news broke.

There is also a widespread belief among 66% of those surveyed that the emissions testing process in Europe is not close enough to real-world driving conditions.

However, while concern about diesel emissions has clearly gone up among the 2,565 motorists surveyed by the RAC, nearly three-quarters of drivers (73%) said they were generally more worried about fuel consumption than about health-harming emissions.

Half (55%) claimed to be concerned about the impact pollutants from diesel cars have on air quality in their area, but about 15% admitted they don't understand the impact of nitrogen oxide emissions.

Even though concerns about harmful NOx emissions from diesel vehicles have almost doubled (24% to 43%) since the late September announcement that VW had used software to defeat emissions tests,



Just 4% of diesel drivers said they planned to reduce the amount they drive

96% of diesel drivers said they had no plans to reduce how much they drive.

Nearly half of the motorists questioned (47%) disagreed with the idea that diesel cars should be taxed more than petrol cars, with three in 10 (29%) not having a view either way and less than a quarter (24%) in favour of higher charges for diesels.

Only a small minority (22%) of diesel vehicle owners have concerns that their cars will be harder to sell second-hand; more than half (51%) have no such fears, with a further quarter (27%) uncertain whether it

will or won't affect re-sale. Only a third (34%) believe the second-hand value of their diesel vehicle will be lower than it was before the VW revelations, with the remaining 63% harbouring no such concerns.

**David Bizley, RAC chief engineer,** said: "It's clear from our research that despite all the talk about the real-world emissions of pollutants from diesel cars and light commercial vehicles exceeding test values, motorists are generally far more concerned about their vehicles' fuel economy than they are about its emissions of pollutants.

"While motorists are not oblivious to the harmful effects of diesel emissions, they are – perhaps understandably – far more concerned about fuel economy because of the impact that this has on household finances.

"This is in contrast to the invisible effects of oxides of nitrogen which have no immediate impact on their pockets unless they happen to live in one of the few areas where diesel vehicle ownership is penalised in some way."

■ **Turn to page 14 to see how sales of VW Group brands suffered in November.**

## FINANCE STATS

Finance & Leasing Association figures show that the dealer new car finance market saw new business growth of 6% by volume and 13% by value in October, compared with the same month last year.

The percentage of private new car sales financed by FLA members through dealerships reached 80.1% in the 12 months to October, up from 79.6% in the 12 months to September.

The point-of-sale consumer used car finance market also reported new business growth in October, of 7% by volume and 10% by value.

**Geraldine Kilkelly, head of research and chief economist at the FLA,** said: "Point-of-sale consumer car finance volumes have grown by 8% so far in 2015. The FLA's Q4 2015 Retail Motor Finance Survey shows that member companies expect further single-digit new business growth in 2016 in both the new and used car finance markets."

## OCTOBER MOTOR FINANCE MARKET: NEW CARS

Source: FLA

New cars bought on finance by consumers through dealerships					
	Oct 2015	Change on previous year	3 months to Oct 2015	Change on previous year	12 months to Oct 2015
Value of advances (£m)	1,249	+13%	4,627	+15%	15,738
Number of cars	75,264	+6%	279,370	+8%	961,523
New cars bought on finance by businesses through dealerships					
Number of cars	49,727	+4%	127,694	-1%	510,810



## NEW CAR REGISTRATIONS

The new car market returned to growth in November, after its first decline in 44 months in October.

Compared with November 2014, 3.8% more new cars were registered last month, according to figures released by the Society of Motor Manufacturers and Traders (SMMT). A total of 178,876 cars were registered in November.

The overall market in the first 11 months of 2015 has seen 6.2% year-on-year growth to 2,453,426 units.

Volkswagen Group's mainstream brands saw a year-on-year decline in November registrations:

Volkswagen was down 19.99%, Audi 4.41%, Skoda 10.98% and Seat 23.93%.

Competitor brands such as Ford, Vauxhall, Mazda, Mercedes-Benz, Honda and Renault experienced growth, although the picture is

**"November's figures come as a reminder of the strength of the UK car market"**

**Mike Hawes, SMMT chief executive**

mixed: BMW registrations fell, for example, by 3.17%, as did Citroen (-28.84%), Nissan (-18.13%) and Peugeot (-0.74%).

**Mike Hawes, SMMT chief executive**, said, "November's figures come as a reminder of the

strength of the UK car market, as low interest rates and competitive finance deals continue to attract consumers to new car ownership.

"We have been expecting a leveling-off in demand for some time now – a development that is being realised following an unprecedented three-and-a-half years of non-stop growth."

Demand for both petrol and diesel models remains robust, with respective gains of 3.8% and 3.6%, the SMMT said, while the popularity of alternatively fuelled vehicles continues to grow, with an 8.6% uplift.

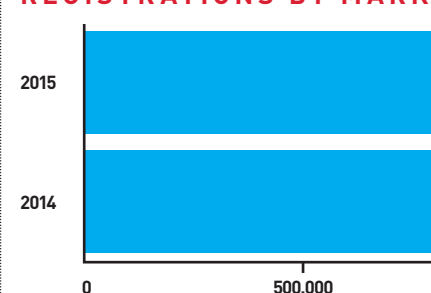
Registrations to fleet buyers (up 8.7%) increased ahead of those to private customers (up 2%), continuing a trend that has been evident for several months.

**Sue Robinson, National Franchised Dealer Association**

**director**, said: "Growth in the business fleet market indicated continued confidence in the economy.

"Competitive pricing, continued low interest rates and strong finance incentives have driven new car sales in 2015, and the NFDA expect the market to remain strong into the New Year."

## REGISTRATIONS BY MARK



## FINANCE OFFERS

In the run-up to Christmas, Renault is very cleverly taking its influence from the wider retail industry and allowing customers to defer their finance payments until February 2016.

The French brand knows Christmas and January are expensive for consumers, so having the option to buy now, pay later should tempt people in Q4. Renault is also putting a £500 deposit contribution on selected Twingo, Clio and Captur models and the structure of its PCP deals are very simple, with the deposit on most models matching the monthly payment figure. Apart from the Clio Renaultsport, all monthly payments are also under £300.

Renault's Q3 performance was up 20% year-on-year, with a strong September performance. Renault will be looking to maintain momentum into January and it saw a 13% increase in Q4 registrations year-on-year in 2014 to 15,602 units.

Sister brand Nissan is running some 0% campaigns on its Juke, Pulsar and Leaf models giving dealers a boost to close out the year. December was Nissan's second-lowest volume month of the year in 2014, but its total Q4 performance last year will take some beating, with

Top finance offers for retail buyers		For a searchable list of manufacturers' finance offers, go to <a href="http://am-online.com/offers">am-online.com/offers</a>					Retail new car finance offers	
							<a href="#">Choose a manufacturer</a>	
Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends	
Nissan								
Leaf Acenta	PCP	£2,289.04	37	£229	£9,856.96	0%	31/12/2015	
Micra Visia Limited Edition	PCP	£149	37	£149	£3,309.80	7.90%	31/12/2015	
Note 1.2 n-tec	PCP	£3,356.94	37	£159	£5,285	5.99%	31/12/2015	
Pulsar DIG-T 115 Visia	PCP	£4,314	25	£159	£7,665	0%	31/12/2015	
Juke DIG-T 115 Acenta	PCP	£3,201	25	£199	£7,652.68	0%	31/12/2015	
Qashqai DIG-T 115 n-tec+	PCP	£5,608	37	£219	£10,697.50	6.99%	31/12/2015	
X-Trail 1.6 DIG-T n-tec	PCP	£6,319.30	37	£249	£12,974	6.99%	31/12/2015	
e-NV200 Combi Acenta five-seat	HP	£4,795	48	£329	N/A	0%	31/12/2015	
NV200 1.5dCi 90hp Acenta	HP	£6,664	48	£229	N/A	0%	31/12/2015	
Navara Tekna NissanConnect Premium	HP	£12,991	48	£279	N/A	5%	31/12/2015	
370Z Coupe Nismo	PCP	£11,068.51	37	£370	£15,832.7	4.90%	31/12/2015	
Renault								
Twingo Dynamique SCe 70 S&S	PCP	£139	48	£139	£4,456	5.90%	31/12/2015	
Clio Dynamique Nav 1.2 16V 75	PCP	£169	48	£169	£4,800	5.90%	31/12/2015	
Zoe Dynamique Nav	PCP	£995	24	£89	£7,203	3.90%	31/12/2015	
Captur Dynamique Nav TCE 90	PCP	£199	48	£199	£6,125	5.90%	31/12/2015	
Kadjar Dynamique Nav Tce 130	PCP	£269	48	£269	£9,085	5.90%	31/12/2015	
Clio Renaultsport Trophy	PCP	£319	48	£319	£8,382	5.90%	31/12/2015	
Ford								
Ka Zetec 1.2	PCP	£1,705.58	48	£129	£2,547	6.80%	31/12/2015	
Fiesta Titanium 1.0 80PS petrol 3-door	PCP	£2,833.04	36	£159	£5,245	4.30%	31/12/2015	
B-Max Titanium 1.0 Ecoboost 100PS petrol	PCP	£3,516	36	£209	£5,611	4.30%	31/12/2015	
Focus Titanium 1.0 Ecoboost 100PS petrol 5-door	PCP	£4,126	36	£209	£7,510	4.30%	31/12/2015	
C-Max Zetec 1.6 125ps petrol 5-door	PCP	£3,806	36	£216.41	£6,245	3.80%	31/12/2015	
Kuga Titanium 2.0 TDCi 150PS FWD	PCP	£5,447.21	36	£249	£10,462	4.30%	31/12/2015	
Mondeo Titanium 1.5 TDCi 120PS Econetic	PCP	£5,716.67	36	£259	£8,834	3.80%	31/12/2015	
S-Max Titanium 1.5 SCTi 160PS	PCP	£6,457.28	36	£269	£11,494	3.80%	31/12/2015	
Galaxy Titanium 1.5 SCTi 160PS	PCP	£7,056.32	36	£299	£11,920	3.80%	31/12/2015	

a 34% increase in registrations to 31,448 units, bolstered by a strong October performance.

Ford's core model range is offered with monthly payments all under

£300 through its Options PCP scheme, making its entire model range attainable for the majority of customers looking to pick up a new model at the end of the year. The

Blue Oval has posted a very steady performance in Q4 over the past two years and while it saw a dip in October, Ford gained market share in November.

# WE'LL HELP YOU GET THERE

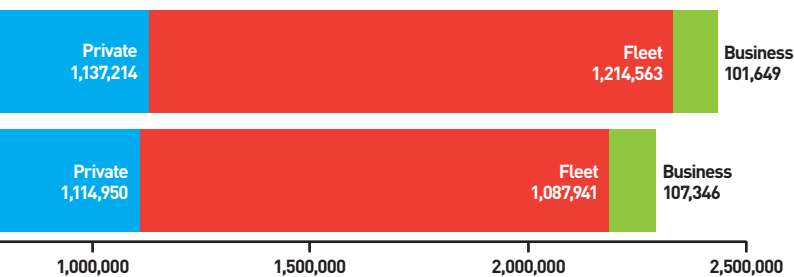
**Richard Jones, Black Horse managing director**, said: "As we head towards 2016, the market is showing signs of cooling on new retail registrations, although combined with the typical slowdown towards the Christmas period, sales are higher versus November 2014.

"While the UK economic outlook

and consumer confidence both remain positive, the pace of growth in new car sales has outstripped all these factors in the past few years.

"Even with continued UK economic growth and low interest rates, I expect the market to continue to cool slightly from the previous highs as we head into 2016."

## ET SEGMENT



## DEALER KPIs

Source: ASE

Keyratio	Rolling 12 months Oct 2015	Rolling 12 months Oct 2014	Benchmark
Net profit as % of sales	1.31%	1.47%	3.0%
Overhead absorption	53.7%	56.0%	80%
Used: New sales	0.92:1	0.86:1	1.5:1
Expenses as % of gross	63.9%	62.1%	50%
Sales per salesman	193	195	50
Used vehicle stockturn (days)	55	54.5	45
Return on used car investment	74.6%	80.2%	100%
Overall labour efficiency	82.6%	82.1%	100%
Service gross profit % on labour	75.6%	75.8%	75%
Service expenses as % gross	59.7%	57.7%	40%
Hours per retail job card	1.60	1.65	2.5
Parts gross profit	22.5%	22.2%	22%
Parts expenses as % growth	44.0%	44.6%	40%
Parts stockturn	7.28	8.11	8.0

While the new car market is on track to hit a record level in 2015, dealer profitability certainly is not, warned **ASE Global chairman Mike Jones**.

ASE's data shows the average UK motor retailer made a profit of £7,000 in October, a £2,000 improvement on the result for October 2014. This pushed the return-on-sales percentage up slightly, but at 1.37% it still remains significantly behind the prior year.

The fall is a result of a 7.5% drop in year-to-date profit being exacerbated by a 3.9% rise in turnover levels, said Jones.

ASE showed new vehicle sales were down 4% in October compared with a drop in SMMT registrations of 1%. New vehicle sales year-to-date were marginally behind the same period last year, in a market which is 6.4% up.

Used vehicle sales continued to perform strongly, but the drop in used car ROI is slightly concerning, Jones said, and dealers need to manage this.

## ADVERTISEMENT PROMOTION

# BLACK HORSE COMMENT

By **Richard Jones, managing director, Black Horse**



These past 12 months have once again shown our sector to be strong, though growth slowed by the end of the year. These figures remind us how much of a barometer of consumer and business confidence our sector is.

Consumer trends and behaviours continued to change during 2015 and this will no doubt endure for the coming 12 months. There is now a greater demand for immediacy within the sales process, whether to a sales query, a finance approval or to vehicle access, and we must all respond accordingly.

Many of these changes are linked to the rise of digital technologies and this has caused apprehension among some dealers. The look and feel of the optimal website changes regularly, as do the best ways to communicate with current and prospective customers. Trying to reflect these changes can be time-consuming, especially while trying to maintain sales and staying on top of day-to-day administration.

However, the rise of digital technology provides plenty of opportunities to use data effectively and positively to enhance the customer experience. By understanding consumer need and responding quickly to any questions, dealers can enhance sales. Digital technologies can also provide additional customer benefits, such as automated messages when a vehicle's service or MOT is due.

However, some caution is needed. We must prevent an abuse of the data through blanket marketing and avoid invading privacy. Any information must be secure and using it must be a very considered decision.

Embracing digital technologies is also vital for dealers wishing to keep ahead of the challengers in our sector. As consumer trends move from ownership to usership, so the popularity of PCP increases. Although many new players have entered the sector, few will have the experience, knowledge and physical presence of a traditional dealer. Customers buying a vehicle often do so with passion and enthusiasm, preferring face-to-face contact with their local dealer – that gives us a vital advantage.

It means the sector still has plenty to offer in 2016, and continues to be important, both to the wider UK economy and to consumers across the country. With that in mind, I wish you a very prosperous New Year.



## RISERS & FALLERS

TOP 10	
Jeep	+179.60%
SsangYong	+114.87%
Smart	+80.25%
Infiniti	+69.27%
Abarth	+69.26%
Lotus	+55.65%
Mitsubishi	+46.78%
Porsche	+39.12%
MG	+30.53%
Jaguar	+29.28%



Unless there is a huge December push by its rival premium brands, Jaguar looks like it will finish 2015 inside the top 10 brands for growth. With just the final month to go, it had boosted year-on-year registrations by more than a quarter – almost 5,000 units – thanks to its new XE compact saloon and XF executive car. With the F-Pace SUV joining the range in 2016, there will be more growth to come.

Examining the fallers makes you wonder who turned the taps off at Seat? Registrations are now 8.16% down year-on-year and its market share has dipped 0.3ppts to 1.86%. Can it all be the effect of 2015's renewal of the Ibiza, its core car? Or is heavy pre-registering in Q4 2014 not being repeated this year?

BOTTOM 10	
Fiat	-4.98%
Bentley	-5.87%
Suzuki	-8.07%
Seat	-8.16%
Alfa Romeo	-9.61%
Chrysler	-92.53%
Chevrolet	-99.64%
Mia	-100.00%
Perodua	-100.00%
Proton	-100%



## NEW CAR REGISTRATIONS

10-year market trends available:  
www.am-online.com/ami



Marque	November					Year-to-date				
	2015	% market share	2014	% market share	% change	2015	% market share	2014	% market share	% change
Ford	21,597	12.07	19,159	11.12	12.73	312,006	12.72	306,134	13.25	1.92
Vauxhall	20,945	11.71	16,653	9.66	25.77	248,936	10.15	246,015	10.65	1.19
Volkswagen	12,958	7.24	16,196	9.40	-19.99	209,369	8.53	200,353	8.67	4.50
BMW	11,963	6.69	12,355	7.17	-3.17	150,210	6.12	136,433	5.91	10.10
Audi	11,083	6.20	11,594	6.73	-4.41	157,565	6.42	150,974	6.54	4.37
Mercedes-Benz	9,929	5.55	8,808	5.11	12.73	136,362	5.56	116,645	5.05	16.90
Nissan	8,803	4.92	10,752	6.24	-18.13	144,162	5.88	129,576	5.61	11.26
Peugeot	6,722	3.76	6,772	3.93	-0.74	97,662	3.98	98,057	4.24	-0.40
Land Rover	6,535	3.65	3,370	1.96	93.92	61,608	2.51	52,548	2.27	17.24
Hyundai	6,174	3.45	5,952	3.45	3.73	82,846	3.38	77,408	3.35	7.03
Toyota	6,172	3.45	6,037	3.50	2.24	93,940	3.83	88,325	3.82	6.36
Renault	5,844	3.27	5,686	3.30	2.78	69,615	2.84	61,172	2.65	13.80
Kia	5,103	2.85	5,099	2.96	0.08	75,023	3.06	73,618	3.19	1.91
Mini	4,917	2.75	4,643	2.69	5.90	56,211	2.29	46,489	2.01	20.91
Skoda	4,815	2.69	5,409	3.14	-10.98	69,883	2.85	70,873	3.07	-1.40
Citroën	4,216	2.36	5,925	3.44	-28.84	75,237	3.07	78,215	3.39	-3.81
Volvo	3,790	2.12	3,613	2.10	4.90	39,865	1.62	38,343	1.66	3.97
Fiat	3,747	2.09	4,739	2.75	-20.93	60,022	2.45	63,166	2.73	-4.98
Honda	3,692	2.06	2,954	1.71	24.98	50,623	2.06	50,084	2.17	1.08
Seat	2,711	1.52	3,559	2.07	-23.83	45,569	1.86	49,620	2.15	-8.16
Dacia	2,438	1.36	1,729	1.00	41.01	24,225	0.99	22,359	0.97	8.35
Mazda	2,432	1.36	2,360	1.37	3.05	43,276	1.76	36,069	1.56	19.98
Jaguar	2,140	1.20	1,291	0.75	65.76	22,035	0.90	17,045	0.74	29.28
Suzuki	1,932	1.08	2,167	1.26	-10.84	32,489	1.32	35,342	1.53	-8.07
DS	1,549	0.87	0	0.00	0.00	7,257	0.30	0	0.00	0.00
Mitsubishi	1,529	0.85	1,497	0.87	2.14	21,200	0.86	14,443	0.63	46.78
Porsche	909	0.51	916	0.53	-0.76	11,612	0.47	8,347	0.36	39.12
Jeep	768	0.43	347	0.20	121.33	10,035	0.41	3,589	0.16	179.60
Lexus	765	0.43	1,138	0.66	-32.78	12,375	0.50	10,863	0.47	13.92
Smart	705	0.39	130	0.08	442.31	7,803	0.32	4,329	0.19	80.25
Alfa Romeo	375	0.21	374	0.22	0.27	4,695	0.19	5,194	0.22	-9.61
MG	249	0.14	170	0.10	46.47	2,869	0.12	2,198	0.10	30.53
SsangYong	247	0.14	124	0.07	99.19	3,150	0.13	1,466	0.06	114.87
Abarth	227	0.13	113	0.07	100.88	2,566	0.10	1,516	0.07	69.26
Subaru	218	0.12	208	0.12	4.81	3,153	0.13	2,564	0.11	22.97
Bentley	88	0.05	73	0.04	20.55	1,284	0.05	1,364	0.06	-5.87
Maserati	84	0.05	70	0.04	20.00	1,365	0.06	1,088	0.05	25.46
Aston Martin	80	0.04	41	0.02	95.12	884	0.04	791	0.03	11.76
Infiniti	72	0.04	23	0.01	213.04	1,129	0.05	667	0.03	69.27
Lotus	29	0.02	42	0.02	-30.95	358	0.01	230	0.01	55.65
Chevrolet	1	0.00	0	0.00	0.00	10	0.00	2,774	0.12	-99.64
Chrysler	0	0.00	52	0.03	-100.00	137	0.01	1,833	0.08	-92.53
Mia	0	0.00	0	0.00	0.00	0	0.00	5	0.00	-100.00
Perodua	0	0.00	2	0.00	-100.00	0	0.00	29	0.00	-100.00
Proton	0	0.00	0	0.00	0.00	0	0.00	1	0.00	-100
Saab	0	0.00	0	0.00	0.00	0	0.00	3	0.00	-100.00
Other British	43	0.02	50	0.03	-14.00	683	0.03	738	0.03	-7.45
Other Imports	280	0.16	135	0.08	107.41	2,122	0.09	1,342	0.06	58.12
Total	178,876		172,327		3.80	2,453,426		2,310,237		6.20

# WE'LL HELP YOU GET THERE

# Year-on-year values up despite monthly falls

Data on November's national wholesale used car market from the National Association of Motor Auctions (NAMA) was unavailable as *AM* went to press. However, BCA and Manheim had published their headline figures.

