

# AM

## AUTOMOTIVE MANAGEMENT

DISASTER MANAGEMENT / P51  
Defend your dealerships



FACE TO FACE / P26

## MAN WITH A PLAN

As Nas Khan expands  
Jennings Group, the  
MD is also preparing  
his successors  
to take the reins



PEUGEOT / P22

The Lion wants  
a bigger UK  
share in 2016



ONLINE FRAUD / P38

How one dealer  
fought off 'web-  
scraping' crooks



GENEVA / P74

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from this  
year's show



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# 'The haggle' may be dying, but it's not dead yet

**S**hould the first deal be the real deal? It's a question that sprang to mind recently after a piece of research by Auto Trader found that of 5,000 car buyers, 56% had paid the asking price. Furthermore, Ford's latest marketing campaign urges consumers to 'unlearn' what they already know or perceive about car ownership, including the need to bargain hard over the screen price.

One key driver for the decrease in haggling must be the rise of personal contract purchase (PCP) and personal contract hire (PCH). These can both turn a £12,000 purchase into a headline monthly payment that is much easier to accept at face value. Trying to knock £12 off the monthly payment surely isn't as exciting as negotiating an extra £400 off that screen price. As certain car manufacturers are keen to point out, a new car can now be as easy on the pay packet as a mobile phone contract.

However, I'm not too sure the haggle is going to die anytime soon. Going back to the analogy of the mobile phone contract, consumer champion Martin Lewis bangs the drum regularly for consumers to negotiate for discounts or upgrades when the time comes to renew. Online transactions aren't safe either, as he believes that wherever there is a live chat box there is a chance for a negotiation on a discount.

But I do believe the demise of haggling could benefit the motor retail industry's image. It could put the customer instantly at ease. It may also free up time to demonstrate the dealership's other roles, such as being an education hub on connected technology, as digital guru Thomas Power advises on page 40 of this issue.

Ultimately, it will be driven by the consumer. Auto Trader's research found 34% of car buyers think haggling is more uncomfortable than complaining about poor food at a restaurant. Doesn't that imply the other 76% are still up for the fight?



**Tim Rose**  
Managing editor

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A SPECIAL REPORT ON HOW TO PROTECT YOUR BUSINESS FROM DIGITAL ATTACKS, THEFT AND NATURAL DISASTERS





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 **16 WAYS**

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**Porsche profits**

Porsche dealers have been accused of realising greater profits by selling limited-run vehicles to speculators.

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**Vertu acquisitions**

Vertu Motors has acquired its first Mercedes-Benz franchises, exactly five months after it bought Audi businesses.

## BUDGET 2016



# Budget 2016 changes will benefit franchised dealers

**Business-focused measures that will benefit dealers and the drive towards autonomous vehicles on UK roads were at the heart of George Osborne's Budget 2016.**

As the Chancellor maintained the freeze on fuel duty for a sixth year, he also announced further cuts to corporation tax rates, from 20% currently, to 17% from April 2020.

Stamp Duty Land Tax for commercial property is being brought into line with residential property, removing the extra 'cliff edge' increase. It will be capped at 5%.

**Gareth Peters, tax director at MHA**, said this will benefit purchasers of commercial property for less than £1.05 million, such as franchised dealers expanding with certain niche brands.

"The 'slab system', whereby just £1 of extra purchase proceeds could result in thousands in extra tax, is being replaced," he said.

"From midnight, any dealers buying a commercial property for less than £1.05m will pay less duty.

"Purchases above this level will unfortunately result in more duty than under the existing rules. This ties in with the overall theme of the

Chancellor's budget, which was targeting larger businesses to help smaller ones."

Changes to Capital Gains Tax may, however, benefit larger dealer groups that decide to sell. Peters added: "Most dealers would expect to pay just 10% capital gains tax when they sell their company, by virtue of Entrepreneurs' Relief. However, the relief only applies to the first £10m of capital gains.

"Above that level, the main rate of capital gains tax is payable. This is currently 28%, but will fall to 20% from April 6. This is a welcome tax reduction for larger dealers who will have gains exceeding their £10m lifetime allowance."

Peters added that owner opera-

tors should consider "as a matter of urgency" whether they should take additional dividends in the next few days.

From April 6, the tax dividend regime is being reformed, with dealers facing substantial tax increases. The effective tax rates are increasing by 7.5 percentage points: from 25% to 32.5% for a higher-rate taxpayer and from 30.56% to 38.1% for an additional-rate taxpayer.

Nissan was among the first manufacturers to praise the Chancellor's plan to establish the UK "as a global centre for excellence in connected and autonomous vehicles".

Funding of £150m will be committed to conducting trials of driverless cars by 2017, consultation on the sweeping away of regulatory barriers to enable autonomous vehicles on major roads and establishing a £15m 'connected corridor' from London to Dover.

Paul Willcox, chairman of Nissan Europe, said: "We welcome the measures announced by the UK Chancellor. These plans will support the development and growth of autonomous vehicle technology in the UK."

17%

**The new corporation tax rate will take effect from April 2020**

7.5ppts

**The increase in tax rates on dividends from April 6 of this year**

## IN BRIEF

**RENAULT**

Ken Ramirez, Renault's incoming senior vice-president, sales and marketing for Europe, described its poor scores in the NFDA dealer attitude survey as a "strange, perplexing result".

"This result is inconsistent. The profit of the network was the highest of any generalist brand in 2015, with average return on sales of 1.5% and a top quartile of 2.2%. I can't say that the survey is accurate – we'd question it," he said.

**BEST COMPANIES**

Two AM100 car dealers scored top positions in *The Sunday Times* 100 Best Companies to Work For survey.

Inchcape UK came top and Sytner second in the '25 best big companies' category. Trust-Ford was at number 23.

In the 100 Best Companies countdown itself, car finance provider MotoNovo was at number six, Zuto at 18. Dealer Citygate Automotive was at 36, Swansway Garages 39. Toyota (GB) was at 54, Motorpoint 58 and JCT600 at 84.

**EAGLESHAM GARAGE**

Eaglesham Garage, Glasgow, has been named Isuzu Dealer of the Year for 2015.

Isuzu UK said Eaglesham ranked among the best dealers in the United Kingdom on sales alone. The Scottish team sold 112 Isuzu D-Max pick-ups throughout the year – up 17% on its 2014 total.

**HERITAGE**

Richard Neulaender and John Walsh, who sold Colborne Garages to Lookers in 2014, have acquired Heritage Automotive, which represents Audi, VW, VW CV, Škoda and Peugeot across Wiltshire, Somerset, Dorset and Bristol.

## PEOPLE NEWS

## JAMES WESTON



James Weston is the new chief executive of Peugeot Citroën Retail UK. Previously sales operations

director, he replaces David Peel, who became managing director of Peugeot UK.

## LIZ COPE



Vertu Motors has appointed Liz Cope as chief marketing officer following the promotion of Steve

Ferry to group sales director. Cope will oversee all the group's marketing functions.

## DAVID GEORGE



Mercedes-Benz Passenger Cars UK has appointed David George, currently its marketing director,

as sales director. He will be replaced by Rob Halloway, currently communications and events director.

## MALCOLM CHAMBERS



Vertu Motors has appointed Malcolm Chambers as regional director – premium division. He

will oversee operations at the group's premium dealerships.

## STEVE CATLIN



Seat UK has appointed Steve Catlin head of sales operations. Andrew Tracey takes over

as head of marketing, Chris Stevens as head of group retail concepts and Ben Fish as head of planning and supply.

## MARK MILLER



Mitsubishi Motors has appointed two new area managers. Mark Miller is the new

area manager for the East of England, while Matthew Baxter will cover the Midlands and parts of Wales.

## PORSCHE

**Porsche dealerships have been accused of realising greater profits from limited run vehicles after selling them to speculators.**

*Auto Express* reported that Porsche enthusiast Paul Nicola, of Dorset, was denied the opportunity to buy a new Porsche GT3, GT3 RS, Cayman GT4 and a 911 R.

However, weeks after the £64,451 Cayman GT4 was launched, Nicola was offered a stock vehicle for £103,000.

He said Porsche dealers and speculators may be taking advantage of the market in these cars "for huge profit".

UK Porsche dealers had 16 Cayman GT4s on Porsche's Approved Used website, priced from £94,981 to £109,990, as *AM* went to press.

**Lee Collins, director of management consulting at UHY Hacker Young,** said he would not buy another Porsche after being denied orders for a Boxster Spyder, Cayman GT4 and a 911R and subsequently seeing nearly new vehicles for sale in dealerships.

He described the situation as "a travesty for true Porsche enthusiasts".

A Porsche GB spokesman denied any wrongdoing by dealers, suggesting stock cars could be the result of buyers who changed their minds.

"The market decides on value," he said.

## JOHN BANKS GROUP



**John Banks Group has signed an agreement with Infiniti to open up a new Infiniti Centre in Cambridge.**

Infiniti Centre Cambridge is expected to open in mid-April and is expected to be fully operational by the end of the year. Located in central Cambridge, just off Newmarket Road (in Swann's Road), the centre will use one of the new short-term Infiniti-designed showrooms until the full redevelopment work, to meet with the Infiniti retail environment design initiative (IREDI) standards, has been completed.

**Carl Bayliss, Infiniti regional director for the UK,** said: "Infiniti Centre Cambridge joins us at a pivotal point in our network expansion plan, and we have an exciting future ahead of us."

The John Banks Group will also open a new servicing and repair centre in Mercers Row, Cambridge, completing five sites in the Cambridge territory.

There are also Infiniti centres in Maidstone, St Albans, Reading, Bristol, Norwich, Birmingham, Stockport, Leeds, Newcastle and Glasgow.

## LOOKERS

**Lookers' dealerships sold more than 160,000 new and used cars in 2015 and increased the AM100 group's revenues by £593 million.**

Of that, £330m was organic growth, with the remaining £263m due to acquisitions, including Benfield.

Overall, turnover from its motor division of 153 car dealerships, representing 31 manufacturers, reached £3.4 billion and profit before tax rose 11% to £64.5m.

Lookers reported that its share of the UK car market increased by 0.4ppts, following its 15,521 rise in new car sales to 90,009 units and a 9,640 uplift in used car volumes to 70,492 units.

**Lookers' chief executive**

**Andy Bruce** said: "The company has achieved outstanding growth in recent years and we believe the significant investment we are making in upgrading our facilities to reflect the latest manufacturer retail standards and multi-channel experience will give us a competitive advantage and further improve our position."

Lookers' total group turnover, including a parts whole-sale division that supplies motor factors, was up 20% to £3.65bn and operating profit increased 12% to £85.9m, while adjusted PBT was 11% ahead at £72.1m.

**Lookers' motor division managing director Nigel**

**McMinn,** meanwhile, predicted that the new car market may near three million "within the next three to five years".

## MARSHALL MOTOR GROUP

**Marshall Motor Group's 2015 revenues rose year-on-year by 13.5% to £1.232 billion and profit before tax 21.4% to £15.8 million. Group return on sales (RoS) was 1.5%, compared with 1.4% in 2014, said chief executive Daksh Gupta.**

He believes the group benefits from the strong market and will continue to prosper despite industry reports about declining margins and RoS.

New car unit sales rose 9.9% (like-for-like up by 7.2%) to 35,103 units,

with gross profit up 16.3%, used car unit sales rose 8.2% (1.5%) to 27,699 units with gross margins at 7.2%, up 0.5%, aftersales revenues up 8.5% (2.4%) to £127.8m and gross profit margin up 0.2% to 11.8%.

Gupta said the 'Marshall difference' was down to developing its people and its technology and changes to the group's franchise portfolio. In 2015, sales executives at 70% of its showrooms were equipped with iPads installed with apps to ensure a consistent and

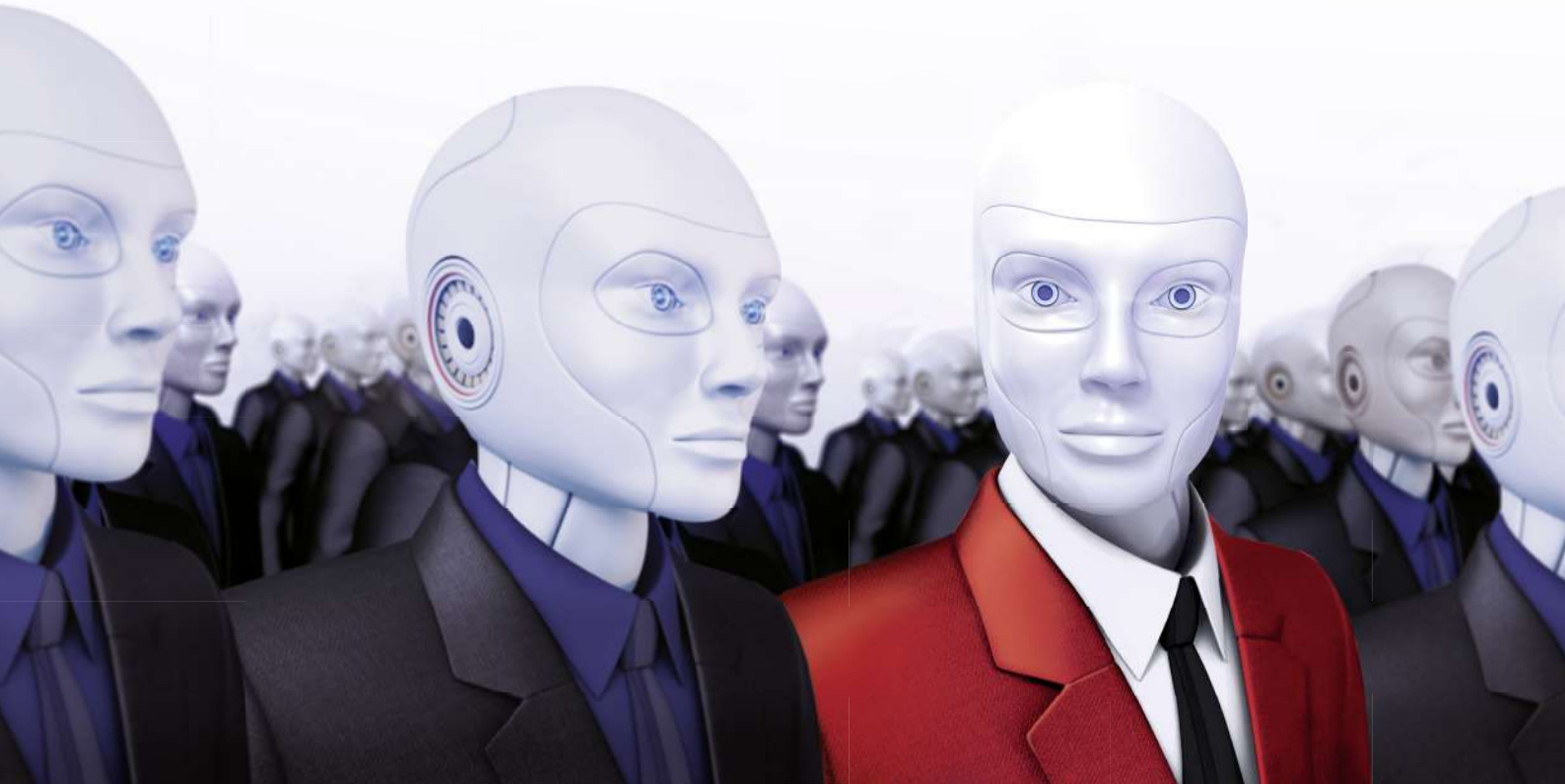
compliant sales process. Gupta said enquiry capture rates had gone up dramatically as a result.

Marshall's internal process and performance measurement system, Phoenix, was also improved, and the group is launching a new, optimised website.

In its used car operations, Gupta said tactics included "steering clear" of late-plate cars, a tight control on demonstrators, selling older cars and operating a "very tight" 56-day stocking policy.



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\*Monitored across several dealer groups throughout 2015.  
\*\*Example valuation based on January 2016 NetDirector CAP Valuation pricing on a 2013 Ford Fiesta 1.0 Zetec Petrol 5dr 30,000 miles.

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## BARNETTS MOTOR GROUP

**Barnetts Motor Group has opened Scotland's first Volvo showroom conforming to the Swedish brand's new Scandinavian-inspired corporate identity.**

The dealership at Dundee's Waterfront has been refurbished to the new Volvo Retail Experience (VRE) showroom style, which allocates 40% of the space for a 'living room' with Scandinavian-designed furniture, lowered ceiling, Wi-Fi and Swedish coffee and cakes, while the remaining 60% is in 'street' style to display the new car range.

The business is showing customers a time-lapse video of its construction via its Facebook page, together with a video explaining the VRE concept.

**Paul Barnett, chairman of Barnetts Motor Group,** said: "It's part of a £1m investment in the site, turning the multi-franchise site at Riverside Drive, Dundee, into a state-of-the-art showcase for the future of car retailing. Further plans for this year include a customer handover centre utilising hi-tech 3D projection mapping as well as a car photography studio."



## VERTU MOTORS

**Vertu Motors has acquired its first Mercedes-Benz franchises, exactly five months after it bought Audi businesses.**

The deal, for £21.9m total consideration, sees it take over Sigma Holdings, which, through its subsidiary Greenoaks, operates Mercedes-Benz dealerships in Reading, Ascot and Slough, with the Reading and Ascot outlets also representing the Smart franchise and Ascot also being a Mercedes-AMG performance car centre.

All three operations are on freehold properties in attractive motor retail locations, said Vertu, and the business, which achieved £88m sales and £2.4m EBITDA in 2015, is expected to boost Vertu's earnings in its first full year of ownership. The cash consideration of £21.9m includes an initial £18.4m from Vertu's cash resources and borrowing facilities, to be followed by a further £3.5m deferred for 12 months. The total includes £13m goodwill.

Meanwhile, Vertu has raised £35m through a share placing to fund future acquisitions. A total of 56 million new ordinary shares have been placed at 62.5p per share, a discount of about 5.9%. The placing shares will represent about 16.4% of the existing shares and about 14.1% of the enlarged share capital.

## RYBROOK GROUP

**The Rybrook Group will represent Jaguar and Land Rover in Huddersfield and Land Rover in Halifax following the completion of its acquisition of the businesses from Perrys for an undisclosed sum.**

The businesses will trade as Rybrook Copley Land Rover, Rybrook Huddersfield Land Rover and Rybrook Jaguar Huddersfield. All staff have been retained.

The new additions increase the acquisitive Warwick-based group's tally of dealerships to 19.

"The acquisition of Jaguar and Land Rover in Huddersfield and Halifax complements our existing Jaguar and Land Rover sites in the North West," said **Henry Whale, Rybrook's managing director.**

## ADVERTISING FEATURE

## SWEET SIXTEEN

**By Andrew Howells, chairman, CitNOW**



March has come and gone, the 16-plate celebrations have receded and expectations have been met. The wave of customers has subsided, and the stress levels have almost returned to normal. What happens now?

With dealer visits reaching an all-time low and sales executives selling fewer cars, where's the next big opportunity? Is everyone counting on September?

Wouldn't it be great to make every month a March?

Here's an idea. Use a tiny fraction of your advertising budget to include video in every part of your customer's journey. This immediately improves sales and profits.

Compared with the costs of a one-off insert in the local press, or for that matter, your monthly coffee budget, the return on investment is significant.

Inbound enquiries need to be managed with a professional personal presentation. Video enables this to happen even when the customer is not in your showroom. Generate enquiries in the first place by making videos of your used car stock available to view – a car with a video takes 15 fewer days to sell than a car without one.

When your sales team aren't doing handovers, videos on inbound enquiries or web videos, they should be prospecting. Every day, your wonderful aftersales department welcomes customers back to your dealership. Your sales executives need to cherry-pick the three- to four-year old vehicles and send a personal video to the returning customer with a suitable replacement from the forecourt. The customer will welcome the distraction and it's far more positive than a cold call with an offer to value their vehicle.

If you want more bumper months, practice does make perfect. Sure, it's a numbers game, but that's how sales work. Invest today to get the results tomorrow.

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## The big three

Volkswagen and Vauxhall registrations suffer as Ford powers ahead in February.

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## Dealer profits

The average UK motor dealer made a profit of £182 in January.

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## Used car markets

Ex-fleet stock is still failing to match the prices of a year ago.

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# Private registrations drive February to 12-year high

Monthly market hits 83,395 units as fleet sales for first two months of 2016 fall 1.2%

**F**ebruary's new car market was the highest for the month in 12 years, as registrations reached 83,395 units.

The Society of Motor Manufacturers and Traders (SMMT) data shows the private market drove the 8.4% total market increase, with a 22.6% rise in private registrations year-on-year, equating to 6,948 units.

So far this year, there have been almost 12,500 extra new cars registered in the private market.

However, the fleet market was down 1.4% in February, and is down 1.2% overall in 2016 so far.

Demand was up across all fuel types, with diesel and petrol registrations up 5.6% and 10.7% respectively, while alternatively fuelled vehicles rose 19.9%.

**Mike Hawes, SMMT chief executive**, said: "February is typically one of the quietest months of the year, ahead of March's plate change, but this positive performance is encouraging and puts the sector in a good

position for the coming 12 months."

**Sue Robinson, director of the National Franchised Dealers Association**, said: "Consumers appear to be less reluctant to commit to new vehicles as employment prospects improve and interest rates and fuel prices remain low.

"Increased sales are supported by strong manufacturer deals and low-cost finance offers that are encouraging consumers to buy.

"We anticipate the market to continue to grow, and have strong expectations of the 16-plate change, where customers will be likely to take advantage of substantial discounts and savings, in addition to a variety of low-rate finance packages being made available."

Commenting on the fall in fleet registrations, **Steve Jackson, chief car editor at Glass's**, said: "Post-recession fleet has returned to pre-recession volumes and now is largely a numbers game.

"Manufacturers are competing for a share of a finite, yet important market of fixed-term contract company car drivers via BIK advantages and financial incentives."

**Richard Jones, managing director of Black Horse**, said: "These are encouraging figures for the UK automotive industry, continuing a

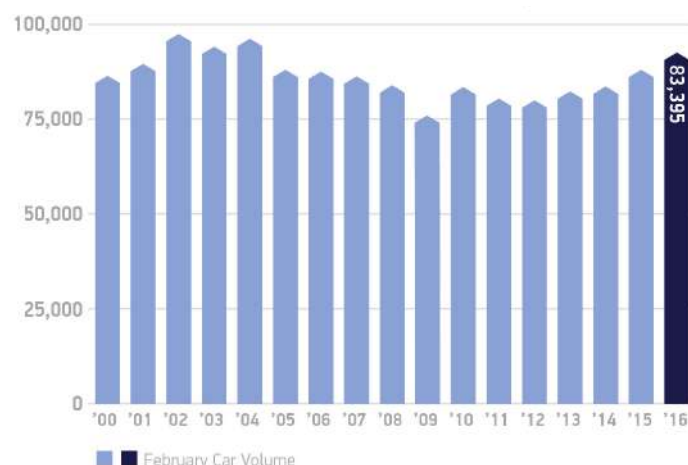
strong start to the year. The increase can be attributed to a combination of further growth in PCP financing, ongoing low interest rates for consumers, and continued high levels of manufacturer subsidisation, driving up the volume of affordable new cars.

"This time next month we should have a good indication of the outlook for the rest of 2016.

"Whatever happens, dealers will continue to remain crucial to the car-buying journey."

■ **For a year-to-date analysis of Ford, Vauxhall and Volkswagen, see page 14**

## FEBRUARY REGISTRATIONS 2000- PRESENT



## JANUARY MOTOR FINANCE MARKET: NEW CARS

Source: FLA

New cars bought on finance by consumers through dealerships					
	Jan 2016	Change on previous year	3 months to Jan 2016	Change on previous year	12 months to Jan 2016
Value of advances (£m)	995	+20%	3,353	+23%	16,371
Number of cars	59,990	+14%	197,790	+18%	991,629
New cars bought on finance by businesses through dealerships					
Number of cars	33,566	-2%	106,204	-3%	507,893

## FINANCE STATS

The point-of-sale consumer new car finance market saw new business grow 20% by value and 14% by volume in January 2016, compared with the same month last year.