## Trade-in disposal

The UK's largest motor auction group, BCA, reported that average values for dealer part-exchanges in November fell £87, or 1.9%, from October's record, settling at £4,314. That figure was still up £126, or 3.0%, year-on-year. The average mileage of part-exchanges was slightly lower than a year earlier, but average age was marginally greater.

At Manheim's auction rooms, the

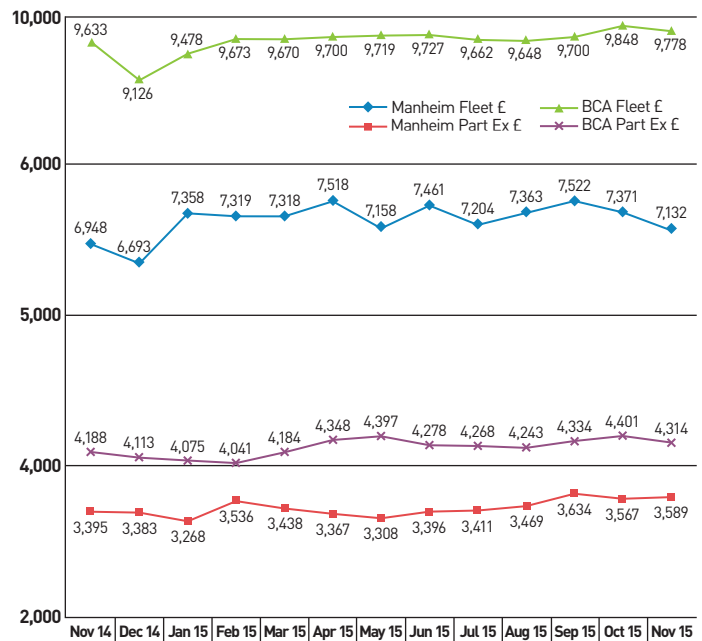
average part-exchange value was up £22, or 0.6%, month-on-month, to £3,589. Year-on-year, the average value was up 5.7%, or £194, despite a 19% rise in volumes.

## Retail stock acquisition

BCA saw its average ex-fleet car value fall £70, or 0.7%, in November to £9,778, after the prior month's record. The total was up 1.5%, or £145, year-on-year, with average age static and almost 2,200 fewer miles on average.

Manheim's Market Analysis for November showed the average selling price of ex-fleet vehicles dropped £239, or 3.2%, since October to £7,132. The average value was £184, or 2.6%, ahead year-on-year.

## USED CAR VALUE TRENDS (£)



# AM AWARDS: 2016

**carwow**  
the way forward

**rhinoevents**  
The Automotive Sales Event Specialist

## Welcome to this year's AM Awards sponsors

Preparations for the 2016 *AM* Awards are well under way. Plans have been drawn for the set design and production highlights for the event, which takes place at the Birmingham ICC on February 11, 2016.

There are 22 award categories, plus the Business Leader of the Year award and an induction into the *AM* Hall of Fame for a business leader who has made a considerable impact in motor retailing during their career.

Categories are available for sponsorship, allowing suppliers to gain the publicity and exposure of being associated with the highlight of the industry calendar.

This year:

**Carwow is sponsoring the Franchise of the Year award**

**Rhino Events is sponsoring the Best Dealership award**

We're delighted to receive the support of both Carwow and Rhino Events for these two key award categories at what promises to be an industry highlight of 2016.

For more information on the *AM* Awards, including the sponsorship packages still available and details of how to book tables, go to [www.am-awards.co.uk](http://www.am-awards.co.uk)



**Wednesday 3rd February** - Ricoh Arena, Coventry, CV6 6GE



## DIGITAL MARKETING

# Driving your profits through digital marketing



#AMDCONF

The digital marketing landscape is changing all the time - what's new one year is quickly overtaken or further developed the next. **The AM Digital Marketing Conference** aims to deliver clarity, understanding and new ideas to pinpoint the latest developments to help dealers implement the best digital marketing strategy possible.

This one day event will bring together a range of digital innovators, marketers and dealer case studies who will offer;

- **The latest thinking**
- **Insights**
- **Trends**
- **Statistics**
- **Interactive masterclass sessions**

## Who should attend?

- **Marketing managers and marketing executives** - an essential day to further understand digital marketing
- **Dealer principals and senior management** - gain an insightful overview of the impact of digital marketing on retention, customer satisfaction and profits
- **Sales managers** - enhance your sales model and processes with the latest knowledge of digital marketing
- **Aftersales and service managers** - improve customer loyalty
- **CRM employees** - understand the importance of seamlessly integrating multiple communication channels
- **Manufacturers** - gain a greater understanding of how digital marketing applies to automotive retail
- **Anyone with a vested interest** in ensuring a dealership or dealer groups digital marketing strategy is far reaching and highly effective

## Why should you attend?

The digital marketing landscape continually evolves alongside consumer expectations; attend the AM Digital Marketing Conference for a day full of thought-provoking content, whilst also delivering tangible and practical advice.

- **Sharpen** your digital marketing skills and stay ahead of the competition
- **Gain** deeper insight into customer expectations and digital trends
- **Understand** latest developments and their potential impact
- **Enhance** your digital strategy to further improve ROI
- **Learn** how to deliver a connected customer experience
- **Increase** digital knowledge and apply lessons from digital marketing experts
- **Capitalise** on the experience of others and share best practice
- **Network** with colleagues and learn from others

## Interactive masterclasses

Hosted by a range of expert suppliers, the masterclass sessions offer an interactive and informal opportunity for delegates to focus on specific areas of interest.

Topics on the day will include:

- Video
- Live Chat
- Marketing/ Documentation
- Data
- Security
- SEO
- Mobile
- Website
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# Conference schedule

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18th January

08.30

Registration and Networking

09.30

Moderator's Welcome

**Thomas Power, chief digital officer, Electric Dog**

09.40

## **Cars Online 2015 - A significant opportunity for dealers and manufacturers**

**Nick Gill, vice president, chairman  
Automotive Council, Capgemini**

Customers want a more personalised car-buying experience and connecting the wealth of data held by manufacturers and dealers will enable both to meet the expectations and demands of today's motorists. Gill will present the findings of Capgemini's latest report Cars Online 2015 identifying data and analytics as key to the sector's on-going success if dealers and manufacturers collaborate more closely.

10.00

## **Dealer case study - Website best practice**

**Charlotte Murray, head of digital marketing,  
JCT600**

Following the recent launch of a new fully responsive website, Murray will be offering a case study on the steps taken by JCT600 throughout its 18 months development which included customer and colleague input, as well as industry insight. Built around key word search, the new website also includes full technical specification and economy figures, as well as latest videos on products and services, and online chat with advisers available until 10pm Monday to Friday.

10.20 – Q&A Session

10.30 – Refreshments & Networking

10.50

## **Understanding the increasingly complex customer journey**

**Jeremy Evans, managing director,  
Marketing Delivery**

Highlighting how the intelligent application of accurate data has never been more vital for a dealership's success, Evans will also incorporate examples of potential results, as well as disastrous consequences when using low quality data. In addition, Evans will also show how the customer journey for both service and sales purchases has become increasingly complex, the different points when a sale is lost and how by communicating a certain message at a specific point can keep a customer on the journey to purchase.

11.10

## **Digital perspective from other sectors**

**Speaker invited**

This session explores the digital, data and customer insight perspective, best practice and likely trends in 2016 from the vantage point of different industry sectors. By working for a range of companies across a number of industries, digital agencies are able to bring a highly informed overview including spotting emerging trends. Often digital advances are played out first in the extremely fast-paced and highly competitive High Street retail environment. By understanding current thinking and gaining an insight into innovative developments in other sectors, automotive retailers can steal a march on the competition.

11.30 – Q&A Session

11.45

## **Interactive Masterclass sessions**

An interactive and informal opportunity for delegates to focus on specific areas of interest.

12.45 – Lunch & Networking

13.45

## **Interactive Masterclass sessions**

(Please see above)

14.45 – Refreshments & Networking

15.05

## **Dealer case study - Lessons in cyber self-defence**

**Neil Smith, operations director, Imperial Car Supermarket**

As dramatic as it sounds, a cyber-attack is one of the biggest hazards facing online retailers and whilst very few dealers take payments via their websites, there are other ways websites can be put at risk. Smith had to turn into a cyber-sleuth to combat both a bogus website which duplicated their own purporting to offer their vehicles for sale at a much lower price to dupe consumers into handing over their cash and a malicious website driven by a PPC campaign. Smith will share his experiences and explain how it helped shape their incredibly transparent approach which includes uploading all vehicle documentation so would-be buyers have all the information they need at their fingertips.

15.25

## **How to build an online community for business success**

**Thomas Power, chief digital officer, Electric Dog**

Dealers need to build an online community according to the unique criteria demanded by each social media platform and engage members both offline and online whilst the commercial strategy needs to remain in the background. By doing so, dealers will develop strong relationships with engaged individuals in the virtual world and in the dealership itself which will eventually translate into commercial success. Power, the UK's most connected person on LinkedIn and with over 101k followers on Twitter, will provide a whistle-stop tour of how to create such communities on Twitter, Facebook, Google+, LinkedIn and Instagram.

15.45 – Q&A session

16.00 – Summing up and departure



26

**Face to face:  
Delgarth Motor Company**

How a family-owned regional dealer group handled rapid expansion.

31

**View from  
the business school**

Dealers and carmakers both need to behave ethically to rebuild trust.



36

**A record year, but  
not without its problems**

Booming new car sales and stable used car values only paint half the picture for 2015's market.

40

**Future-proofing  
your F&I business**

Expert advice from AM's F&I conference on creating sustainable, profitable and compliant products.

# 'We have the most professional network in the UK'

In seven years, Mercedes-Benz UK has gone from last to first in dealers' affections. Its UK chief says it has no intention of letting up

## NEED TO KNOW

- Revised line-up has changed customer demographics on some models, including the A-Class
- Franchisees rushing to adopt new corporate identity
- High-performance division AMG given more central role

By Tim Rose

There are only 21 retail groups invested in the Mercedes-Benz cars franchise, a factor which UK chief executive Gary Savage believes gives the brand the edge in its dealer relations.

Those relations are currently at an all-time high. Mercedes-Benz won the AM Award for Best Franchise in February, voted for by dealers, and has been the highest-rated franchise in the past two consecutive Dealer Attitude Surveys conducted by the National Franchised Dealer Association. The results breakdown suggests Mercedes-Benz retailers see strong profit potential for the future, are not overburdened by standards and are happy with communication and support from the manufacturer.

It's a marked change from the last decade. In 2008, Mercedes was rated bottom for profitability and second from bottom for new car target negotiations.

When Savage replaced Dermot Kelly to head the German prestige brand in 2010, the former Audi and Citroën executive quickly noticed members of the franchised network were being treated like children.

"We had an obsession with measuring KPIs. I think that becomes overbearing. I don't think there was much of a priority around what they were, we'd measure everything. I think we were quite proud of it.

"While I highlight it as a weakness, it was an impressive measurement system that all the network were focused on, but they ended up being focused on the various weights of measure behind things and the algorithms behind the process as opposed to the end result. That was something I felt was holding us back."

Savage believes this overbearing focus on measurement

may have been holding back the potential within the dealer network.

"One of the things that I was probably most struck with was that we had, as I described it back then, a sort of a parent/child relationship with the network. I felt there was a lot of latent ambition and opportunity within the network that was being probably subdued by this sense of mistrust in terms of their relationship with us, which potentially could have been predicated by the very draconian KPI measures.

"That's where we put most of the focus. It wasn't in growing, it was in measuring."

Fuelled by ambitions for Mercedes-Benz to become the global market leader in prestige cars, the three-pointed star has moved on from its haughty roots. It is still a brand associated with people who have made it in life, but as the global head of Mercedes-Benz Cars Dr Dieter Zetsche told AM in 2012, it must also appeal to "those who are still getting there".

Thanks to the introduction of its latest generation of small cars, the A-Class, CLA-Class, GLA-Class and B-Class, Mercedes-Benz now features on corporate fleets for young executives and wins retail custom from 30-something professionals. A consumer can get behind the wheel of a new Mercedes for £22,140, or less than £300 a month on a



"We had an obsession with measuring KPIs. I think that becomes overbearing. I don't think there was much of a priority around what they were, we'd measure everything"

Gary Savage, Mercedes-Benz UK

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### Has the PCP boom hit extended warranty sales?

Dealers may think soaring registrations are bad for warranty sales. Not so, say suppliers.

54

### What can dealers learn from low-cost airlines?

Keep costs low, utilisation high and manage buyer expectations, former BMI Baby MD David Bryon told the AM Executive Breakfast Club

AM EXECUTIVE  
BREAKFAST  
Club



Mercedes-Benz says the implementation of its new CI will be completed by the end of 2016

subvented lease – 85% of Mercedes' retail sales are on PCP or personal lease now.

Savage pointed out that the average age of an A-Class customer is now 41 years old, a 13-year drop from the old model, and 70% of its buyers are new to the brand. Yet he insists that the brand also caters for its traditional customer who can afford the finest things. Its plushest and fastest models, such as the AMG GT and S63, have a list price of considerably more than £100,000.

Along with the broader product, the brand's growth has been fuelled by more emphasis on the core retail and fleet markets. Another aspect that surprised Savage on joining Mercedes was the brand's approach to sales.

"The network only had an annual target. They didn't have a quarterly sales target, let alone a monthly one, and only a modest amount of the bonus margin was attributed to it. I thought that showed a lack of focus, but, as you can imagine, turning up in a new role and telling the network you want to introduce monthly sales targets created a little bit of upset.

"There was an awful lot of concern around what this might

mean to a brand that was the very premium of premium. However, I think the network partners did acknowledge a need – in 2010 we sold 74,000 cars, but the partners had invested in capacity to sell in excess of 100,000."

Savage said the marketing was very conservative and aimed at Mercedes' conventional customer, reflective of the past and not dynamic and engaging. AMG, its high-performance division, was like a trade secret, and it wasn't shouting about its involvement in Formula One.

He said its approach to the fleet market was inconsistent, dabbling one moment and not the next, which made it hard to build the necessary relationships with leasing companies. In 2010, its fleet sales numbered just 5,000 cars.

This year, Mercedes-Benz UK will register more than 140,000 new cars and it is currently ahead of BMW across the retail and fleet markets. The network's used car sales have almost doubled, too. Retail workshop hours sold have increased by almost 10% and will rise further in the next five years off the back of the increased Mercedes car parc.

"I'm most proud that we've been able to achieve this

# 136,362

Mercedes-Benz car registrations for the first 11 months of 2015

# 5.56%

Mercedes-Benz's market share for the first 11 months of 2015



significant growth and at the same time tangibly improved the relationship with the network," said Savage.

He pays a lot of attention to the NFDA survey "and not just because we're winning". He said he was concerned that in the past, franchisees really valued having the three-pointed star above the door, but had a problematic relationship with the brand. Now, he is confident the momentum can be sustained because of such a high degree of engagement between the dealers and the manufacturer.

Some of the success can be attributed to the changes in the car brand's senior management since Savage's arrival. Sales director Adam Chamberlain was recruited in 2013 from Fiat Group; Nick Andrews joined in 2011 from Volkswagen Group and was promoted to fleet and remarketing director in 2014; customer service director Sally Jones was promoted internally to her post in 2013; marketing director David George joined from Volkswagen in 2011; and Angela Shepherd took the network operations director role in 2014.

Communications with the network have been improved, with an emphasis on improving the partnership and collaboration. Savage sees everything before it is sent out and has banned verbose, overbearing communications – the days of three-page memos are gone and presentations at the quarterly regional retailer meetings are concise.

Network stability has been a second element of the improved relations between the carmaker and its franchisees. There have been only three transitions in the network: Marshall bought Pendragon's market area in the North West of England 2010; Dorset-based Jacksons took over the neighbouring Tony Purslow Group in 2011; and Arnold Clark acquired John R Weir's territory in the North East of Scotland in 2012.

He said although the network was profitable in 2010, five years on its profits have "broadly doubled".

Another sign of the franchisees' satisfaction is that they are investing in a new corporate identity (CI), first revealed at Drayton Group's Mercedes-Benz of Shrewsbury site, which opened in mid-2014.

The implementation of this new CI, which comprises exterior changes and a new interior layout, will be completed by the end of 2016. Savage said it will contemporise the look and feel of the network, and franchisees are adopting it ahead of plan – 70% of sites have already refurbished the interiors.

A large, illuminated Mercedes-Benz star against a black background on the showroom exterior is central to the new design and will face the major approaches to retailers, clearly identifying the business to customers. Every site will have EV charging points for the growing Mercedes hybrid range.

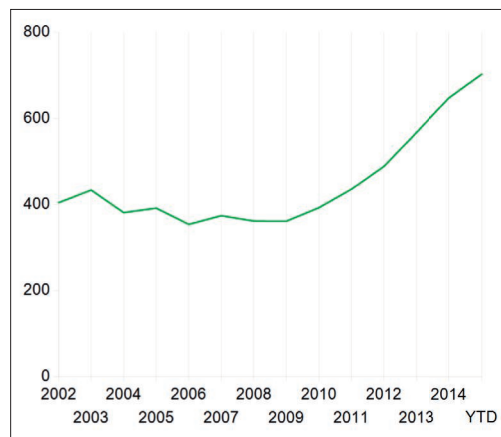
Inside, black and white replaces pastel shades to provide an understated backdrop against which cars are displayed. Walnut furniture is used throughout the showroom, where lounge areas allow visitors to wait in comfort, continue with their work and even watch their car being serviced on screens relaying activity from the workshop.

Savage said workshop capacity is not currently an issue, but added that the network does need to look

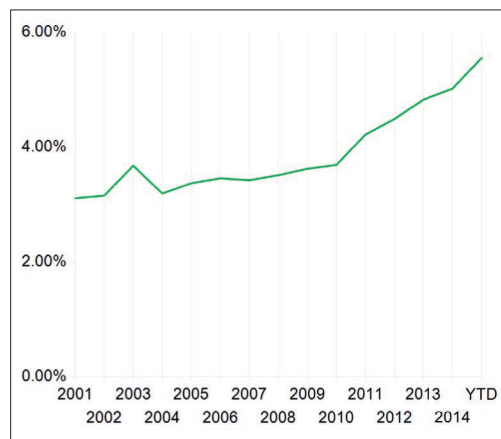
"Some dealers are going at different speeds and I'm comfortable with that, because they are changing the sales process and the conventional sales executive role"

Gary Savage,  
Mercedes-Benz UK

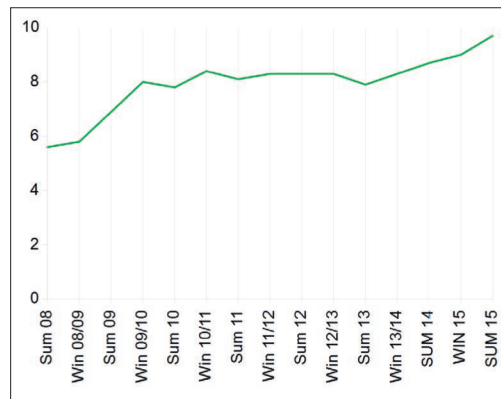
### AVERAGE SALES PER SITE



### MARKET SHARE PERCENTAGE



### RATING OF THE FRANCHISE



Sources: am-online.com/fami; SMMT; NFDA

### DEALER OPPORTUNITIES



#### A-CLASS

Now its predecessor's ride comfort issues have been ironed out, Mercedes' executive hatchback may be even more popular.



#### GLE-CLASS COUPÉ

A sleek version of the SUV that has replaced the ML-Class extends the product portfolio and will take on the BMW X6.



#### C-CLASS COUPÉ

Deliveries started in December of the new compact coupé, which is only offered in Sport and AMG-Line trim to enhance its sleek lines.

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at its efficiency, using Lean-type principles, in readiness for future needs.

The internal changes to Mercedes dealerships reflect its new point-of-sale system. Like many brands, it wants to streamline the experience for the customer, and move away from sales executives sitting behind desks in the showroom, utilising a number of different systems on different computers.

Every market area has at least one AMG centre, with its own car displays and lounge area, to highlight the sportiest models. It reinforces the importance of AMG, which achieves more than 4,000 sales a year in the UK, compared with just 800 in 2010.

"In some respects, we've guided and left it very much to the entrepreneurial spirit of our dealers. Some are going at different speeds and I'm comfortable with that, because they are changing the sales process and the conventional sales executive role," said Savage.

To soften the customer's experience, dealers have already recruited more than 100 product experts and expect to have 200 in place by the end of 2016. Known as Mercedes-Benz Star Experts, these fulfil a customer service role with expert product knowledge, but work closely with and support the sales and service teams.

In the new sales process, Mercedes-Benz Star Experts will help to demonstrate safety and assistance systems during static demonstration, assist with the technical part of the handover, provide support to existing customers who have questions about the systems of their car, and advise customers on accessory sales that suit their lifestyle. Sales will still be concluded by a sales executive.

"It's about a warm welcome, understanding our customers, presenting our products and making the whole experience of buying a Mercedes-Benz special," said Savage.

This winter, Mercedes-Benz UK has been running a multi-media advertising campaign to help recruit new talent from outside the automotive industry to its dealer network.

Savage said: "The ongoing professionalism of our dealer network is absolutely critical to ensure our continued success,

"In the UK, we will exploit every single sales channel available to us. We are by no means pussycats"

Gary Savage,  
Mercedes-Benz UK



to best serve our new and returning customers and for us all to achieve the company's ambitious growth plans. We've already got brilliant colleagues working around the country and now the time is right to encourage more talent to join us."

He said the Star Experts have an important role to play in ensuring each customer still gets the right brand experience, despite the pressure of increased numbers of customers at each dealership. Savage compares the dealerships to operating "in a sort of Waitrose supermarket environment", but with a "need to have a boutique experience".

The experts need to determine which experience an individual customer requires, whether they are a traditional Mercedes buyer or a newer, digitally savvy purchaser.

"If a customer actually wants to immerse themselves entirely in the buying experience, to sit there and talk about the options and the range, that's fine. However, many customers have already determined through the online configurator exactly what they want, and how much they want to pay, and these customers want a different, more expedient experience."

Mercedes has found these customers often re-engage after taking delivery of their car and visit the dealership several times for help from the expert with the technology on their car.

"We are in a different place now, with a great deal of goodwill, and that's something I want to cherish and not erode. But at the same time we must be clear that we will continue to grow this business in the UK, we will exploit every single sales channel available to us. We are by no means pussycats, the proof is there from what we've achieved.

"The NFDA survey gives me such encouragement that we are so aligned and have such confidence in each other. I'm entirely confident that our network partners are the right partners and can deliver unequivocally. We have the most professional network in the UK without a doubt."

**Above: a new black and white CI gives the cars an understated backdrop.**  
**Below: screens in the lounge areas allow visitors to watch their cars being serviced**



## DEALER OPPORTUNITIES



### SL-CLASS

Order books for the new luxurious drop-top will open in January, with first deliveries expected around April.



### CLA SHOOTING BRAKE

The sleek estate version of Mercedes' smallest saloon started to pick up orders from January.



### GLC-CLASS

Mercedes hadn't had a small SUV in the UK until this – its answer to the Audi Q5, BMW X3 and Land Rover Discovery Sport.



## STEVE TURNEY, MANAGING DIRECTOR DELGARTH MOTOR COMPANY

Interview by Jeremy Bennett

# THE BEST OF BOTH WORLDS



growth can dilute the culture of any business, but when a family-run business expands, the owner must learn fast that they cannot be everywhere at once.

Delgarth Motor Company has managed the transition from single site to strongly rooted regional group

by effective delegation, a focus on solid business principles and people management and perhaps by borrowing an idea or two from much bigger players.

As it has grown geographically and in brand representation – Delgarth has five sites across three brands – managing director Steve Turney, who took over from his father, Dave, as managing director five years ago, proudly reports that his group's financial performance has shown consistent improvement.

Turnover in 2014 was £41 million, up from £29m in 2011. The group sold 2,900 cars in 2014 and was on target to sell 3,800 in 2015 in retail and fleet and not including trade cars.

Turney attributes his financial awareness to his father, who he said never lived excessively or outside his means and for whom reinvestment of profits was key.

Part of that care has worked its way into Turney's daily routine – his first job every day is to “check the bank” or see what money has been banked and run through the numbers with his father – now the chairman – when necessary. Turney Snr retired in 2010, but still comes into the office two or three mornings a week.

Turney Jnr is supported by Alan Hunter, the operations manager for Milton Keynes Hyundai and Milton Keynes Kia

### TIMELINE

**1981** Dave Turney founds Delgarth in Milton Keynes with the Reliant and Lada brands, and later Proton.

**1986** Delgarth buys a second dealership in Milton Keynes, starting a partnership with Hyundai.

**1989** Turney's son, Steve, joins the business and works his way up to managing director in 2010.

**1996** Kia franchise added.

**2008** Delgarth invests £1.5 million in modernising the Old Stratford Hyundai showroom.

**2009** The group buys a new Kia site, with a 10-car showroom and display for 100 used vehicles.

**2014** Bletchley Kia and Hyundai opened.

**2015** Delgarth opens Mitsubishi dealership in Wolverton.

**Today** Delgarth is a collective name for two companies: Milton Keynes Autorama trades as Milton Keynes Hyundai in Old Stratford. Milton Keynes Kia and Mitsubishi and Bletchley Hyundai and Kia trade as part of the Delgarth company. For accounts purposes they will be separate for the foreseeable future, said Steve Turney.

and Mitsubishi. He's also general manager for the Hyundai site in Old Stratford. Hunter left Delgarth to work as a sales manager for Marshalls at its Land Rover Peterborough dealership for just under two years before returning 18 months ago.

As well as Hunter, there is Marc Walker, general manager of Bletchley Kia and Bletchley Hyundai, who has been with the company for 20 years. Finance director David Tearl, who has been with Delgarth for seven years, completes the senior management team.

Below them are five sales managers and the same number of service managers, one each at the group's sites.

Delgarth has also recently appointed three business managers as a consequence of Hunter's experience at Marshalls.

“As a family-run business, without the experience of working elsewhere, it was difficult to see how they would fit. But Alan has shown us the benefits of ensuring we have a standardised sales and compliance process on our finance offers,” said Turney.

Hunter has also brought with him the larger company/plc focus on planning and forecasting.

Turney said: “We hadn't really been doing this as well as we should have – it was a more an ‘I know what's going on’ mindset for me, rather than sharing my views with the sales managers, making everyone responsible for their own department.

“Now we have five sites, I can't run the business alone and need people to deliver on the goals.”

The company's first franchise was Reliant, which Dave Turney established in 1981 in Milton Keynes. Within 12 months, he had added Lada. Delgarth became one of the biggest dealers for the Russian brand in the UK, selling 603 cars at its peak in 1989. As both brands encountered economic challenges and faded in popularity, Delgarth took on the Proton franchise.





Delgarth managing director Steve Turney: 'Now we have five sites, I can't run the business alone and need people to deliver on the goals'



However, it was in 1986 that the company started its longest-standing partnership, gaining the Hyundai franchise at the dealer's second Milton Keynes site.

Ten years later, it opened a Kia dealership in the town. In the late 1990s it invested heavily in new dealerships for the two Korean brands. Last year, the company opened Bletchley Kia and Hyundai, taking over a former Wayside Group Audi showroom, giving the brands representation to the north-west and south-east of Milton Keynes.

Finally, in terms of the franchise portfolio, Mitsubishi was added with the opening of a showroom in Wolverton last year.

Turney explained that he chose the Japanese brand after he had attended a conference in Amsterdam and was struck by the number of electric and hybrid cars in use and the obvious growing appetite for such vehicles.

Shortly afterwards, Mitsubishi came calling and conveniently its products include alternatively fuelled cars and don't compete head-to-head with Kia or Hyundai.

#### Picking the right partners

With a growing business, Turney believes the right brand partnerships are key to success.

He said the relationship with Hyundai has been a cornerstone to his dealer group's success since 1986.

"Hyundai approached us and we appeared a good fit and as we've both sought to grow, have had a brilliant relationship with them from day one," he said.

In 2008, the dealer group spent £1.5m redeveloping the Old Stratford site and Delgarth has bought land behind it for expansion. The new centre was opened a month before the 2009 Government scrappage scheme, introduced to boost new car sales during the recession. Turney said the effect

## £41m

**Delgarth's 2014 turnover, up from £29m in 2011**

## 3,800

**Delgarth's estimated car sales in 2015 in retail and fleet, but not including trade cars**



Read more dealer profiles at:  
[am-online.com/dealerprofiles](http://am-online.com/dealerprofiles)

was dramatic: "Business exploded, basically. In our first year with Hyundai we sold 38 new cars. In 2009, it was about 1,000."

Kia became established with Delgarth in 2002, with an original site in Stony Stratford. While the brand is now represented elsewhere, Delgarth now uses this site as a trade centre.

The sale of Wayside to Jardine Motors Group presented an important growth opportunity. Wayside's holding company Fevore Ltd owned the Bletchley site – then an Audi centre – and Delgarth bought it.

With a dealership already performing well for Delgarth and Kia to the north-west of Milton Keynes, Turney said the Wayside site provided an opportunity for market expansion to the south-east.

"Bletchley residents didn't seem to come past the centre of Milton Keynes, so we weren't attracting them to the existing business. By establishing Kia at Bletchley, we can attract those people, plus more from Leighton Buzzard further south. Another 23,000 homes are also going to be built on this side of the town."

Turney acknowledges concerns that the Bletchley site would take sales from Wolverton and Old Stratford. He said there has been some dilution, but the net result has been a boost in vehicle sales for the group. While the customer database for the northern Hyundai site has about 5,500 names and Kia 4,000, Turney said the Bletchley sites did not have access to these, but started from scratch.

"There will be a natural migration for people that live nearer Bletchley, but we wanted the new businesses to stand on their own from the beginning," he said.

Through a combination of traditional media – radio and

# AM

## AWARDS: 2016

 AutoTrader



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Preparations for the 2016 AM Awards are well under way. Plans have been drawn for the set design and production highlights for the event, which takes place at the Birmingham ICC on February 11, 2016.

There are 22 award categories, plus the Business Leader of the Year award and an induction into the AM Hall of Fame for an industry figure leader who has made a considerable impact in motor retailing during their career.

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For more information on the AM Awards, including the sponsorship packages still available and details of how to book tables, go to [www.am-awards.co.uk](http://www.am-awards.co.uk)



Delgarth has held a Kia franchise since 2002

newspaper advertising – and leaflet drops, the Bletchley site began to establish itself. However, Turney recognised that marketing in this way alone would not make the gains required.

"Manufacturer targets continue to get more challenging, but having both ends of Milton Keynes covered has helped us with capacity and we're doing very well in our region. We're doing our best not to pre-register cars – only a handful each month – and instead focus our efforts on good business."

#### Getting sales and service working together

Turney emphasises the importance of sales and service departments working "as one".

"For example, the last thing I want to hear is, 'no you can't borrow a sales demonstrator for a service customer,' he said.

"It is so difficult to know where to advertise to win customers, so I take the view that customers are won in our service department."

Technicians speak directly to customers about problems, rather than going through the service receptionists and Turney is looking at introducing video in the service department in a partnership with Hyundai to win customer trust in the next three to six months.

Red work conversion is now at at least 70%. Conversion on amber work is less of a priority via video with effort going towards ensuring consistent follow-up on work that has been identified during a service.

Not surprisingly, service plan business is key and Delgarth's penetration is at about 80%.

"With the manufacturer offers currently so strong – priced at £299 or £99 on special offer – it's pretty much a given a customer will take one," said Turney.

Delgarth's 'right first time' percentage for service work, is



"We're doing our best not to pre-register cars – only a handful each month – and instead focus our efforts on good business"

Steve Turney,  
managing director,  
Delgarth

"well into the 90s", he added. Service managers work closely with sales managers to identify sales opportunities from service bookings. The service diary is checked every day and the latest demonstrators are available for test drive in the service department as well as sales.

Turney tells of one customer, who visited a Delgarth site after receiving one of 800 letters mailed warning about spare wheel theft. She came in to buy an anti-theft lock, saw a new car and bought it.

"Service activity brings the customers in, then the sales department looks after them," he said.

Turney also believes the importance of the test drive cannot be overstated: "Every new car customer has a test drive where possible. Because if they don't, you won't sell a car. And it is not about going around a couple of roundabouts and returning to the dealership.

"For example, if a customer is potentially coming out of a Volvo XC90 into a £40,000 Kia Sorento, the test drive needs to be 20 miles. A proper test drive is essential as we're seeing more premium-brand drivers show an interest in our products."

Overnight test drives can be arranged and Turney is adamant customers should be able to test whether their potential new car fits in their garage, or will take the luggage they need it to, for example.

"I don't see the point in being awkward, in saying no to a customer's genuine concerns."

Giving another anecdote, Turney tells of a customer of 20 years who moved to Wales from Silverstone and still buys cars from Delgarth, most recently exchanging a Kia Picanto and Rio for a Venga and a Mitsubishi Mirage.

Staff turnover and recruitment is not an issue, with Turney able to name members of the team that have been with the company for 26, 20, and more than 10 years.



Delgarth makes the latest demonstrators available for test drive in the service department as well as sales



“As a family company we can be more flexible with staff, we can talk to the team and if there is an issue we can try and help.” And while Turney visits every site every day if he can, he says his philosophy of looking after people is shared by his managers.

He doesn't pay a high basic salary compared with other dealers, but there is an end-of-year bonus based on the company's profits, with staff getting a percentage based on seniority and length of service. If there is a bonus for the business attached to a sales target, sales people can get a percentage of this if it is achieved.

Despite Milton Keynes being a base for numerous manufacturers and their dealers, Turney recruits sales people from outside the sector, typically from restaurants and catering industries.

This approach began through chance: “We employed a couple of people with this background – one from Harvester, another from Frankie and Bennys – and they know how to look after customers. Plus they were used to working late in the evenings throughout the week so working on a Sunday is not an issue.”

Will the company's growth endanger the level of customer care the business expects?

“Hopefully not. We've a good team of managers that have been in place for years. It's very rare I get a complaint letter.”

#### What does the future hold for Delgarth?

Delgarth's net assets are more than £7m. Just over half of this is in cash, which Turney plans to fund expansion “when we find the right opportunity”.

“We're looking for opportunities within a 40-mile radius,” Turney said. “So, an hour's travelling time.” And ideally with

“Service activity brings the customers in, then the sales department looks after them”

Steve Turney, managing director, Delgarth

Kia or Hyundai, although Suzuki would also be a potential fit. There is no rush to purchase, however.

“We've got the cash to allow us to act should the opportunity to buy arise,” said Turney.

The company has highlighted Northampton and Bedford as possible growth areas. Bicester, a 40-minute drive to the south-west of Milton Keynes, is also attractive. “We think it's going to grow, with 13,000 houses planned there, so a good fit for our business,” said Turney.

Turney believes Delgarth is ready to meet the challenges set by his manufacturer brands' ambitious sales targets. Kia and Hyundai, for example, have aspirations to achieve 100,00 new units in a year by 2020. By the end of November 2015, Kia's registrations stood at 75,023, Hyundai's at 82,846.

“As we've invested early in the brands and have got a large and expanding town catered for by our expanded network, we are in a strong position to exploit the opportunities provided by a growing service parc and customer base – supported by product ranges that continue to be updated and improved,” Turney said.

## THE VOLKSWAGEN ISSUE

Delgarth shares a home with Volkswagen, which has its UK base in Milton Keynes.

Turney said the German company's ongoing issues with the emissions scandal have not led to customers seeking reassurance about the environmental friendliness of Kia or Hyundai vehicles.

“I've had letters from both manufacturers stating their emission testing is carried out to the letter of the law and there is no cause for concern about their engines. But customers haven't been enquiring about it as a result of the Volkswagen case,” he said.

He said he had been frustrated by the issue: “We've lost quite a few fleet deals over the years to Volkswagen. Customers have turned away from us because they believed, for example, the Cee'd was not as good as the Golf on emissions.”

Turney does believe the amount of time it will take VW to recover customer trust will provide brands such as Kia and Hyundai an opportunity to win market share.

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# To rebuild trust, dealers and carmakers need to behave ethically



By Professor Jim Saker

A few weeks after the Volkswagen emissions scandal hit the news, a dealership sales manager contacted me to discuss the impact it seemed to be having on his dealership and the sector as a whole.

He came from a related franchise and said his dealership had seen a general decline in customer interest, but so far this had not impacted greatly on its sales performance. The dealership was performing in line with the general market trends and on the whole they were fairly happy with how things were going.

His problem was more fundamental. Putting it bluntly, he said customers no longer believed what he or his sales force told them. The customers continued to be polite, but at the end of the conversation he felt there was still an element of doubt and disbelief.

As we tried to unpack the issue, it became apparent that the problems at VW could potentially be more widespread and deep-seated than originally thought.

It is widely recognised that the image of car retailing has not been great over the years. Some of the criticism has been deserved, while some has been fuelled by TV and the media. The belief, historically, was that car dealers could not be trusted and were simply there to exploit customers.

In more recent years, the internet has provided consumers with additional information sources, so they come to the dealership better informed and with a confidence that they are able to negotiate from a more equal, if not dominant, position.

The problem is that much of the information on the internet was based initially on data provided by the manufacturer, based on test results and what appeared to be claims that could be authenticated.

## Putting the customer first

From a consumers' perspective, what information do they now believe and, more importantly, in whom do they trust?

For some businesses, this is not an issue. Over the years, they have built a relationship with their customers through the quality of their service and advice. They have not given the customer any reason to doubt their honesty. The challenge is whether that relationship is strong enough to override the doubts caused by the bad publicity from Wolfsburg.

In 2003, Glen Urban, the dean of MIT's Sloan School of Management, wrote a book called *The Trust Imperative*, in which he introduced the idea of 'trust-based marketing'. His contention was that being honest and open is the way to win both trust and customers even when, on the surface, it does not appear to be in the best interests of the company.

Urban's argument was based on the premise that you should give the best possible advice to the customer and

as part of that process provide straightforward information with unbiased comparisons. Having taken another look at his work, it is apparent that what he was advocating was exactly what the financial sector failed to do before it became embroiled in massively expensive mis-selling.

## The only way is ethics

If rebuilding trust with customers is something that needs to happen in our sector, then what Urban is saying has a real place in the sales process, but also in the culture of many businesses. Many dealerships would say being open and honest is something they try to do and as a result customers are on the whole happy with the relationship.

However, I have this nagging doubt in the back of my mind about some of the product information distributed by manufacturers. I have sat through many very pleasurable new product launches, usually involving a driving experience in a nice location. My difficulty is with claims made about the new vehicle such as 'segment-leading', 'better driving dynamics than the competition', 'much better efficiency', etc. When you drive the competitor cars, there is little or no difference and in some cases you come away preferring the opposition's product.

The challenge then becomes what do you recommend to a customer? Are you completely honest as a salesperson if you are asked a specific question? Would you recommend a competitor's product? It is a tough call and the challenge that Urban lays down in his book.

As part of my job, I am involved in the recruitment of both undergraduate and postgraduate students. Often I am interviewing a student and they ask whether Loughborough is the best degree for them? Should I say 'of course, come to us' or should I recommend a competitor if I know they offer a programme that better meets the needs of that student?

I am not claiming to be a saint, but I will always try to give the advice that I believe is best for that student. For me to do otherwise would be unethical.

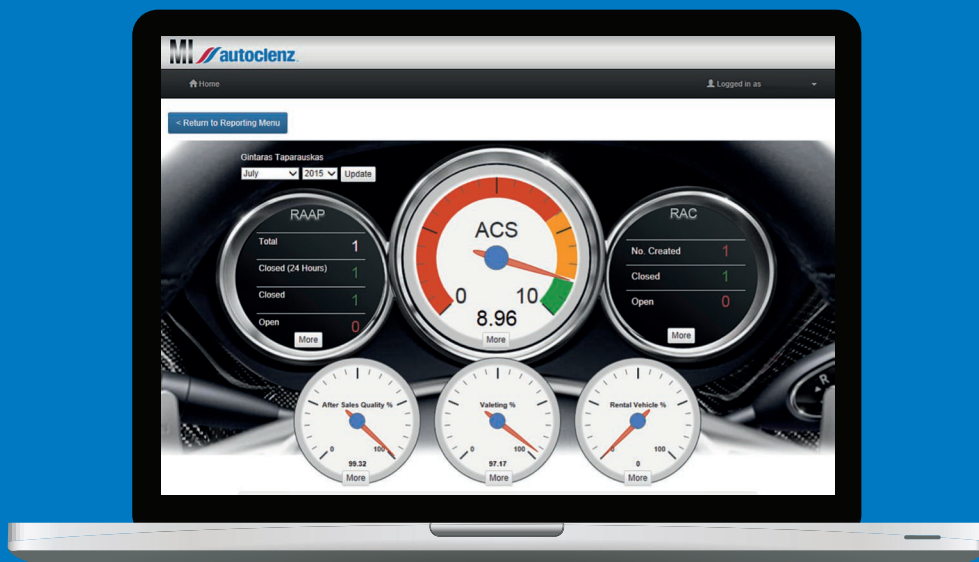
Maybe there is little room in our sector to do the same when it comes to selling cars, but I would hope that one of the lessons learnt from the VW scandal is that treating customers ethically will start the process of rebuilding trust.

**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.**

"From a consumers' perspective, what information do they now believe and, more importantly, in whom do they trust?"



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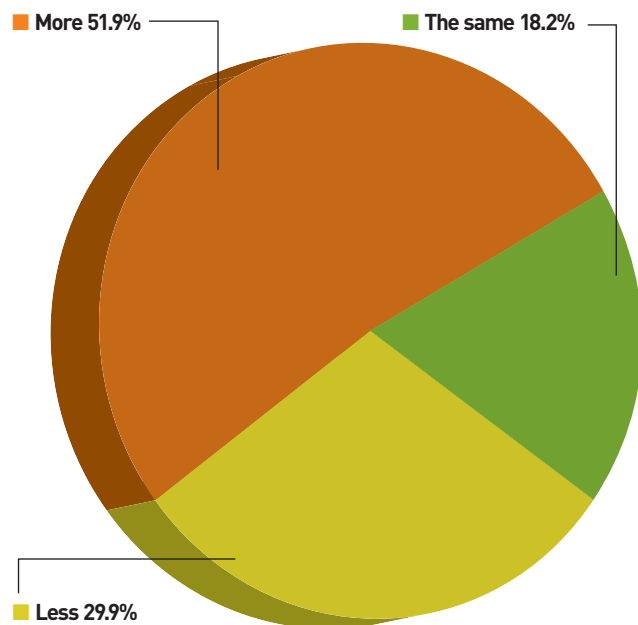


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## AM POLL

**Will you invest more, the same, or less, in training and developing your company's managers in 2016?**



At our AM/IMI People Conference during the summer, it was suggested that 'employees don't leave companies, they leave their managers'. While that cannot be true all the time – for some, there will always be the temptations of more money and perks – it does have a ring of truth about it, doesn't it? The role of the manager in motivating, inspiring and developing a team is crucial and it has been frequently said in AM's many interviews with dealer group directors that a poor line manager or general manager can do great harm to the business.