The percentage of private new car sales financed by FLA members through dealerships reached 81.7% in the 12 months to January, up from 81.4% in the year to December 2015.

The point-of-sale consumer used car finance market also reported new business growth in January, of 15% by value and 12% by volume.

**Geraldine Kilkelly, FLA head of research and chief economist**, said: "These figures show a strong start to 2016 for the point-of-sale consumer car finance market. The recent growth in this market has to a large extent mirrored a reduction in the use of unsecured personal loans, while also reflecting changing consumer attitudes towards car ownership."



# MARKET INTELLIGENCE

## THE BIG THREE

Two months into 2016, and what a difference there is between the three powerhouses that constantly occupy the podium positions in the UK's new car market.

### Ford

With sales of the market-leading Fiesta remaining stable, Ford has been able to build on its foundations through a number of its other core models, leading to a 7% registrations increase by the end of February.

Its B-segment crossover, EcoSport, is up 1,123 units, or 126%, overall, with three quarters of that growth

coming from the retail market. Fleet deals also underpin overall increases in Mondeo, up 833 units; S-Max, up 308 units; and C-Max, up 216 units.

### Vauxhall

A decline in registrations for its core cars is behind a 12.7% drop year-on-year for Vauxhall, in the first two months of 2016. Orders for the Corsa have declined by 25.7%, or almost 2,500 units overall, of which 2,233 were in the fleet sector.

Compounding this are 1,648 fewer registrations of Insignia, caused purely by the fleet sector, and triple-digit drops in demand for Adam,

Astra and Zafira Tourer. Bucking the trend significantly are the Mokka B-segment crossover and its Viva budget runabout, both of which are selling well in the retail sector.

### Volkswagen

The German brand's performance is down by almost 3,000 cars, or 13.6%. It has been caused mainly by a contraction in fleet sales – it will be heartening for its dealer network, still dealing with the Dieseldate aftermath, that its retail volume has held flat.

In fact, demand for the Golf has risen in retail, but not enough to account for a 1,748-unit slump in fleet registrations, leaving the crucial C-segment model down 1,177 units overall. The Polo is also up by 100 units, thanks to retail demand, however again it fails to counter triple-figure drops by the Up, Tiguan, Golf SV and Touran.

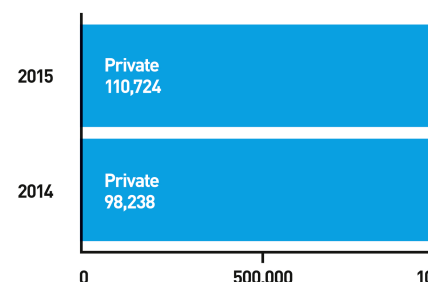


### Volkswagen Golf

Retail demand for the Golf has risen, but not enough to account for a 1,748-unit slump in fleet registrations

“It will be heartening for Volkswagen's dealer network that its retail volume has held flat”

## REGISTRATIONS BY MARK



## FINANCE OFFERS

Looking at a cross-section of volume brands shows a lot of 0% (or close to 0%) PCP deals, designed to boost March plate-change registrations.

The deals show an aggressive push by manufacturers looking to stimulate the market and set dealers up for their quarterly bonus.

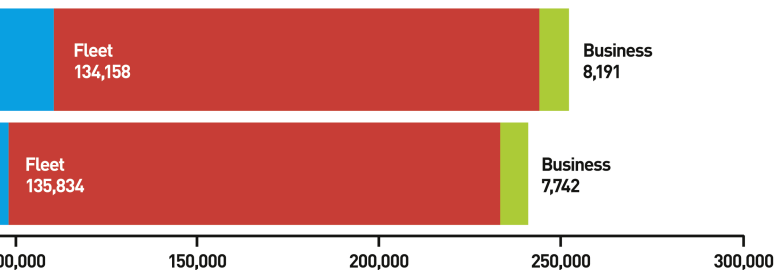
It's in contrast to premium brands, which are not putting as much support behind finance deals for March, even on entry-level models.

All three brands in the table are coming off the back of a weaker Q1 2015 performance compared with 2014. Ford had a flat Q1 last year, Škoda was down 8% and will be looking to break 20,000 units and Mazda saw a 4% drop and will need to clear 15,000 to make any progress. The 0% PCP deals may help them all get there.

Market-leader Ford has a 0.9% APR offer across almost its entire range, even on big models like its S-Max, Galaxy, Ranger, and Tourneo Custom. March is Ford's most important month, illustrated by its gargantuan 63,466 registrations in March 2015. Dealing with those sorts of volumes make it difficult to see big percentage increases from the Blue Oval year-on-year, but the aggressive finance campaign may deliver.

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>			
Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
<b>Ford</b>							
Ka Zetec Black/White Edition 1.2-litre 69PS	PCP	£1,647.99	48	£119	£2,800	2.9%	31/03/2016
Fiesta Zetec 1.25-litre 82PS 3-door	PCP	£3,508.55	24	£159	£5,260	0.9%	31/03/2016
Fiesta Titanium 1.0-litre 80PS 3-door	PCP	£3,517.22	24	£169	£6,031	0.9%	31/03/2016
Fiesta ST 1.6-litre Ecoboost 182PS	PCP	£4,123.47	24	£189	£8,331	0.9%	31/03/2016
B-MAX Titanium 1.0-litre Ecoboost	PCP	£4,145.09	24	£219	£7,212	0.9%	31/03/2016
Ecosport Titanium 1.0-litre Ecoboost 125PS	PCP	£3,997.94	24	£179	£8,792	0.9%	31/03/2016
Focus Zetec 1.0-litre 100PS	PCP	£1,570	24	£209	£8,001	0.9%	31/03/2016
Focus Titanium 1.0-litre Ecoboost 100PS	PCP	£4,720.85	24	£219	£8,797	0.9%	31/03/2016
Focus ST-1 2.0-litre Ecoboost 250PS	PCP	£5,560.34	24	£219	£12,215	0.9%	31/03/2016
C-MAX Zetec 1.6-litre 125PS 5-seat	PCP	£4,566.4	24	£219	£8,401	0.9%	31/03/2016
Grand C-MAX 1.0-litre Ecoboost 100PS	PCP	£5,604.77	24	£249	£9,288	0.9%	31/03/2016
Kuga Titanium 2.0-litre TDCI 150PS FWD	PCP	£5,960.32	24	£249	£12,098	0.9%	31/03/2016
Mondeo Titanium 1.5-litre TDCI 120PS Econetic	PCP	£6,012.10	24	£269	£11,410	0.9%	31/03/2016
Mondeo Vignale 2.0-litre TDCI 180PS	PCP	£6,902.82	36	£299	£11,649	0.9%	31/03/2016
S-MAX Titanium 1.5-litre Ecoboost SCTI 160PS	PCP	£6,507.82	24	£279	£13,973	0.9%	31/03/2016
Galaxy Titanium 1.5-litre Ecoboost SCTI 160PS	PCP	£7,178.48	24	£309	£14,700	0.9%	31/03/2016
Ranger Double Cab Limited 2.2-litre TDCI 160PS	PCP	£6,461.48	24	£379	£13,079	0.9%	31/03/2016
Tourneo Connect Zetec 1.5-litre TDCI 100PS	PCP	£5,049.08	24	£219	£7,515	0.9%	31/03/2016
Tourneo Custom Titanium 2.2 TDCI 155PS	PCP	£9,107	24	£349	£13,377	0.9%	31/03/2016
<b>Škoda</b>							
Octavia Hatch SE 1.2 TSI 110PS	PCP	£1,818.05	41	£215	£6,536.95	0%	31/03/2016
Superb Hatch E 1.4 TSI 150PS ACT	PCP	£1,348.54	42	£285	£7,984.80	2.9%	31/03/2016
Citigo 3-door SE 1.0 MPI 60PS	PCP	£1,496.75	42	£109	£3,669.25	0%	31/03/2016
Rapid Spaceback SE Tech 1.2 TSI 90PS	PCP	£2,236.56	42	£185	£5,363.44	0%	31/03/2016
Fabia SE 1.0 MPI 75PS	PCP	£1,513.96	42	£155	£4,986.04	0%	31/03/2016
Rapid SE 1.2 TSI 90PS	PCP	£2,353.37	42	£215	£4,741.63	0%	31/03/2016
Octavia vRS Hatch 2.0 TSI 220PS	PCP	£2,889.03	42	£289	£8,851.97	0%	31/03/2016
Yeti SE 1.2 TSI 110PS	PCP	£2,105.81	42	£195	£8,234.19	0%	31/03/2016
<b>Mazda</b>							
Mazda2 SE 75PS	PCP	£1,577.25	36	£169	£4,483.75	0%	31/03/2016
Mazda3 SE 120PS	PCP	£1,876.25	36	£239	£6,574.75	0%	31/03/2016
CX-3 SE 2WD 120PS	PCH	£4,117	36	£179	N/A	N/A	31/03/2016
Mazda6 SE 145PS saloon	PCP	£2,485.50	37	£259	£6,145.50	0%	31/03/2016
MX-5 SE 131PS	Conditional Sale	£9,615	36	£265	N/A	0%	31/03/2016
CX-5	PCH	£1,794	36	£299	N/A	N/A	31/03/2016

# WE'LL HELP YOU GET THERE

**B SEGMENT****DEALER KPIs**

Source: ASE

Keyratio	Rolling 12 months Jan 2016	Rolling 12 months Jan 2015	Benchmark
Net profit as % of sales	1.22%	1.40%	3.0%
Overhead absorption	53.7%	54.7%	80%
Used: New sales	0.92:1	0.87:1	1.5:1
Expenses as % of gross	62.9%	62.7%	50%
Sales per salesman	182	182	150
Used vehicle stockturn (days)	54	55	45
Return on used car investment	74.0%	77.7%	100%
Overall labour efficiency	82.7%	82.0%	100%
Service gross profit % on labour	75.6%	75.6%	75%
Service expenses as % gross	59.7%	58.8%	40%
Hours per retail job card	1.6	1.64	2.5
Parts gross profit	22.5%	22.3%	22%
Parts expenses as % growth	44.0%	44.6%	40%
Parts stockturn	7.5	7.6	8.0

The average UK motor dealer made a profit of £182 for the month of January, which ASE described as "a marginal, but psychologically significant improvement over January 2015" when retailers produced an average loss of £59.

ASE saw a drop in the average return on sales from December as a result of a 3.6% rise in turnover in the month.

"While the January volumes of new car sales are small in comparison to March, it was interesting to see a 2.3% increase in sales, as compared to a 2.9% increase in registrations. We will monitor the February numbers closely to see whether the increase in private registrations was matched by an increase in sales, or whether dealers are changing the way they self-register vehicles," said **ASE chairman Mike Jones**.

Used car sales were up more than 4% compared with January 2015 and there was a 3% increase in the average stand-in value.

**ADVERTISING FEATURE****BLACK HORSE COMMENT**By **Richard Jones**, managing director, Black Horse

We are expecting the market to remain relatively strong throughout 2016, though not reaching the record levels of growth we have seen recently. This follows the dip in consumer confidence in February, reflecting unpredictability in global markets. With this

in mind, how can dealers help to maintain custom?

A better, more joined-up sales and aftersales approach can help, while customer feedback can ensure service deficiencies are improved. Creating customer experiences, such as unique test drives, can also make a dealer stand out.

However, dealers should perhaps focus most on digital technology. It has changed customer trends – some want to buy a car from their armchair in the same way they may buy a book or groceries; others want to research online to help refine options before visiting a dealer; while others still want the full, traditional dealership experience.

It means dealers need to balance 'bricks and clicks' – ensuring improvements and investment online complement their physical presence, and vice versa. Amazon recently opened a physical book store, suggesting there will always be room for a balanced shopping experience – online and on the high street – even for the largest retailers.


Investment will be needed to ensure individual dealers remain central to the car-buying process, whether online or in person. We are mirroring that by continuing with our own investment programme.

We have already witnessed the success of our online, paperless Black Horse SignIt process. This makes the arrangement of vehicle finance simpler, quicker and more customer-friendly, with 93% of dealers saying it is more efficient than their previous processes.

We will continue to track and respond to changing customer trends to give dealers the technology they need to enhance how they do business. It means they can provide customers with a purchasing experience matching that of other sectors. Our investments can also complement the many other ways dealers are trying to build customer loyalty, increase advocacy and support a sustainable business future during this evolutionary time for our industry.

## RISERS & FALLERS


TOP 10	
Smart	215.49%
Lotus	205.56%
Jaguar	187.99%
SsangYong	142.94%
Jeep	115.98%
MG	110.10%
Abarth	74.86%
Aston Martin	69.23%
Infiniti	67.09%
Subaru	31.92%



Jaguar and Jeep are continuing their assaults on the new car market in 2016. The former has almost trebled its registrations year-on-year, powered by new XE and XF models, while for Jeep the Renegade small SUV is continuing to deliver the goods, helping the dealer network more than double their volume.

In contrast, two of the market powerhouses, Volkswagen and Vauxhall, have been steadily in retreat. Although the March market may show different results, the first two months of 2016 have seen the pair together lose more than 6,000 units year-on-year. Volkswagen has lost more than 1.5pts of market share two months into 2016 as the fallout from its emissions and trust crisis continues.

BOTTOM 10	
Lexus	-0.56%
Peugeot	-2.76%
Toyota	-3.74%
Mitsubishi	-4.91%
Mini	-8.68%
Fiat	-10.61%
Seat	-11.29%
Vauxhall	-12.67%
Volkswagen	-13.61%
Maserati	-34.68%



## NEW CAR REGISTRATIONS

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

Marque	February					Year-to-date				
	2016	% market share	2015	% market share	% change	2016	% market share	2015	% market share	% change
Ford	11,513	13.81	9,858	12.81	16.79	33,548	13.26	31,338	12.96	7.05
Vauxhall	7,868	9.43	9,552	12.41	-17.63	23,130	9.14	26,487	10.95	-12.67
Volkswagen	6,694	8.03	7,710	10.02	-13.18	18,749	7.41	21,703	8.98	-13.61
BMW	5,760	6.91	5,091	6.62	13.14	14,025	5.54	13,099	5.42	7.07
Audi	5,384	6.46	4,412	5.73	22.03	16,897	6.68	15,766	6.52	7.17
Mercedes-Benz	5,196	6.23	4,347	5.65	19.53	16,996	6.72	13,695	5.66	24.10
Nissan	4,634	5.56	4,145	5.39	11.80	15,354	6.07	15,221	6.29	0.87
Peugeot	3,469	4.16	3,917	5.09	-11.44	10,782	4.26	11,088	4.59	-2.76
Citroën*	3,046	3.65	3,074	3.99	-0.91	7,620	3.01	8,488	3.51	-10.23
Škoda	2,902	3.48	2,260	2.94	28.41	7,895	3.12	7,376	3.05	7.04
Kia	2,889	3.46	2,334	3.03	23.78	7,955	3.14	7,248	3.00	9.75
Hyundai	2,685	3.22	2,602	3.38	3.19	8,566	3.38	8,396	3.47	2.02
Toyota	2,478	2.97	2,958	3.84	-16.23	9,307	3.68	9,669	4.00	-3.74
Honda	2,050	2.46	1,580	2.05	29.75	6,570	2.60	5,189	2.15	26.61
Renault	1,948	2.34	1,709	2.22	13.98	6,093	2.41	4,725	1.95	28.95
Fiat	1,917	2.30	1,941	2.52	-1.24	5,475	2.16	6,125	2.53	-10.61
Mini	1,721	2.06	1,756	2.28	-1.99	3,652	1.44	3,999	1.65	-8.68
Seat	1,594	1.91	1,176	1.53	35.54	4,713	1.86	5,313	2.20	-11.29
Mazda	1,411	1.69	1,306	1.70	8.04	5,692	2.25	4,646	1.92	22.51
Land Rover	1,275	1.53	794	1.03	60.58	5,884	2.33	5,097	2.11	15.44
Suzuki	1,248	1.50	923	1.20	35.21	3,602	1.42	2,820	1.17	27.73
Volvo	1,030	1.24	920	1.20	11.96	4,020	1.59	3,929	1.62	2.32
DS*	807	0.97	0	0.00	0.00	1,896	0.75	0	0.00	0.00
Jaguar	769	0.92	249	0.32	208.84	3,021	1.19	1,049	0.43	187.99
Mitsubishi	710	0.85	553	0.72	28.39	2,245	0.89	2,361	0.98	-4.91
Dacia	512	0.61	569	0.74	-10.02	2,179	0.86	2,189	0.91	-0.46
Jeep	345	0.41	196	0.25	76.02	1,149	0.45	532	0.22	115.98
Smart	234	0.28	105	0.14	122.86	937	0.37	297	0.12	215.49
Lexus	232	0.28	234	0.30	-0.85	1,233	0.49	1,240	0.51	-0.56
Porsche	206	0.25	172	0.22	19.77	1,033	0.41	802	0.33	28.80
Alfa Romeo	165	0.20	123	0.16	34.15	469	0.19	359	0.15	30.64
SsangYong	153	0.18	49	0.06	212.24	413	0.16	170	0.07	142.94
Abarth	112	0.13	46	0.06	143.48	313	0.12	179	0.07	74.86
MG	103	0.12	63	0.08	63.49	416	0.16	198	0.08	110.10
Subaru	74	0.09	47	0.06	57.45	281	0.11	213	0.09	31.92
Bentley	48	0.06	28	0.04	71.43	168	0.07	157	0.06	7.01
Lotus	39	0.05	5	0.01	680.00	55	0.02	18	0.01	205.56
Maserati	31	0.04	58	0.08	-46.55	113	0.04	173	0.07	-34.68
Infiniti	27	0.03	18	0.02	50.00	132	0.05	79	0.03	67.09
Aston Martin	19	0.02	7	0.01	171.43	88	0.03	52	0.02	69.23
Other British	15	0.02	24	0.03	-37.50	63	0.02	73	0.03	-13.70
Other Imports	82	0.10	34	0.04	141.18	343	0.14	186	0.08	84.41
<b>Total</b>	<b>83,395</b>		<b>76,958</b>		<b>8.36</b>	<b>253,073</b>		<b>241,814</b>		<b>4.66</b>

\*Citroën's monthly registrations included DS until May 2015. As the Citroën result for February 2015 is for both brands, please combine the Citroën and DS registrations for February 2016 when comparing year-on-year.



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# Ex-fleet stock values falling year-on-year

Data from the National Association of Motor Auctions (NAMA) was unavailable before AM went to press. However, the two major auction groups, BCA and Manheim, provided their data from February's wholesale used car markets, indicating that ex-fleet stock is still failing to match the prices of a year ago, although dealer part-exchanges are faring better.

## Ex-fleet stock

BCA's average ex-fleet car value rose £222, or 2.3%, in February to £9,662. The total was 0.1%, or £11, down year-on-year, despite marginally lower average age and 3,000 fewer miles on average.

Manheim's Market Analysis for February showed the average selling price of ex-fleet vehicles dropped £216, or 3.1%, since January to £6,826.

Yet the average value was £493, or 6.7%, down year-on-year. That was

**"We expect to see softening of the market as de-fleet volumes increase"**

Daren Wiseman, Manheim

attributed to a 29% increase in sales volumes over February 2015.

**Daren Wiseman, valuation services manager at Manheim,** said: "We expect increasing de-fleet volumes to filter through to our disposal channels towards the end of March and beginning of April. We would expect to see some softening of the market as the de-fleet volumes increase and buyers can be more selective about the stock that they acquire."

## Trade-in disposals

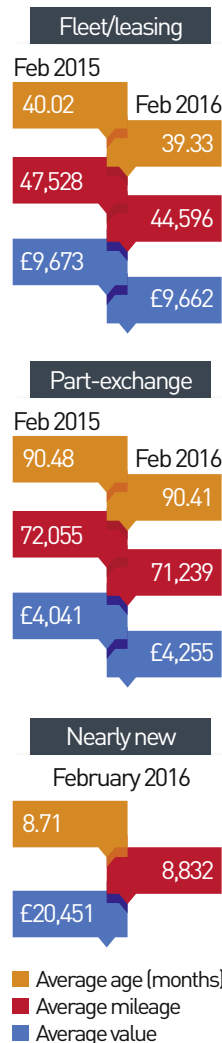
After January's bounce, BCA reported that average values for dealer part-exchanges fell again in February, reaching £4,255 – a £61, or 1.4%, drop. That figure was still ahead year-on-year by £214, or 5.2%. The average mileage and age of part-exchanges were marginally lower than those of a year before.

**Simon Henstock, BCA UK's chief operating officer for remarketing,** said buyers are wary of poorer condition cars, and appraisals to NAMA standards can build buyer confidence. "Buyers have a lot more choice and vehicles requiring repair and refurbishment need to be sensibly valued to compete," he added.

At Manheim's auction rooms, the average part-exchange value for February increased by 0.9%, or £31, month-on-month, to £3,510.

Year-on-year the average value was down 0.7%, or £26.

## YEAR-ON-YEAR



## ECONOMIC INDICATORS

### PAY

↑ +2.1%

The average weekly wage, including bonuses, was £497 for the period between November and January, up 2.1% on the same period a year earlier. Excluding bonuses, the weekly wage increased 2.2% excluding bonuses, to £467.

### INFLATION

↑ +0.1PPTS

The Consumer Prices Index (CPI) rose by 0.3% in the year to January 2016, compared with a 0.2% rise in the year to December 2015. The main contributors to the rise in the rate were motor fuels, and, to a lesser extent, food, alcoholic beverages and clothing.

### UNEMPLOYMENT

↓ -0.6PPTS

The unemployment rate for November to January was 5.1%. This was 0.6ppt down on a year earlier and 0.1ppt down on the previous three months, according to the Office for National Statistics.

### MORTGAGES

↓ -4.8%

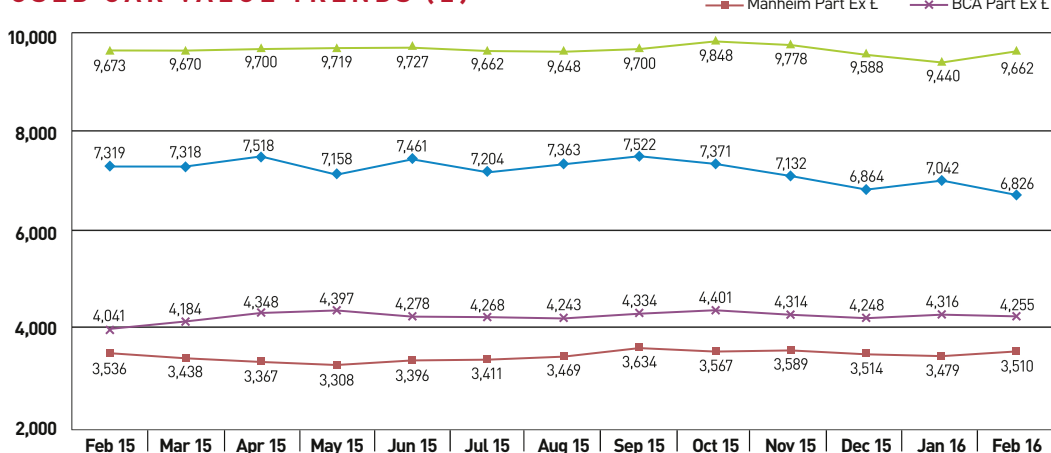
The Council of Mortgage Lenders said that first-time buyers secured 27,900 loans in January, down 4.8% month-on-month but up 38.8% year-on-year.

### CREDIT CARD BORROWING

↑ +3.1%

The number of loans provided via high street bank credit cards during January 2016 was 162.5 million, with a combined value of £9.6 billion. This was some £0.3 billion, or 3.1%, higher than the figure for January 2015.

## USED CAR VALUE TRENDS (£)



Used cars bought on finance by consumers through dealerships						Source: FLA
	Jan 2016	Change on previous year	3 months to Jan 2016	Change on previous year	12 months to Jan 2016	Change on previous year
Value of advances (£m)	1,093	+15%	2,909	+16%	12,260	+14%
Number of cars	104,864	+12%	271,408	+13%	1,158,652	+10%
Used cars bought on finance by businesses through dealerships						
Number of cars	2,536	-21%	9,398	-1%	38,327	-5%





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**Face to Face: Jennings Group**

MD Nas Khan has his eyes on expansion, but is also planning for succession.

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**Jim Saker's view from the business school**

Dealers' weekend activity online is not matched by manufacturers'.



34

**Will 2016 bring a pre-reg hangover?**

Dealers at AM's latest round table worried about the effect of pre-reg and low monthly payments.

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**'We had to fight off online fraudsters'**

Imperial Car Supermarkets' Neil Smith shared horror stories with delegates at AM's Digital Marketing conference.

# Peugeot optimistic about dealer opportunities in 2016

French manufacturer believes new dealer remuneration models, Just Add Fuel scheme and online leads will reap rewards

## NEED TO KNOW

- Peugeot is targeting 5% UK market share
- 'The bigger the market share you get, the more you earn'
- Online lead generation key to registrations increase

By Tom Sharpe

Following 2015's "year of consolidation" for Peugeot UK, the French manufacturer believes this year will bring increased sales and better profits for UK dealers.

This belief comes despite both a shaky start to 2016, with registrations for the first two months of the year 2.76% behind the same period in 2015, and a relatively flat 0.66% year-on-year increase in total 2015 registrations to 104,249.

Although Peugeot's year-to-date market share at 4.26% is up on 2015 as a whole, it is a third of a percentage point behind the same two months in 2015 and a long way from the 8.38% Peugeot enjoyed at the turn of the century.

However, **Peugeot UK brand director Neil Moscrop**, who is retiring after more than three decades with the brand, is confident that he leaves incoming **Peugeot UK managing director David Peel**, who for the last six years has been running the Peugeot Citroen Retail Group, with reason for optimism.

Moscrop believes a restructure of the remuneration programme offered to the brand's 226 franchised outlets, improvements to its Just Add Fuel scheme and a vigorous pursuit of online leads will all reap rewards in 2016.

"On cars in 2015 we were pretty much at the same level as 2014 and in vans we were ahead, but I'd describe 2015 as a year of consolidation," he said.

### Doing away with traditional targets

Moscrop acknowledged that the first six months of 2015 were "tough" as the brand introduced two new remuneration programmes, Retail Share Payment and Fleet Volume Reward.

In June, year-to-date retail sales were down 10%, but Moscrop said the effects of the changes began to be felt in the fourth quarter, with sales up 6% on Q4 2014.

Moscrop said the Retail Share Payment allowed Peugeot to

do away with traditional targets. He said: "We look at a dealer's area of influence and it's as simple as the bigger the market share you get the more you earn."

"It's a pound-per-unit payment based on market share. The beauty of it is that it's completely the same for all dealers."

"The earnings start at 4% and go all the way through to 9%, so our top quartile get over 8% market share. It means people who might have felt disengaged with the franchise are on the ladder and can then move up."

Moscrop said a Peugeot franchise can expect to achieve an average of £1,200 a unit in profit, 6% car market share, 7% Motability market share, with three-quarters of dealerships earning a 1.3% return-on-sales.

A large part of the PSA Group's business is in van sales. Ranked number one in Europe, it saw UK van sales grow by 50% in 2013, more than 20% in 2014 and 10% last year.

Peugeot recently completed the process of cutting its specialist business sales centres – which specialise in fleet and commercial sales – from 90 to 60.

Fleet Volume Reward is rewarding the positive results already being realised by the pared-down fleet specialist dealers, said Moscrop.



# 10,782

Peugeots were registered in January and February, down 2.76% on the same period in 2015

# 4.26%

Peugeot's market share so far in 2016

## KEY PEUGEOT PRODUCTS



### 108

Peugeot's entry-level offering is its second-biggest seller, with 19,482 registrations in 2015, most of them retail. Prices start at £8,345 for the Access, available from £115-a-month on the Just Add Fuel scheme.



### 308

The C-segment hatchback is one of Peugeot's crucial weapons in the fleet market, which accounted for 11,782, or 72%, of the 16,318 total 308 units registered in 2015.



45

**Hit the right marketing targets**

Aiming specific deals at specific customer types saves time and money.



52

**How to defend against digital attacks**

Keeping staff and software updated is the best way to secure your business.

58

**Securing the showroom**

Technology and training can help to protect assets from thieves and vandals.

63

**What's your emergency action plan?**

Knowing what to do if disaster strikes can allow your business to keep trading.



Peugeot is rolling out a £100,000 interior CI update to its Blue box dealerships

"With Fleet Volume Reward, there's no target. It's a very simple three-month threshold programme and the more you sell, the more you earn.

"Over the last three years we have reduced the amount of short-change cycle business that we do – it's one of the reasons that our share has declined – but we have 60 business centre dealers and they have grown their sales over two years by 11,000 units and they've grown from just under 200 cars per dealer to just over 400.

"In 2013, we paid our business sales centres £76,000 worth of bonuses when there were 90 of them. In 2015, 60 business sales centres earned £190,000 of bonuses just from fleet."

**Taking aim at younger drivers**

Moscrop said the introduction of telematics-based insurance to Peugeot's Just Add Fuel scheme – which has opened up the

"It's as simple as the bigger the market share you get, the more you earn"

Neil Moscrop, Peugeot UK

208 and 2008 to a younger customer base – will prove key in the coming year.

The scheme has already proved popular on the 108 supermini, which sees 80% of its sales delivered via PCP, with 60% of those part of the Just Add Fuel scheme, which includes servicing and insurance.

Moscrop said: "With 208 and 2008 now available as part of Just Add Fuel, we think it will mean a mum or dad can buy a family car and put in a telematics box so that their son or daughter can drive it."

Peugeot aims to generate more sales via the internet following the introduction of a web-based lead management system and internet training for sales staff in 2015.

Moscrop said Peugeot's approach to the internet was focused on lead generation rather than completing sales online and added that leads generated online during December increased by 300% year-on-year.

Sales staff have been trained on how to respond to emails and online enquiries to engage with potential customers rather than simply acknowledge their interest and use an iPad-based system to capture customer data in showrooms.

The brand's own website, meanwhile, has been updated, with pop-ups to allow customers to register interest and a used car valuation service that comes with a finance calculator.

The results have been marked. Moscrop said: "In

**208**

Superminis are where Peugeot performs best and 2015's 30,423 registrations of the 208 are testament to that, with 17,148 units supplied to retail buyers.

**2008**

Peugeot's crossover hatchback achieved 18,850 registrations in 2015, more than half of those in the fleet market.

the first six months of 2015, we gave our dealers an average of 3,000 leads a month. In October, November and December we gave our dealers 15,000 leads.

"In December 2014 we generated 1,200 leads, this time it was just over 5,000."

#### New interior CI, but no new models

Peugeot will launch no products this year, but an updated 2008 has already been delivered to showrooms with a more rugged, SUV take on its original crossover looks.

Dealerships are also in line for a facelift. Moscrop said while half of its franchises had adopted its Blue Box corporate identity, the brand was introducing a new interior look that it hoped to complete within two years.

He said the change would represent a £100,000 investment for most franchises.

The new appearance is key to Peugeot's targeting of a 5% market share and the aim of being known as the UK's best "high-end generalist" on the market.

Moscrop said the network is well positioned to make the changes and start producing results. He said: "The range is the youngest it has ever been. We don't have a new car launch this year and that means we can work on maximising what we do."

"Now we have to improve our performance in terms of sales in 2016. Dealer profitability is going to substantially improve."

#### PEUGEOT DEALERS CAN BID FOR DS FRANCHISES

Peugeot retailers can bid for DS franchises this year as parent company PSA continues to separate its near-premium brand from Citroën.

The three-model DS line-up – DS3, DS4 and DS5 – had been sold exclusively by Citroën dealerships until mid-2015, when PSA began to split DS into a standalone brand.

As AM has reported, this will mean slashing the 180 current Citroën and DS dealerships to create a network of 80 to 90 DS sales points, selected for location, sales performance and customer satisfaction.

Those sales points will consist of either DS Stores, which will sit beside the Peugeot or Citroën showroom with a bespoke entrance and reception area, or DS Salon Zones – sectioned areas typically within smaller Citroën or Peugeot dealerships.

The DS network development plan will be concluded by 2017, before the next generation of DS models come to market, although the agreements will be in place before then.

In the first two months of this year, 1,896 DS's were registered. Although DS-only figures for the same months in 2015 are not available, the combined Citroën/DS total (9,516) is 12.2% ahead of January and February 2015, outperforming the total UK market, which was up 4.66%.



"We don't have a new car launch this year and that means we can work on maximising what we do"

Neil Moscrop,  
Peugeot UK

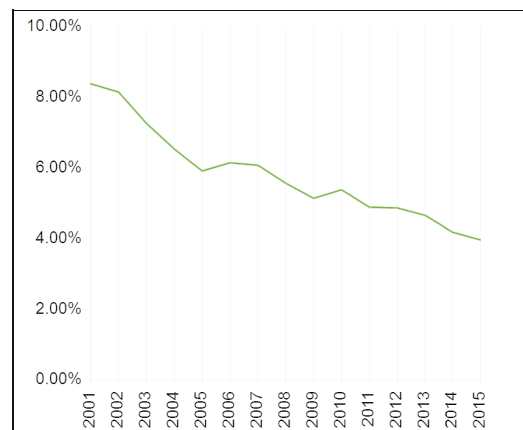
5%

Peugeot's targeted  
market share in the UK

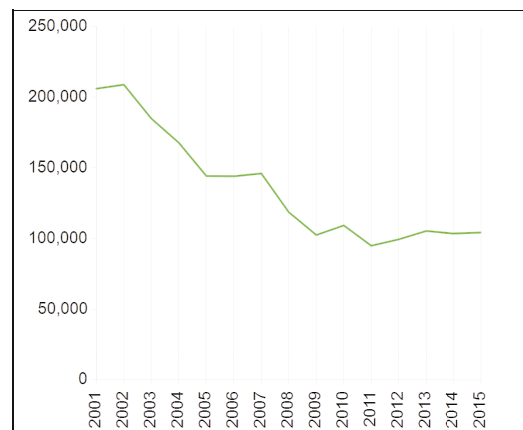
£100,000

the suggested cost of  
Peugeot's new interior CI

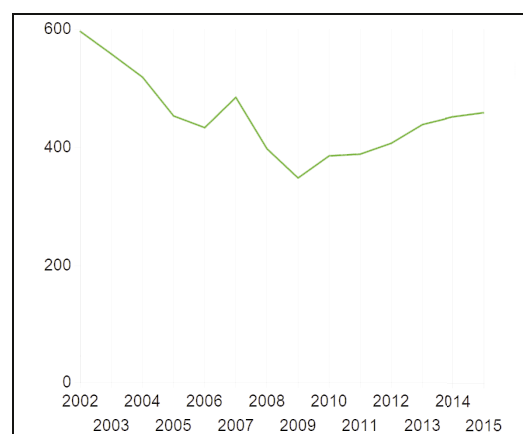
#### PEUGEOT MARKET SHARE



#### PEUGEOT ANNUAL REGISTRATIONS



#### PEUGEOT AVERAGE SALES PER FRANCHISE



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

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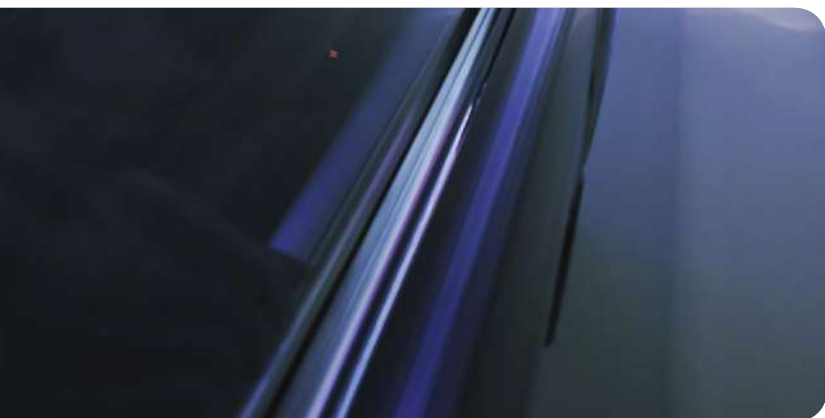
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## NAS KHAN, MANAGING DIRECTOR JENNINGS GROUP

Interview by Tom Sharpe

# Man with a PLAN



When Nas Khan moved from Pakistan to South Shields, aged just 13, he couldn't speak a word of English.

The 56-year-old said it was "strange and scary" trying to adjust to his new life in the North East of England.

"I was literally frightened to get on a bus.

If I got off at the wrong stop, I wouldn't know how to explain where I needed to be..."

Less than a decade later it would be Khan's friendly, conversational approach that made him a hit as a trainee car salesman with Jennings Group and his communications skills that paved the way to a directorship and his current role as managing director.

In the early days, Khan knew just one thing – his father, who moved to the UK to work for British Steel, wanted his eldest child to be an accountant, an engineer or a doctor.

However, on a year's break from his accountancy studies at the age of 22, he uncovered a talent for selling cars as a salesman with Jennings Group.

"I absolutely loved it from day one," he said. "Interacting with customers and selling cars just came very naturally. It was at a time when Ford had around 22% to 25% market share, subsidised finance was just coming in. It was fantastic."

Despite the disapproval of his family and some friends, Khan wanted to make it as a salesman rather than return to accounting. After a progression into the less customer-facing role of business manager did not suit him, he became branch manager at Jennings' then-new Stockton-on-Tees site.

### FACTFILE

**Turnover:** £189 million

**Franchises:** Ford (3); Ford Commercial (2); Kia (2), Mitsubishi, Seat, Harley-Davidson

**Number of staff:** 490

**2015 sales volume (incl. fleet):** 3,866 Ford; 2,038 Ford commercial; 453 Mazda; 326 Seat; 850 Kia; 120 Mitsubishi.

**Used car volume:** 5,938 Ford; 404 Mazda; 419 Seat; 774 Kia; 416 Mitsubishi.



After he assumed responsibility for Jennings Group's marketing, things accelerated: "We took to the radio and our ads in the newspapers went from a full page filled with images and numbers into something very clean and welcoming, something that stood out.

"It was a huge success. The dealership went from strength to strength."

So did Khan's position, following a series of management buy-outs. The first, in 1992, saw former sales director Alan Bentley team up with Khan and fellow directors Nicky Dalkin and Graeme Armstrong to take over the business from the Jennings and Hodgson families.

Further buy-outs – in 2005 and 2012 – saw Khan installed as managing director.

That teenager who four decades ago nervously took his first steps into South Shields today has a contented twinkle that suggests he has cemented himself at the heart of his commu-



**Man with a plan:** Jennings Group managing director Nas Khan leafs through the plans for his new Ford Store in Stockton-on-Tees

nity and at the helm of a business that employs more than 490 people. Jennings yielded a record turnover of £188,930,358 in 2015 – up 9.25% on the year before (£172,938,000).

The largest independently owned Ford dealer group in the UK, with four main dealers and two specialist Transit sites, Jennings now holds franchises with Mazda, Seat, Kia (two), Mitsubishi and Harley-Davidson.

Furthermore, its flagship Ford Store in Stockton will be demolished this summer to make way for a state-of-the-art, £3.5 million facility – Khan's biggest investment to date.

#### **Flying the flag for Ford**

Jennings Group's Ford franchises in Stockton, Middlesbrough and Gateshead yielded a net profit of £1,937,773 in 2015, selling a total of 1,778 new cars to retail customers, 1,400 into the fleet market and 688 via Motability.

Combined with a Ford commercial operation that yielded a

## £189m

**Jennings Motor Group's turnover in 2015**

further 1,567 new sales and a burgeoning aftersales operation at the Stockton site that operates 24/7 with three shifts, Khan is confident his investment in the new facility will be rewarded.

"This will represent my biggest investment in the business since the management buyout; this is going to take everything," he said.

Khan described the Stockton Ford dealership as the "backbone" of the Jennings Group business over the past 20 years and said the development, which he hoped would get under way in April or May, would have to be carried out without closing the business.

He said: "We are totally demolishing this site, but we are open 24/7 for servicing and there is a 24/7 body shop there. We could never afford to shut it. The cost of building is one thing, but the cost of interruption at that site could affect us."

"We're going to build the workshops, shift people



over and then demolish the showroom area. Because the site is big enough, hopefully we will be able to build each section of it and move people across as we go, but it's still going to have huge disruptions."

Development of a former jam factory – now at the heart of a "Motor City" that includes Jaguar, BMW, Mercedes-Benz, Audi, Toyota, Ford and Kia – is being undertaken with the help of funding from HSBC, which has supported Khan throughout his management buyouts.

Jennings Group's new facility will feature a showroom divided into areas tailored for the sale of Ford's performance models, Vignale premium models and more mainstream products.

Halo lighting, tiled floors and tablet-based car configurators – allowing customers to see their ideal car on a large screen – are all part of the Ford Store concept.

New servicing facilities will also complement the glittering front-of-house operation.

Khan said: "I'm in no doubt that the changes are going to be quite gruelling, but I'm really looking forward to seeing the results."

"The new dealership should be up and running for our centenary celebrations in 2017, which is really exciting."

#### Product quality makes the difference

Jennings Group has forged a good reputation with its Ford operation and sold 3,866 new cars, almost 6,000 used and

more than 2,000 new commercial vehicles in 2015. Ties with former Ford employees Paul Philpott and Lance Bradley, now president and chief executive of Kia Motors UK and managing director of Mitsubishi UK respectively, have led to further success in recent years.

IN 2007, Jennings dispensed with a Subaru franchise it signed up for in the summer of 2004, but a Mitsubishi franchise at its Cargo Fleet Lane site and Kia franchises at Washington and Stockton-on-Tees have proved popular additions.

While the Mitsubishi operation sold 123 new and 416 used cars during the eight months that Jennings held the franchise in 2015 – yielding gross profit of £316,253 – the two Kia sites sold 850 new cars and 1,393 used, resulting in a gross profit of £529,289 for the year.

Khan is pleased with the progress of the two franchises and feels he is reaping the rewards of good timing in terms of the products coming through.

Kia sold 1,521 new Sportages in February despite launching on February 5 and Mitsubishi claims to be the UK's fastest-growing mainstream automotive brand.

Khan said: "Our timing is right with Mitsubishi and Kia. They both seem to be going places."

"Our reputation and marketing is one thing but, without a doubt, sales rely heavily on the quality of the product and both are producing that – Kia most recently with the Sportage and Mitsubishi with the Outlander PHEV."



#### 'I HAVE BEEN VERY FORTUNATE – I FEEL I MUST GIVE ALL I CAN'

Jennings Group prides itself on its North East roots and has cemented itself at the heart of the community with an array of annual charity events.

The region's Salvation Army groups use its dealerships to co-ordinate charitable donations each Christmas and it raises funds for a chosen charity each year.

In 2015, the Jennings Group raised more than £20,000 for the Teesside Hospice and it is now fund-raising for the Great North Air Ambulance.

Outside the region, however, the Khan family have also been considerable benefactors to Pakistani communities devastated by the earthquake of 2008 and devastating floods of 2010.

Nas Khan and his father funded an orphanage, which has now accommodated and educated about 1,900 children.

The formation of the family's own charitable Emaan Foundation led to more charitable work through the Human Appeal International relief charity.

Khan said: "Once you have visited a region that is suffering from such adversity, such poverty, you cannot erase it from your mind."

With the help of Khan's family and his personal assistant, Bev Stephenson, the Emaan Foundation funded the distribution of 10,000 Life Straws – devices capable of filtering contaminated water to make it fit to drink – into the Rahim Yar Khan region.

In 2014, the foundation completed the construction of a 140-property village planned by Human Appeal International to house flood-hit families.

Raised 16 feet above the surrounding countryside, the settlement includes a school, a mosque and a small community centre and will soon see the introduction of a medical centre.

Khan said: "I have been very fortunate in my life and I feel I must give all I can. It's very humbling."



Nas Khan and his daughter Natasha, who runs a Subway franchise at his South Shields Kia site





Khan said the 'timing was right' for Jennings to acquire a Mitsubishi franchise

He said Mazda was a good example of how much products influences sales: "We've had the franchise 12 years now and had three wonderful years, initially. Then we had six horrible years. Horrible.

"Mazda went through first being bought out by Ford, then going on their own, and then they had the tsunami. They have been through so much pain.

"Now we have had two wonderful years with Mazda again because they have got an excellent product line-up, a complete new range.

"So it is very much down to product, but even Mazda, or Ford or anybody else can't keep bringing out brand new products every year."

Khan is eagerly awaiting the arrival of Seat's New Ateca SUV, which arrives in UK showrooms in September. His Middlesbrough dealership sold 316 new Kias and 419 used in 2015, generating gross profit of £393,385.

#### Selling beyond the forecourt

As well as having the right products, Khan believes the right people can also make a difference and said an ability to deal with customers remains key to selling cars.

However, Jennings Group is not confined to selling from the forecourt.

An in-house website operation run by a team of 25 has resulted in 300-400 sales completed via the internet. Many cars are delivered to their new owners, with customers from as far afield as Tipperary, in Ireland.

Leading the web development side of the business is Khan's 32-year-old son, Sohail, who has worked alongside Dale Gillespie to drive the group's online presence.

For Nas Khan, who made his mark in the trade with a love



Jennings operates two specialist Transit sites

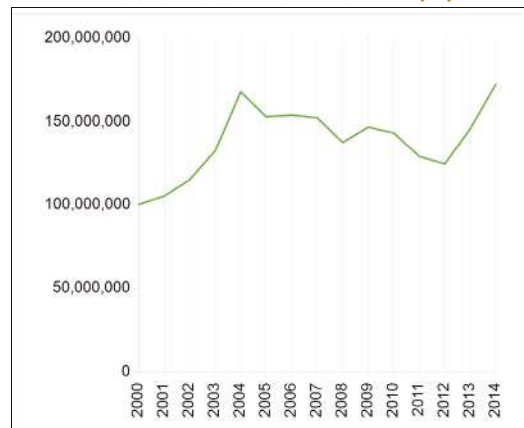
3,866

new cars registered by Jennings Group's Ford sites in 2015

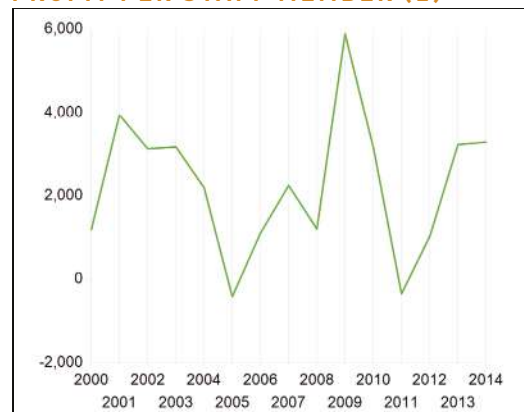
6,000

used cars were sold across the four Ford sites

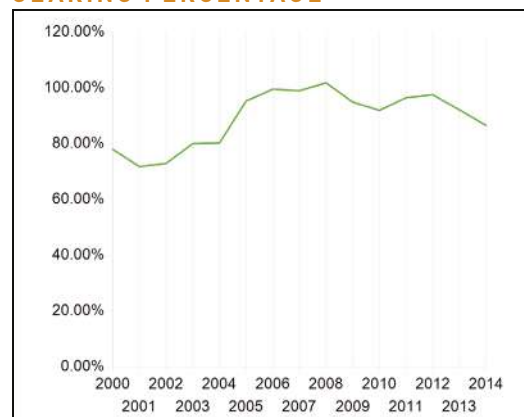
#### JENNINGS GROUP TURNOVER (£)



#### JENNINGS GROUP PROFIT PER STAFF MEMBER (£)



#### JENNINGS GROUP GEARING PERCENTAGE



of the face-to-face approach to sales and customer relations, the new way of working is alien, but he is aware that technology needs to be exploited in the modern sales environment. He said his sales team is "months away" from doing everything on iPads, as the group seeks to tie in its online activity with its DMS.