Given that risk, it is alarming that almost a third of respondents to our latest poll intend to invest less in developing their managers in 2016. Comments backing this response stated that "manufacturer training is a waste of money" and "why train them when they'll leave to join another dealer?". Still, it is heartening that half of the respondents will increase their investment in their key people.

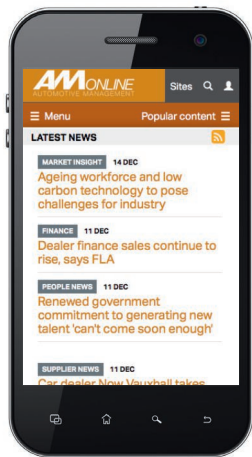
■ **Next question: Will ongoing emissions concerns have a negative impact on car brands in the UK in 2016? Vote at [am-online.com/polls/](http://am-online.com/polls/)**

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## AM PROMOTION

# WHAT DO PEOPLE PUT OFF THE MOST?

**Car servicing is right up there, says Simon Bowkett of Symco Training**



When things get tough and money is tight, what do you think people put off most? According to a recent survey, the No 1 thing tends to be DIY projects, followed by gym membership.

Have a guess what the third thing was. Car servicing! That's why it's so

important to let our customers know what needs to be done to their vehicle – it's the subject of my new sales training video on the AM website this month ([am-online.com/symco](http://am-online.com/symco), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)).

People don't just not service their cars in difficult times, they also stretch things out. They will just have an interim service when a major service is due, or not bother getting their air conditioning done when the service for that is due, or tell you to skip the brake fluid change when that becomes due.

So we need to be able to explain to our customers the benefits of getting these jobs done now, and how in the long run it will actually save them money.

## Car servicing is free!

This may be a bit controversial but, in a way, servicing a car is free. Indeed, when someone first told me that, I thought they must be mad. We're here to make a profit after all, and part of that – a big part – comes from servicing.

But think it through. If you had a three-year-old car that didn't have a single service on it, do you think your used car manager would price it lower than an otherwise identical car with a full manufacturer's service history? Of course he would. How much less would it be? £1,000? It would have to be something like that.

Now compare that with how much a customer would have had to spend on servicing during that three-year period. So yes, you could say that, in a way, servicing a car is free.

## Talk to your customers

Keep that in mind the next time you are dealing with a customer who just wants to get the minimum work done, just to get that service stamp in their book.

Talk to them about how servicing their air-con, brake fluid and all of those things can, in the long run, actually save them money.

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# It was a record year, but not without its problems



By Philip Nothard

**T**his was a year with plenty of positives for the motor industry. Record numbers of new cars sold, demand for used vehicles kept prices up and we broke records for car production.

The data, and the vast majority of dealer sentiment, points to new registrations exceeding 2.6 million, making 2015 a record year. Used vehicle sales are on track to hit 7.5m, as strong demand continues to drive the market.

Undoubtedly, pre-registration is playing a role in the bumper sales figures, accompanied by some amazing finance deals. A number of large dealer groups are reporting PCP penetration as high as 95% on new car sales. In the longer term, if this trend increases, there could be additional pressure on used values as the volume of cars increases and used car demand declines, but more on that later.

Even in a bumper year for sales, profitability has remained a concern for many dealers. In our most recent study, more than half of the retailers surveyed said margins were tighter than the previous month, and gave November the worst rating in the year.

The volumes of used vehicles also remains an area of focus. From midway into 2008, until about the same period in 2012, the recession saw reduced registrations, with manufacturers acknowledging the downturn, and consumer demand fell away. As a result, over subsequent years there have been low numbers of used cars coming back.

From March 2012 onwards, and every month since (apart from October 2015), we have had year-on-year increases in new car registrations.

So, we will have the used car supply, but will it be matched by demand?

Using NAMA data, in the first 10 months of 2015 there was a 6.4% increase in cars sold wholesale, compared with the same period in 2014, with 1.04m in 2014 and 1.11m in 2015.

## The threat from PCPs and increased rentals

Pre-registrations obviously have an impact on the used car market when they come back. As they do, there will be a great deal of pressure on late plate values. Fleet and rental/short cycle volumes are increasing year-on-year. Retail only accounts for 2.5% of the increase, while fleet is up 12.6% and rental up 8.4%.

A lot of manufacturers that were not in the rental market during the recession have come back to it strength. They're increasing their numbers, and therefore the risks, that go with selling cars to a large number of buyers in the short cycle market. We know one fairly mainstream manufacturer has increased its daily rental volume by 75%.

The importance of PCPs to retail demand, and increasing demand for used cars, is clear. Buyers are lured by a

low monthly payment, low deposit, and free insurance with monthly payments of £69 a month and £99 a month being banded around.

However, every PCP needs a residual value. Every residual value on a used car assumes there will be a used car buyer for it. Without this, PCP doesn't work. It will be vital for manufacturers and leasing companies to manage the de-fleet process carefully to not distress the market.

## A return to the normality of used car pricing pressures

If you consider how values have moved over the past few years, there haven't been any large reductions. Values have been extremely stable with cars worth similar amounts to what they were the previous year, without model ageing.

The coming year will see slightly more pressure on prices. The pressure has started to build already and will continue into 2016. We can see this as the market returning to normality after the impacts of the recession.

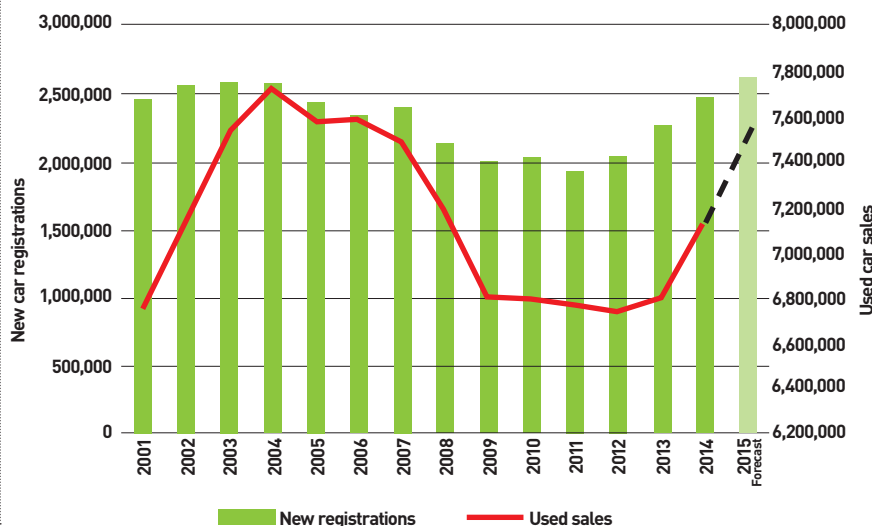
As ever, balancing supply and demand will be key to the market.

Our own surveys show the majority of dealers expect 2016 to beat this year's record figure for new vehicle registrations. Managing record volumes will require a clear strategy, but presents huge opportunities throughout the supply chain.

■ For a more in-depth analysis of the used car market in 2015 and its prospects for the coming year, see the 2016 AMi Franchised Dealer Report, published in December 2015.

Philip Nothard joined CAP in 2010 as its retail and consumer price editor, analysing pricing data and interpreting strategic market trends. In his role, he is able to apply two decades of experience gained in franchised motor retailers, which culminated in running dealerships for the likes of European Motor Holdings, Lythgoe Motor Group and Arnold Clark

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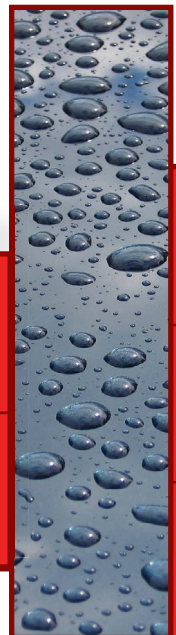


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# What has been the impact of the new GAP rules?

Dealers that embraced the FCA's new rules early and engaged with their providers on compliance are performing better on GAP sales



**F**irstly, it's important to acknowledge that the automotive retail industry has once again shown its resolve in the midst of unprecedented change. Let's not forget that the new GAP rules came hot on the heels of an extended period of focus on finance as dealers navigated the regulation of consumer credit being moved from the Office of Fair Trading (OFT) to the Financial Conduct Authority (FCA). Whatever their ultimate decision, dealers met the challenge head-on.

Our internal figures show there is a broad spectrum of GAP performance since the new rules came into force on September 1, 2015. Overall, our GAP sales are performing strongly. Compared with the same period last year, some of our best-performing partners have seen sales grow by up to 35%. At the other end of the spectrum, some of our partners have seen a drop in sales of about 15-20%.

Pleasingly, dealer partners using our new Point-of-Sale Plus system, which was developed to allow dealers to sell GAP compliantly, have performed about 16 percentage points better than those that aren't using it.

What does all of this tell us? It tells us it's probably too soon to draw any firm conclusions about the long-term impact of the new GAP deferral period, as there could be other factors at play. That said, the real insight from this is that there are very clear, common themes coming through in respect of the dealers that continue to perform strongly.

Almost without exception, the best-performing dealers embraced the new rules early in the FCA process. The commitment to GAP from senior management at these dealers never flagged and their focus was on finding a clear solution rather than a 'workaround' to side-step the

new regulations. Furthermore, they rightly engaged and relied on us for guidance and support. They communicated the new rules and processes clearly to their sales teams and invested time and effort in training their staff. None of the above is rocket science, but it has been highly effective.

Dealers need to keep the focus on embedding their new GAP processes and it won't be long before they become second nature to their sales teams. The competitive landscape has changed, so regularly reviewing your overall GAP proposition and your retail pricing is something to have on your agenda. Strategically speaking, it may be necessary to reduce retail prices in order to maintain and, ultimately, increase penetration rates.

Our view has never changed. We believe dealers are in the best position to raise customer awareness of the need for GAP and other insurance products and that the customer values and trusts the relationship they have with their dealer.



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## CHALLENGES OF WORKING UNDER THE FCA REGULATIONS – A LEGAL PERSPECTIVE

### NEED TO KNOW

- Dealer was given a day's notice of two-day site visit by FCA
- One 'approved person' was interviewed for 90 minutes



**Russell Kelsall,**  
partner at Squire  
Patton Boggs (UK)  
Kelsall painted a vivid  
picture of the rigour  
with which the  
Financial Conduct  
Authority (FCA)

investigated one of his client's compliance procedures during a site visit.

The FCA only notified the dealer of the two-day visit the day before. There were five areas the FCA looked at:

**1.** The suitability of the dealer's control function (CF) staff. "One of the dealer's approved persons was head of sales and the FCA wanted to know if this person, the CF8, was appropriate," Kelsall said. "There is significant tension between selling and doing the right thing for the business."

**2.** The CF8 was interviewed for 90 minutes on the applicable rules, how prepared the individual was and how well they understood the regulatory framework. They were also asked

about commissions – when their existence is disclosed and if the amount is revealed – as well as their processes to ensure no one is mis-selling.

**3.** Did the dealer recognise the potential conflicts between the sales and brokering processes? The FCA found an over-reliance on its two lenders, which provided training and documentation.

Kelsall said: "The dealer said 'we do broadly what they say we should do'. The FCA said this was unacceptable. You need to ensure you comply with all the rules and there are no holes in your processes."

**4.** Complaints. During the two-day visit, the FCA asked each person it interviewed: "what is a complaint?" This was asked not just of approved persons, but salespeople, sales managers and business managers. The correct answer is "an expression of dissatisfaction".

The FCA then wanted to know how complaints were logged, responded to and dealt with and when a customer is given notice about their rights to go to the Financial Ombudsman Service.

**5.** Commissions. Staff were asked when commissions were disclosed to customers and how much is paid, as well as whether they reveal that the

"The dealer said 'we do broadly what [our lenders] say we should do'. The FCA said this was unacceptable"

dealer is an independent broker or tied (and if so, to whom).

"The FCA found the dealer was failing in some areas," said Kelsall.

"It was told to replace the CF8

immediately and not doing so would lead to very serious action. The firm was also required to undertake a past business review, going back to April 1, 2014, when the FCA took over regulation assessment, to ensure compliance."

He said it was absolutely vital – and central to the FCA's assessment of the dealer – to ensure there were systems and controls in place to guarantee appropriate auditing and checking.

■ **For more on the legal view of FCA regulation – particularly responsibility to others outlined in the Consumer Credit source book (CONC) and commissions – see the 2016 AMi Franchised Dealer Report, published in December 2015.**



## WHERE THE FCA'S FOCUS LIES IN 2016

### NEED TO KNOW

- FCA can claim 200-300% of a business's profits as redress
- Dealers would be wise to plan for total disclosure on commissions



**Adrian Dally, head of motor finance, The Finance and Leasing Association**

The automotive retail sector has not taken the full extent of the FCA's powers

into account, Dally told delegates, saying the organisation had "a nuclear option".

"The FCA has the power to impose consumer redress programmes where it discovers a firm or firms have been non-compliant and will make them go through their entire book since it began to be so and give redress. The extent of this redress is much tougher than PPI, so it can mean 200-300% of a business's profits can be taken away.

"The FCA is deliberately powerful because its redress measures are designed to be a deterrent against non-compliance."

The FCA also has the power to

impose unlimited fines. Dally said the FCA can also:

- Withdraw, vary or amend a firm's authorisation;
- Determine what products can be sold, can ban them and influence how they are designed and restrict what is offered;
- Influence competition in the industry, with the test being 'is it working in the marketplace to the benefit of the consumer?';
- Require business to publish complaints figures. The FCA is required to be transparent about what it is doing and requires the same in the marketplace.

Dally also addressed what he believes is a "significant misconception" in the market – the belief that FCA authorisation means FCA approval of everything a firm does.

"This is not true. It means a firm has met the conditions for authorisation."

There are five issues on the FCA's agenda:

1. Affordability and creditworthiness.
2. Remuneration.
3. Consumer communications (how well is the industry explaining complex financial products?).
4. The treatment of vulnerable customers and those in arrears.
5. Authorisation processing.

The first two will see the most activity in the next year. The FCA has done research on affordability and creditworthiness, which will lead to a consultation paper by the end of the first quarter of 2016. Any proposed new rules would be in force by the end of the year.

However, it is remuneration that has prompted the most thought at the FCA, said Dally.

"It's currently looking at internal structures, within a lender, broker and dealer and how staff are remunerated. It will then look at partners. The FCA's focus is on 'does remuneration reflect the work done?' and, most importantly, 'are the outcomes good for the customer?'," he said.

The FCA will look favourably on remuneration models that take into account:

- Customer satisfaction;
- How a credit agreement has performed in the long term;
- Levels of arrears;
- Complaint volumes; and
- Regulation compliance.

Dally warned: "It would be very unwise not to plan for not only disclosure of the existence of commission, but also the amount of commission and the way it's been calculated."



## ONE DEALER GROUP'S JOURNEY INTO THE FCA ERA

### NEED TO KNOW

- Strict record-keeping and self-auditing essential to compliance
- Files less than 100% correct can result in loss of commission



**Emily Leigh-Dugmore, quality and audit manager, Citygate Automotive Systems**

procedures and a constant process of self-auditing are central to satisfy the demands of evolving regulations, Leigh-Dugmore told delegates.

She said keeping strict records and enforcing the FCA compliance of all staff members was key to her own peace of mind.

As part of a strict regime, which helped to successfully contest more than 60% of PPI sales complaints following the 2012 mis-selling scandal, Leigh-Dugmore ensures every deal at the nine dealerships for which she is responsible submits an FCA compliance folder with every sale.

She said the business had a room filled with files – logged for each business and ordered by month and year – that dated back to 2006.

"Every deal in every month is fully audited to ensure full compliance. This includes checking that all documents are signed, that all demands and needs checks match, the profit on the logs and also that any additional consumer credit documents are attached."

Leigh-Dugmore said any file deemed to be less than 100% correct would result in a loss of commission for the responsible member of staff.

She said all staff are made aware of the FCA regulation upon applying for posts at Citygate's businesses and that training – including money-laundering guidelines, treating customers fairly and product training – must be completed before a new member of staff comes into contact with customers.

Despite all the safeguards, Leigh-Dugmore described FCA-related complaints as "gold".

"I have learned more from FCA complaints than from any other part of the FCA process. Learning where a customer has been aggrieved can support the ongoing learning of any business," she said.

*"I have learned more from complaints than from any other part of the process"*





**Amanda** is a 29 year old product designer from **Battersea**. On the weekend she enjoys riding to **Borough Market** for organic fresh food. She really wanted to buy the blue **14 Plate Audi TT Roadster** on your forecourt that she first saw on online.

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## THE CHALLENGES DEALERS FACE UNDER FCA REGULATION

## NEED TO KNOW

- 'It's a lot to do with how we sell things as much as what we sell'
- A mid-contract call to PCP buyers can sort out mileage issues



**Jerry Page, F&I director, Mercedes-Benz Retail Group**

Regulation is driving franchised dealers through a period of unprecedented change in their F&I business models, said Page, a former retail banking executive who joined Mercedes-Benz Retail Group 18 months ago in the newly created role of F&I director.

He said motor retailers must now put the customer first, not their own F&I earnings, and must monitor, measure and document the quality of the sales being achieved.

"In this environment, it's a lot to do with how we sell things as much as what we sell," he said.

The data, governance, and improved training and support demanded by the

FCA regime is key to this, he said. All motor retail managers need to understand who the business has lent money to and on what basis.

Complaints recording is vital, and equally as important is CSI measurement, said Page.

"Supervision of regulated sales locally with site audits and checks and training is something we can't get away from, we should do it, and it's also a good barometer of whether the people selling our products know what they're doing."

He said product suitability is something the sales executive will have to think a lot more about. PCPs suit many buyers, but dealers must make the customer clear about the balloon payment and whether they will be able to deal with that, and make them clear about the return conditions from the start.

He recommended that for customers on PCPs or leases where there is contracted mileage, dealers could contact the customer half-way through to find out if the mileage is on track, giving them the choice of adjusting the contracted mileage mid-term or being sent a bill at the end if



they are massively over. Having the discussion mid-way through may avoid a problem later.

"If you find people mis-selling things, you have to be confident you can switch them off. Ultimately, that's how you show you're serious about this."

Managers also need to decide the balance between basic and commission in pay plans, because commission drives behaviour. They

will probably need to stop rewarding sales staff on the sale of individual financial products and consider rewards based on customer satisfaction and feedback about the product presentation.

Two mainstream retailers broadly judged as providing good levels of customer service, John Lewis and Apple, don't pay significant levels of commission, he said, and have satisfaction scores dealers envy.

## WHAT CONSTITUTES TREATING CUSTOMERS FAIRLY?

## NEED TO KNOW

- To meet TCF rules, dealers must prove customers are well informed
- Dealers must also document training of staff and their advice



**Andrew Smith, managing director, Consumer Credit Advisory Services**

The right blend of customer care for your business is the one brewed by you,

Smith told the conference.

Comparing the development of a system that ensures FCA compliance through 'treating customers fairly' (TCF) to the creation of tea, coffee or beer from water, he said: "TCF is something you should take ownership of and live and breathe throughout the entire business."

"What's important is how you, as a company, take the basics and put in your own ingredient, that touch of magic that makes it yours."

Smith said fair customer outcomes were the key to the FCA's TCF regulations and meeting the guidelines meant "evidencing" that their journey through the sales

process had been well informed throughout.

"The best way to future-proof yourself is to make sure that you know very clearly what your customer needs, what the customer wants and why they want it. More importantly, document the whole process," said Smith.

He said it was not enough to simply give the customer what he or she wanted: "You are the expert and if you don't give the customer the right advice with regards to their budget or lifestyle, that won't wash with the FCA."

Smith took the FCA's six key

"You are the expert and if you don't give the customer the right advice with regards to their budget or lifestyle, that won't wash with the FCA"

customer outcomes and revealed that staff training should be carried out and documented alongside evidence of any advice offered to customers.

Smith also suggested using customer outcome testing to highlight any shortcomings in the sales process or advice offered. He said: "Only by analysing data can you make changes that might need making."

"Ultimately, anything that you might be able to present to the FCA to demonstrate diligence and a transparent customer journey could pay dividends if they come knocking."





## UNDERSTANDING AND IMPLEMENTING THE NEW GAP RULES

## NEED TO KNOW

- Dealers who engaged with new GAP rules 'have seen sales boost'
- The key to dealing with the fall in GAP value is to boost penetration



**Nick Franklin, head of partnership and distribution, Mapfre Abraxas**

The challenge of turning what many saw as a threat into an "opportunity for the future" was central to Franklin's overview of how dealers should approach changes to GAP sales regulations.

Franklin said those dealers who had engaged with their insurance partners to address the FCA's September 1 GAP changes, setting in place systems and processes to

ensure compliance and drive sales, had seen sales increase by 35% year-on-year in September and October 2015.

Others had seen sales of GAP decrease by about 15% to 20% over the same period, however.

Franklin encouraged dealers to re-assess how they approached GAP sales to ensure that a new clued-up breed of customer was aware of products before, during and after the sales process.

He said: "Their favourite phrase is 'I know'. They know what car they want and what they'll pay for it and they know what kind of finance product they want to take up.

"What they won't know is what kind of insurance offer may be spoken about."

Franklin said follow-up calls to test-drive enquiries was one way to ensure customers knew about GAP products before they entered the showroom,



while the FCA regulations had promoted a system of following up a car sale with a GAP sales call.