Exploiting Sohail's skills has also helped Jennings to remain very much a family business. Khan's daughter Sarah already worked for the business and she and Sohail have now been joined by their younger sister, 26-year-old Natasha.

Both siblings cut their teeth in businesses that have seen the group diversify from its main car sales operation. Sohail joined the management team of the Leeds Harley-Davidson business in 2013 after Nas Khan took a 50% share. Jennings brought the business

"Our reputation and marketing is one thing, but, without a doubt, sales rely heavily on the quality of the product"

Nas Khan, Jennings Motor Group

# LAW OF VALUE MUST BE MET

**We have to really build value in our products and services, says Simon Bowkett of Symco Training**



Last month, I wrote about the first Law Of Selling that has to be satisfied for anyone to buy any product or service – the Law Of Comparison. This time I want to talk about the second of the three laws – the Law Of Value.

If people don't see any value in the product or service you are selling, they are not going to buy it.

## Balance the scales of value

Think of it in terms of a set of scales. On one side you have the product or service and on the other is the amount of money you are asking them to spend on it. If the scales don't balance, the customer won't buy.

Salespeople often keep discounting their price to get the equation to balance – in other words, by applying the Law Of Comparison. But there is another way, a better way – by building more value.

So let's not just tell our customers that their air-conditioning needs to be serviced, or their brake fluid needs to be changed. Let's talk about the value of having it done – and what can go wrong if it isn't.

And let's take it one stage further. Would someone pay more to service their car with you – a franchised dealership – than with an independent garage or a fast-fit? Often they will, because what they are actually buying is not just the service but the peace of mind behind it. That's where we need to build value.

## Value is just a perception

Remember, value is always a perception. Would you spend £50,000 on a watch, for example? No? Well, what if I told you it was one of only three ever made by Patek Philippe, was once owned by Eric Clapton and was valued by Sotheby's at \$3.6 million? Now you would probably bite my hand off – if only to re-sell it.

Keep that in mind when you are talking to customers in your dealership and watch my new sales training video on the AM website this month ([www.am-online.com/symco](http://www.am-online.com/symco), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)) to find out more about the Law Of Value.

Next time we will look at the third and final law that must be satisfied to sell 'big ticket' items successfully – the Law Of Urgency.

## Improve your selling skills online

Register for the Symco internet channel, [www.Symco.TV](http://www.Symco.TV), and receive some free credits. Follow us on Twitter @SymcoSimon, or call us on 01829 760 679.

Nas Khan, Paul Mundy, dealer development manager, and Sohail Khan, director of digital media, at Leeds Harley-Davidson



within the group with a buy-out completed in January.

The success of the new venture means a newly built Jennings Harley Davidson site is poised to open in Newcastle and Nas Khan is planning further expansion into Manchester.

He said: "As a brand, I love Harley-Davidson. It's amazing. We had a soft launch for the Leeds site – we'd hardly done any marketing at all – and more than 600 bikers turned up.

"It was a business that was fairly easy to apply our car sales processes to and it's gone really well. In the first year, our objective was about 140 units. We did in excess of 200. The second year the target was about 180, we did 240 units and it has made a profit from year one.

"On top of that there is profit in accessories, which we don't have to the same degree with the cars we sell. A Harley-Davidson owner might spend £10,000 on a bike and £3,000 on accessories."

Khan has also been impressed with a new element to the Jennings business being managed by Natasha.

In February, Jennings Group opened a Subway franchise attached to its Kia site at South Shields. It was only the second Subway franchise to open in a UK car dealership, following Skipton Ford, North Yorkshire, which opened last November.

"The Subway franchise was really left to Natasha and she has been there from 6am to 10pm, working behind the counter, making sure it gets a good start."

He said both Sohail, a trained physiotherapist, and Natasha, a clinical science graduate, felt "trepidation" about stepping off their chosen path to join 30-year-old Sarah, a trained psychologist, in the business.

Encouraging his children into a volatile industry, where return on sales is 2% or 3% at best, was not an easy decision, he said.

"There is still trepidation from them, but they are all doing fantastically well. I'm so proud of how well they are all doing.

"I keep saying to them 'listen guys, I am 56 now. I don't know how much longer I will continue, because I really want to start getting more involved in my charity work. At some point soon, you guys need to take over'.

"I think it's still a bit scary and daunting for them."

He added: "I still can't believe that I've

arrived at this point. To be the sole owner of the Jennings business and have my whole family involved is a dream.

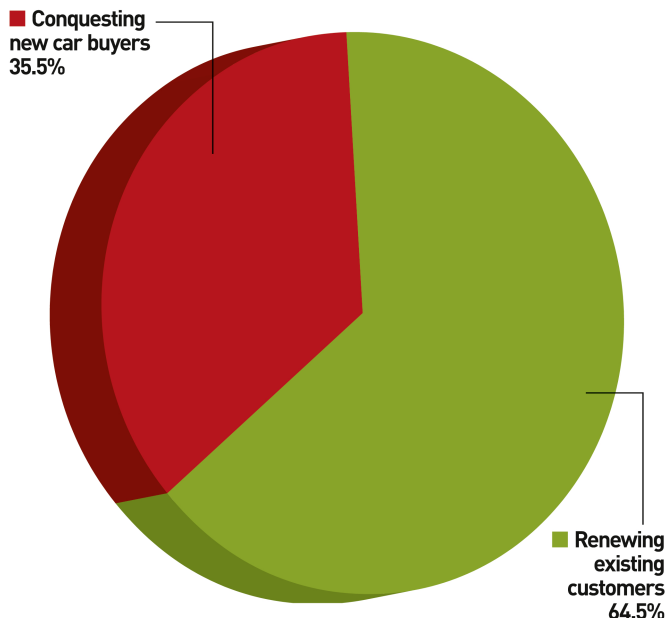
"Ask me is there anywhere in the world I would rather live, any other business I would be in? I swear I would choose nowhere but where I am."

"I keep saying to them [my children]: 'Listen guys, I am 56 now. I don't know how much longer I will continue'"

Nas Khan,  
Jennings Motor Group

## AM POLL

**Where will your focus in 2016 be: on renewing your existing customers or on conquering new car buyers?**



The industry's focus on retaining customers after two years of 2.5 million new car registrations is evident in the results of our latest AM poll. Customer retention has always been a key metric for motor retailers, but several manufacturers have linked targets and bonuses to renewals, increasing the emphasis.

"It's a no-brainer, it is far, far cheaper to retain than to break into new ground. Your database is your salesman's best friend," said one dealer.

Nevertheless, one in three dealers is aggressively targeting new business wins and expecting major growth. One said: "If your sales process is working, your existing customers should be renewing anyway. The real effort must be in identifying, locating and dealing new customers."

■ **Next poll: How many add-on products do your staff present to a car buyer?**

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## ADVERTISING FEATURE

# SELL MORE USED CARS

By Neil Addley, managing director of NFDA Trusted Dealers



At our recent NFDA Trusted Dealers Driving Digital event, we were delighted to welcome the thoughts of Perrys' Darren Ardron, Auto Trader's Nick King, Lookers' Nigel McMinn and Google's Scott Sinclair on the evolving digital landscape for automotive retailing.

What is clear is that at the same time as we see a step change in the performance of NFDA Trusted Dealers in generating enquiries, the used car market is bursting with opportunities for those willing to embrace change.

Some of this change involves embracing technology and sharing data between your showroom systems, CRM systems, and review, valuation, video and website providers. In modern blended retailing, any provider that tries to dictate to the retailer which systems to use is

"When we listen to call recordings of enquiries, the customer's name and contact details are captured just 60% of the time"

ultimately on a hiding to nothing. The use of big data is not for the small-minded.

There is no doubt that the new fully responsive Trusted Dealers website has generated a significant increase in leads to our members, whether that is tracked by phone numbers, email enquiries or postcode matching of sales.

However, here again there is an opportunity for change – when we listen to the call recordings of enquiries, the customer's name and contact details are captured just 60% of the time. For those dealers that are able to focus on this and ensure test drives are offered, there is an opportunity to double the number of appointments.

So while embracing change offers a path to the future, being brilliant at the basics offers an immediate reward.

For a copy of our Best Practice Guide, call 01423 506272 or email [neil@trusteddealers.co.uk](mailto:neil@trusteddealers.co.uk)

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# How does life online translate to life in the showroom?



By Professor Jim Saker

Over the years, the motor industry has spent large amounts of money on market research, in the form of questionnaire surveys, focus groups, driving experiences and numerous interviews through a range of media.

If the research is conducted with integrity, the questions asked are appropriate, and the analysis is done systematically, it is likely that an insight can be gained on peoples' opinions and views. Acting on this information, organisations attempt to shape their product or service offering in a way that leads to some form of success.

Much of this research is confrontational, in that it is demanding a response to a question or prompt. This is a false environment and the challenge is to work out whether the information gathered will actually be transferred into behaviour outside of this context.

For a number of years, our team at Loughborough undertook observational research at motor shows in Europe, observing and recording how people moved around the stands, where they stopped, what they were looking at and how much time they were prepared to invest in any one exhibit.

This helped to shape the layout and design of the stands, but always left unanswered whether what we learned from a motor show could be applied in another context – the dealership showroom.

Another area where this happens is digital and social media. One of the challenges is to see what the connection is between life on the web and everyday living. We know from examples of cyber-bullying that people who are shy and retiring in real life suddenly feel empowered to target others with vitriol and abuse online. Others create their own fantasy world, taking on a persona totally different to their own.

Last week, I received the Social Insights report on the Automotive Industry, produced by Brandwatch. The company is well known for its social media intelligence work and although I am not in a position to advocate or endorse them, I think some of their findings are both interesting and insightful. Basically, the company monitors the web and social media platforms and collects data from online comments, Twitter data and Facebook channels.

Their data collection focused on 48 motor industry brands and was analysed from a range of perspectives. The data collected is very general and inevitably reflects the influence of the US market, but still provides some thought-provoking ideas.

One of the most interesting aspects of their research shows that over the next 10 years 40% of new car buyers will be millennials whose attitude to information acquisition is almost totally online and that 40% will express their experience online, whether it is positive or negative.

However, more than 98% of this online conversation will take place on accounts not owned by the brand, making the audience the dominant force in any discussion.

On average, manufacturers tweet five times a day and post on Facebook an average of 1.2 times per day. When compared with other industries, the motor industry contributes less online, but draws a relatively high level of engagement from its posts.

The figures show that the consumers maintain their level of activity through the week and into the weekend, while manufacturers appear to almost switch off at weekends. This issue is quite important – it appears that when the dealer world is most busy, both online and in the showroom, the manufacturers have packed up for the weekend. Surely, if we are to exploit the potential of social media, it will be increasingly important to provide content when the consumers want it and start to co-ordinate activity in line with customer interest.

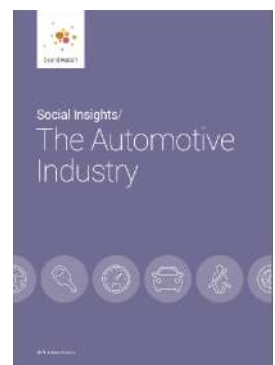
Some of the more interesting data produced was in the area of brand content. During the period November 20 to January 26, Facebook content reveals that the carmakers' strategy is primarily driven by photos, which comprise 72% of their posts. These generated 3,775 likes, 84 comments and 241 shares. By comparison, video accounted for 18% of the posts and generated 3,763 likes, 162 comments and 645 shares. While videos require more effort to produce, they would appear to be a more effective way to reach consumers.

Another fascinating insight is in the gender split of the online audience, which is 71% male and 29% female. However, Honda's online audience was 63% women, while Hyundai (51% female) and Suzuki (48% female) had almost even distribution between genders. Meanwhile, Isuzu came out 90% male.

The interests of the online automotive audience were also analysed and the top three were sport, automotive and family/parenting. It would be interesting to see whether other sectors scored differently.

This and other reports about social media in our industry are beginning to emerge. The challenge is in seeing how these indicators translate into customer behaviour in the marketplace. As the millennials and subsequent groups come through, we will start to understand whether life online does reflect life in the showroom.

**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.**



**To download a copy of the Brandwatch report 'Social Insights report on the Automotive Industry,' go to: [brandwatch.com/automotive-report](http://brandwatch.com/automotive-report)**

*"It appears that when the dealer world is most busy, both online and in the showroom, the manufacturers have packed up for the weekend"*



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# 'It feels like there will be a real hangover from last year'

Car dealers are concerned that pre-registrations and low monthly payments are damaging residual values and profit margins

## NEED TO KNOW

- Record sales in 2015 may affect prices down the line
- Some dealers losing money per unit to hit bonus targets
- Flexible working demands leading to staffing problems

By Tom Sharpe

**M**otor retailers may be facing a pre-registration "hangover" this year as a result of 2015's record sales, according to dealer principals and owners who took part in a round table discussion before this year's AM Awards ceremony.

Pre-registrations affecting used car prices further down the line and the battle to make a margin as volumes rise in a market where low monthly payments are the key to making a sale gave the group cause for concern.

**John Smyth, director at Swansway Group**, said: "The problem we face as dealers this year is pre-registration and the effect that has on used car residuals and stock further down the line. It feels like there will be a real hangover from last year."

**John McGuire, managing director of Phoenix Car Company**, said Kia was one manufacturer that had "refused to sell pre-registered cars" and agreed with **Steve Turney, managing director of Delgarth Motor Group**, in describing the Korean brand's annual targets as "very fair".

However, he said some larger PLCs were taking advantage of pre-registration to achieve bonuses: "They will pre-register a load of cars, stick them in a compound across from the lot and forget about them for three months. They can afford to do it."

PCP deals engineered to sell vehicles at low profitability were another source of worry.

While **Romford Mazda's managing director, Amarjit Shokar**, highlighted the importance of low monthly payments to modern consumers, Smyth said: "There is currently a deal where you can buy an Audi A4 for £195 a month. Where do you go from there? That deal came through the broker network

and for them to supply that they are losing £150 a unit, but it's another unit that gets them to the pot of gold at the end of the rainbow."

**Dean Stoner, managing director at Tunbridge Wells Hyundai**, said a combination of new product and PCP offers from Hyundai meant customers were now changing their vehicle 24 months into a 36-month deal.

Smyth said Swansway has a team of staff dedicated to contacting existing customers and offering PCP renewals, with Volkswagen incentivising renewal rates of 40% and above.

Falling margins and high sales volumes have presented dealerships with a need to exploit the sale of used cars and the potential of aftersales.

While new car deals are making year-old models tough to competitively finance, incentives such as Kia's topping-up of its seven-year warranty on approved cars up to 18 months old and Mitsubishi's inclusion of 10-year-old vehicles on its approved used scheme are helping to boost used sales.

Shokar said margins on older cars are proving appealing and has introduced a £250 "retained margin" bonus for his sales staff each month.

He said: "So long as a car is prepared quickly and ready to go, the older stuff really doesn't hang about. We recently made £2,500 out of a £3,995 sale."

**Matt Kay, managing director of Cartime**, revealed his business's model for maintaining used car stock, which is turned around at speed to exploit a small margin.

Cartime pays motorists one price to buy their car outright or another to sell the car for them, meaning they do not have to buy stock until a sale is secured.

Kay said the difference between the two prices averaged £500 and described the sale or return model as "the most exciting part of our business".

McGuire said PCPs, the rise of competitive servicing plans, data gathered via websites and dealer CMS programmes have equipped dealers with more tools to maintain customer relationships and drive aftersales success than ever.

Without customer data, he said, implementing successful



## DELEGATES



**Steve Foster**  
Group operations  
director,  
Minstergate  
Hyundai



**Matt Kay**  
Managing  
director,  
Cartime



**John McGuire**  
Managing  
director,  
Phoenix  
Car Company



**Peter Murray**  
Owner, High  
Lane Garage,  
Stockport



**Umesh Samani**  
Owner, Specialist  
Cars, Stoke on  
Trent



**Amarjit Shokar**  
Managing  
director,  
Romford Mazda



**John Smyth**  
Director,  
Swansway  
Garages Group



**Dean Stoner**  
Managing  
director,  
Tunbridge Wells  
Hyundai

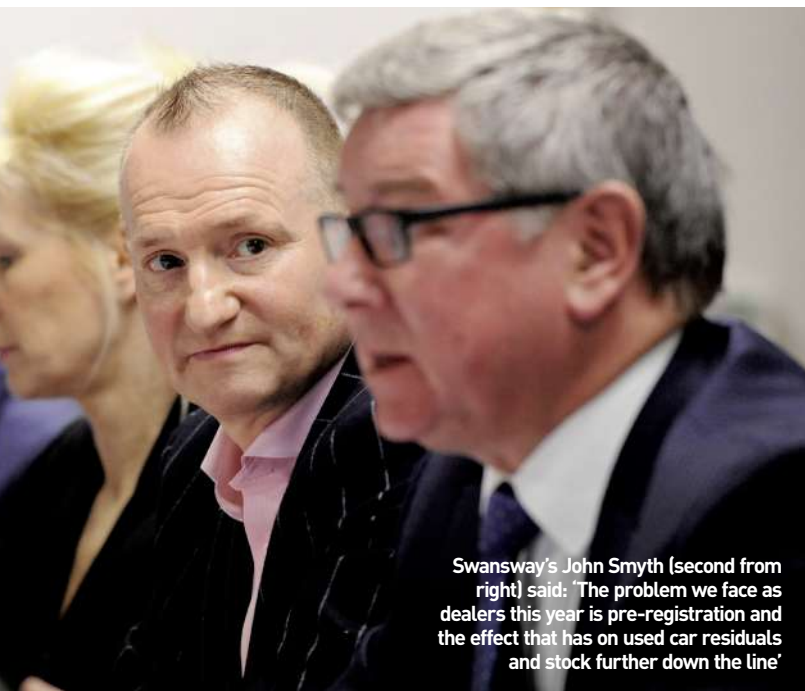


**Nathan Tomlinson**  
Managing  
director,  
Devonshire  
Motors



**Steve Turney**  
Managing  
director,  
Delgarth  
Motor Group





Swansway's John Smyth (second from right) said: 'The problem we face as dealers this year is pre-registration and the effect that has on used car residuals and stock further down the line'



promotional activity was "near impossible". Delegates discussed free Wi-Fi and breakfast in the dealership and GroupOn offers on MOTs as ways of attracting aftersales custom, along with pit stop-style servicing.

Many said they had attempted to introduce technicians working shifts to allow customers greater convenience.

**Nathan Tomlinson, managing director Devonshire Motors,** AM's 2016 Excellence in Customer Service Award winner, said his technicians worked two shifts – 8.30am-5pm and 5pm-9pm.

He said free car health checks and brake servicing led to more profitable repairs and maintained customer loyalty.

Employing and retaining quality technicians was proving difficult for many, however, with the push for more flexible working causing headaches.

**John Vilums, general manager at Perrys Vauxhall Doncaster,** added: "We recently lost quite a few staff to the local authority, who work four days on and four days off. For some, that just doesn't work and it does raise a question about how flexible people are willing to be."

Almost all those present acknowledged the importance of being accessible online as customers research their purchases outside business hours.

Tomlinson said social media is a key promotional tool, recognising Facebook's ability to allow businesses to target potential customers by location.

Kay said Cartime had a 24-hour live chat service – outsourced to a call centre – to benefit from an increasing number of out-of-hours enquiries.

He said: "People will come to the site for a price, but may quickly move on. Online you need to react to enquiries straight away."



**John Vilums**  
General manager,  
Perrys Vauxhall  
Doncaster



**Nick Horton**  
Head of UK  
sales, Supagard



**Sue Healey**  
Key account  
manager,  
Supagard

"You can buy  
an Audi A4 for  
£195 a month.  
Where do you  
go from there?"  
**John Smyth, Swansway**

## ADVERTISING FEATURE

# ARE THERE LIMITATIONS TO CHANGE?

By Nick Horton, head of UK sales, Supagard



In an industry where so much is changing, there are notable areas where nothing seems to change.

As the dialogue gathered pace at the AM Round Table meeting, it soon became apparent that all attendees were appreciative of the opportunities that have arisen as a result of the buoyancy within the new car market. However, they were equally mindful of how they can continue to drive an increase in performance during 2016.

At this stage, the 'usual suspects' (those that seem to be resistant to change) were drafted into the conversation, namely:

■ **Pre-registration of new cars:** How can such a strategic movement (that has the ability to create self-perpetuating challenges) be removed or reduced?

■ **Aftersales profitability:** How can this area be improved (in order to increase absorption rates)?

■ **Sales profitability:** How can vehicle sales and associated profitability be simultaneously improved?

■ **People:** How can our industry attract and retain high-quality people?

As we recognise the above topics were very much at home during the AM Round Table meeting, we may also appreciate that they will have a *bona fide* presence in many future meetings.

On that basis, we may recognise that the following statement from Viktor E. Frankl may be worthy of consideration: "When we are no longer able to change a situation – we are challenged to change ourselves."

Wise words that all participants in our fabulous industry (including suppliers such as ourselves), may wish to consider.

In the final analysis, those who develop and embrace change will become the pioneers of our industry, while those who contest change will find themselves perfectly equipped to deal with a world that no longer exists.

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*Supagard*



**14th April 2016**

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## How do customers rate their experience at your dealership?



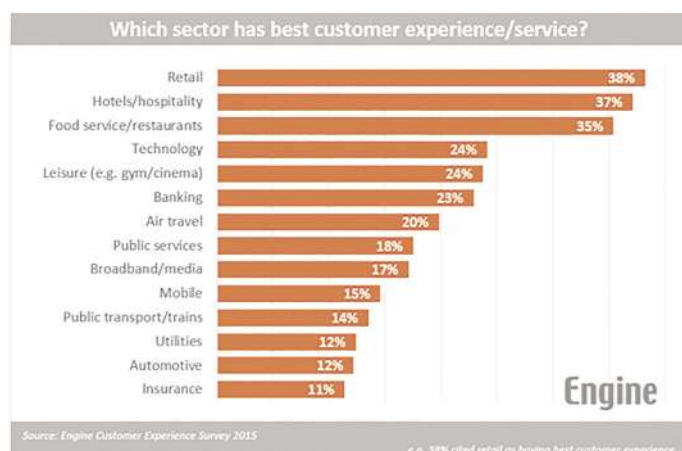
Do you really know what your customers think of your business, your staff and the service you provide?

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With years of focusing on customer experience and working in high profile, top standard retail sites, dealers already have an advantage. However, it is time to develop a sophisticated customer experience strategy which permeates all levels of the dealership and becomes literally the lifeblood of the company.

Our conference will show you how to deliver a stellar customer experience that becomes your crucial differentiator.

## The automotive sector was rated second to last for customer service in a survey of 14 industries\*



**The most highly valued characteristics offered by companies when delivering customer service were:**

- **Openness/honesty 49%**
- **Efficiency 43%**
- **Reliability 41%**

\*Source: AM-online, 16/09/15 - Dealers come close to offering worst customer service, survey reveals.

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08.30 Registration

09.30 Moderator's welcome

## 09.40 How customer experience is evolving

**Jo Causon, CEO, The Institute of Customer Service**

The UK Customer Satisfaction Index (UKCSI) from the Institute of Customer Service is the UK's biggest barometer of customer service and this session explores best practice in the nation's most highly regarded companies as well as changing priorities for customers including staff attitude, behaviour, competence and helpfulness in terms of how service is rated.



## 10.05 What the British Army can teach us about how to encourage loyalty

**Captain Gary Barrow, King's Royal Hussars, British Army**

If any organisation knows anything about the secret of loyalty it's the British Army. This session provides an insight into how the military develops teammates who perform under pressure. From resisting the urge to micromanage and advocating individual responsibility, Capt Barrow illustrates how to create a motivated team which in turn encourages a culture where loyalty flourishes.



10.30 Q&A

10.45 Refreshments & networking

## 11.05 Inspiring great customer service

**Keynote speaker: Linda Moir, customer experience expert**

Delivering insights into how to manage, motivate and inspire more than 15,000 volunteers or 'gamesmakers' to provide the very best customer service at London 2012, Moir will also draw on her experience as director of in-flight services for Virgin Atlantic when she discusses how to create a genuinely customer-centric business.



## 11.30 How one dealership created an award-winning customer services strategy

**Dom Threlfall, managing director, Pebley Beach**

Having scooped a number of prestigious awards including AM's Excellence in Aftersales 2015, Pebley Beach has long striven to deliver the 'wow' factor to its customers. Threlfall will illustrate how a continually evolving business' approach to customer care as a result of constant customer evaluation and staff focus groups, encourages customers to return and recommend.



11.55 Q&A

12.10 Lunch & networking

## 13.10 Masterclasses

### Staying in touch with customers on their terms

**Jeremy Evans, Marketing Delivery**

This session will demonstrate how the modern dealership can use its data along with the best of modern communications, combined with more 'traditional' methods to be where the customer wants them to be, when the customer wants them to be there.

### The art of customer service

**John Miele, carwow**

Presenting alongside one of its most successful dealer partners, carwow will explore exactly what excellent customer service means to the consumer including how to sell to today's customer and tips to increase conversion rates as well as insights into what customers love (and what they hate).

### How can you use video to enhance your customer's experience?

**Adam Price, AutosOnShow.TV and Ian Godbold, Cambria Automobiles**

Incorporating the experience of an AM100 dealer group, this session explores how video engages customers early on in the buying process and provides transparency in the dealership whilst delivering customer behaviour insights. It highlights how incorporating technology into the customer experience can meet the demand for a personalised service and develop exceptional rapport from the start.

14.10 Refreshments & networking

## 14.30 How the customer experience will change in automotive retail

**Catherine Hutt, principal consultant, automotive & transport, Frost & Sullivan**

Taking a glimpse into the future, market researchers and consultants Frost and Sullivan undertake extensive research to predict how the consumer environment will look in a few years' time. With automotive retail undergoing massive change, Hutt explores how the consumer is redefining the sales and aftersales process and how dealers and manufacturers can meet the challenges.



## 14.55 How to improve customer service and the rewards you can expect to gain

**Andrew Grant, vice president automotive, MaritzCX**

Drawing on its CX Evolution study, this session explores how organisations can move up the curve and the rewards which can be gained. The study found 72% of CX managers think their programmes are not as successful as they should be, and Grant explores best practice, how the new consumer is changing and how manufacturers and dealers need to interact with them.



## 15.20 Is it time to redefine the sales process?

**Jay Nagley, managing director, Redspy**

Dealers rarely receive the same customer care accolades reserved for the likes of John Lewis and the Apple store. This session explores examples of how some dealers and brands are adapting the traditional sales model to better meet customer expectations and asks a series of searching questions such as whether customer satisfaction surveys provide the most accurate feedback particularly when it comes to future behaviour.



15.45 Q&A

16.00 Summing up and close

\*The organisers reserve the right to change the speakers and/or timings

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or contact Emma-Louise Kinnaird on 01733 395133 or email [emm Louise.kinnaird@bauermedia.co.uk](mailto:emm Louise.kinnaird@bauermedia.co.uk)



# "We were forced to fight off online fraudsters"

Imperial Car Supermarkets director Neil Smith shared some digital horror stories with delegates

By Tim Rose

**R**eaders of AM will be accustomed to reading articles on how dealers can use the internet to increase their profits everywhere from sales to servicing, but less is said about what can go wrong online.

When volume used car retailer **Imperial Car Supermarkets** was hit by online fraudsters, it discovered just how difficult it can be to defend a business.

Now the group is more aware and better equipped to deal with further attacks, **director Neil Smith** warned other dealers they need to be ready to act to defend their assets and their reputations.

## Fraudulent listings

Between September and November 2014, a website called Trade Direct Auctions Limited listed cars it had 'scraped'

(extracted and duplicated data) from the websites of Imperial and other dealers. It promoted these vehicles at 50% of the price Imperial was retailing them for.

Smith said the website looked credible – it stated that the cars displayed were recovered repossessions, which was why they were so cheap.

Imperial's management was alerted when a consumer got in touch after seeing a car advertised by both Imperial and Trade Direct Auctions on the same classified advertising website. While Imperial was marketing it for over £10,000, the other website displayed it at a price of £5,950. The documentation the consumer had received from Trade Direct Auctions was credible, with a UK registered address and a Barclays bank account. However, it had never held the car.

Other victims of the scam have complained online of losing thousands of pounds.

Imperial contacted the classified advertising portal and had the fraudulent ads removed. Its own attempts to trace the owner of the website were fruitless – it listed a false parent at Companies House and the website domain name, recoveredauctions.co.uk, was registered anonymously with a provider in California.

"There was very little we could do," said Smith. The police's Action Fraud unit wouldn't act unless the fraud had been committed and reported by the consumer. Imperial contacted Barclays, which closed down the offending account within two hours. However, the website opened a new bank account a few days later. Eventually, the scam website simply disappeared.

Smith said there are steps you can take to avoid similar scams: "Make sure you're protecting your digital assets. We encrypted all the URLs to reduce the chance of the website being scraped. If it does happen, report it to all the agencies and hopefully at some stage they will do something about it. If not, the website will take the money from these people and disappear.

"It had a negative impact on our business because we were fielding all these calls from consumers. It gave quite a negative perception of our business because they couldn't understand



The 'scraped' website looked credible, said Smith



**£10,000**  
the estimated legal cost to Imperial Car Supermarkets of taking action against anonymous US reviewers

**£1,060**  
the cost to just start a resolution process for domain name infringement





Imperial Car Supermarkets' managing director Mike Bell, left, and operations director Neil Smith, right. Smith said their website was 'scraped' for data

why our vehicles were priced at a certain level, but then were available for half the price."

#### Fake reviews

In another instance, Imperial had to defend itself against anonymous negative reviews posted on two review websites, one in the UK and one in the US.

Smith asked for the reviews on the UK website to be verified, and eventually had to threaten legal action within seven days if they were not verified or removed.

"If they're not verified, it could be anybody posting those reviews: ex-employees, competitors," Smith said. Eventually, 45 reviews were removed, and only eight were re-posted once verified.

The US-based website denied Imperial's requests for the reviews to be verified. Imperial's legal advisers warned that challenging the US website – which would involve engaging a lawyer in the US and issuing a subpoena to force the review website to give up the IP addresses of the anonymously posted reviews – would cost upwards of £10,000. Even after that, the IP addresses would not necessarily guarantee that Imperial

"Make sure you protect your digital assets. We encrypted our URLs to reduce the chance of being scraped"

Neil Smith, Imperial Car Supermarkets

could trace the culprits, and it would need a specialist in the UK to bring it to court, at further cost.

Imperial responded to the negative reviews online, requesting further details from the reviewer and showing it was willing to resolve issues, but to no avail. Eventually, it stopped.

Smith said Imperial was able to adopt a positive online reputation campaign to combat the reviews. "It really resulted in us upping our game," he said. Imperial now has a 96% product rating on Feefo and an 85% approval rating on JudgeService, which Smith wants to increase to 90%.

"If you're in a similar situation with non-validated review sites, pursue them and keep pushing. Threaten legal action if it fails. Attempt to make contact with the reviewer, and don't respond in kind."

#### Pay-per-click bidding wars

Some companies see tactical benefits from bidding on competitor brands in pay-per-click (PPC) search marketing terms. This can position one brand in another brand's space and can be cheaper because of the low competition. However, doing so can start a war, Smith warned.

A rival may respond by bidding on your brand and make that more expensive. Smith also warned that poaching another brand's name in search terms can damage your Google quality score because a consumer looking for your competitor will come to your website and your bounce rate will increase.

Imperial suffered a damaging PPC campaign in 2014, with a competitor suspected to be the culprit. It drove consumers searching for Imperial towards a blog website, which made incorrect and damaging claims about it.

As the campaign included Imperial's trading name, which is trademarked, Google upheld Imperial's trademark complaint, stopping the competitor from using the trading name in its adverts. After a few weeks, the campaign was halted, but it had caused damage – the price for bidding on Imperial's brand name had rocketed from 24p to £1.67 per click in just the first two weeks of the campaign.

Smith said it also cost the business time and effort, because some customers had seen the blog and rang for reassurance, but it had no discernible impact on sales.

Imperial now spends about 20% of its PPC budget on supporting and protecting the brand.

#### Domain name challenges

Smith talked about an instance when Imperial Cars discovered an Imperialcars.reviews domain name had been anonymously registered in the USA, infringing Imperial Car's trademark. It was ranking highly in online search and potentially damaging to the business, so the group took action.

It contacted the domain's issuer, Domains By Proxy, and the Internet Corporation for Assigned Names and Numbers (ICANN), and the World Intellectual Property Organisation (WIPO) which resolves internet domain name disputes, but discovered that to invoke WIPO's Uniform Domain Name Dispute Resolution Policy (UDRP) would cost the business £1,060.

It was again only Imperial Car's trademarking of its brand which helped it to eventually take ownership of the rogue domain name.

"Competitors are always going to have an influence on our performance and as long as it's fair competition then it shouldn't be an issue," said Smith.



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## BRIEF INSIGHTS

### BRACE FOR DISRUPTION

Dealers must anticipate more digital disruption, warned Julian Whewy, product director at Manheim Retail Services. He said: "Look how the face of business is changing. The world's biggest taxi firm owns no taxis, the world's biggest real estate company owns no real estate and the world's largest phone company has no telephone infrastructure."

Peer-to-peer car sales network Beepi, online marketplace Tootle and Carspring are threats to traditional franchised dealer models. A new breed of motor retailer will do away with many overheads and appeal directly to the target audience digitally.



### BEWARE THE AD-BLOCKER

The rapid growth in ad-blocking is threatening the motor industry's ability to use traditional website advertising. Ad-blocking is already available on Apple's iOS9 and Android users can block ads via specific browser apps.

The implications for the marketing industry are serious, warned James Whatley, Ogilvy and Mather Advertising's digital director. The use of ad-blockers is growing in all age groups, but particularly in the under-35s.

Whatley said it is a trend that will lead to the end of traditional website architecture such as the banner advert. As a result, micro-targeting is now the key to ensuring adverts are well received online. Marketers will need to earn the consumer's attention, with content tuned to specific consumer interests.

### 'SOCIAL MEDIA HAS PEAKED'

Social media is being superseded by chat apps such as WhatsApp, Facebook Messenger and SnapChat, which are growing fast. Social is public messaging, chat is private, and the younger generation prefer the latter. Brands need to develop a chat-commerce experience in these chat apps. "This shift is significant. Social media has peaked," said Thomas Power, chief digital officer at Electric Dog.

## BUILD THE DEALERSHIP INTO A DIGITAL COMMUNITY

American companies, such as Google, Amazon, Facebook, Apple and Microsoft, are looking "to eat share" from the automotive industry, said Thomas Power, chief digital officer at specialist consultancy Electric Dog.

"These companies are not your friends. These companies are predators, they're well organised and very well financed and they hire the best people in the world.

"They want to eat share from something else, that's what the computer industry does."

Carmakers are recognising the progress these companies are making in the automotive area and are being forced to change. Digital powers are the car industry's top concern, according to KPMG research.

The message to the automotive industry is that everything it currently knows is unreliable. The automotive ecosystem in 2025 will see battles fought over vehicle assembly, maintenance, the internet of things and connectivity.

Power said the future for dealers must be in becoming their community's hub for education in the technology, where consumers come to experience Android Auto or Apple Carplay. Car dealerships in future may also go beyond simply being a place that supplies cars, but become a place to meet and work – he cited growth in Regus business centres as indicating needs for regional business hubs for mobile workers.

"Everything revolves around tech education, because none of us can keep up. So the motor industry has to become the centre of education for tech, particularly as the smartphone integrates with the car and becomes one. The

Electric Dog's Thomas Power said technology companies are predators



thrill of the car is the connection with the smartphone, they're so related. It's almost like the car is becoming a smartphone with tyres on."

Dealers must teach about the new powertrain technologies, new in-car applications, gesture control operations, and the internet of things, said Power. BMW is already involved in If This Then That (ifttt.com), which uses connectivity to allow users to automate certain actions, such as receiving a map to where they've parked, send a text to their children when they near school or turn their lights on as they arrive home.

## TREAT CUSTOMER DATA SERIOUSLY

Too many dealerships are failing to join up their customer data and digital processes, despite having more data-gathering channels to tap into than ever and despite having customers who are sharing more personal information online than ever.

Jeremy Evans, managing director at eCRM and social media agency Marketing Delivery, said car dealers must harness data from websites, live chat, email, SMS messaging and social media to forge relationships with customers and carefully manage the information it yields.

A customer's information "should follow them" so there is no need for them to fill in data fields on the dealer's website each time they have a query or want to book a service.

The correct use of data also enables dealerships to maintain contact with customers well after the point of sale to ensure they feel "understood and valued", he said.

Marketing Delivery's own research has shown that 37% of customers had not been contacted in the 12 months following purchase.

Customer communications can be scheduled to combat the quiet periods in the dealership if the data held is correct and properly utilised. One example given was Swansway Group, which recently invested £60,000 in updating the data on its CRM systems and the resulting targeted approach yielded an additional 4,500 service bookings.

Better communications are vital – research into 7,500 consumers for Capgemini's latest Cars Online report found customer expectations were growing.

"When consumers talk to a dealer about buying a car, they value technical expertise. Customers also expect more and better communication between purchase and delivery – most would like to be contacted at least weekly," said Nick Gill, senior vice-president



# AM DIGITAL MARKETING CONFERENCE 2016

## A DEALER CASE STUDY – JCT600



**Charlotte Murray, JCT600's head of digital,** outlined the five-year journey in delivering the group's latest website. She highlighted a common pitfall in digital marketing of assuming you know what customers want – or “accepting what the industry tells us we should do”.

Understanding this led JCT600 to carry out an 18-month design-and-build process, of which the first six months were research.

“We operate 18 brands, so we're dealing with a lot of people, and need to provide a solution appropriate to everyone.

“We worked out who our core customers were – the first-time buyer, the housewife, the middle manager, the doctor and the

company owner. These five personas are the focus for all our advertising and marketing.”

JCT600 realised it had an opportunity to exploit the content it could offer to an accepting audience, with research showing that monthly searches on Google for information on cars outstripped those for cats, food and money.

Acknowledging this, content creation took on a wider responsibility, from being exclusive to the marketing department.

“We encourage everyone to support content creation for the website and other digital channels, from showroom and workshop staff, to valeters and cleaners.” All ideas are judged on what will deliver the most value to customers.

With every idea, a hypothesis is written on the rationale for the change and its impact. ‘A-B testing’ is carried out to help reach a conclusion. Only then is a change made to JCT600's website. Data and analysis drives decision-making, said Murray.

“We encourage everyone to support content creation for the website, from showroom and workshop staff to valeters and cleaners”

Charlotte Murray, JCT600

and chairman of Capgemini's automotive council. He added that more than half of customers want to be able to modify their order (such as adding accessories) after purchase.

The customer wants to be at the centre of the experience. “There is a need to get to know customers in order to offer each individual a ‘selfie experience’ with that individual firmly in the foreground,” Gill said.

“Customers now expect OEMs and dealers to respond to and complement what they want and know, via their preferred channel. Plus they want to be able to switch between the physical and digital touchpoints seamlessly.”

He emphasised that contact did not have to be digital-only. The ‘interest phase’ is where digital activity is the most intense, but at the time of purchase, during ownership and repurchase, most respondents wanted a number of personal contacts and physical touchpoints, “which means dealers remain crucial in the selling process”.



Jeremy Evans: ‘dealers must harness customer data’

## BRIEF INSIGHTS

### MEET, HELP AND GUIDE YOUR ONLINE CUSTOMERS



**Banks and furniture shops are using live video chat to help and guide online customers to the checkout, said Nigel Thomas, director, Vee24. Dealers also need to “meet customers online”, he said. Sytner Group's Land Rover division is using live video chat and has achieved a 35% conversion rate from call to test drive and an 85% average Net Promoter Score on the calls.**

### VIRTUAL REALITY AND VIDEO = SOCIAL CONTENT

Social media marketing needs to be “selective, timely and relevant” and the rise of video and affordable 3D headsets will have a huge influence from 2016, according to James Whatley, Ogilvy and Mather Advertising's digital director. Innovations such as Google Cardboard – which allows users to transform a smartphone into a virtual reality headset – are making the technology available for free, and he advised dealers to embrace at least basic video content creation.



### SME FLEET OPPORTUNITIES



**In the SME sector, 48% of one- to two-car fleets, and 45% of three- to 10-car fleets, are self-funded, so dealers have a good sales opportunity in this market. Localised use of Google Adwords such as ‘business cars’ may benefit the dealership and dealers can tap into a variety of data sources to help identify targets at the right time in their vehicle change cycle, said Chris Wall, marketing manager at Total Lubricants UK. He revealed a ‘dashboard’ system that Total uses to support its dealer partners and recommended tools such as Inspectlet which track how people browse your website.**

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# Hit the right targets with your marketing budget

Targeting specific types of customer with specific deals saves time and money and boosts conversion rates. We ask dealers how they aim their marketing budgets

## NEED TO KNOW

- Service date data can provide prospects for car sales
- Audience segmentation keeps offers relevant
- Social media has lowered cost per conversion

By Chris Phillips

**T**argeted marketing is essential for car dealers – putting the right products in front of the right people. The rise of the internet has brought social media and email campaigns to the marketing fore, but dealers' own databases also provide a valuable source of prospects.

**Matt Brown, marketing director of Essex Auto Group (EAG)**, compared marketing segmentation to a cucumber – “however thin you want to slice it, customer gender, customer age or model age, last time we saw the vehicle, and so on”.

For an invitation to preview the new Ford Edge, EAG excluded owners of models like Ka and Fiesta and anyone who bought a car within the past 12 months. From that, it used last date in the workshop or any other form of contact to whittle the list down to owners of two- to five-year-old cars.

“Rather than spend £20,000 on a blanket direct mail campaign, we wanted the lowest-hanging fruit, in this case 396 good-quality people coming into the showroom,” said Brown.

He said the group has been on a “culture-changing journey” since 2012 to refine and exploit its databases. The capture rate on next service date, including MOT, has been especially successful, rising from 45% to 95%.

That service information, in particular, can provide prospects for car sales.

“Identifying cars we haven't sold, that is they were bought from another dealer, but we are seeing them for service, has given us 15,000 extra opportunities since 2012,” said Brown.

EAG also uses social media, however, and ran a month-long “Sweet 16” new plate promotion on Facebook.

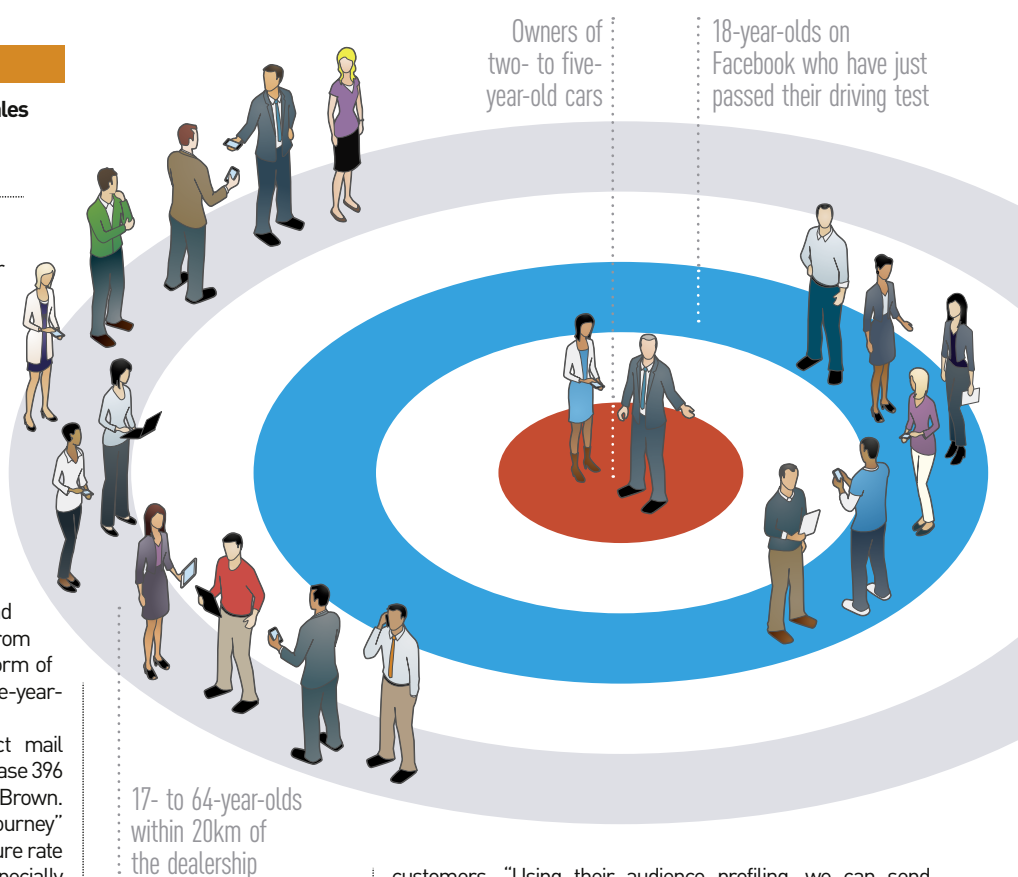
“It was aimed at 17- to 64-year-olds within 20km of our dealerships, giving us around 230,000 prospects for just £155,” said Brown. “If nothing else, it helps build the brand.”

**Lee Manning, digital marketing manager with Perrys**, said its marketing strategy too relies heavily on segmentation.

“Not only does it allow us to target the exact people who will be relevant to our promotions – it also helps protect our database. There's nothing worse than giving a retailer permission to contact, only for them to abuse this by bombarding you with offers that are completely irrelevant.

“Segmentation has a positive knock-on effect to our metrics because we are taking the time to think about what our customer wants to receive, it increases click-through rate and therefore improves our cost per conversion.”

Perrys uses Facebook and Google to target conquest



“Leaning towards digital channels means we are more targeted – it's more measurable”

**Philip Deacon, Ridgeway**

customers. “Using their audience profiling, we can send adverts to the people relevant to our promotion,” said Manning.

Perrys had “great success” with its Peugeot Just Add Fuel Telematics offer, using Facebook to target 18-year-olds who just passed their driving test. Perrys also took advantage of the platform's data to target parents who may be helping to fund a car purchase or, at the very least, advising on car choice.

## Getting the physical-digital balance right

**Ridgeway** uses a mix of digital and non-digital marketing materials, said **group marketing manager Philip Deacon**.

“It's an issue of getting the right balance between digital and physical,” said Deacon. “But leaning towards digital channels means we are more targeted, it's more measurable than traditional media.”

With a franchise portfolio ranging from premium to niche, Ridgeway uses Facebook across all brands and could have up to five separate data-driven campaigns for one brand at any time. “It offers a great amount of reach to drive clicks onto our website,” said Deacon.

Other social media channels include You Tube and Instagram, complementing SMS, emails, printed mailers and digital newsletters.