Another suggestion was an integrated "insurance shop" on dealer websites, offering dealer-branded products online.

Franklin warned that the FCA regulations may drive down the cost of

GAP for customers in future, by encouraging competition, but said that the key to dealing with this was to drive penetration from its current 30%.

He added: "We need to change with the times to transform what many of us saw as a threat into an opportunity for the future."

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## FROM DEALER TO RETAILER – WHY WE NEED A DIFFERENT APPROACH TO CUSTOMER INTERACTIONS

## NEED TO KNOW

- Customer interactions now more about 'retail experience', not deals
- Dealers must focus on greater sales of lower value products



**Spencer Halil,**  
director, Alpha  
Financial Services

Ever faster change in the automotive sales industry means dealers have to be flexible and demand more of their finance suppliers, Halil told delegates.

The BMW Group-owned independent motor finance provider has been gearing its services towards customer fairness and satisfactory customer outcomes since 2013, according to Halil, who said "for us, this was a higher bar, which put us ahead of the regulation".

Halil acknowledged the change in the dynamic between the customer and dealer and said the focus was now on providing a "retail" experience rather than securing deals face-to-face. He said developing an online presence that was a fully-integrated gateway to purchase was



essential, as well as engaging via social media.

In terms of meeting compliance, he reinforced the need to put the customer first, especially when selling financial products.

Transparency and fairness were now key, he said, adding: "When you discuss the focus of your remuneration scheme, ask yourself who your

scheme is designed to benefit. If it's you as a business first and foremost, it isn't going to cut it with the FCA.

"If it's to benefit you as a business and keep your sales team motivated, it probably still won't cut it with the FCA.

"It has to be designed, first and foremost, to provide fair outcomes for the customer and then, on the back of that, your customer

should benefit, prosper and grow."

Halil said the future focus of financial product sales had to be greater sales of lower value.

He also urged dealers not to let finance partners use FCA guidelines as a "stick to beat you with", stating that both parties had a responsibility to ensure compliance and should work more closely than ever.

## HOW TO MOTIVATE STAFF IN A REGULATED LANDSCAPE

## NEED TO KNOW

- Motor retail industry must recognise new incentive schemes
- Customer satisfaction scores growing as incentive measure



**John Sylvester,**  
director, P&MM  
Motivation

Regulations surrounding the sales of financial products should prompt a new incentives structure for sales staff, including factors such as customer satisfaction, company values and business processes, said Sylvester.

He said the industry had moved away from a "hard sell" to a "consultative sell" following the introduction of FCA regulations and urged manufacturers and dealers to adjust their incentive schemes to reflect that.

"In the age of employee engagement, factors such as customer satisfaction outcomes and compliance with regulatory bodies have

become far more high profile," he said.

"Rewarding sales people for high sales totals alone may even be counter-productive in this new world."

Sylvester said it was the responsibility of dealerships and manufacturers to effectively communicate what they wanted from their employees and why, as well as prior-

itising the recognition and reward of FCA-compliant behaviour.

A new system of broader skill recognition should be considered in place of traditional large-scale incentives and rewards for non-management staff should be "achievable" so that corners are no longer cut to achieve targets, he added.

Sylvester also suggested that there was still a place for league tables in

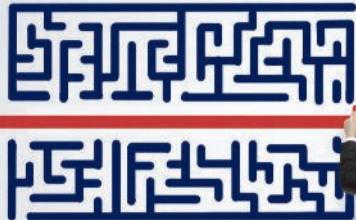
"Rewarding sales people for high sales totals alone may even be counter-productive in this new world"



order to monitor success and drive productivity, but said they must comply with the new FCA-compliant parameters.

"There's no reason why you still can't 'league table' people on things other than sales and there are many programmes that we are starting to develop now with a far more 'balanced scorecard' approach, where scores are allocated for doing things right, for developing customer service, for recommending the right product. These balanced scorecards can be put into a league table and this is recognised as managing and driving performance."

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# ALPHERA

Financial Services

## Keeping innovation front of mind for dealers

Award-winning independent finance provider ALPHERA Financial Services is celebrating ten years in the UK market. Director Spencer Halil commented: "It is a pivotal time in the development of the company following a period of formidable growth and some major accomplishments.

"As an independent finance provider, we are able to be agile and flexible, reacting to the changing market, but we also have the best of both worlds. With the backing of premium manufacturer, BMW, we not only have access to the funds which mean we can invest, but also significant automotive sector expertise to allow us to fine-tune our products and services to even better suit our partners."

## Meeting the needs of an evolving market

"The UK market has moved on significantly," continued Halil. "There has been a massive legislative change with the arrival

of FCA and consumers are purchasing vehicles very differently. It's our job to make sure our partners have the tools to keep their customers happy and deliver effective, transparent and flexible finance solutions to meet the needs of a diverse marketplace – online and on the forecourt.

"Ultimately, the combination of specialist knowledge, experience of the market and a commitment to treating the customer fairly will see the motor finance sector continue to perform well for dealers and brokers in the coming months and years."

## Award-winning products

Alphera's portfolio of award-winning products includes its PCP Select and PCH offers, while commercial finance provides funding options for investment in dealer businesses such as equipment or building upgrades and a means to fund stock acquisition.

"It's not just our products and services which set us apart," said Halil. "We are extremely proud of our consultative approach and view our clients as our

partners. In fact, our business would not be as successful without their input and our willingness to listen and act. Our field sales team is out on the road working with partners every day and we also provide training to ensure dealers have the best tools and knowledge to enable them to sell more cars. It really is a two-way street."

## Celebrating 10 years of excellence

Alphera is celebrating 10 years in the UK market in 2016 and will be investing in events and activities to support dealers and brokers to share best practice throughout the year. Visit the website or follow us on social media to get involved and help us shape motor finance for the next decade.

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# Has the boom in PCPs hit extended warranty sales?

You may think soaring registrations are bad for warranty sales. Not so, say suppliers

## NEED TO KNOW

- Providers say warranty sales are in line with the market
- Buoyant used car market is helping warranty companies
- Used car PCPs give opportunity to upsell extended cover

By Debbie Kirlaw

Even taking October's fall into account, the number of registrations so far this year is up 6.45% on the same period last year. Surely the growth in new cars means the demand for extended warranties has fallen? Not so, say providers.

About 80% of new car sales are funded by personal contract purchase (PCP) agreements, which enable more motorists to drive new vehicles and to change more frequently, which suggests a diminishing market for extended warranties as there is less likelihood of things going wrong.

However, **Mike Macaulay, AutoProtect's corporate business development manager**, said the extended warranty market has been broadly in line with new and used car sales volumes.

"Classically, dealers often give away a shorter period of warranty as part of their offer and upsell it. We are helping more [dealers] to move towards a longer-term model that is sold with the customer having a clear idea of what is covered and the claims process. This high-integrity approach is seeing sales increase," he added.

**Nick Franklin, head of partnership & distribution at Mapfre Warranty**, agreed: "The growth of PCPs in the new car market has had little impact on extended warranties.



"The extended warranty market has been broadly in line with new and used car sales volumes"

Mike Macaulay,  
AutoProtect

"Used car sales remain buoyant which is, in part, due to attractive PCP deals. It's also important to note that while good PCP deals can encourage consumers to change vehicles more quickly, there is evidence that suggests average ownership life-cycles have actually increased over the last five years due to the challenging economic conditions."

At **WMSG Group**, extended warranty sales have also increased. **Business development director Eric Stone** said: "A major consideration for most buyers these days is preparing for the cost of an unexpected repair bill, so we have found that warranty protection is remaining as valuable as ever."

"This year, we have seen a 15% growth for the group and 20% growth in [the upsell conversion rate of] longer-duration policies due to our field team support and extensive dealer training. More and more dealers are offering a six-month warranty and then upselling [up to] 36 months in total. From our research, warranty is still top of the customers' list above all other added value products."

### Used car PCPs could help extended warranty sales

But warranty suppliers would say that, wouldn't they? No supplier would talk down their own market.

However, statistics do indicate a buoyant used car market, which is the preserve of the extended warranty. Drawing on DVLA figures, Auto Trader calculated that used car transactions were up 3% year-on-year for July-September 2015, while in the first 10 months of 2015, used car transactions were also up, having increased by 4.2%, or 225,000 units, year-on-year.

Data from the National Association of Motor Auctions



# EXTENDED WARRANTY



shows the volume of wholesale used car transactions for the first 10 months of 2015 was up 6.4% year-on-year, with 1.04m in 2014 and 1.11m in 2015.

**Tim Heavisides, chief executive officer of Car Care Plan Group**, said: "PCP is fuelling a steady and continued supply of quality used cars in the market and retailers remain exceptionally proficient at listening to their customers' needs and offering products that match ownership cycles. Invariably, warranty is a key part of that solution and retailer success depends on having a full set of products that suit buyer needs."

#### How the long-term manufacturer warranty is helping

Warranty providers also point to another trend that may seem to fly in the face of logic. The growing number of manufacturers offering new cars with longer warranty periods, for example Toyota with five years and Kia's seven-year warranty, has not led to a decline for extended warranties.

Instead, consumers' expectations appear to be shifting towards the longer warranty, so rather than being happy with the remainder of the manufacturer's warranty on a used car or the standard 12-month warranty for approved used vehicles, customers are more likely to opt for an extended version. Meanwhile, motorists are also increasingly opting for an extended warranty when buying new.

"In the used car market, most vehicles are still being provided with either the balance of manufacturer warranty or with 12 months' cover, so there's exceptional opportunity for retailers to match warranty protection to the length of any used car PCP deal that's being arranged to provide customers with a monthly motoring cost that they can budget for," said Heavisides.

Franklin said: "Consumer awareness of warranties has increased as well, due to the various promotions that manufacturers run about their new car warranties. This has had a positive knock-on effect in the used market as the importance and value of a warranty seems to be front-of-mind for many consumers."

"Even if there is the residual of the original warranty or a manufacturer-approved used scheme in place, this will typically only be for around one year on average. Based on average ownership lifecycles, that still leaves room for a strong extended warranty proposition."

Macaulay agreed: "The impact of PCPs on extended warranties has largely been cushioned by the trend to long warranties featuring as a core part of the new car sale. The impact of PCPs would probably have been more pronounced but for the well established trend towards three-year-plus warranties, which themselves have tempered the market for extended warranties on new cars over recent years."

Macaulay said: "PCPs are not the sole preserve of new cars and the new under-two-year-old market is seeing a growing use of the product. For new cars, with manufacturer warranties commonly available for three years and longer, the potential for extended warranties is limited, even to protect the guaranteed minimum future value (GMFV)."

"However, in the new under-two-year-old category we see switched-on dealers helping their customers to add vital end-



**Longer-term manufacturer cover, such as Kia's seven-year warranty, may be shifting consumer expectations towards longer warranties**

## 2.6m

**The estimated 2015 total for new car registrations, 80% of which were funded by PCP**

## 6.4%

**The year-on-year increase in used car transactions for the first 10 months of 2015**

of-contract value by extending the warranty for an additional one or often two years. It is a smart, customer-centric approach."

#### Does the extended warranty have a future?

CAP has predicted that new car registrations in 2016 will exceed the record 2.6 million in 2015 and the share of that business funded by PCPs is unlikely to fall, so what does that growth mean for the extended warranty?

For Heavisides, PCPs and the extended warranty go hand-in-hand, with one offering affordability and the other peace-of-mind against any unexpected repair costs.

"Customers rate warranty exceptionally highly when they buy a car – in fact, it's one of the strongest individual factors after vehicle cost – and there's no reason why that should change with an increase in PCP funding. In fact, as PCP opens up the door to increased affordability for new and used cars and more buyers are assured by the certainty that affords, warranty will become even more highly valued by the market."

Heavisides added that as PCP becomes more popular and prevalent in the used car market, retailers will align their warranty and PCP periods to provide consistency in costs for the duration of the PCP deal.

"Retailers need flexibility in their warranty proposition to allow them to offer the cover and the duration expected by customers, so we'd encourage all dealers to review their products to make sure they're poised for any changes the PCP market may yield," he said.

Franklin said: "Most dealers that are successfully selling extended warranty understand the important role it has in terms of driving customer retention as it's one of the few F&I products that can create a longer-term ongoing customer relationship."

Macaulay takes a step further in his analysis, suggesting a possible further shift, away from the rise in longer new car warranties and towards a 'bundle' package at the point of sale, incorporating servicing and an extended warranty.

He said: "Looking ahead, with pressure on other revenue streams, we wonder if the long initial warranty offers with new cars will be sustainable."

"We see a move in personal banking away from free banking and provided the value proposition is clear we can see a move towards a total 'convenience' package to include warranty and service work. It is something we are investigating."

**"There's opportunity for retailers to match warranty protection to the length of any used car PCP deal"**

**Tim Heavisides, Car Care Plan Group**





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# What the motor trade can learn from low-cost airlines

AM EXECUTIVE  
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The airline industry as a whole has never turned a profit, but individual airlines have prospered by keeping costs and headcount low and managing customer expectations

## NEED TO KNOW

- Move to low-cost model has grown aviation industry
- Airlines developed ancillary revenue streams
- Airlines over-deliver on low expectations

By Tim Rose

**T**he airline industry has similarities to motor retail, in that the ability to sweat high-cost assets and manage customer expectation is crucial. So explained **David Bryon, former managing director of low-cost airline BMI Baby**, during the recent meeting of the AM Executive Breakfast Club.

Bryon was in the senior team at airline British Midland that set up BMI Baby in 2002 as a rival to EasyJet and Ryanair in the low-cost flights sector. It carried 4.5 million passengers a year until BMI was bought in 2012 by IAG, which closed BMI Baby.

Bryon said profitability is a challenge for airlines. Collectively, the airline industry has never made a profit, he said, although certain individual airlines are profitable. Fuel is a huge cost for airlines, so they hedge their exposure to changes in the price.

However, airlines are cash-positive, because the customer must pay for a seat in advance, and the aviation industry has grown by offering low-cost fares.

Like all businesses, the low-cost operators require strategic planning and innovative, tactical initiatives.

For example, low-cost airlines know there are 20% of seats they can never sell, so they offer these first, well ahead of the flight, for rock-bottom prices, tempting the leisure traveller. The customer who needs flexibility, who has to book a flight at the latest possible point, will pay the highest price possible.

## KEY LEARNINGS:

- Sweat the assets with optimum utilisation
- Hedge against swings in major variable costs
- Consider where the business is positioned and set customer expectations accordingly
- Allow the customer the choice between convenience and cost
- Consider outsourcing to limit payroll



The next speaker at the AM Executive Breakfast Club is **Susannah Schofield**, deputy sales director and head of new business for Royal Mail. For more details, visit: [am-online.com/breakfast-club/](http://am-online.com/breakfast-club/)

"You need to define where you want your company to sit"

David Bryon



These airlines are also known for their ancillary revenue streams, adding charges if the traveller requires luggage, refreshments or other conveniences.

They can do so successfully because they set customer expectations very low, they define the expectations, and then over-deliver. They also put the customer in charge of their own buying decisions, with good use of digital booking. The average number of complaints is 22 per 10,000 passengers.

"You need to define where you want your company to sit," Bryon said.

Low-cost airlines such as Ryanair also manage their overheads carefully, chipping away at the cost base, maximising utilisation of their assets and keeping headcount efficient – the pilots are self-employed contractors, and there are more trained pilots and cabin crew than jobs in the industry, which keeps pay competitive.

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A large, circular seal with a metallic, brushed metal texture. The seal has a thick, raised outer rim. In the center, the letters 'AM' are written in a large, bold, orange font. Below 'AM', the words 'DEALER' and 'RECOMMENDED' are written in a smaller, bold, black font, stacked on two lines. At the bottom of the seal, the year '2016' is written in a large, bold, black font.

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**2016**

## **AM readers recommend their top suppliers**

The greatest form of marketing is via word-of-mouth referrals and recommendations are priceless.

A business may have excellent products, but ultimately referrals and recommendations are given as a result of outstanding customer service.

AM's annual 'Dealer Recommended' programme allows our readers to have their say about the

companies they believe offer the best service.

We have gathered opinions via a research programme conducted among AM's audience.

The automotive business sectors highlighted for 2015 are finance, GAP insurance, warranty, paint protection, service plans, data analysis, digital marketing, warranty and auctions and remarketing.

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**AM DEALER RECOMMENDED**





# EXPERIE

We put it front and centre, with specialist expertise always to hand. Informed insight and advice that strengthens our dealer relationships.

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FOR FINANCE 2016



UK - GAMECHANGER OF THE YEAR (MOTOR FINANCE)  
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# NCE

A better way  
of doing business.

**blackhorse** 



# Serving the needs of buyers

BCA's technology-led products deliver choice for buyers and speed, efficiency

**A**s the UK and Europe's largest vehicle marketplace, BCA helps dealers meet the needs of their retail customers with a complete range of vehicle buying and selling services. No-one offers a greater selection and diversity of stock or more ways to source and buy, which is why BCA is the first choice for franchise dealers, independent dealers, light commercial vehicle dealers, car supermarkets and used-vehicle traders.

The company's comprehensive remarketing programme offers nation-wide coverage in the very best facilities – as well as full digital access via BCA Live Online and e-Auctions. The programme is supported with a range of complementary services, including collection and delivery, valeting, Smart Repair, Bodyshop, BCA Video Appraisals and Autograde, while BCA Assured powered by the AA helps build buyer confidence.

BCA sets the pace for online sales, offering a choice of routes to market, with BCA Live Online, Bid Now, Buy Now and e-Auction giving customers the opportunity to buy and sell 24/7, 365 days a year. BCA Auction View, a sophisticated search engine, brings sellers and buyers together in the digital space.

Our specialist dealer products include the cloud-based BCA Dealer Pro to manage, appraise and remarket part-exchanges and BCA Partner Finance, which helps independent dealers to compete thanks to a flexible and customer-focused funding service for auction purchases.

BCA's market research and data ensure customers have their fingers on the pulse of the used vehicle sector, 24/7, 365 days a year, while our range of services and remarketing channels make it easy for our customers to conduct their business with us. BCA is fuelling the exchange and driving the market.

## BCA Partner Finance

The innovative BCA Partner Finance Service helps independent car and van dealers secure incremental funding to allow them to expand their retail operations. It was the first finance product to launch that is specifically designed for the UK remarketing sector.

BCA Partner Finance funds the whole auction purchase, including fees and VAT where applicable and interest is charged at a competitive flat rate – equivalent on average to around £2 a day – with both cars and vans funded using the scheme.

Notably, the service is generating incremental value and volume into the remarketing sector as buyers joining the scheme typically increase their average purchase value by around 20% and buy up to 40% more vehicles. BCA works closely with customers to ensure they are maximising the benefits of the scheme.

The key feedback from customers has been that BCA Partner Finance is both good value and easy to use, with minimal administrative headaches, allowing dealers to get on with the profitable business of sourcing and retailing used vehicles.

Customers value the simplicity of the service, which helps them to purchase additional stock from the huge choice available at BCA. Dealers can use BCA Partner Finance to fund any auction purchase, whether they are making a speculative buy, sourcing a vehicle to order or expanding the range and scope of their stock profile.

Colin Bacon, managing director of Junction 17 Cars of Peterborough, said: "BCA Partner Finance gives us the freedom to compete on a level playing field with the bigger national groups when it comes to buying power."

"We specialise in affordable prestige, sports cars and convertibles and with Partner Finance funding 100% of the purchase price it means we can focus on acquiring the right vehicles for our retail customers and generating profit opportunities for our business."

Importantly, BCA Partner Finance is not linked to the retail sale, allowing smaller independent dealers to free up funds to grow their business how they see fit. BCA Partner Finance customers have used the financial freedom it delivers



to expand their retail sites, uplift their stock profile or invest in IT development, for example. Interestingly, over 42% of dealers surveyed by BCA for this year's Used Car Market Report suggest they would expand their premises if they had the funds to do it.

BCA Partner Finance helps independent dealers buy from the UK's largest pool of used vehicles – any vehicle, any age, any mileage, any condition, with 100% of the purchase funded plus any fees.



J17 Cars of Peterborough endorses BCA Partner Finance

# rs and sellers

ncy and market-leading returns for sellers



## BCA Dealer-Pro

BCA has developed a unique set of tools to help dealers maximise the benefits from the part-exchange process. BCA Dealer Pro is a cloud-based and iPad solution designed by BCA to help retailers control and manage vehicle appraisals, provide accurate valuations and manage part-exchange inventory and vehicle disposals – and as a result, sell more vehicles. Dealer Pro integrates with dealer systems to improve overall efficiency and enable all data captured to be used in any sales channel.

To maximise the profit from part-exchange vehicles, it is critical to appraise them consistently and accurately, ensuring the selling customer feels confident both in the process and the valuation.

BCA Dealer Pro allows retailers to be transparent with customers as they capture the condition of the incoming part-exchange car via an iPad. It also improves the customer's

**“BCA sets the pace for online sales, offering a choice of routes to market with BCA Live Online, Bid Now, Buy Now and e-Auction”**

experience, increasing confidence with a professional appraisal process they can see and understand, and giving credibility to the part-exchange value they are quoted.

## AutoCAPTURE™ – car dealership videos and images from tablet to website in minutes



To help turn browsers into buyers, BCA company autosonshow.tv provides a suite of easy-to-use and effective online imaging services.

AutoCAPTURE™ keeps dealers in control of their vehicle imagery by uploading high-quality videos and professional imagery from an iPad or iPhone to website in minutes, with consistent, 100% perfect results every time. The autosonshow.tv solution has eliminated the need for cameras, cables and computers, putting showroom management in the palm of your hand.

The AutoCAPTURE™ app allows dealers to create engaging and professional content by simply walking around the vehicle using the iOS video function, creating HD video and beautifully crisp images. The technologically advanced registration plate recognition system catalogues the vehicle imagery which is then integrated directly onto the dealer website.

AutoCAPTURE™ streamlines vehicle turnaround time by dramatically reducing the website imagery upload process and enabling dealers to create and maintain website imagery through an intuitive management suite.

**Visit [autosonshow.tv](http://autosonshow.tv) for more details**





# Car Care Plan's in-house

**Car Care Plan is AM's Dealer Recommended warranty provider for the fifth consecutive year. We look at what sits behind their award-winning success**

**F**or 40 years Car Care Plan has been the market leader in providing warranty and asset protection products to car retailers and manufacturers. The company's wide range of in-house capabilities and experience offers clients of all shapes and sizes a highly effective and efficient end-to-end solution for F&I products.

This approach has seen Car Care Plan develop relationships with 25 major manufacturers globally and over 1,000 car retailers in the UK. These relationships are managed by a team of more than 360 people based in 26 countries worldwide. Through these relationships Car Care Plan protects 1.1 million motorists every year.

The industry knowledge and experience possessed by Car Care Plan is second to none and this in-house expertise has developed partnerships with many industry leaders, some of them in place for over 20 years.

## **Developing your business**

Boasting a team of around 75 people, Car Care Plan's employed Business Development team is strategically located throughout the UK to maximise coverage. Immersion in clients' businesses allows the team to understand their partners' objectives and the team garners a vast amount of industry experience to develop specific understanding of each individual client's

unique situation and challenges.

Car Care Plan's flexible approach to F&I programmes means they provide completely bespoke, on-brand programmes, including all communications, documentation and POS; they also offer a blanket brand that retailers can use where a corporate identity isn't appropriate.

These programmes are supported by tailored marketing initiatives, sophisticated management tools and extensive performance analysis, far beyond the industry standard. Electronic registrations and claims systems ensure that customers are 'on risk' immediately and that claims are settled efficiently.

To support programme success, Car Care Plan works closely with retailers to provide vital training, crucial to the success of any F&I product. The team, many of whom are former motor retailer sales or business managers, has a strong understanding of where F&I sits within a retailer's sales process. They understand the challenges faced by showroom teams and are well placed to demonstrate TCF-compliant ways to maximise sales penetration. Training incorporates a combination of product knowledge, compliant sales technique and sales process.

## **Helping you to retain customers**

With over 20 years' experience across the team, Car Care Plan's in-house marketing department offers a range of



**Car Care Plan understands the challenges faced by showroom teams**



**"The key to success is understanding both retailers and their end customers' needs to ensure profitable partnerships and the highest level of customer satisfaction"**

**Tim Heavisides, CEO, Car Care Plan**

# expertise



Between them, Car Care Plan's expert teams hold a wealth of industry experience



**"We're honoured that many of the world's most successful automotive brands trust our team to act on their behalf every day"**

**Ben Russell, Director of Business & Strategy, Car Care Plan**

built on the understanding of their changing needs and the changing needs of customers. This provides an open, transparent and successful approach to business, evident through client relationships going back more than 20 years.

Most of the underwriting team boasts over 10 years' experience. The scale generated provides a strong financial base, allowing them to consistently honour commitments and deliver on promises.

Their flexibility and innovation is based on a willingness and desire to listen to client needs and to deliver solutions that are fit for purpose. This promotes constant product evolution and innovation to ensure customer products are offered at the correct time and place.

#### **Want to learn more?**

To see how Car Care Plan can benefit your business, visit them at [www.carcareplan.co.uk](http://www.carcareplan.co.uk) or call 0344 573 7500. To keep up to date with the latest industry news visit Car Care Plan's blog page or visit their LinkedIn page.

Low staff turnover means a vast amount of knowledge and experience is retained within the business; average length of service is well over 10 years.

The agents are all experienced mechanics and adapt their style based on whether they are having a technical discussion with a repairer at a motor retailer or are speaking in layman's terms with a customer. The team also provides a flexible and efficient solution to suit the requirements of any claim – where a visual inspection is required, the Assessor Team negotiates and authorises on site, while an in-house Auditing Team helps repairers to improve their claims process.

#### **Helping you understand compliance**

Car Care Plan's compliance team has over 30 years' experience within financial services, covering the insurance, consumer credit and banking sectors. Supported by a considerable sales background, the team blends a practical understanding of commercial realities with knowledge of regulatory requirements, creating workable, easy to understand solutions to suit the ever changing regulatory landscape.

Car Care Plan's compliance team has worked tirelessly with their sales colleagues to ensure they are the most trained and knowledgeable in the market, supported by initiatives like the 'Compliance Matters' newsletter – a communication designed specifically with motor retailers in mind, helping them stay up to date with the latest regulatory changes. Commercially astute, the compliance team takes a proactive approach to problem solving, working with retailers to deliver commercially viable and compliant products and systems, allowing retailers to remain consumer focused. Significant product improvements over the last five years evidence this, constantly monitoring product performance, including rejection rates, complaints, cancellations and claims.

#### **Offering an efficient approach to underwriting**

An in-house underwriting division allows Car Care Plan to develop efficient and lasting relationships with clients, fundamentally

brand extension benefits to all clients. Client branded campaigns allow the team to utilise a range of distribution channels to help partners establish long-lasting customer relationships, boost retention rates and create additional sales opportunities. These campaigns are flexible and easily adapted to fit any business's customer journey plans. Combined with fully responsive bespoke e-commerce platforms, as well as inbound and outbound telephony services, Car Care Plan provides a slick, on-brand and effective route to purchase that is simple for customers.

#### **Running the operation smoothly**

Car Care Plan's operational department comprises a team of 130. The unique factor that sets them apart is the in-depth knowledge they hold about the industry, products and retailer operations. Most of the team has been a customer of Car Care Plan at some point, having spent time working in retailers and workshops, allowing them to understand the pressures retailers face from customers and management.



business, visit them at [www.carcareplan.co.uk](http://www.carcareplan.co.uk) or call 0844 573 7500 for more information.



# Promoting lifetime value

## Dealership profits are threatened by new legislation, but Service Plans

**T**hank you to the many dealers who have once again voted for EMaC as the AM Dealer Recommended Service Plan provider for 2016.

We are now planning ahead for 2016, with a succession of new developments and improvements planned. Changes will be made both in our technology and in the way we support dealers in the face of some of the wider challenges seen in the industry today.

With changes to GAP insurance in place and F & I remuneration under review by the FCA, it seems increasingly possible that the dealer profit model will change. We see scope to increase activity across the board, including new cars, used cars and service events – all of which have the capacity for continued growth.

In 2016 we forecast that 'used car' in particular will see significant levels of growth, thanks to the increased vehicle parc and to the enhanced flexibility our solution can offer in creating offers focused on this customer segment.

This focus on used car activity reflects our flexible approach to Service Plans. We have great software, but it is also our people and our capacity to work closely with our dealers, creating packages that are right for them and their customers, that make the difference. Our unique service-led approach really works.

We create tailored campaigns built on dealers' specific requirements and save thousands of would-be cancellations, extend hundreds of agreements and resolve countless questions and requests direct from the Service Plan customers.

Our team lightens the load for the showroom, leaving you to focus on face-to-face contact.

**Best wishes,  
Angela Barrow,  
CEO**



### People – the EMaC difference

EMaC has more than 100 people on hand every day to help dealers and their customers. It is the distinctive difference that ensures the business is always placing the 'service' into Service Plans.

Dealers and their customers can easily talk to the Crewe-based team on matters from re-pricing to a direct debit change date and from one-off management information to a query on a plan extension. There is always an expert at hand because Service Plans are the business' sole focus. In the field, dealers can benefit from the help and expertise of a field support team that covers the UK.

The field team is making a difference to dealers with a 93% approval rating for their efforts in helping dealers who identified a range of services that had helped them in the showroom, aftersales, administration, digital and call centre areas. These included:

- Training
- Performance Planning & Reviews
- Re-Pricing
- Marketing Initiatives

### ■ Problem Solving

By sharing best practices, providing an external perspective and fresh thinking dealers have benefitted. There really is more value to be gained from Service Plans that many dealers may think at first glance. With a sole focus upon Service Plans, 'Team EMaC' is always looking for that next idea to give dealers an edge.

### Used buyers and Service Plans

2016 is set to be the Year of the Used Vehicle Service Plan as EMaC moves to help more dealers realise the opportunity from the used car market.

"We certainly won't be taking our foot off the accelerator for new vehicle sales in the year ahead, but we can see a clear opportunity to make greater in-roads into used Service Plan activity and we are determined to help dealers benefit," notes EMaC MD Angela Barrow.

The current used vehicle Service Plan reality:

- An average of 30% used Service Plan penetration is typical for even the most active Service Plan dealers.

# and retention

offer an opportunity to make up the shortfall



■ However, top-performing dealers are achieving 50%+ – the opportunity for improvement in many dealerships is very clear.

■ Typically, used sales outnumber new by 3 to 1.

■ The rise in nearly-new sales creates a strong base to grow sales.

■ The increasing complexity of new cars makes franchised technical support more appropriate.

■ Dealers can benefit by addressing the MOT 'tipping point' when too many customers switch servicing allegiance to the independent repair sector.

EMaC's own research confirms that used buyer customers who opt for a Service Plan value the franchise experience, especially when it is combined with the affordability the plan offers. This is supported by the fact that a surprising number of used vehicle Service Plan customers feature amongst the renewals and extensions activity undertaken by EMaC's Customer Renewal team.

## The MOT and Service Plans

The MOT, which research by Trend Tracker consistently reveals as the time when many car owners switch from franchised to independent servicing, is a crucial part of creating a Service Plan that supports the customer and enhances retention. With a vehicle's first MOT

**"It seems increasingly likely that dealers will need to move to realise more value from core activities. From a lifetime value perspective, aftersales is the shining beacon. We are ready to help more dealers to benefit through the shift we anticipate with Service Plan support for both new and used vehicles"**

**Angela Barrow, CEO**

falling on the third anniversary of its registration, dealers can build a Service Plan that extends to cover the next MOT as a minimum and indeed, the MOT can be added to an EMaC Service Plan.

Customers gain a greater level of service and reassurance and the dealer/customer relationship is automatically extended beyond the MOT 'tipping point' risk.

## Action plan

■ Develop a clear dealer offer for used cars.

■ Measure the used car Service Plan activity within used car sales and set stretch targets.

■ Ensure sales executives are trained

to integrate Service Plan awareness and value into the process of helping customers to select the right car.

■ When every customer books their car in for a service, check whether they have a Service Plan; if not, introduce the concept and support it with appropriate explanatory marketing material.

EMaC can help with all of the above.

Some dealers believe used car Service Plans are something that should be sold at the service desk, not by salespeople.

However, evidence overwhelmingly indicates that the point of sale is the best place to introduce customers to a Service Plan and its benefits. Sales at the service desk are very much the secondary opportunity.

## Service Plans and a new emerging dealer profit model

In the first half of 2016, the Financial Conduct Authority (FCA) will announce its conclusion and final report on the thematic review into staff remuneration in consumer credit firms. This will include firms such as in car dealers where credit broking is secondary to their main business activity. This review has the potential to re-define the profit model for many dealers.

The FCA study will assess staff remuneration and incentive structures, assessing how firms are managing risks that could arise from reward arrangements that may encourage

behaviours that might lead to poor outcomes for consumers.

Similar action in other areas controlled by the FCA has resulted in significant changes that in motor retailing could impact on traditional pay plan models. The move would support the FCA's desire for transparency and fairness in areas such as commission disclosure. The impact of these changes in finance and actions on added value insurance could be the development of a new profit

model for dealers, with more emphasis on core activity such as metal profit and impact from aligned services such as servicing and repair, which support safety, reliability, economy and environmental issues. Service Plans, which can already support this ethos and a move towards long-term lifetime value, could become a more prominent tool in this changing landscape.

**EMaC**  
THE SERVICE PLAN THAT REALLY WORKS



# Break from tradition – a fresh approach to customer service

**Continually examining and analysing every aspect of your sales and aftersales processes is the best way to retain customers**

Everyone has budgets and targets to work towards, plus the continual re-evaluation of overheads. In a world with increased IT dependency, getting staff and systems to work seamlessly in a balanced way can be very challenging. Critically, customers need to remain the focus of our efforts, engaging with them and understanding their requirements.

As a 2016 AM Recommended Supplier, as voted for by our customers, we believe

we have the right approach.

Presenting sales and aftersales customer contact points as combined events in a single customer view is now a reality. Our MDF 360 solution now brings with it huge opportunities. We still have three clear component areas of focus: data, marketing and calling, with clear, easy-to-read reporting and analysis functionality so everyone remains engaged. Ultimately, we help our clients to exceed targets while remaining within budget.

**“Most websites have online booking, a great facility, but our research shows that over 90% of customers abandon the process before the end”**

## Breaking down the sales/aftersales silos

Everyone understands the benefits of calling customers at least annually but we have seen first-hand the battles managers have in trying to make sales call activity happen.

When we talk to dealers about the 1, 2, 3 & 4 year anniversary calls, we explain that this only accounts for around 40% of their customer database (DMS) and therefore potential sales. It's very apparent that it's generally not practical to add more activity into sales teams but also that there are huge gaps in customer contact from a sales/relationship perspective. We are helping dealers to change the way in which customer contact is managed. With our research showing that there is a significant overlap of sales/aftersales customer contact, there are many benefits in contacting customers using a 'one business' approach.

**1. Better customer experience**  
Customers receive one and not

two calls where activity is due around the same time.

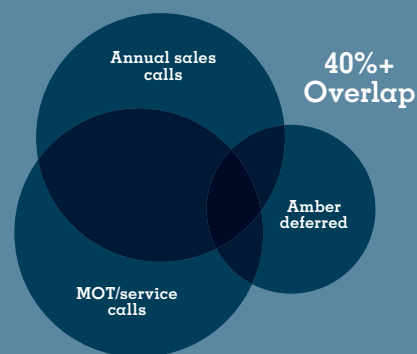
**2. Cost savings** Effort is reduced where an overlap would have resulted in two calls. Dedicated resource can cost significantly less than sales executive resource.

**3. Consistent approach, improved results** Activity can be better managed with dedicated resources trained specifically in making outbound calls.

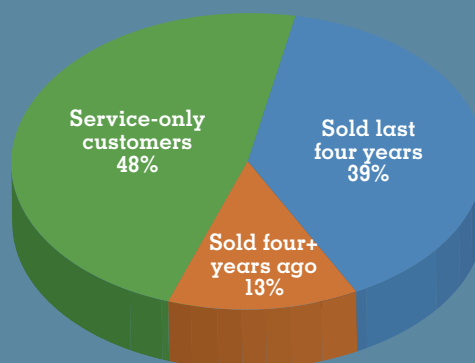
**4. Improved morale** Phone staff get excited and enthused from making the appointment, sales executives from making the sale.

We are now working on this 'one business approach' with dealers, who have team members dedicated to phoning customers about where they are in their ownership journey and either booking them to aftersales or appointing them to sales as appropriate.

This is all made possible with our MDF360 software.



Customers visiting in the last two years



**Could you be next to make the move?**  
[www.mdffrm.com/fresh](http://www.mdffrm.com/fresh)

# Amber contact



## Customer engagement

With technology advancing at an incredible pace, it's a real challenge to keep up. Let's take an example: most websites have online booking, a great facility, but our research shows that over 90% of customers abandon the process before the end. If you think

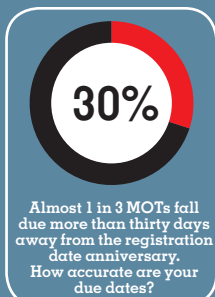
your stats are different, we recommend a double check. We have spent time with our clients to help them learn why and, more importantly, now help them to convert upward of 80% to a booking. Visit [www.mdfrm.com/online-booking](http://www.mdfrm.com/online-booking) to find out more.

Whilst this technology is great, we should firmly keep sight of the customer relationships we build and develop. No amount of technology or marketing is going to replace human interaction – after all, people buy from people.

## Data – the No1 business driver?

Your database is one of your most valuable assets – that's before deciding which contact channel best suits the customer (email, mobile, mail or combination of). We find that a greater focus on how much data is being captured has led to a challenge with quality, whichever DMS is used.

From our typical analysis, which compares DMS MOT dates with the DVLA, any contact at the wrong time loses customer engagement. The same principle applies to service due dates where accuracy is harder to measure and may have been populated from date of registration. We know that a staggering 30% of MOT dates are not due around the registration date which is used by many to work out due dates.



DMS MOT due date vs DVLA MOT due date	Last work date			
	2014	2015	Total	Total %
Within 14 days	202	2,020	2,222	69%
14 to 30 days	22	108	130	4%
More than 30 days	189	529	718	22%
Blank in DMS	4	14	18	1%
No MOT	6	16	22	1%
Not available	26	73	99	3%
Total	449	2,760	3,209	100%

For a free report on the quality of your data, or to see how your data measures up to our 400 dealer clients, visit [www.mdfrm.com/data](http://www.mdfrm.com/data)

## Aftersales retention – focus on retail

Reminding customers about their MOT or service is a basic process but there is a lot to be said for consistently doing the basics really well. How and when in relation to the due date is the reminder process started? Too soon and customers are not ready to commit, too late and they may have committed elsewhere.

What is your reminder response rate? Of those not booking from the reminder, what percentage do you speak to? And of those you speak to, what percentage book in? Whatever the process and results, twice as many of our clients' bookings are generated from outbound calls rather than from reminders alone.

Are you using different contact channels at different times to maximise bookings and reduce costs? Email generates more bookings than SMS or mail and there are significant cost savings available too.

### Training and coaching

"Would you like to book in?" vs "Which day would be best for you?". What do your staff say when trying to secure a booking and how do their results measure up?

### Amber follow-up

Selling amber work on the day of the health check is hard and will result in customers with hefty invoices never returning. Offering a free check when the work is due offers a service that breeds loyalty. If the amber work is due around the same time as other events, we present them together as one call, for huge efficiencies.



If you'd like to know more, go here for a demo of our solutions [www.mdfrm.com/demo](http://www.mdfrm.com/demo)



# MAPFRE ABRAXAS lead during a year of change for

**MAPFRE ABRAXAS are delighted to be voted the 2016 'Dealer Recommended for GAP' – it's clear evidence that we continue to hit the mark in a very challenging year**

**C**ommenting on the award, Jair Marrugo, managing director of MAPFRE ABRAXAS, said: "It's a fantastic honour to be named Dealer Recommended by the dealers that read **AM** magazine.

"It shows that a lot of hard work over the last 12 months of working with our dealer partners has paid off and been appreciated. There has been a lot of change this year but that's where suppliers really needed to stand up and be counted and that's exactly what we've done."

Marrugo added: "We have a very strong team here at MAPFRE with a breadth of skills and knowledge across insurance, the automotive market and wider disciplines.

"In my view, this award is recognition for everyone who has played their part in our success this year."

## **FCA market study on GAP**

The landscape for GAP insurance during 2015 has been dominated by the FCA's market study into add-on insurance products which culminated in the introduction of the new rules and deferred period on September 1.

David Parrondo, deputy managing director of MAPFRE ABRAXAS, said: "It's fair to say that, like most in the industry, we were initially worried about what impact the FCA's market study would have on GAP insurance sold through dealers.

"However, from quite an early stage we started to look at this as a great opportunity rather than a threat. It became an opportunity to work even closer with our dealer partners on their insurance strategy when they needed us most."

Commenting on the detail of the

FCA market study, Richard Thompson, MAPFRE's head of legal and compliance, said: "Importantly, the FCA acknowledged from the beginning that they had no problem with GAP as a valuable consumer product and that the focus was purely on improving competition within the market.

"The FCA's market study had a number of phases where the industry had the opportunity to give feedback and influence their thinking. As a leading underwriter and administrator of GAP both in the UK and internationally, we felt we had to be at the forefront of the lobbying effort. Whilst other providers remained silent, we took every opportunity, both in writing and face-to-face, to give our views and those of our partners to the FCA."

Parrondo added: "Like others in the industry, we don't agree with everything the FCA has put in place. However, their focus was on improving consumer outcomes and that's something we do clearly support."

## **Developing solutions, not workarounds**

MAPFRE ABRAXAS started working on potential solutions to the new GAP rules well in advance of the FCA's final paper being issued. In fact, detailed discussions with a number of partners



started midway through 2014. The approach taken was consultative and we actively sought input from our partners to help shape the systems design and development that would follow.

Matt Hooper, who heads up IT development at MAPFRE ABRAXAS, said: "From the very early stages we



**"We're proud to have been able to offer our partners our new Point-of-Sale Plus system – a clear solution to work within the new GAP rules"**

David Parrondo

# the way or GAP



The introduction  
of new rules  
has made it a  
challenging  
year for GAP  
insurance

## Multi-product and multi-channel

Despite the challenges that this year has thrown up, innovation has remained an integral part of MAPFRE's strategy – not just in terms of the development of Point-of-Sale Plus but also in more wide reaching initiatives.

The spotlight on GAP has acted as the catalyst for innovative thinking around insurance distribution. MAPFRE has a wealth of experience in online sales in other sectors, most notably in travel insurance, where it owns and operates the 'Insure & Go' brand.

Nick Franklin, head of partnership and distribution for MAPFRE ABRAXAS, explains: "We know that there is a natural limit to the number of add-on products that a salesperson can present to a customer at the point-of-sale.

"However, we also know that there is an opportunity to meet more customer insurance needs after the car has been handed over.