As well as product updates, Ridgeway's website

# ACCURATE DATA IS KEY TO YOUR MARKETING SUCCESS

By Jeremy Evans, managing director, Marketing Delivery



The importance of data – permission to use it and its quality – is increasing as consumers show their willingness to engage with companies that send them personalised, relevant messages.

Part of the work we carry out with our clients measures the quality of their data.

We examine the records of the customers and vehicles seen in the workshop in the previous month and measure the number with missing email and/or mobile numbers and the vehicles with missing or overdue service and/or MOT dates.

On average, our clients have an overall success rate of 61%:



## Why does this matter?

Well, marketing is arguably now more science than art. Data is the key to success, with customers responding better to well targeted, personalised, relevant communications.

Whether by email, SMS, social media or digital advertising, the better the data held, the better the targeting and the better the results. The added benefit is lower costs or, to be more correct, lower media cost, with funds available for all-important analysis and data improvement.

**Marketing Delivery**  
DATA DRIVEN MARKETING

undergoes regular “creative examination” to gauge viewer appeal, along with response rates across its marketing channels.

These are split by model and dealership across sales, service and a combination of both. That’s further refined to gender, age, home and work postcodes and so on, working in conjunction with manufacturer profiling.

“What we can do is amplify that profiling on a local basis,” said Deacon.

Ridgeway does no newspaper and radio marketing, compared with seven years ago when it accounted for 5% of its marketing budget, alongside 15% for direct mail, 20% email, 15% SMS and 40% digital.

There was no allowance for social media, which today accounts for 15%, along with 5% for direct mail, 15% email, 5% SMS and 60% digital. Ridgeway’s portal is its primary resource – according to Deacon, it generates about 14,000 “hard leads” a month.

“Traditionally, it was reckoned that it cost £150 of marketing to sell a new car and £75 for used. Now it’s typically down to half that,” said Deacon.

Though East Midlands-based **Sandcliffe Motor Group** uses social media such as Facebook and YouTube, along with other digital platforms, its **head of marketing, Nigel Falkiner**, said TV, radio and direct mail still have a key role in the communications chain.

“There are the active people who are forever on the internet looking for the best deal and the passive ones who need a spark that often comes from the more traditional media,” he said.

“You could have someone driving a two- to three-year-old car and not looking to change until they learn of an offer through TV or radio to ignite that spark that leads them to your website. These tend to be conquest sales that generate more profit.”

Sandcliffe’s marketing budget reflects this, with 42% allocated to radio, 22% to press and 24% to TV.

About 5% is spent on direct mail for “specialist” events, such as launches, where volumes are lower, but conversions are higher. To reduce postage costs, Falkiner uses a bespoke piece of software to examine 10 different

databases to eliminate duplication.

“Walk-in” traffic is routinely quizzed to find out what triggered the visit and out of the 10% or so of “captured” information, up to 60% is through Sandcliffe’s website.

Sandcliffe delivered 587,000 emails last year for 77 campaigns with a click-to-open response of 22.2% and a click-through to the website of 17%.

“We think that’s pretty good,” said Falkiner.

## Targeting TV viewers

**ThinkFord’s** favoured marketing channel is Sky AdSmart, which shows different ads to different households

watching the same TV programme. Households can be selected on factors such as age, location and lifestyle, based on Sky’s customer data and profiler agencies such as Experian.

“We have been using AdSmart, targeting specific postcodes and tweaking it with [Experian’s] Mosaic profiling,” said **Think Ford’s marketing manager Heather Findlater**.

“Each campaign gets better. Website traffic goes through the roof and then drops afterwards. Our next one is primarily for used cars and, like previous campaigns, we take out categories that didn’t respond and focus on those that did. It’s not an exact science, but Sky is in the process of refining its stats.”

AdSmart accounts for most of Think Ford’s marketing budget, followed by pay-per-click online.

The company also uses Facebook, but Findlater “can’t

remember” when it last used newspaper marketing. It has abandoned radio for the same reason – both media are difficult to measure.

**Cameron Wade, commercial director with Peter Vardy**, said Facebook generates high conversions for low cost – £5 per inquiry, compared with £15 for other platforms.

“We are constantly refining our techniques to target fewer people, but with higher conversion,” said Wade.

The company’s marketing efforts are equally split between offline and online, with most promotions focused on finance offers across all platforms.



“Rather than spend £20,000 on a blanket direct mail campaign, we wanted the lowest-hanging fruit”

**Matt Brown, Essex Auto Group**





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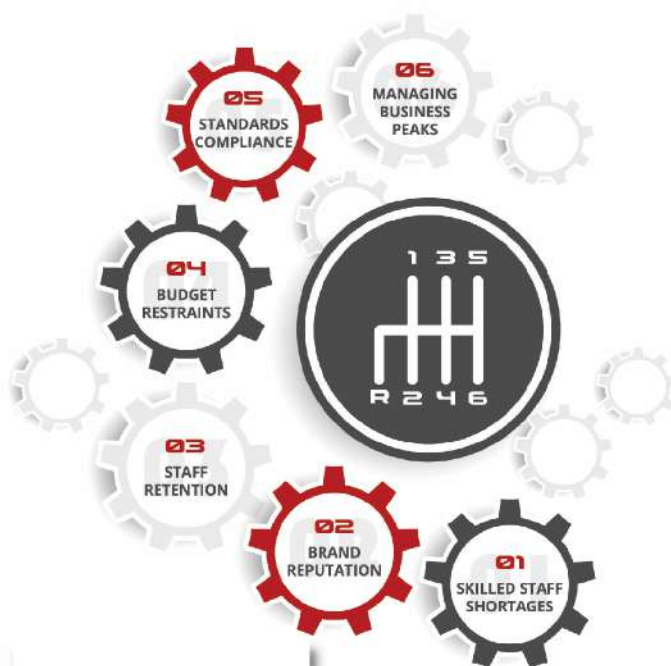


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# Maximising the leads from your digital showroom

**S**ome dealerships still think they can just sell cars from the lot, but it just doesn't work like that now."

Peter Fairfield, co-founder and director of autowebdesign.co.uk, has seen the dealership website evolve to become an increasingly integral part of the sales process since he set up the business with Richard McCombe in 2004.

Fairfield, a transport manager and McCombe, a website developer, joined forces after remortgaging their homes to fund their ambitions to bring dealerships' online presence into the 21st century.

Now, after more than a decade of experience "cracking the code" of Google, tackling the challenges of online stock searches and refining website functionality, Autoweb Design has developed and maintains more than 900 dealer websites.

Fairfield said: "Dealerships have to know that they are operating in a time when websites are a huge lead generator and – to many new customers – are the face of their business, just as much as their dealership."

When Selby-based Autoweb Design was formed, its initial clients were independent dealers, but as the influence of the online automotive marketplace

**"SsangYong's website has more than doubled its organic traffic since we took over, and we expect to do the same with Suzuki's used car locator"**

Peter Fairfield, Autoweb Design



has grown, so have the business' areas of expertise and its client base. Bespoke online marketing campaigns, content generation, stock manage-

ment and lead management are all key components of the work it does. Its clients include several franchised groups, such as CCR Motor Company in Gloucestershire, Luscombe Motors, which has Suzuki and Mitsubishi dealerships in Leeds and two-site Volvo dealer Ray Chapman Motors.

The integration of functions such as live chat and video content into dealer websites is also an increasing area of growth, although it outsources these services to established specialists.

Autoweb Design's strategy is to improve the organic growth of its websites and achieving this remains very much about straightforward functionality and smartphone optimisation, as about 60% of all automotive website enquiries are made via a mobile or tablet device.

McCombe said: "We now start with a site optimised for a smartphone or tablet and expand upon it from that point."

Constant data analysis is central to Autoweb Design's strategy for getting the best out of its clients' websites.

Fairfield said: "At the heart of everything we do is a vast amount of data analysis. It is vital that you understand how your website is performing and

## FROM CAR DEALERS TO CARMAKERS

Although Autoweb Design has a focus on helping dealers improve their digital presence, the company has also begun working with carmakers in the past 24 months.

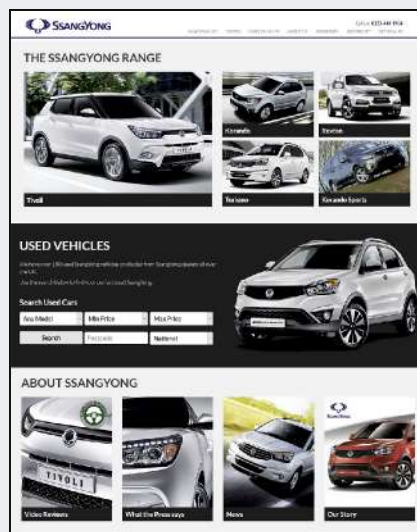
Autoweb Design was able to employ its data-driven approach to make instant improvements to Suzuki's online used car operation after striking up a partnership in 2015.

Fairfield said: "Suzuki's online offering simply wasn't responding to the search engines as it should and we put in place a structure that meant that area was optimised."

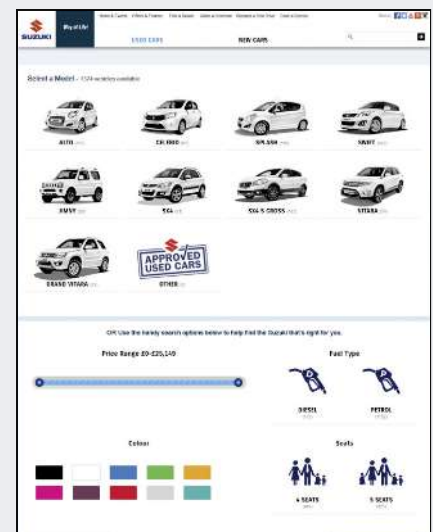
"The trick was to then present the new pages so that they could be easily crawled, giving relevant information to gain trust as an integral part of the main site."

"All the processes of the site were stripped back and we ended up creating something that is getting really good results."

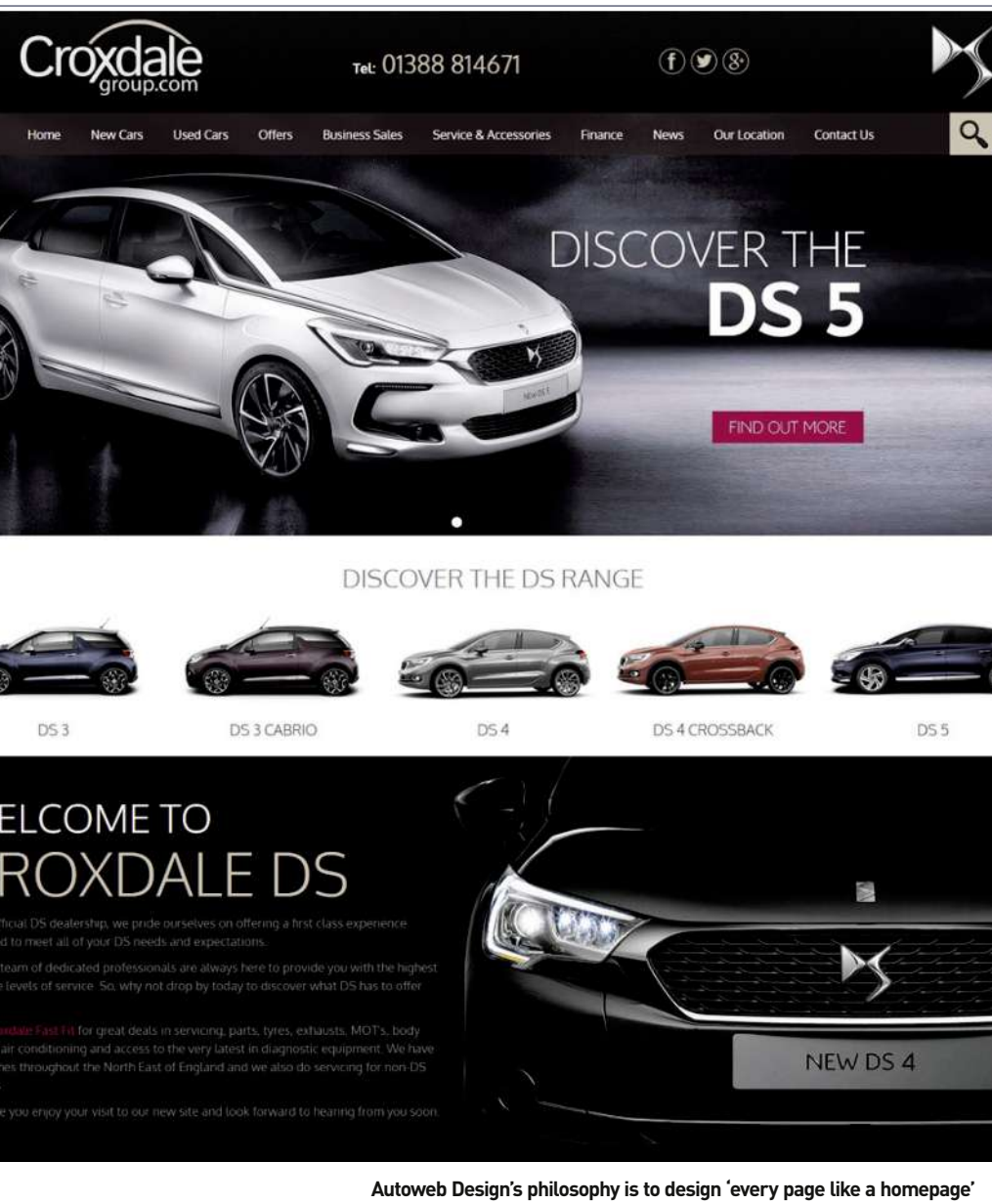
He added: "SsangYong's website has more than doubled its organic traffic since we took over, and we expect to do the same with Suzuki's used car Locator."



Autoweb Design says the website it designed for SsangYong doubled its organic traffic



The company began working with Suzuki last year on a data-driven used car website



**Autoweb Design's philosophy is to design 'every page like a homepage'**

what customers are responding to and that is what we focus most of our efforts on.

"Only when you understand what is working and what isn't can you create a site that will engage the customer and ensure it operates as it should, creating organic traffic as a fantastic source of leads for the business."

McCombe agreed, insisting that the best way to develop a website is to rely on the data gleaned from online customers' behaviour, drawing on details such as click-through data and bounce rates.

He said: "The way to properly develop a site and tailor content is not for SEO, it's not for the dealer, it is for the customer, so only by looking at and analysing their online behaviour can you get things right."

"If a dealer's website – which is often people's first point of call nowadays – does not work well for a customer, then all the money spent on marketing is pretty much worthless."

Fairfield and McCombe said many dealerships and franchises that decide to take their website operations in-house often fail to fully exploit the potential of their sites due to the demands of constant and rigorous data analysis.

There is also a propensity to be overwhelmed by the sheer breadth of tools now available to bring dealerships and sales staff closer to their online customers, from live chat to video content and social media.

McCombe said the growing demands of dealer websites to deliver an array of services such as finance calculators, 'click and collect' online service

**"If a dealer's website does not work well for a customer, then all the money spent on marketing is pretty much worthless"**



Richard McCombe, Autoweb Design

booking, specialist Motability sections as well as stock management and search facilities, meant each section must be clearly visible and easy to operate.

An eclectic page make-up is avoided by Autoweb Design's philosophy to design "every page like a homepage".

McCombe said: "If a site is too busy and too complicated to use, then someone sitting at home on their computer will simply leave the site. Online, your competitors are just a click away. It's essential that you get it right."

Autoweb Design is now in an expansion phase. The business plans to double its 35-strong team over the next two to three years as it aims to maintain a reactive and personal service for its current 900-plus dealer websites and build on new contracts such as those picked up from SsangYong and Suzuki during 2015 (see panel, left).

Web design specialists and account managers are among the key areas of recruitment.

Fairfield said: "At the moment we are more than happy with the service we provide, but we want to be able to cater for more clients without compromising standards, so that means a change of premises and an expansion of the team."

"When Richard and I started out, we both extended our mortgages, put that into the pot and didn't take a wage for 18 months."

"Now things are going really well and we want to bring our straightforward approach to the business to more clients. We're really proud of the work we do. We just want more of the same."



**AUTOWEB  
DESIGN**  
Automotive Digital Solutions



# Do you have what it takes to win the talent war?

Get the very best from your people with this year's AM & IMI People Conference

**E**mployee retention and recruitment are key areas for UK businesses in 2016, according to LinkedIn's latest Recruiting Trends report.

The survey found 33% of respondents believed employee retention to be a top priority, compared with 41% who chose recruiting highly skilled employees. However, as transfers and internal hires were backed by just 11%, the report said putting an in-house recruitment process in place provided businesses with an opportunity to 'win the talent war'.

Staffing is just one of the areas that will be addressed at this year's AM People Conference. Again working in conjunction with the Institute of the Motor Industry (IMI), the event will take place before the AM100 Dinner at London's Park Plaza Riverbank on June 16.

## Challenges in motor retail

The industry faces some specific issues which it needs to take on board, including:

### The skills shortage

This growth in new car registrations is leaving dealers short of staff.

The market in 2015 hit a record 2.6 million registrations and top 10 AM dealer group Lookers has predicted that the market will hit three million by 2020, meaning even more people will be needed to sustain the sector's expansion in the showroom, in the workshop and the back office.

The automotive sector is facing a skills shortage of 5,000 vacancies. Although spread across manufacturing, components and the supply chain, retailers can also expect to find the going tough. The sector needs to work with government and education providers to plug the gap.

Among the speakers at this year's conference will be **Katie Saunders, HR director at JCT600**, who will shine a light on the Yorkshire-based dealer group's Wired programme. Wired was established to prepare ambitious members of its workforce for managerial positions. About 160 employees are enrolled and last year 40% received a promotion. This year's goal is to encourage 10% of the workforce to sign up, which would take the programme up to about 200 recruits.

**Steve Nash, chief executive of the IMI**, who will also take to the stage at the conference, has written extensively on the issue of vehicle maintenance apprenticeship recruitment. Nash estimates that the industry needs 12,000 apprenticeships a year "just to stand still".

He said a lack of careers focus in schools and youngsters being encouraged to remain in the classroom post-16 were part of the problem.

### The regulatory landscape

The Financial Conduct Authority (FCA) is soon to publish its market study into remuneration and questions are already being asked about whether the current salary structure, particularly for sales executives, needs to change.

Based on the FCA's 'treating customers fairly' remit, speculation over the future of commission payments, especially for



"If dealers are to grow their business, they will need to cast their recruitment nets much wider"

F&I products, has been rife. Some dealers are already experimenting with different pay structures to both retain current staff and to attract new recruits.

BDO has produced its annual salary review which shows pay to be on the increase in the automotive sector. **BDO partner Steve Le Bas** will explore salary trends, structure and pay plans at the conference and will ask whether commission should be linked to other areas, such as processes and quality of experience, rather than just sales volume.

### Fishing in a diminishing pond

If dealers are to grow their business, they will need to adopt practices that see them casting their recruitment nets much wider, including offering different models of working.

A more flexible approach would attract more women, particularly mothers returning to employment, millennials who demand a better work-life balance, graduates and people from different backgrounds, to the sector, creating a more diverse and dynamic workforce.

To explore the topic further, AM will present a panel of dealer speakers to explore diversity in the workplace.

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**PEOPLE CONFERENCE**  
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# HOW TO DEFEND YOUR DEALERSHIP

Car thieves, online fraudsters or even natural disasters can threaten the security of your assets, your profits and your staff. Learn how to protect yourself over the next 13 pages



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# Defend your dealerships from digital attacks

Keeping staff and software up to date is the best protection against the rise in business hacking

## NEED TO KNOW

- Choose strong passwords and change them regularly
- Educate employees to spot scam emails
- Check third-party software for vulnerabilities

By Debbie Kirtlew

Cyber threats are rising and fraudsters and hackers are finding increasingly clever ways to infiltrate businesses and trick employees and consumers. The statistics are alarming – 74% of small businesses and 90% of major businesses experienced a security breach in the past year, according to figures on the Government's website. The digital threats include hacking, spamming or DDOS attacks (distributed denial of service – when an online service is made unavailable by overwhelming it with traffic).

However, the biggest IT security threat facing car dealers comes from people, according to industry experts.

**Craig Goodwin, chief business security officer at CDK**, whose security credentials include working for large financial institutions, said: "Attacks on dealerships are not going to be at the top of the list for hackers, but if a business is an easy target, they could find themselves hacked. Getting the basics right is essential."

About 60% of attacks in 2014 were made on small- to medium-sized businesses, according to the latest 2015 Internet Security Threat Report (ISTR) from Symantec. It also revealed malware (malicious software) increased by 26% in 2014, with more than 317 million new pieces created, while ransomware attacks grew 113% with a more than 4,000% increase in crypto-ransomware attacks (when a ransom is demanded in return for a decryption key).

### Email spoofing

The IT director of one of the biggest groups in the AM100, who asked not to be identified, said human error is the most common weakest link in a company's IT security. That view is reflected in a Symantec report highlighting the increased sophistication of 'spear-phishing' attacks, when the fraudster imitates an email so recipients believe it is from someone they know. Spear-phishing rose 8% in 2014, but with 20% fewer emails.

**Jason Fry, managing director of PAV IT Services**, whose clients include automotive retailers, regards these old-fashioned con techniques with a digital twist as the most prevalent threat.

He said: "It's not even about obtaining banking or credit card details, but gathering the right information to dupe the customer. With much of the purchase process taking place by email, fraud-

sters are looking for details of who is buying what car for how much, the deposit amount and the outstanding balance.

"The fraudsters then replicate an email from the dealer asking for the deposit or settlement and providing bank details for payment. As far as the customer is concerned, it's all very plausible because all the information is correct so they transfer the money."

With no solicitor handling the transfer of funds, no additional verification protocols and often just a regular bank transfer, the sector is vulnerable to such scams.

Fry said: "Dealers should be making customers aware of how they will transact to reduce the risk.

"It can also be really easy to gain access to company emails. The fraudster simply finds employee information on LinkedIn, calls head office and asks for the IT department. He then gives them the name of a sales manager and tells them he is working from home but has forgotten his password, so requests it to be reset. This is invariably undertaken over the phone without confirming the person's identity."

The IT director agreed: "The biggest risk we have comes from email, where hackers or fraudsters try to con money from people or obtain data for criminal use. We come across this at least two or three times a week.

"Fraudsters will also obtain information about the shareholders or senior directors which is in the public domain, including their email address. For example, they would identify the chairman and finance director and send an email supposedly from one to the other requesting a bank transfer, including the bank details of where the money should be paid. This then ends up in the email box of an accounts employee in one of the branches who is told to take immediate action. Generally, the lower down the hierarchy the fraudster aims, the more likely they will get a result.

"We do have tools in place to protect us from spoof emails, but it is not 100% and spoofing is reasonably easy to do."

### Password policy

Weak passwords or those that remain unchanged from the



60%

of cyber-attacks in 2014 were on SMEs

8%

The year-on-year increase in spear-phishing (fraudulent email) attacks in 2014

"You may have the most sophisticated anti-virus and malware protection, but if Joe Bloggs in accounts is fooled, it doesn't make a difference"

IT director, AM100 dealer group





typical default of 'password123' are one of the most common ways security is breached.

Goodwin advises dealers to implement a rigorous password policy: "Change passwords frequently and the more complex they are, the stronger they are, which can prevent many business attacks."

Fry urges dealers to ensure employees whose jobs place them most at risk, such as those who authorise payments, have multiple layers of authentication, such as a randomly generated pin number which needs to be entered along with their user name and password. The group IT director advises against allowing employees to access applications using a 'group' password.

#### Educating employees

Goodwin said: "The industry can help by making sure dealers educate their employees on issues such as how to spot a dodgy email to prevent human error. And it doesn't cost much; small to large dealership groups can access a range of resources online, such as webinars, which provide security advice."

The IT director advised: "Processes should be put in place, such as never providing bank account numbers in emails. If such an email request is received, it is then escalated to the general manager or group accountant and let them take the decision."