"Once in possession of their new vehicle, it's entirely possible that a customer's needs may change and products like tyre and alloy insurance, MOT failure insurance, cosmetic repair insurance and even roadside assistance could become more appealing."

Franklin added: "The challenge then becomes how to distribute additional insurance products post-sale.

"That's why we've utilised our in-house expertise to offer dealers a branded 'Click & Buy' online sales platform. Dealers simply drive traffic to the site, typically through email marketing campaigns, so that their customers can find out about and purchase a wider range of insurance products in the comfort of their own home."

were clear that we would invest time, effort and money into developing a full systems solution to allow our partners to continue to sell GAP compliantly.

"It was a bit of a moving feast as we were working based on assumptions of the FCA's new rules. However, we worked closely with a number of partners to get their input to ensure that our new Point-of-Sale Plus system was going to meet their needs and fit seamlessly into their sales process."

David Parrondo added: "We're proud to have been able to offer our partners our new Point-of-Sale Plus system – a clear solution to work within the new GAP rules.

"We're aware that some providers have developed systems but that others have done very little to support dealers in this respect. Our

approach was always to do this in the right way, to find a robust and credible solution rather than a short-term workaround to try to side-step the rules."

In the three months from the new rules being implemented on September 1, MAPFRE's own figures show that those dealers using the new Point-of-Sale Plus system are performing significantly better in terms of GAP sales than those that aren't using it.

Those that fall into this category have embraced the new rules and embedded new systems and processes into their business, which is now delivering the desired outcomes for the consumer and the right result for the dealer.



**MAPFRE** | **ABRAXAS**

Your life. Our world

'Dealer Recommended for GAP', call us on 0845 6838 795 or email [contactus@mapfre.co.uk](mailto:contactus@mapfre.co.uk)



# Don't let your customers

## How Marketing Delivery can make the customer journey more rewarding for everybody

Whatever part of the retail or service sectors you're in, you can't have helped but hear the term 'customer journey'. It's everywhere and we're all either on one, from when we go to the supermarket to do the weekly shop, or when we're hoping to engage with a customer to take them on a journey that results in them buying or servicing their car through us.

It used to be referred to as a 'contact cycle', but that was when life and customer communications were simpler.

Gone are the days when people would start their car buying process with a trawl through the local evening papers to look at the ads for their local dealers, visit a few showrooms, arrange a few test drives, scoop up as much literature as they could find, discuss it down the pub with their mates and then commit.

The customer journey nowadays can take the buyer, whether of a new or used vehicle or servicing, down many paths and if the dealer doesn't carefully maintain those paths, customers can hit a pothole and fall by the wayside.

This is where we at Marketing Delivery come in. We help dealerships stay in touch with their customers through using the communications channels that we all use on an everyday basis: email, mobile phone, SMS messaging, websites and social media.

### Building a solid foundation

We use the data held on dealership management, showroom and aftersales systems. This readily available data is rich in opportunities to take a customer on a journey, from issuing service reminders to lost sale follow-up. What we've

found over the years, however, is the amazing level of inaccuracies that can devalue a database over time.

Part of what we do is to assess and improve the quality of a dealership's data, which is the best place to start any customer journey. Our research shows that the ability to connect with a customer at the right time, in the right way, with the right message communicating the right information, pays handsome dividends.

It's a process that increases response levels, generates more engagement with the dealership, enhances sales levels and, so long as staff members deal with the customer in a professional and courteous manner when face-to-face, means they will become ambassadors for the dealership by recommending family and friends to use them, and using social media to share their opinions with the world at large.

A cleansed and up-dated database not only results in more effective communications, but also in a reduction in marketing spend because messages are more accurately targeted rather than being used in a more costly

'scattergun' approach, contributing to improved profitability.

### Creating a journey people will want to keep taking

Apart from a different glowing logo on the fascia, one car dealership looks pretty much like another nowadays, so how does a dealership differentiate itself from its competitors? Customer communications play a key part in giving a dealership its own distinct character and to do that effectively, those communications need to be regular and, above all, relevant.

Simply bombarding

## "Part of what we do is to assess and improve the quality of a dealership's data, the best place to start any customer journey"

people with weekly specials can not only reduce interaction but, worse still, make people switch off entirely.

With our experience in the automotive sector (many of us here at Marketing Delivery have worked in some capacity or other in the industry and automotive is all we do) our clients enjoy, on average, an open rate of 60% for emails sent out as part of a regular and relevant CRM programme, which is quite an improvement on the 20% opening rate for the retail sector in general.

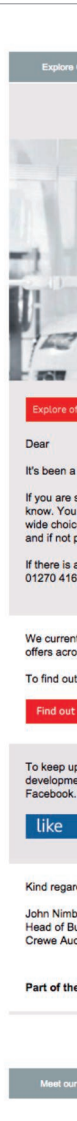
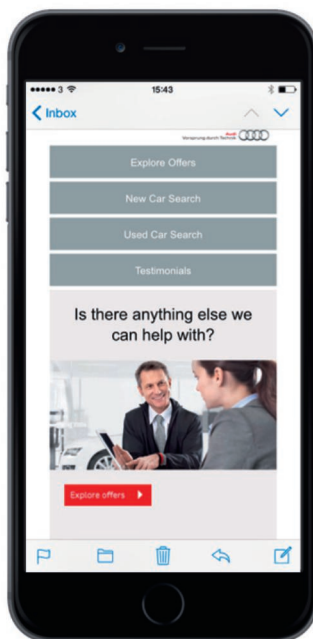
We never forget that the most important part of CRM is the 'C', the customer, and we always discuss with our clients how, when and what to communicate to their customers to ensure that nobody gets left behind on the journey.

### Conversation helps shorten the journey

Before we all went mobile and digital, the 'contact cycle' was virtually all outbound from the dealership until such time as the customer made a phone call or visited the showroom or service department. Today's customer journey, thanks to text messaging, apps and online booking systems, is built around letting customers have their say, but the peace of mind of being able to talk to somebody in the dealership is still a major factor in whether a customer chooses to continue on their journey.

We see the dealerships we work with using a mix of online and offline contacts in ratios that reflect their particular needs and situations.

With the 'immediacy' of modern



# hit a pothole



Vorsprung durch Technik Audi

Offers New Car Search Used Car Search Testimonials

Is there anything else we can help with?

few days since you dealt with our sales executive, to discuss your choice of car.

Still looking for your next car and would like us to contact you again, please let us know. You can also visit our website anytime to check our current stock and finance offers. Our website means that we are more than likely to have the make and model you are looking for, so please call us as we can often find one for you.

Anything additional I can help you with please feel free to call me at any time on - 01270 416807.

ly have some very attractive offers across the entire Audi range.

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WILMOTH'S CITROËN

CRÉATIVE TECHNOLOGIE

YOUR SERVICE IS DUE SOON

Dear ,

In accordance with our customer care procedures, we would like to remind you that your service is due soon for your vehicle registration number .

With our Citroën approved trained technicians, state of the art workshops and the latest diagnostic equipment, you can be assured your vehicle will be in the very best of hands.

As a valued customer of Wilmoths Citroën we would like to offer you the following benefits when having your car serviced with us:

- A Courtesy Car, subject to availability\*
- Lift to local destinations
- Collection and delivery service for your vehicle\*
- Complimentary wash and vacuum
- Free Vehicle Healthcheck
- Free Software Upgrades\*\*

To make a booking please call our personal booking line on 01322 308598, [book online](#), or alternatively click the button above to request a callback, and a member of our team will call you as soon as possible.

We look forward to hearing from you soon, and looking after you and your vehicle.

Kind Regards,

Richard Taylor  
Aftersales Manager

REQUEST A CALLBACK >

SERVICING >

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Wilmoths Citroën Crayford  
10 - 48 London Road, Dartford, Kent DA1 4BH  
01322 308598

\* By prior arrangement (Lead times may exist)

\*\* Excludes Sat Nav and Phone upgrades.

So what is happening to those 'hot' leads that aren't being converted in this initial four-day window? With an average of three to five new sales leads a week, it's not hard to work out that hard-pressed sales staff can only manage a pipeline of just so many leads before last week's unconverted prospects fall away – and are often left with no meaningful follow-up as attention is switched to the new leads.

To become a high-conversion dealership, we recommend that every sales enquiry is followed up with a mobile-friendly interactive message after 24 hours, 72 hours and 14 days to keep the potential new customer actively engaged – a practice that often achieves open rates of between 60% and 70%.

After 14 days, we auto-enrol enquiries that haven't resulted in a sale onto our 'Car Alerts' service that updates the customer when new stock arrives that matches their enquiry.

Every enquiry closed off as being a 'lost sale' triggers a customised message that opens the door to re-engaging at a later date.

## Let us help you on your journey

We work with dealerships of all shapes and sizes up and down the country and are thrilled to have won the 'Dealer Recommended' award for digital marketing. We are also more than a little pleased when somebody like Anna Ling of the Swansway Group says things like: "Your agency is one of the most efficient, commercially minded and genuinely nice I have ever had the pleasure of working with."

If you'd like to join us on a customer journey with a very satisfying ending, our website <http://marketingdelivery.co.uk> is a good place to start.

communications and the ability of the customer to book, respond and react almost instantly, it's vitally important for dealerships to ensure that they can deliver what the customer wants. Long lead times, a shortage of courtesy cars, delays in post-service vehicle collection, poorly trained staff manning the phones – these can all bring the journey to a very abrupt end.

If repeat business is the easiest way to maintain and improve the fortunes of a dealership, then bringing in new customers, while seemingly harder, is the most rewarding, as they can

then be added to the database for on-going, repeat aftersales business.

Our analysis of over 2,000 sales enquiries identifies that top-performing dealerships achieve an average sales conversion rate of 31.3%, significantly out-performing the industry average of 25.4%.

Our analysis also shows that 80% to 85% of incoming enquiries were closed within the first four days of a showroom visit.

**Marketing Delivery**  
EMAIL | MOBILE | SOCIAL

to join us on a customer journey visit [www.marketingdelivery.co.uk](http://www.marketingdelivery.co.uk) or call on 01892 599 913



# No.1 in paint, fabric and leather

A range of new products with a focus on environmentally-friendly solutions

**W**e're a family-owned business and we're very proud of what we stand for. It's more than just selling a product, it's about providing treatments for our customers' vehicles which enhance their lifestyle by making them easier to clean and visually maintaining or improving their appearance.

From humble beginnings in 1988, we've grown to become the leader in our field, with 16 OEM partners, over 3,000 franchised dealer customers and supplying to over 50% of the **AM** Top 100. More than 3 million vehicles have been treated with Supagard and our extensive national team of account managers provide a range of comprehensive training programmes tailored to individual businesses. These not only cover product information and benefits, but also a proven sales process to ensure success and penetration rates in excess of 40% are not unusual among Supagard customers.

We're committed to a research and development programme which ensures that we offer only market-leading technology that is proven to make a demonstrable difference. This is recognised by our many industry accreditations, including ISO 9001, NQA, PRA, VBRA Approved and IMI Approved Centre, along with our AM Reader Recommended Awards in 2012, 2013 and 2014 and our AM Dealer Recommended Awards in 2015 and 2016.

Our business continues to expand both in the UK and internationally and we consider eco-friendly and sustainable practices essential to being responsible members and supporters of our global community. We believe businesses have an accountability to the future – a special role and a special responsibility in confronting the challenges of

climate change and environmental sustainability. To this end, all of our boxes are made from recycled material and we use delivery trucks with low-emission Euro 6 engines.

As the UK's leading provider of paint and interior protection products, we continually strive to offer innovative product and marketing offers to our dealer and manufacturer partners.

We know that your chosen paint sealant provider is just a part of your wider business, but we aim to be with you all the way and I can say with confidence that you are in safe hands with our team.



**ALAN GRAHAM**  
Head of  
international  
sales

## International expansion

The last 12 months have seen a massive influx in global interest in the Supagard brand and product range, to such a degree that the business has now created a new head of international sales position. This has been filled by Alan Graham, who first joined the business in 2000 and more recently again in January 2014, having spent 2.5 years prior to that in a similar role with another coatings company.

Graham is based at the company HQ but spends much time travelling and managing the company's international team across multiple continents. Appointments have already been made in some key markets for the business with major supply contracts following on.

Graham said: "The Supagard brand is absolutely viewed as market leading in the UK in all ways. However, it's fantastic to learn that we have a much wider global fan base than we ever realised. Whilst not yet as established, the brand is still recognised in many markets globally and translates well. The British heritage and manufacturing facilities are very highly regarded and it's something we're really proud of. The



**JEAN QUINN**  
Managing  
director

# Weather protection

to look forward to



**"As the UK's leading provider of paint and interior protection products, we continually strive to offer innovative product and marketing offers to our dealer and manufacturer partners"**

**Jean Quinn, Managing Director**

efficacy of our product range is such that climatic extremes present no challenge, meaning that we do not need to compromise on our model or guarantee offering in any market as a result."

2016 will see the business consolidating with existing global partners and embedding new staff in to the culture of the company, but there is a massive appetite to further develop internationally and progressive discussions continue with a number of other potential opportunities, although a number of open points do still exist.

With regional facilities being created across the world, Supagard's Glasgow HQ has already transformed to become a global hub for the business, with record growth forecast for next year.



**JAMES SMYTH**  
General manager

#### **New environmentally-friendly products**

After another exceptional year of growth for the UK's market leader, Supagard's general manager, James Smyth, announced that 2016 will see some radical changes that the rest of the market will have to follow.

"Health and safety is paramount," he said, "and with the introduction of our 'new green range', we want our clients to be aware that all our new products will target everything from the professional application to the customer take-home kit – there will be no compromise!"

As Supagard build their brand internationally, they want products that are safe to deliver to any country in the world and further increase their customers' experience of quality. Twelve new formulas have been introduced into Supagard's customer aftercare range and these environmentally-friendly solutions will offer much better value for money as well as some 'wow

factors' on the results after application.

James continued: "Our unsung heroes, the detailers who professionally apply the products, will also be in for a surprise. With so much emphasis on green products, we want to share this technology with the valeting bays too. 2016 will see the introduction of an alternative upgraded fluorocarbon fabric protection system. This fast-drying formula allows valet bays to be freed up much sooner and allows customer handovers to be quicker."

Supagard are also working to convert their boxes to have Chain of Custody Certification in conjunction with the Forest Stewardship Council (FSC). This means that all the paper comes from a sustainable source and, for every tree that is used, another three are planted.

So it's not just new products to look forward to in 2016, but a refreshing new outlook in this market sector – maybe it's time to ask your existing supplier what they are doing to help the environment?





# INDUSTRY PROFESSIONALS SHARE THE BEST ADVICE ON MOTOR RETAIL ISSUES

## Outsource in 2016 for a happier new year

By Martin Peters, sales director, Autoclenz Group



A Happy 2016 to you from all of us at Autoclenz. 2015 was a record year at Autoclenz in terms of new business gains and customer retention and here we are with it all to do again.

So how we are all going to hit our demanding budgets for 2016? The truth is you can continue to do what you have always done and sell more cars, service more cars and run a tight ship. A fresh approach is to look at your suppliers and whether they can help you get to where you need to be.

I no longer see Autoclenz as a supplier to our clients, but as more of an outsourcing partner. If there is going to be a long-term partnership, it is not just enough to deliver what you have always done. We need to understand the challenges that face our clients and constantly recommend solutions, add value and deliver. This is true of your business and the relationship you have with your customers.

What are you going to do in your business to improve and enhance your customer's journey? An easy solution is to talk to Autoclenz and let us benchmark your current arrangements on valeting, cosmetic repairs, imaging and collection delivery. Outsource and share the responsibility in the challenges you have and hitting your 2016 budgets.

Come and find out why "The Difference is Clear" at Autoclenz.

■ For more information on the difference at Autoclenz, visit our website: [www.autoclenz.co.uk](http://www.autoclenz.co.uk)



## What options are growing in popularity?

By Simon Henstock, UK operations director, BCA



One of the major changes over recent years has been the trickle-down of specification once seen only in the very best premium models. Safety and security features, such as airbags, remote central locking, anti-lock brakes and other driving aids are expected because used car buyers perceive them as being 'part of the package'.

DAB is an interesting upgrade in that it is desirable at the moment and will become close to essential when the analogue radio signal is turned off some time towards the end of this decade. The bar is always rising for in-car entertainment and used car buyers' expectations are equally high. Increasingly, such extras as smartphone connectivity and parking aids are expected on younger used cars.

However, most equipment upgrades eventually become 'expected'. Factory-fitted sat-nav was a big incentive a few years back, but less so nowadays because most smartphones have perfectly serviceable navigation apps that can be downloaded for free and activated via a hands-free set.

So do added options also add value? While a lot depends on the make, model, age and condition, the right extras can make any used car more desirable and that in itself has a value in the wholesale sector.

Motorists will make decisions about desirability and value and will buy the best used cars they can for the money they can afford, avoiding the cars that appear overly expensive, poorly specified or in unattractive colours. Get the spec that matches the car and you won't go far wrong.



**K**nowledge is power, and in this current economic climate, businesses need as much expert advice and insight as possible in order to survive and 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 contributors 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.

## The Consumer Rights Act two months on

By Graham Jones, director, Lawdata



We are starting to see signs of how the introduction of the Consumer Rights Act on October 1 will affect business in the motor trade.

We haven't seen a noticeable increase in customers seeking to reject within the first 30 days, but have found it increasingly useful to be able to remind customers that dealers are entitled to one opportunity to repair when dealing with attempts to reject vehicles more than a month after they were supplied.

Dealers still need to take care not to unwittingly use up this one opportunity by trying to be too helpful. If no fault is found, then customers should be advised accordingly. Carrying out work in the hope it will appease the customer can simply strengthen the customer's claim for rejection if it doesn't work.

If a vehicle does come back in, then dealers should take the opportunity to effectively complete another PDI – both to reduce the likelihood of further complaints by addressing any issues and to show that the car was returned in good order.

We have noticed that finance companies seem to be increasingly nervous of customer complaints and regularly seem to see unwinding a deal as the first response, rather than the last resort. It can be helpful to remind them that while Section 75(2) of the Consumer Credit Act provides them with a right of indemnity against a dealer, that is limited to losses suffered in satisfying their liabilities, which is not the same as costs voluntarily incurred to avoid an argument with a customer.

■ For more information, contact Lawdata on 01767 601021

**law  
data**

## Deep-clean your interiors for greater profit potential

By Jeff Hilton, automotive target market manager, Kärcher



The customer's first impression of a used car goes much further than the bodywork and wheels. A pristine, smell-free interior speaks volumes about how well the car has been cared for and will impact directly on its used value. Small investments in a

professional, designed-for-purpose vacuum cleaner and spray-extraction cleaner can help dealerships of any size maximise profits on their used stock.

Since EU energy-labelling came into force last year for dry vacuums, their suction performance is now effectively capped. In any case, products designed for office or home cleaning are never going to be the best choice for professional valeting. This is where wet & dry vacuums come in. They're exempt from the EU legislation, so valeters can still get the high power they need to quickly remove dirt. Models such as our NT 65/2 feature twin motors that double the power – dramatically reducing valeting time – and automatic filter cleaning that ensures the suction power stays high. Faster cleaning also reduces the amount of electricity used.

With older or lighter-coloured interiors, carpets and upholstery should be deep cleaned with a spray-extraction cleaner like our Puzzi 8/1 model. These draw huge amounts of dirt out of textile surfaces, but leave them almost dry. Stains and smells are removed, and carpet pile is lifted and restored.

These products won't just help you to get the most profit from your stock. They can also be used all around your business to ensure it's not just the car that gives a great first impression.

■ For more information on how our products can benefit your business, email [jeff.hilton@karcher.co.uk](mailto:jeff.hilton@karcher.co.uk).

**KÄRCHER**



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Honda

**Civic Tourer**

Honda is trying to bridge the gap between official and real world mpg figures.

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Mazda2

Although lower in sales, the supermini's ability to outpace rivals on the road sets it apart.

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VW Polo

A lack of boot space relative to its rivals may put some customers off.

FIRST DRIVE: DS4 AND DS4 CROSSBACK – ON SALE NOW

# DS takes on German rivals on two fronts



DS hopes to sell 1,000 DS4 Crossbacks next year

DS aims for a broader audience with two distinct models of its premium compact hatchback

By Tom Sharpe

**P**SA Group's introduction of a new DS4 and a rugged DS4 Crossback aims to broaden the appeal of the company's premium brand as it pushes ahead with plans to distance it from Citroën.

The new models are the second and third in the new crop of DSs (the DS5 launched in June 2015). They feature no Citroën branding and arrive months before the rebranding of dealerships across the UK and Europe.

More than 13,000 DS4s have been registered in the UK since the original model's launch in 2011 and it is hoped that the new split offering – a rival to the likes of the Volkswagen Golf, Audi A3 and the Mercedes A-Class – will increase sales by appealing to a more diverse audience.

Both models sport a new design language, with a chrome 'DS Wing' grille and a new 86-light module headlight signature. Out

"We've added a lot of value into the standard specifications and the RVs we've had have seen an uplift of between 3.5% and 4%"

Alastair Fairgrieve,  
UK product manager,  
DS

goes the old car's combination of coupé-like style and lofty driving position, to be replaced by a lower-slung, more dynamic theme in the standard DS4 and a crossover feel for the DS4 Crossback, which sits 30mm taller and features rugged detailing such as roof rails, distinguishing bumpers and black detailing.

Paris-based **DS project manager Vincent Devos** said: "It was clear that customers were very happy with the DS4 because it was premium, but different to many of its rivals. But we could see that others didn't quite understand its mix of coupé, hatchback and SUV. That was very disturbing. In September 2014 we took the decision to create the Crossback, taking the DS4 range in two different directions."