"We are certainly on the radar of people who undertake this kind of activity; so far we have never failed to spot them. Our employees know if something doesn't seem quite right to send it to the IT team or me. You may have the most sophisticated anti-virus and malware protection in place, but if Joe Bloggs in accounts is fooled, it doesn't make a difference."

The group IT director advises dealers to prepare the answers to a number of 'what if' scenarios such as 'what if your website is the subject of a DDOS attack' or 'what if your data is stolen' so it can be put into action as soon as required.

CDK launched a dealer education programme 18 months ago, which includes access to white papers, webinars and guides to help boost security at a local level. CDK also speaks at seminars and expos to further raise awareness. This year, the programme will be stepped up to increase protection among all its users.

Meanwhile, good housekeeping is just as important, such as

ensuring end users only have access to the data they need and when someone leaves, their access to the dealer management system is immediately removed.

#### Keep security software up to date

Most companies deploy sophisticated anti-virus and anti-malware systems, with many day-to-day activities sitting behind a firewall, but operating a highly secure IT strategy is again dependent on the basics, such as keeping up to date with patches (fixes or repairs) from providers such as Microsoft.

Web design company **Autoweb Design** endured a tough lesson eight or nine years ago when an attack known as a SQL server injection crashed its website and those of its clients. This led to the implementation of a rigorous set of security protocols that not only protect its own website, but the 400-plus websites of its automotive clients.

**Co-founder Richard McCombe** said: "We didn't realise how vulnerable we were and it showed us the need for substantial security protocols. Thankfully, we have not experienced anything like it since."

While automotive retailers need to be aware of the likes of DDOS attacks, Fry believes there is little to

## 317m

new pieces of malware  
(malicious software)  
were created in 2014

## 4,000%

the 2014 increase in  
crypto-ransomware  
attacks (when a ransom is  
demanded in return for a  
decryption key)

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**John Lloyd will be the guest speaker at the AM100 dinner this year which will be held on June 16 at the Park Plaza Riverbank in London.**

John Lloyd has been behind some of the most successful and well-loved TV and radio (and adverts) of the last three decades. He's also written or co-authored over 30 books, and is the driving force behind developing a new concept of education based on his BBC panel show, QI.

Studying law at Cambridge, John joined the famed Footlights society, meeting a number of the writers and performers he would later work with. That group included Douglas Adams, whose Hitchhiker's Guide to the Galaxy John would help bring to radio.

John then went on to produce Blackadder, working again with Rowan Atkinson and Richard Curtis, and creating arguably one of the greatest sit-coms ever. At the

same time he worked on Spitting Image alongside a host of comic writers and performers from Harry Enfield to Ian Hislop to Jo Brand. Briefly considered for the role as host of Have I Got News For You (he hosted the pilot episode) John remained behind the camera and created the panel show QI.

QI has gone on to spawn a range of books and other merchandise, but has also evolved into a system of research, learning and study. John is at the forefront of looking at what real knowledge is and how it can be imparted. Reacting against the idea that Google and Wikipedia offer free access to knowledge, John considers what really is interesting, and useful, alongside tales from his varied and often surprising career.



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gain for attackers targeting the sector. With few transactions taking place online, a DDOS attack would be a major inconvenience with some inevitable loss of custom, but it would not be severe enough for companies to pay a ransom.

Other attacks to be aware of include the crypto-locker, whereby a laptop or device can become infected after using a public network, the external source encrypts the device and locks the password often demanding money to re-open access.

Fry said: "Ensuring a company has the right protection in place is an ongoing process; it has to be audited and reviewed regularly."

### Third-party security

The AM100 IT director advises dealers to identify the risk within their business or group, including how each application is accessed, such as by a LAN (local area network), WAN (wider area network) or the internet. It's a continual process that incorporates an audit when new features are released as part of an application already in use.

He said: "I am 99.9% certain that our firewalls won't fail and most dealer groups will have something along those lines in place. Hackers and crackers are looking for a back door; they are seeking out the weaknesses. A hacker is more likely to utilise third-party, cloud-based systems if they are less secure and find a route that way.

"We all use those third-party systems and that's where we are most vulnerable, so we need to monitor them. We start with a list of all the applications in use and we then undertake a risk assessment to determine their level of security. When you think every dealer in a group could be using at least 10 different systems, there's every chance some will not meet your security standards.

"Most IT departments are only concerned with the security of their own systems and not the third-party systems that are in use. But the dealer is still responsible for the security of the data handled by these applications."

He added: "I would be surprised if the amount of traffic which incorporates sensitive data is all encrypted. For third parties transferring our data, full encryption would be our minimum standard, so if it got out into the ether no one would be able to do anything with it."

### Threats to your search results

When Autoweb Design is approached by a potential new customer or a

competitor's contract comes up for renewal, the team uses sophisticated software to carry out a website audit.

McCombe said: "We still find issues, although most are usually self-inflicted and are issues where search rankings have been affected as a result of bad back-linking."

During one of Autoweb Design's 'reconnaissance missions', it uncovered a server hack on a car manufacturer's website. A commission scam was driving affiliate traffic to the website of a well-known sunglasses brand. Scammers had created several bogus sunglasses pages on the manufacturer's domain, then created backlinks to these bogus pages. This would elevate the pages up the rankings.

McCombe said: "The biggest issues we usually dig up are legacy problems from backlinks earned in the days when relevance didn't matter. It is possible to distance yourself from these legacy links by utilising tools which effectively 'tell' Google that your website is no longer associated with them."

### Sharing intelligence

Fry thinks people in the automotive retail sector would benefit by sharing their experiences: "I have no doubt the majority have been the victim of a cyber-attack, security breach or scam, but I am not convinced they would be open and honest, which is how companies can learn, benefit and ultimately reduce the likelihood of an attack.

"Unfortunately, it remains a taboo subject in the industry as no one wants to admit they have experienced a security breach."



## ADVERTISING FEATURE

# SPONSOR'S COMMENT

By Jason Fry, managing director, PAV IT Services



PAV IT Services is a leading IT infrastructure, solutions and support provider.

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# Staying one step ahead of the scammers

The first thing we need to appreciate is that scammers are patient, organised and highly intelligent and they see your data as the pot-of-gold at the end of the rainbow.



What isn't always fully understood is the lengths that these groups will go to in their attempts to defraud you and your customers. However with the frequency of cases being brought to the public domain it allows us to understand some of the methods being used.

Quite rightly the first focus is to use technology to prevent access to our systems, networks and data. If we didn't implement these preventative measures then the scammers would just walk straight through the proverbial front-door. So it's a given. The types and scale of these measures usually result from initial assessments of risk and on-going regular security audits to ensure that they remain effective. Continually addressing and readdressing the security threat landscape will keep you abreast of the vulnerabilities and combative counter-measures to address them.

When piecing together a security strategy it is all too easy to focus purely on the deployment of technology. The approach we have always recommended is to take a step back and to fully assess the business processes in place and then understand where the weakest links are. More often than not the weakest links typically lay with us - the human factor.

The term "social engineering" is now common-place and refers to the techniques and practises used by scammers to engage with your workforce and customers. They often use email, plagiarised from the same look-and-feel that you use, to appear genuine. They further reinforce the appearance by including specific details that only you or your customer would know, such order number, sales-persons name, type of vehicle, colour, options, agreed price, deposit paid, delivery date etc etc. This information has typically already been gained from compromised systems, weeks or even months prior to their use for a specific and targeted attack.

The scammers will even go to lengths to craft the same "feel" of the wording in the email between the parties involved to gain confidence of legitimacy, it is only then that they strike, often asking the customer to do something different – such as pay their balance into a different account before delivery can be arranged. As you can see it's all too easy for the unsuspecting.

All is not doom and gloom though as steps can be taken to minimise the risks.

At PAV we focus on real experiences and not just the theoretical, blending technology with strong processes, with agreed protocols of engagement and more importantly education and awareness. Our workshops are designed to focus on who and what is at risk. Identifying the systems, data and access points onto the network to prevent these highly skilled and orchestrated threats.



**To find out more about these sessions and how they may help you and your organisation, please call or email me at **01273 834000** or **jason.fry@pav.co.uk****

**Jason Fry – Managing Director –  
PAV i.t. services Ltd**



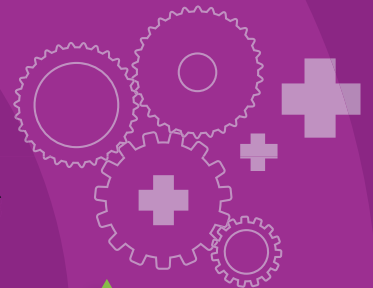
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# Secure your showroom from thieves and vandals

Car dealers can use the latest technology and training to protect themselves and their assets, whether inside the dealership or exposed on the forecourt

## NEED TO KNOW

- Criminal gangs stealing high-end cars 'to order'
- Many CCTV cameras not clear enough to identify thieves
- Ensure staff follow security procedures

By Tom Seymour

UK car theft has fallen to a record low overall, but with almost a million vehicles still at risk every year and premium vehicles being stolen "to order", car dealers cannot afford to take a risk with their assets.

According to the Office for National Statistics' Crime Survey for England and Wales (CSEW), there were an estimated 889,000 vehicle-related thefts in the year ending September 2015, the lowest level since the survey began in 1981. However, neither police forces nor the motor retail industry collect statistics on how many of these occur at dealerships, so getting a true idea of the threat is difficult.

**Andy Barrs, head of police liaison**

**at Tracker**, said there are two levels of crime that happen most often within the dealership.

The first is opportunistic, where a criminal spots a set of keys stuck to a piece of paperwork, or left lying around near the service desk.

The second is highly organised criminal gangs that are operating a "steal to order" service to international clients. Barr said these gangs tend to target prestige brands.

"The criminal gang member will come into the dealership, enquire about a specific model to see if it is in stock, perhaps a Mercedes C63 AMG with all the bells and whistles, and then the gang will come back to get that particular model for the client."

Barrs said criminals may target sales executives that are using demonstration cars by following them home to steal them.

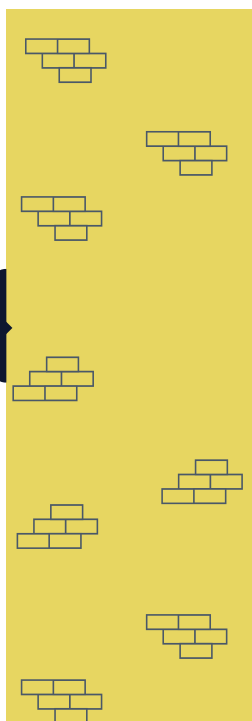
In 2014, officers from the National Crime Agency, ACPD

# 889,000

cars were stolen in England and Wales in the year to September 2015

# 53%

of stolen cars are never recovered



Vehicle Crime Intelligence Service and the Border Force seized 44 stolen vehicles worth more than £1.2 million at ports across the country.

The vehicles, including BMWs, Range Rover Evoques, Audis, and a Porsche Cayenne, were destined for African countries, Cyprus, France, the USA, Malaysia and Burma.

Barrs said: "There is one dealer group we work with that puts trackers on any car over £50,000. But that was prompted after a big robbery at their premises."

"Unfortunately a lot of dealers are reactive, rather than being pre-emptive. There's a lot of slackness with security at dealerships, particularly around looking at who is coming and going from the dealership."

## CCTV 'is the first line of defence'

**Denby Security Services** has worked with Benfield Ford, Citroën, Škoda and BMW, including showrooms, service areas and car storage compounds.

**Owner Andy Denby** said: "Security protocols and procedures have to change constantly as businesses change in size." Denby said this includes the size of premises, the number of staff, location, responsibility and product ranges.

He said: "The first line of defence on the forecourt or pitch is a very good CCTV system both in and outside of the premises, images must be of a certain quality so that should something happen, the images are easily recognisable and easily distributed."

Denby advises that the CCTV system be monitored either in-house or by contracted personnel, but especially out of hours. He also said it is worth the dealership speaking to other businesses around the same area, particularly if there are several dealer businesses in the same industrial park, to try to get everyone to use the same security supplier.

He said: "Handovers and pertinent information can then be passed on more easily. It can also cut down on cost."

**FarSight** provides remote CCTV monitoring to some dealers in the UK. It works by connecting a dealer's CCTV cameras to FarSight's remote site via the internet. The connection can be switched on all day or at specific times at the request of the dealer.

FarSight's software monitors activity and as soon as a dealer's alarm system is tripped, the cameras at that showroom are routed to the screen of a FarSight security operator.

Monitoring is then manually handled by FarSight, remotely panning and zooming on what is going on. The emergency services can be contacted, the dealer can be contacted and FarSight can communicate with intruders via a loudspeaker.

According to FarSight, nine times out of 10, the loudspeaker warning is enough to drive intruders away.

## Install vehicle trackers

Tracker recovered 23,532 vehicles in 2015, worth a combined £502 million. To put that in perspective, that is more than the annual turnover of four in five of the AM100 dealer groups.



"There's a lot of slackness with security at dealerships, particularly around looking at who is coming and going from the dealership"

**Andy Barrs, Tracker**





Barrs said part of the problem with vehicle theft is that the lines are often blurred within modern dealerships between what is a public area for all and what is a private business area. It means customers often have a lot of access across the showroom site.

Barrs said the majority of dealers are not fitting trackers to demos or vehicles and that 53% of stolen cars are never recovered. This compares to a 95% vehicle recovery rate with a tracking device, usually within 24 hours.

He said: "A lot of stock ends up in containers at ports in the UK, never to be seen again."

Trackers can be fitted to vehicles from £250. A tracker or "stolen vehicle recovery system" works like an electronic homing device. A covert transmitter is hidden in one of several dozen places around the vehicle. There is no visible aerial, which makes it difficult for thieves to locate.

Barrs said: "I think the percentage of dealers fitting trackers to demos is so low because it's just another thing that eats into margins."

"But it always shocks me when a £100,000 vehicle isn't fitted with a tracker."

#### Bollards – space-saving security

Bollards are another way of keeping the dealership site secure and they can be much more sophisticated than just putting in a concrete post.

**Green Gate** provides rising bollards for dealerships in the UK



**Key cabinets offer security and a way of managing car keys in the dealership**

that can be operated through a swipe card or wall-mounted code panel.

Rising bollards are increasingly popular at dealerships over more conventional swing gates and barriers. Green Gate said its barriers have a higher impact resistance up to 40mph, but have the added benefit of not providing an obstacle when not in use. More traditional gates can take up a large area of ground, or block off valuable parking spaces. The bollards can rise or fall in six seconds.

Green Gate installed rising bollards at Rates Ford in Essex so that no vehicle could be driven from the showroom, forecourts or workshop areas while the bollards are enabled.

It has meant the dealership can reduce costs on insurance premiums that have been passed on because of the bollards and they have also reduced spend on security guard costs.

Dealership staff gain access to a control system for the bollards that is controlled from a single network point and can be accessed remotely if needed.

#### Keep keys secure

**Paul Smith, Traka Automotive managing director**, believes the best way to keep stock secure is through the keys.

He said: "If you can't get to a key, it's pretty difficult to steal a car these days."

However, Smith acknowledges that keys can get in the way of what a dealer needs to do and "no one is interested in keys at the dealership".

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Smith said: "Our job is to make things as easy as possible and make sure storing those keys securely is always the easiest option, it has to be the path of least resistance."

Smith said keys are often passed from department to department, and although ideally keys would be returned to a secure place when technicians don't need them, that rarely happens in practice.

Traka offers a smart key system where each key is fitted with a fob with a microchip.

With the "clever key" system, dealers don't need to use labels – so if a key gets dropped or lost, there is no immediate identity issue and security risks are minimised.

Keys, or keysets, are permanently attached using a tamper-proof security seal to a metal iFob. The iFobs, with keys attached, lock into a receptor strip within the key cabinet, where they are available 24/7, but to authorised staff only.

The system automatically records when a key is used and by whom on a database. Managers can see an audited history of all key transactions and movements.

Smith said a lot of dealerships still use a single strongbox to keep keys in and this is mostly for insurance purposes.

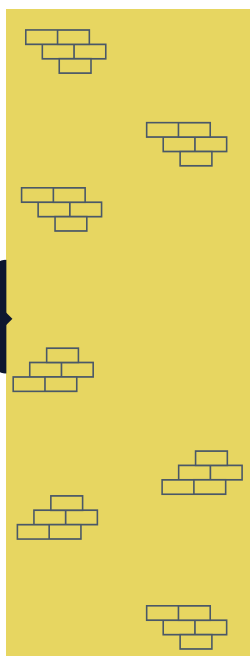
He said: "Usually the strongbox will have one code, that everyone in the dealership knows. The box is there for security purposes, but it really doesn't offer much security."

Smith said dealers with prestige brands such as BMW, Porsche and Audi, have been early adopters with smart key technology. Traka also works with luxury retailers such as HR Owen and seven of the top AM100 dealer groups to provide key management services.

However, Smith said dealers with volume brands have also started to add smart key management over the past two years.

Smith agreed that most dealers tend to be reactionary when it comes to reviewing how keys are managed.

He said: "Directors usually don't see the day-to-day operation level of key management within the business. But when the boss wants his 7 Series and the keys have been lost, it becomes more of a priority."



Smith said installing a smart key system can pay for itself in between six and 12 months, simply through higher efficiencies.

He said: "If you can save a technician 10 minutes each day at a £100 an hour labour rate, suddenly you're making things a lot more efficient, as well as secure."

#### Set and enforce staff policies

One AM100 top 10 dealer, who asked to remain nameless, had two vehicles taken after thieves stole 11 keys during a separate raid. While a key policy was in place to make sure keys were secure throughout the dealership, the individual dealership staff were not following the procedures put in place by the group.

The keys were "lying around" and inside salesmen's desks, which had not been locked.

The dealership in question did have CCTV cameras in place, but none of the external cameras worked and those cameras that did work on the interior of the showroom were not of high enough quality to record footage in low light.

The robbery prompted a review by the local police force of what measures the dealership should implement and the group upgraded its CCTV across its network of dealerships.

While dealers can put security measures in place, the staff throughout the group need to follow those procedures in order to keep showrooms secure.

#### TRACKER 2015 MOST STOLEN/TARGETED MODELS

- 1 Range Rover Sport
- 2 BMW X5
- 3 Range Rover Vogue
- 4 Mercedes Benz C220
- 5 BMW 3 Series
- 6 Mercedes-Benz C63 AMG
- 7 BMW 5 Series
- 8 Audi RS4
- 9 Range Rover Autobiography
- 10 Audi Q7



#### CASE STUDY: ROGER DAWKINS, SECURITY AND FACILITIES MANAGER, JARDINE MOTORS GROUP

No two days are the same for Roger Dawkins, group security and facilities manager across 70 businesses for Jardine Motors.

Dawkins manages security for the whole group, but his role also includes managing facilities, workshop maintenance, fire and health and safety.

Rather than the background threat of potential theft and vandalism, Dawkins said the biggest security risk to the business is making sure all the systems that have been put in place, such as CCTV and alarms, are functioning the way they are meant to.

Dawkins said: "Our largest threat is system failures. These are monitored centrally, so should a piece of equipment go down, our systems automatically let us know, enabling a fix the same day."

Key management is also a big part of keeping stock secure across the group. Jardine uses Traka to track where car keys are and who has them at all times, whether it's a car in for servicing or a car in stock.

Dawkins said: "The electronic system we use is fully auditable giving staff the ability to see where the car and keys are in the process

from their desk without having to waste time walking around the site looking for the car.

"Knowing the keys are secure on site is very important to us and our customers should never feel that their car is vulnerable while it's with us."

Each dealership site is fitted with intruder alarms and CCTV for security, which are all monitored and recorded 24/7.

The group also employs security guards at some sites and they are all managed centrally by Dawkins.

He said: "If a site requires additional security guard support, whether it's because we have a valuable display on-site or a system is down, then a request is sent to me and I arrange the cover."

"This is reviewed with the supplier on a yearly basis to ensure we get the best rates."

Jardine has its own internal procurement department and all security supplier partners are regularly reviewed by Dawkins. He sets pre-agreed key performance indicators to make sure each supplier is delivering.



"Our largest threat is system failures. Should a piece of equipment go down, our systems automatically let us know"

Roger Dawkins, Jardine Motors



# How less haggling can lead to more profit

It's no secret that consumers are more informed than ever. They research everything online, whether which restaurant to go to or where the best place is to buy a new washing machine. It is no different with buying a new car.

At Auto Trader, our data suggests consumers spend on average nearly 11 hours online choosing the vehicle that's right for them before they even step foot on a forecourt.

So what are they doing online? Not only are they refining their selection, checking out finance options and assessing the credibility of the retailer, they are also looking really closely at what they should be paying for their next car and the potential value of their current car.

Price remains the most important factor when buying a car and price comparison continues to the point of purchase, with 81% of those consumers saying they use a mobile device on the forecourt to compare prices.

Therefore, we were interested to learn from our recent Market Report, which surveyed more than 5,000 consumers, that more than half of all car buyers paid the full asking price (or more) for their car. That's a pretty staggering figure for an industry that has traditionally spent a lot of time and energy on negotiation.

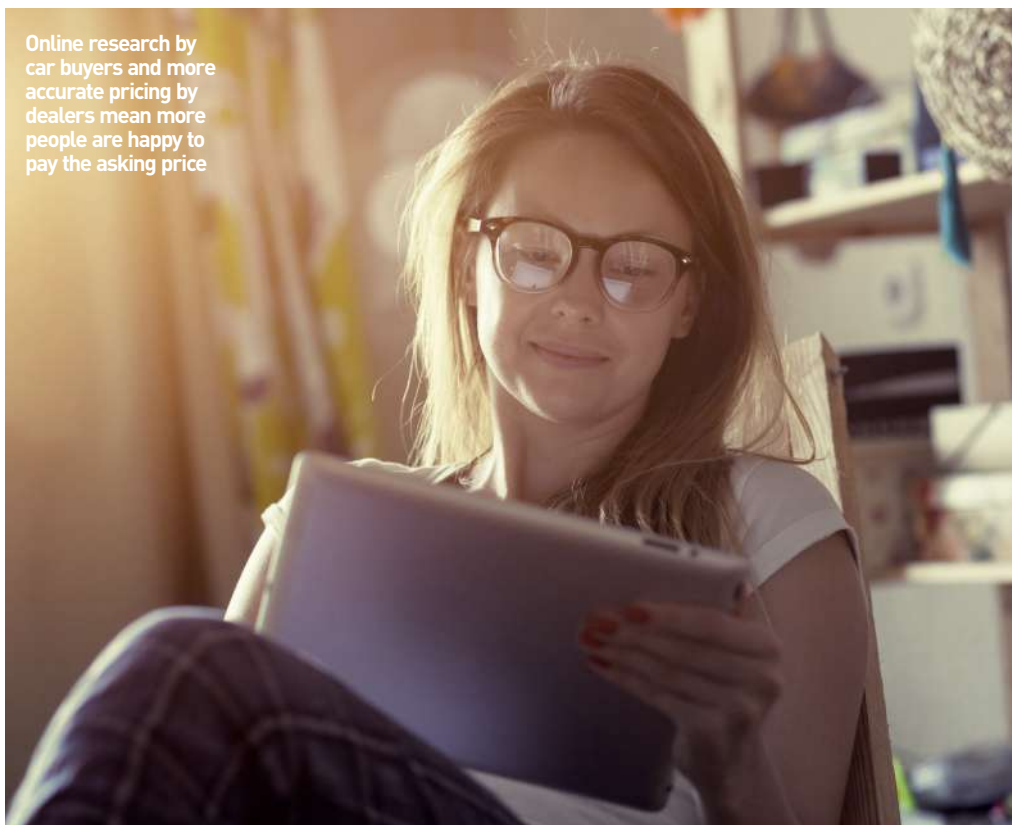
It would seem a combination of really thorough research on the side of the car buyer and an increase in transparent pricing on the side of the retailer are beginning to have a serious impact on haggling.