Next year, DS hopes to sell 4,000 DS4s, with Crossback models accounting for a quarter of those sales.

Elegance and Prestige levels of trim are available for the DS4, with prices ranging from £19,495 for the Elegance Puretech 130 S&S to £25,495 for a Prestige BlueHDi 180 S&S, fitted with an automatic six-speed gearbox.

One specification is available for the DS4 Crossback, with prices ranging from £21,745 to £26,495.

Six engines are available across the two models, including the award-winning 1.2-litre, three-cylinder turbocharged petrol PureTech 130. Three BlueHDi diesel engines offering



The DS4 has a lower-slung, more dynamic profile than its predecessor



The DS4's interior has a sweeping soft-touch dash and panoramic windscreen

## SPECIFICATION

**Price** from £19,495–£26,495

**Engines** 1.2 litre:129bhp; 1.6 litre: 163/207bhp; 1.6 litre diesel: 119bhp; 2.0 litre diesel: 148/177bhp

**Performance** 0–62mph 7.8 to 11.4 secs; top speed 117–146mph

**Transmission** 6spd manual; 6spd automatic

**Efficiency** 47.9mpg to 74.3mpg; 100g/km to 138g/km CO<sub>2</sub>

**RV 3yr/30k** 35%

**Rivals** Volkswagen Golf, Audi A3, Mercedes-Benz A-Class

## WHAT YOUR CUSTOMERS WILL READ ABOUT THE NEW DS4

### AUTO EXPRESS

It's not without its faults, as a cramped cabin and fixed side windows damage its family-friendly credentials. But its lower price is definitely a deciding factor when choosing between its premium rivals.

### WHAT CAR?

The DS4 certainly has characteristics that may prove appealing to some, such as its distinctive styling and detailing. It also comes with plenty of equipment, while its powerful engine, a wide range of options and personalisation features grant it a further edge.

### EVO

One of the biggest complaints about the original (Citroën) DS4 was its poor ride, something that has been answered with this latest model. It's still not liquid smooth, but on French back roads it absorbs bumps with reasonable aplomb.

CO<sub>2</sub> emissions as low as 100g/km and fuel efficiency of up to 74.3mpg are also offered, the most powerful of which is the BlueHDi 180, which combines 62mpg fuel economy with 178bhp and a class-leading 295ft-lb of torque.

The most powerful engine in the range is the THP 210 turbocharged petrol engine, which will deliver 208bhp and 210ft-lb of torque. It claims a 7.8-second dash to 62mph and 146mph top speed, with 47.9mpg and 138g/km CO<sub>2</sub>.

The DS brand was born in 1955 and is renowned for being an early pioneer of innovations such as hydraulic suspension, disc brakes and cornering headlights.

Key to the new success of the brand, re-launched into a luxury market dominated by established German contenders in June last year, will be the success of its blend of comfort, personalisation and avant-garde luxury.

The DS4 can be tailored by customers to feature one of nine body colours, with four contrasting 'bi-tone' colours for the roof and wing mirror covers. The Crossback will be identified by black alloy wheels, wing mirror covers and badging.

**DS's UK product manager Alastair Fairgrieve** said: "The colour options, optional alloy wheels and high-spec leather options are things we hope customers will embrace. In the past, selling options has not been one of our strong points,

so that's something we hope to change with the DS4."

DS has become the first brand to introduce Apple CarPlay as standard into a complete new model range. All DS4s and DS4 Crossbacks include the technology – as well as the MirrorLink system for Android users – which projects a smartphone's features onto the car's seven-inch touchscreen. CarPlay can read and write text messages or guide users to a destination with Google Maps via spoken commands.

These features are delivered into an interior that is identical in DS4 and DS4 Crossback guise, with a sweeping soft-touch dash and panoramic windscreen. Five doors are standard, with concealed rear door handles, but the rear windows do not open. The boot is a spacious 380 litres.

It is clear to see the design-led new direction DS is taking and how it differs from what the premium market has offered. Ultimately, though, it will be the success of the new-look dealership network, a 0% APR PCP deal and the perception of added value that will determine the DS4's success.

Fairgrieve said: "In the past, there were concerns that the DS brand's vehicles were valued too highly and residual values were low. Now we've added a lot of value into the standard specifications and the RVs we've had from CAP have seen an uplift of between 3.5% and 4%, so we have high hopes."



# WHY SELF-SERVE MOTOR FINANCE WILL SOON BE THE NORM

By James Tew, director, iVendi



We live in an age where the customer has become very much accustomed to being in control. By going online, they have become used to getting what they want, when they want it.

In a lot of ways, the motor industry has been slow to follow this trend. When Amazon and eBay were changing how people shopped, we were very much still in thrall to the idea of the dealership. Now, however, we are beginning to catch up and, with products such as self-serve motor finance, even exceed the online experience that customers receive in other sectors.

What is self-serve motor finance? It is simply where the customer manages the entire choice and application process themselves online. We believe it will become the norm within the next couple of years.

Why? Because it meets the needs of customers, dealers, car portals, lenders and the Financial Conduct Authority (FCA). The old model, where the dealer controlled access to finance completely and the customer was placed in a very reactive position, is badly dated.

Instead, with online tools available both in the dealership and remotely, the customer can drive a self-service process within parameters set by the dealer, giving the consumer an extremely high level of control. Not only does this allow the customer to look at a wide range of different finance products, terms, deposits and risk profiles at their own convenience, but it saves time and resources for the dealer, and allows them to offer a 24/7 finance service.

This very much fits in with FCA thinking. Using products such as our iVendi Platform to provide a self-service option, consumers are provided with a large amount of information about finance products and a high degree of control over the choices they make. Plus, the entire process is recorded and auditable.

Finally, where we are seeing self-service motor finance offered, there are higher degrees of finance penetration. Giving the customer control also gives them the confidence to buy, it seems.

#### Contact details:

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HONDA CIVIC TOURER 1.6 I-DTEC EX PLUS

# Honda tries to bridge the miles per gallon gap



By Tom Sharpe

If the current turmoil surrounding the motor industry's emissions saga proves anything, it is that fuel efficiency and emissions remain one of the hardest-fought areas in the attempt to attract automotive sales.

Marketing, branding and a requirement to make vehicles affordable to consumers through an array of PCP and HP deals are all prerequisites, but when it comes to on-paper appeal, mpg and CO<sub>2</sub> figures often mean more to UK buyers than anything else.

Thankfully for AM, the 1.6 litre i-DTEC in our Sport Tourer long-term test car can proudly boast on-paper claims of 72.4mpg and 103g/km of CO<sub>2</sub>. Not enough to avoid an annual VED bill, but impressive for a car with the Civic's load-lugging ability.

However, through a mix of lengthy motorway journeys and stop-start driving on more minor roads, the best fuel efficiency we have seen indicated

so far has been a little over 58mpg. So the debate about the difference in figures recorded under official EU test conditions and during 'real world' driving conditions rumbles on.

Honda has attempted to address customers' observations about the disparity by installing a system to help drivers travel more economically.

Its Eco Assist system attempts to coax the best from drivers, with the combination of a coloured light sequence within the instrument display. This glows blue when being driven in an unsympathetic fashion, changing to bright green to celebrate a more economical style.

The system also numbs throttle response, curbing vigorous inputs, and even imposes a slower rate of response when asking the cruise control to return the vehicle to a pre-set pace.

A realistic approach means we are not unduly disappointed with the Civic Sport Tourer's performance, but its key rivals serve up their own set of equally compelling statistics.

The Volvo V60 D2 SE (£28,395) delivers the same 118bhp as the Civic and records a marginally better 74.3mpg and 101g/km CO<sub>2</sub> from its two-litre Drive-E engine.

Renault's GT Line Nav dCi 130 eco2 (£22,245), meanwhile, claims 70.6mpg and 104g/km CO<sub>2</sub> emissions, while the Škoda Octavia Estate is said to return 68.9mpg and 107g/km, with the added bonus of an extra 30bhp from its two-litre diesel engine.

## SPECIFICATION

<b>Price</b>	£27,265
<b>Engines</b>	1.6-litre turbodiesel: 118bhp
<b>Performance</b>	0-62mph 10.5secs, top speed 121mph
<b>Transmission</b>	6sp man
<b>Efficiency</b>	72.4mpg, 103g/km CO <sub>2</sub>
<b>RV 3yr/30k</b>	40.6%
<b>Start mileage</b>	7,367
<b>Current mileage</b>	8,875
<b>Rivals</b>	Ford Focus Estate, Renault Megane Sport Tourer, Škoda Octavia Estate, Volvo V60

MAZDA2 1.5 SE-L NAV

# Outpacing the competition



The Mazda2's naturally aspirated engine thrives on revs

By Tim Rose

**P**ower can go to the head of some people. We've been running our Mazda2 long-term test car for several months and, quite frankly, we are very impressed with the way it drives.

At its heart is Mazda's 1.5-litre Skyactiv engine, a gutsy, naturally aspirated unit that thrives on revs. Although it is not the most powerful engine in the Mazda2 range – that is the uprated 114bhp version offered exclusively in Sport trim – even in 90PS/89bhp form, it is quite a wolf in sheep's clothing. This understated suburban runabout could suit

consumers in the market for a 'warm' hatchback in which they can have some fun once the school run is over.

Peak power is delivered at 6,000rpm, and holding onto the revs through second gear ensures that this model cleverly leaves its mainstream rivals behind in the benchmark 0-62mph sprint. Motorway speeds are easily achieved before reaching for fourth gear, if the driver feels so inclined.

An examination of the technical specifications of our Mazda2 and those core rivals reveals some interesting selling points for the car.

Mazda's focus on lightweight design puts it third for weight in the group,

despite it having the largest capacity engine. Its power-to-weight ratio also puts it in third place, but the higher-achieving Fiesta and Clio are nowhere near it for pace, despite both having turbochargers.

The Mazda2 matches most rivals for annual VED tax costs, sitting in the 101-110g/km CO<sub>2</sub> Band B that requires owners to pay just £20. The Corsa costs £30 to tax, although is considerably cheaper to buy, while the Fiesta incurs no VED charge thanks to its 99g/km emissions. But with both those competitors sold in tens of thousands, the Mazda2 packs much more opportunity to stand out from the crowd.

## SPECIFICATION

<b>Price</b>	£15,045
<b>Engines</b>	1.5-litre petrol 89bhp
<b>Performance</b>	0-62mph 9.4sec, top speed 114mph
<b>Transmission</b>	5sp manual
<b>Efficiency</b>	62.8mpg combined, 105g/km CO <sub>2</sub>
<b>RV 3yr/30k</b>	38%
<b>Start mileage</b>	671
<b>Current mileage</b>	2,339
<b>Rivals</b>	Ford Fiesta, Vauxhall Corsa, Renault Clio, Peugeot 208

## WHAT'S BEING SAID ABOUT THE MAZDA2

### CAR

This is one impressive supermini – one you can love with your head and your heart – and we'd place it near the very top of our favourite superminis. We applaud Mazda's keep-it-simple-stupid mentality and focus on making cars that keen drivers can connect to. Top work, Mazda.

### TOP GEAR

Clever engineering creates a satisfying driver-focused supermini... If you like driving, and like small cars, you'll love the all-new Mazda 2.

Model	bhp	kerb weight (tonnes)	power to weight bhp/tonne	0-62mph	top speed	CO <sub>2</sub> g/km	list price £
Ford Fiesta 1.0T Zetec	99	1.101	89.91825613	11.2secs	112mph	99	14,195
Renault Clio Dynamique Nav 0.9 Tce	89	1.009	88.2061447	12.2secs	113mph	104	14,675
Mazda2 1.5 90PS SE-L Nav	89	1.05	84.76190476	9.4secs	114mph	105	14,395
Vauxhall Corsa 1.4T SRI	99	1.18	83.89830508	11.0secs	115mph	120	13,505
Peugeot 208 1.2 Allure	81	0.975	83.07692308	12.2secs	111mph	104	14,795
VW Polo 1.2 90PS	89	1.107	80.39747064	10.8secs	114mph	107	14,880

## Guess the car competition



Sonya Wood, marketing manager, at Firs Garage, Hook Norton, correctly named the Mitsubishi Spacewagon GLX in last month's 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](mailto: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, January 8, 2016.





# Take the hassle out of part-ex and sell more cars



To ensure a smoother sale, dealers need to be privy to the same online valuations that customers use

A lot of consumer behaviour can be predicted based on the amount of hassle involved.

If something is easy to do, consumers will do it more often. If it is going to be a hassle, it goes to the back of the list. Consumers' lives are busy, there are not enough hours in the day to get everything done, so the perception is that if something is going to be difficult, most will give up before they have even started.

When it comes to consumers part-exchanging or selling their vehicles, nearly a third of potential sellers give up before they have even begun – think about how many sales that translates to.

Research shows that 29% of consumers say negotiating a part-ex price with a dealer is difficult. This, along with other aspects of poor customer service, drives 19% of them away, never to be seen again.

When asked to describe the buying process, consumers used positive words such as smooth, enjoyable and fun, but they also said it could be time-consuming, stressful, exhausting, overwhelming and confusing. These are hardly the sentiments we want in our industry.

In an age when we have all become more impatient, we expect transactions online to be instant and this follows on to the forecourt experience. If the experience is not seamless, easy and quick, we could lose our customers.

There are questions all of us should be asking – how can we make this process better, easier, simpler, less time-consuming, and less stressful?

Consumers' expectations of the

better than expected. It is up to the retailers to change this negative perception, but how can anyone change assumptions that stop consumers becoming customers before they step foot on a forecourt?

This is where retailers can be transparent with their pricing and build trust, as both will ultimately lead to making more sales.

Auto Trader insight director Nick King said: "Thanks to painstaking online research, consumers are

part-exchange deals fall through due to a misalignment between what consumers believe their vehicle to be worth and the amount a retailer is able to offer in part-exchange. In order to prevent this happening and to reduce hassle for the seller, it is critical the retailer is privy to the same information as the consumer."

The study showed that half of all consumers would be more likely to part-exchange their vehicle if they could get a trusted price for it before visiting a dealership.

Customers who have used valuation tools walk onto a forecourt happier and with more confidence. Instead of feeling threatened by this, the retailer can use the same valuation tool to arrive at a mutually agreeable part-exchange value, encouraging a smoother, faster sale.

Both parties will end up on the same page, happier, hassle-free, and a step closer to making a deal. Multiply this by many customers and suddenly the effort invested to make customers' lives a little easier means more sales, an increase in stock turn, an increase in market volume and an increase in dealer profit.

**"To reduce hassle for the seller, it is critical the retailer is privy to the same information as the consumer"**

**Nick King, insight director, Auto Trader**

whole process are so low, they would rather not bother. However, their perceptions are wrong.

Research carried out by Auto Trader, the UK's largest digital marketplace for new and used cars, shows that once consumers commit to the part-exchange process, their dealership experience is largely

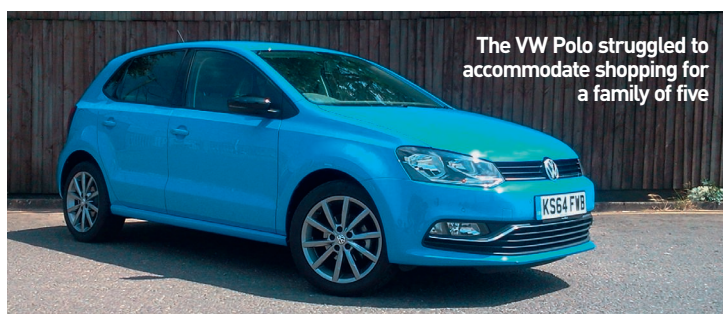
better informed than ever before in the car-buying process, and they are keen to use this information to secure what they feel is the best value for money.

"Consumers can get instant access to valuation tools wherever and whenever needed.

"Our research showed 18% of all

VOLKSWAGEN POLO SE DESIGN 1.2TSI

# Polo brings up the rear in the boot size stakes



By Tim Rose

Is the Polo the most practical choice as a second car of the household? The question sprang to mind recently during a trip to the supermarket, when I discovered that a trolley-load of shopping for a family of five struggled to fit satisfactorily in the boot.

Satisfactorily is the key word, as it did fit thanks to the removable boot floor, but required the removal of the parcel shelf.

Examining the specifications of the Polo shows it has a total cargo capacity, with the rear seats up, of 280 litres. That's 10 fewer litres than the segment-leading Ford Fiesta, which is almost the same length as the Polo, and five fewer than the second-in-segment Vauxhall Corsa, which is some 50mm longer.

The Renault Clio, which, along with the Fiat Punto, is larger than all its competition at 4.06 metres, beats the Polo by 20 litres while the cleverly packaged Honda Jazz tops the chart with 354 litres of load space, almost a fifth more than the Polo,

## SPECIFICATION

<b>Price</b>	£15,840
<b>Engines</b>	1.2-petrol: 89bhp
<b>Performance</b>	0-62mph 10.8secs, top speed 114mph
<b>Transmission</b>	5sp man
<b>Efficiency</b>	60.1mpg, 107g/km CO <sub>2</sub>
<b>RV 3yr/30k</b>	38%
<b>Start mileage</b>	3,089
<b>Current mileage</b>	4,915
<b>Rivals</b>	Ford Fiesta, Vauxhall Corsa, Renault Clio, Peugeot 208

despite being only 20mm longer than the German hatchback.

Of course, boot space is seldom the top consideration in many consumers' minds when they start their research for a new car. Style and safety are certainly up there, and they are strengths the Polo displays above some of its staid rivals. Nevertheless, for the stay-at-home parent with a baby or toddler it certainly is a consideration, given the quantity of paraphernalia that needs transporting.

## How they rank by boot space for the family shopper

	Car	Length	Boot volume (seats up)
1	Honda Jazz	3,995mm	354 litres
2	Hyundai i20	4,035mm	326 litres
3	Citroën C3	3,941mm	300 litres
4	Renault Clio	4,063mm	300 litres
5	Ford Fiesta	3,969mm	290 litres
6	Kia Rio	4,045mm	288 litres
7	Toyota Yaris	3,950mm	286 litres
8	Vauxhall Corsa	4,021mm	285 litres
9	Peugeot 208	3,973mm	285 litres
10	Volkswagen Polo	3,972mm	280 litres
11	Mazda2	4,060mm	280 litres
12	Fiat Punto	4,065mm	275 litres

(Source: JATO Dynamics)

# BEN THE ONE-STOP SHOP FOR YOU

**Do you have a loved one who needs support? Or are you caring for a parent?** This is especially stressful when you live miles away from that person. The constant worry of how they coping on their own, are they eating properly, have they remembered to turn off the cooker and the list of concerns goes on, and many of us can identify with these questions.

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## BEN's Care Vision

"A caring heart delivers gentle support, compassion, dignity and respect to help people to achieve a fulfilled life."

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**Email: [careservices@ben.org.uk](mailto:careservices@ben.org.uk)**

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Date	Event	Venue
January 29 2016	AM Executive Breakfast Club	Simpson's in the Strand, London
February 3 2016	AM Digital Marketing Conference	Ricoh Arena, Coventry
February 11 2016	AM Awards	ICC, Birmingham
April 14 2016	AM Customer Service Summit	Whittlebury Hall, Towcester
April 2016	AM Executive Breakfast Club	Simpson's in the Strand, London
June 16 2016	AM-IMI People Conference	Park Plaza, Riverbank, London
June 16 2016	AM100 Dinner	Park Plaza, Riverbank, London
September 15 2016	AM Digital Dealer Conference	Midlands

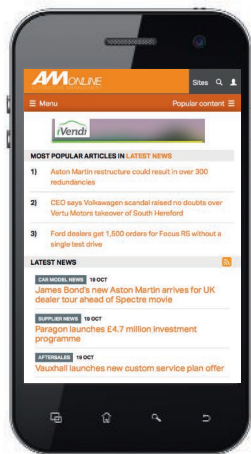


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# McLaren Automotive

Jolyon Nash, McLaren's global sales and marketing director, explains how the British supercar brand's dealer network will ensure exemplary customer experience while winning new custom in 2015 from the launch of its lower-priced Sports Series models.

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## Make your website better

Even the award-winning motor retail websites are only average by other industries' standards, so we gather expert advice on what are the essential elements of a good automotive website.

## First drive: Jaguar XF

The new executive saloon is claiming instant appeal and stronger residual values.



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Good



Average



Poor



Don't Know

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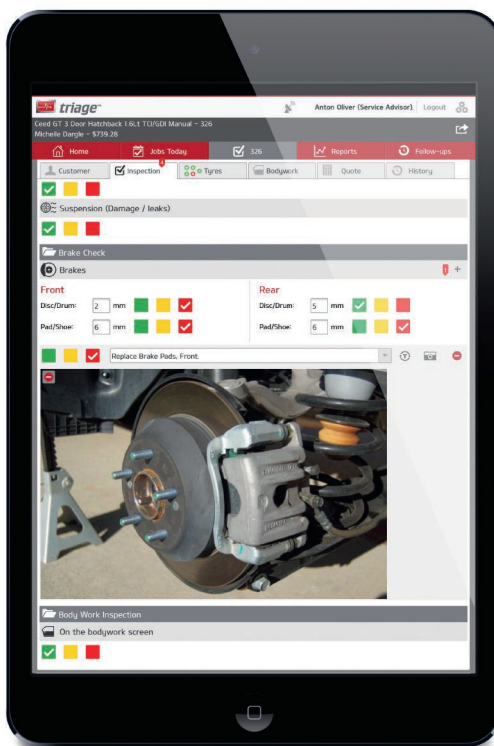
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