Nathan Coe, Auto Trader's operations director, said: "Online search has evolved to the point where consumers can compare cars of the same age, similar mileage and engine size to understand the value of that vehicle.

"As consumers and car retailers have the same expectations on price, the need for awkward haggling is eliminated, as both parties have easier access to clear information on car price comparison.

"On average, consumers conduct more than a million valuations a month on Auto Trader, so if retailers

Online research by car buyers and more accurate pricing by dealers mean more people are happy to pay the asking price



"Some 81% of car sellers said they would be more inclined to visit a dealership if offered an online part-exchange price in advance"

are aligned to these valuations it will alleviate the need for haggling and make the sale easier."

Paying the right price is no longer a product of extensive haggling with a car retailer. More often than not, it's achieved through comprehensive research, using multiple devices throughout the buying journey, and more retailers adopting accurate retail-back market-led valuations for their cars.

CarShop, one of the UK's largest car supermarkets, has developed a team of pricing analysts to monitor the market on a daily basis, and

make adjustments accordingly to ensure stock is priced competitively.

It has also encouraged consumers to do online research in its stores. The company provides free Wi-Fi and charging points so its customers can carry on their research right up to the point of purchase.

Leo Nelson, marketing director of CarShop, said: "The key success of this strategy has come in the form of communication and transparency. As a result, we have seen a reduction in the number of people expecting to be able to haggle over price.

"This transparent approach has not only seen a more informed customer come through the door, it has improved customer satisfaction, alongside facilitating customer decisions to add value to their purchase by taking additional products for peace of mind."

Some retailers are going even further by providing online part-exchange values before the buyer has even arrived at the dealership.

Some 81% of car sellers said they would be more inclined to visit a dealership if offered an online part-exchange price in advance, leading to a better forecourt experience. Great news for car buyers who no longer have to go through the discomfort of awkward conversations, and brilliant news for retailers who get the asking price more often and can invest their time elsewhere.

Retailers who price to the market spend less time haggling and more time turning stock on, essentially, making more profit.

# What's your emergency action plan?

Knowing what to do if the worst happens can help your business to keep trading after fires, floods or other disasters

## NEED TO KNOW

- Put a 'battle box' together, containing the disaster plan, fire certs, asset list, insurance documents and a camera
- Don't ignore daily health and safety policy in the plan

By Tim Rose

**W**hether natural or man-made, disasters can suddenly halt daily trading at any dealership, but for owner-operators without extensive group resources to fall back on, they may threaten the very viability of your business.

However, having an action plan can help to mitigate the worst of the effects. **Andy Miller, risk control manager at insurer Allianz**, works with a number of franchised dealer clients and said larger businesses tend to be more prepared for business disruption, but not all dealers give the risks much thought.

Nevertheless, he said the flooding suffered by parts of the UK in recent years illustrates a need for businesses to have an action plan for such unexpected events. For a franchised dealership turning over £15 million annually, a week unable to trade could mean the loss of almost £300,000 in sales.

At insurer **Aviva**, **Robert Ledger, head of small business**, said: "We never want to think about the worst-case scenario, but when it comes to protecting your business, taking a few simple measures now could make a huge difference to your recovery.

"If you are unfortunate enough to suffer a major incident or interruption, then it will be a challenge for you to continue to satisfy your clients and remain in business.

"Business continuity planning is important for organisations of all sizes, because at its most fundamental level it seeks to minimise the chances of the business suffering an incident that damages or disrupts it, and maximise the ability of the business to recover and continue trading."

Aviva's research showed 62% of SMEs do not have business disruption cover in their commercial insurance, while 21%



**62%**  
of SMEs are not insured  
for business disruption

**21%**  
of SMEs have suffered an  
incident that affected trading

have suffered an incident that affected their trading and 15% felt the impact for at least two to three months.

Miller said it is best practice to have 'battle boxes' prepared for such eventualities, with one stored on-site near an emergency exit ready to be grabbed and a second held off-site as a back-up. It should contain all the items required to manage an incident, such as copies of the business continuity plan (see panel on page 66), the fire risk assessment, asset register and inventories, company stationery, data restoration instructions, insurance documents and a disposable camera.

**Cox Motor Group** operates Honda, Seat and

## WHEN DISASTER STRIKES...

In 2005, City Motor Holdings was fined £30,000 plus costs for health and safety breaches following a major fire at its Peugeot dealership in Chichester a year earlier, which forced the business to use temporary facilities while the premises were rebuilt. The fire had started after a technician retrieved fuel from a car in the workshop using incorrect methods.

2005

In 2012, Pendragon redeployed staff from its Durham Renault dealership to another site after the business was destroyed by fire. It was a year before the dealership was rebuilt and reopened.

2012

In 2012, trading at Ridgeway Group's Škoda dealership in Oxford was affected for several days when the adjacent main road flooded and was closed by the local authority.



Volkswagen dealerships in Lancashire and Cumbria, where floods caused devastation in December 2015. Although its showrooms in Lancaster and Kendal were on high ground and avoided the waters, customers and staff were affected. Two members of staff could not get home and had to stay overnight at the dealership.

**Managing director David Cox** said trading was disrupted at both operations and although the group spoke with its insurers the business has “had to swallow it”.

At Kendal, the Honda and Seat dealerships each lost a weekend's worth of sales and had significant disruption to aftersales and sales appointments over the subsequent fortnight.

At Lancaster, the flood knocked out an electricity sub-station, leaving the town and Cox's two dealerships without power for more than 24 hours. Cox said the impact was a weekend's worth of lost sales and a day's worth of cancelled services.

Cox said: “We certainly hadn't a contingency plan regarding electricity. In the past, during building work, we ran a dealership on a huge generator. It was expensive, but this has shown it is worth thinking about if we're affected again.”

“In this instance, our people got on with it really well, with customers in mind immediately. Yes there was disruption to the business and there will be a knock-on effect in some respects as well, but our people limited it.”

Members of staff loaned trade-ins to locals who had lost their cars in the flood and even generated positive publicity by buying Christmas presents to be distributed to local children.

“For those who haven't a plan to deal with flooding, it can be a challenging situation, especially with writing off cars, getting the water away and having to handle the aftermath. It's such hard work when you have so much to do anyway,” said Cox.

It is not just natural disasters that dealerships have to consider for their emergency action plan.

On February 1, stricter sentencing guidelines came into effect for health and safety breaches. A business's turnover is now taken into account, meaning large companies could incur million-pound fines. The benchmark fine is £3m for a medium-sized company with turnover between £10m and £50m.

The first step to managing risk is to ensure that workplace transport safety forms an integral part of the business culture and is included in the formal health and safety policy.

“A robust approach to workplace transport safety in the motor trade sector is essential,” said **Michael D'Aguilar, motor trade focal point, Allianz Commercial**.

This will safeguard employees, customers and members of the public as well as protect a business from prosecution and reputational damage.



“For those who haven't a plan to deal with flooding, it can be a challenging situation”

David Cox,  
Cox Motor Group



## WHEN DISASTER STRIKES...

In 2015, Benfield Motor Group's Škoda dealership in Newcastle was flooded for several hours after a nearby water main burst. Once the water receded, the business remained trading, using temporary accommodation.

In 2015, a keen-eyed technician noticed a problem with the workshop ceiling at Milton Keynes Audi and evacuated the building minutes before the roof collapsed. Jardine Motor Group's business continuity plan was initiated, and the workshop was relocated to the group's PDI centre elsewhere in Milton Keynes within the week. The showroom was able to re-open two weeks later, but the workshop requires rebuilding and the collapse is still being investigated.

2015

## FIVE STEPS TO CREATING A BUSINESS CONTINUITY PLAN

1

**Document what the dealership does, and must continue to do, to operate effectively.** Consider the business's targets and what outputs are required to achieve these.

What is the minimum service level required to fulfil customer requirements and avoid permanent loss of custom?

How long will customers tolerate an interruption to the service before taking their business elsewhere?

2

**Assess the risks.**

Identify the key threats to the dealership, such as fire, flood, IT failure, data loss.

Determine the measures that would minimise the likelihood of such threats occurring.

Decide which of these measures are practical to implement and over what period of time.

3

**Put a plan in place to help cope with the initial period after an incident.**

Pre-planned actions taken immediately after an incident can have a big impact on the subsequent recovery of the business.

Keep a record of who will be the key emergency contacts you will need to inform about the situation, including your main suppliers.

Identify which damage limitation measures, such as removal of equipment, assets and files and securing the property, will be done and by whom.

Consider what short-term measures and work-arounds will be required, such as hiring temporary showroom facilities and equipment or sub-contracting PDI work, in order for the dealership to stabilise at the minimum service level already identified.

4

**Outline how the business will recover.**

This could include establishing how long it would take for the original premises to be restored to normal operations; how the progress of the restoration work will be monitored, including the ordering and installation of replacement equipment at the appropriate time; and maintaining contact with customers to win back any lost business as capacity improves.

5

**Rehearse the plan and keep it updated.**

Personnel with a key role in implementing the business continuity plan need to be familiar with its contents and procedures.

Bring the team together and run a 'desktop rehearsal' for an unexpected incident, to identify whether the plan has enough information to allow you to deal with the incident and its immediate aftermath.

Regularly review whether the data and contact details in the plan are still current.



## NetDirector CAP Valuations

## Watch Sales Burst Into Life This Spring

The registration plate change on 1<sup>st</sup> March is one of the most important dates for UK car dealers – and this year's "16" plate change will be no exception. Recent high consumer demand and generous financing deals have ensured a steady growth within the industry. Some businesses will inevitably perform better than others, but those providing an informative, positive online experience will always have the upper hand.

Improving your website's effectiveness is essential if you want to take advantage of the spike in sales from March – enabling potential customers to get an accurate trade-in value of their current vehicle can be just as important as displaying an eye-catching special offer, or low rate of APR. This is where the speed, simplicity and accuracy of NetDirector CAP Valuations reaps enormous dividends.

In response to a few basic details, this user-friendly system gives customers a valuation of their vehicle, based on CAP's latest data, so they can continue the purchase journey with another piece of the financial puzzle in place. People value such information in the run-up to buying a new car – and it can really speed up the process.

#### THE RUN-UP TO PLATE CHANGE SEES AN UPLIFT IN VALUATION LEADS INTO DEALERSHIPS

Jan and Feb 2015 the average number of leads delivered by NetDirector CAP Valuations rose by 17%



17%

For some dealers this was over 25%



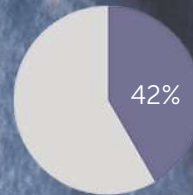
25%

This elevated use of the system is maintained throughout March and April as more buyers enter the market after the plate change.

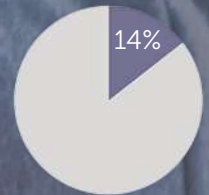
The leads created by NetDirector CAP Valuation in those vital weeks before 1<sup>st</sup> March are as high in quality as they are in quantity. Figures from a highly engaged user of the system showed that 22% of leads resulted in an eventual sale, demonstrating the importance of following up with these potential customers.

The automated nature of NetDirector CAP Valuations also enables you to supply relevant information for customers outside standard working hours and come in to a 'pot' of potential buyers to pick from.

#### DID YOU KNOW?



6pm - 8am - 42% of valuations occur during this time



8pm - 10pm - is the most popular time of day with 14% of daily valuations

By following up promptly on these overnight enquiries, dealerships equipped with this software can swiftly convert casual enquiries into hard leads.

In addition to its short-term benefits as a sales tool, NetDirector CAP Valuations can help your longer-term marketing strategy. By continually collecting and analysing the vast array of details provided by customers looking to trade in their car, and collected by the system, you can understand local trends and customer demographics more clearly, helping guide prospective marketing campaigns.

#### DID YOU KNOW?

A greater number of women value their cars closer to plate change.



Oct to Dec: 16.2% FEMALE



Jan to Mar: 26.41% FEMALE

All this data is very handy, but to top it all, there are no setup or licence fees for NetDirector CAP Valuations – a charge is only incurred when someone submits their details and becomes a lead. As a 'plug-in' widget, the system can be integrated on any dealer web platform, regardless of supplier.

What NetDirector CAP Valuations can provide is more than a trade-in valuations tool. It is a source of quality leads that convert to sale regularly and consistently. It also gives you data to understand trends among your own customer base which can be used to guide intelligent marketing campaigns. Importantly, it strengthens your web proposition in time for plate change and beyond, helping you stand out from the crowd.

# Giving dealers a transparent new way to sell car finance

**T**he record sales being registered as the industry continues to rally following the hardships of the recession have come hand-in-hand with a distinct evolution in customer behaviour.

More motorists than ever are taking to the internet to research their purchases, and new sales platforms – whether online or in the high street – are being explored as convenience becomes king. Monthly payments for motor finance can now often be marketed in a similar fashion to tariffs offered by mobile phone providers.

Hitachi Capital Motor Finance is pioneering a new finance model that reflects these changing times as well as the need to be transparent in an age of Financial Conduct Authority (FCA) compliance rules.

Drawing on its 30 years of retail know-how and the experience of processing more than one million

finance applications each year (one every 30 seconds), the business is making waves in the automotive sector after dropping the commonly used difference in charges (DIC) commission structure in favour of an APR-based finance model.

In conjunction with its ability to underwrite loans against the individual, rather than the goods, and a potential 200% LTV (loan to value), Hitachi Capital said the more flexible and transparent offering for customers – rolled out in 2015 – is earning dealers an average of £26,031 per year, per site.

Jonathan Turner, Hitachi Capital Motor Finance strategic development manager, explained the logic behind the retail-inspired system.

"We use our retail and finance experience to look at the automotive sector with a fresh pair of eyes," he said.

"We entered the industry just as the FCA guidelines were coming into place. The first

thing we did was to sit down and have meetings with the Finance and Leasing Association and various dealerships to see what the best route forward was.

"We considered the current structure of flat-rate charges and remuneration packages and we knew straight away that the more basic APR would fulfil the requirements of the FCA, dealers and their customers really well.

"What is finance here to do? It is there to facilitate a sale, to make vehicles accessible to customers, and that is what the APR model does, first and foremost."

Hitachi Capital Motor Finance's range of promotional finance products includes: interest-free, interest-bearing credit, countdown interest-bearing credit – commonly known as "buy now, pay later" – and countdown interest-free credit.

The products are available on vehicles priced from £2,000 to £25,000, with no hidden fees and the

## CASE STUDY: JOHN PEAT MOTORS & MOTOR DEPOT

Car dealerships are already crediting Hitachi Capital Motor Finance's transparent APR-based finance system with bringing in increased custom.

Gary Couzens, director at Sleaford-based John Peat Motors, said a single, low-rate, APR-led finance product, with no fees, enables his team to build customer loyalty, and meet the requirements of the Financial Conduct Authority.

"We put finance at the heart of our business," said Couzens. "The new model has helped drive sales and finance penetration of 70-80%.

"We use a single low-rate finance product for all customers and 97% of our business is done at that rate. This is used heavily in our current advertising, and it is bringing the customers in."

He said convenience was a big factor: "The speed of loan application and acceptance along with pay-out is crucial in closing the deal."

Meanwhile, Stephen Butterley, managing director at Motor Depot, saw finance penetration rise to 60% during his first 12 months with Hitachi Capital and described its service as "a game-changer".

Butterley said: "Hitachi Capital's ability to lend on the individual rather than the vehicle has helped close deals, and we find their service excellent. It's important in a sales environment that the process is seamless."



"The new model has helped drive sales and finance penetration of 70-80%"

Gary Couzens,  
John Peat Motors



John Peat Motors uses a single low-rate finance product for all customers



Motor Depot described Hitachi Capital's service as 'a game-changer'





**“We’re really urging dealerships to see finance differently and get it to work as it should do, to drive footfall into showrooms and facilitate sales”**

**Jonathan Turner, Hitachi Capital UK Motor Finance**

promise of high-speed processing (more than 90% of decisions are instant).

Hitachi Capital’s systems can be integrated into dealer management systems and customer-facing website platforms and boast an online e-signature system that does away with the need for a traditional pen-and-paper contract signing.

Hitachi Capital said a salesman can guide a customer through the entire finance process online within three minutes, with the potential for documentation to be signed even if dealer and customer are at opposite ends of the country.

Turner, who joined the company in 2013 and was central to the development of the range of products ahead of their 2015 launch, said Hitachi Capital’s innovative range and “bullish approach” to underwriting loans not only offer maximum flexibility and efficiency, but give dealerships a powerful platform for marketing activity.

He said: “The benefit for customers is transparency. They look at a competitive monthly rate and know straight away what they will be paying, with no hidden fees.

“The online signature means things can be tied up almost immediately. An additional benefit to dealerships is that we offer them the added flexibility of really tailoring their finance offers as they choose to really grab headlines and drive footfall.”

Turner said dealerships have been able to run sales drives, such as Black Friday, thanks to Hitachi Capital’s flexible approach: “For that day, a few dealers offered a ‘buy now, pay nothing for three months’ offer, with payments over five years. It really ramped up business at a time of year that is traditionally very quiet.

“Overall, we’re really urging dealerships to see finance differently and get it to work as it should, to drive footfall into showrooms and facilitate sales.”

Turner said the system fully subscribed to the FCA’s “treating customers fairly” ethos by moving the process to a self-service model that is “seamless from end to end”.

He said the system is perfect for the increasing number of car buyers who carry out much of their research online and may even be happy to purchase a car over the internet.

“We are heading to a place where customers will be able to find a car, secure a quote and plan the finance, all online. Allowing the dealer to concentrate on customer service and added value.

“That seems to be the way things are heading.”

Following the roll-out of its new APR product last year, Hitachi Capital Motor Finance expects more dealerships to acknowledge the benefits of its approach and has a team of strategic relationship managers ready to handle increased demand.

Lisa Harrison, Hitachi Capital Motor Finance’s head of business development, is in no doubt that those dealers who come on board will reap rewards.

She said: “Our research shows that an average dealer is missing out on additional revenue of £26,031 a year per site, simply by continuing to use a difference in charges (DIC) commission structure, rather than adopting an APR-based model.

“So there’s a clear commercial case to bring these solutions to the motor industry, and our early results have demonstrated it can drive additional sales.”



# Build your dealership on a solid digital foundation

A dealer's website is what ties all of its online activities together, but many of them are missing basic elements demanded by modern car buyers



## NEED TO KNOW

- Every dealer's website should be mobile-responsive
- Online booking functions can boost service revenues
- Every listing should have high-quality images and video

By Tom Seymour

A dealer's website underpins every element of its digital presence and for 21st-century consumers, the 'perfect' website provides flawless functionality, relevant and regularly updated content, and useful tools and features including finance calculators, service booking, click-and-collect services and live chat.

Customers not only expect their experience to be unique, but they expect the transition between a dealer's website and its physical showroom to be seamless.

### Mobile responsiveness

Making the website compatible with a smartphone or tablet has to be one of the first priorities as that is likely to be how most customers will use the dealer's website.

**Tim Smith, group strategy director of GForces**, said: "A major problem is lack of functionality, so having a responsive design is an absolute must in today's market. Across our clients 60% of visits are made via either smartphones or tablets. A year ago it was just over 40%."

Dealers should review what customers can do in the showroom and look to see how that can be replicated online.

After reviewing its old website, Arnold Clark identified functionality issues on smartphones and tablets, which was potentially a huge problem as about 60% of its traffic came from such devices.

High-quality images and videos now appear alongside content produced by an in-house newsroom, while the ability to search used cars, buy insurance, book appointments and access live chat functions is fully optimised for multiple devices.

Development is carried out by an in-house team, with sections of Arnold Clark's 150-strong marketing department taking responsibility for their own element of the site, which won the AM Award in February for Best Website.

The development of CarShop's latest website, which launched in 2014, was inspired by the rapid growth in customers using mobile devices to view and search stock.

The proportion of visitors using tablets and smartphones went from less than 10% in 2012 to more than 30% a year later. The previous site was confusing and fiddly and the poor user experience was damaging the business.

"Having a responsive design is an absolute must in today's market. Across our clients 60% of visits are made via either smartphones or tablets. A year ago it was just over 40%"

Tim Smith,  
GForces

15-20%  
of leads can be converted into a sale by a good online finance quotation system, according to GForces

CarShop's primary objectives were to improve the customer experience and increase lead volumes through improved completion rates for enquiry forms and conversion rates. CarShop took a mobile-first approach to the new site's design to ensure customers get a great experience, with faster response times for loading of pages and features.

Since the launch of the site, mobile traffic has risen to more than 50%. Shortly after launch, enquiry forms generated were up 90% year-on-year, online reserve-and-collect appointments had increased 36% and valuation appointments rose 28%.

### Finance tools and online service booking

Finance integration delivering real-time finance quotes and options and an online car valuation functionality linked to robust data, are also key functional components for customers researching a new car purchase.

Smith said a good online finance quotation system can convert between 15% and 20% of leads into a sale.

A decent online booking function for servicing can contribute hugely to the amount of conversions driven by the website for the aftersales department.

GForces reported that some of its dealer clients are taking more than £200,000 a year in online service bookings.

Smith predicts dealer websites of the future will feature improved transactional features.

He said: "At present, they are very much browsing tools with enquiry points. The actual [online] purchase of a car may be some way off – despite CapGemini Cars suggesting up to 44% of people would be prepared to – but websites will become a tool through which a customer can undertake all of the necessities other than signing the paperwork."

### Content – contact details, images and video

**Justin Kirby, vice-president of content marketing at Tenthwave Digital**, urges dealers to forget about formats and focus on creating a customer engagement strategy based on content.

He said: "If you're thinking about content in specific formats, you've already failed. The format is irrelevant. You can use social media as a tool to deliver the content you're intending, but it's secondary to figuring out what sort of content you want to produce."

Defining that content can be a bit like "nailing jelly to a table", but Kirby urged retailers to go beyond the desk and reporting dashboards and really think about authentic, relevant and personal customer experiences.

"There do need to be some universal strategic considerations. Who is this content for?"



## CASE STUDY: PERRYS MOTOR SALES

Perrys Motor Sales has transformed the way it runs its digital operations since Lee Manning, digital marketing manager, joined in 2012.

Manning said the first step was asking customers where the group had been going wrong online.

"They believed we had made the website deliberately complicated and were hiding prices so they would call us."

He put a team of marketing executives in place to speak daily with dealers about how to adapt to consumer behaviour.

One challenge was to ensure the amount and detail of information available in a showroom is available online, using consumer feedback to optimise the buying journey, and aiming to find out "what type of consumer are you and how can we take you to the product you want to test drive or buy?"

In practical terms, this included making language simple, ensuring images were big and clear, drop-down menus were easy to use and video was incorporated, on whatever platform consumers used.

Equally important was to ensure staff provided the experience expected by consumers.

"It's not true that when they reach the showroom, they are ready to buy," said Manning.

"They could be anywhere on the 24-touchpoint journey Google has identified consumers take in a car purchase. We began to ask people where they were on the journey and explain there were ways we could help them."

Alongside this was the ambition



"We began to ask people where they were on the [customer] journey and explain there were ways we could help them"

Lee Manning,  
Perrys Motor Sales

to showcase the Perrys culture and its people and convince consumers it was the right dealer to buy from, ensuring a community of future customers.

Perrys' website links to its YouTube channels on Car Buyer Guides, Car Care Guides and Vital Drive. Videos for each are produced in-house within dealerships' normal operating hours.

## ADVERTISING FEATURE

# WEBSITES AND DIGITAL: WHAT'S GOING ON IN 2016?

By Tim Smith, group strategy director, GForces



A quarter of the way into 2016 and how dealerships use digital continues to change. What has not changed, however, is that the web is becoming the leading driver of return on investment and conversion.

Significantly, the majority of dealerships are moving to responsive websites, which is important as 60% of dealer website visits are made from mobile devices. A wave of new responsive platforms means any dealership can compete in this area, regardless of size.

Video is becoming more widespread, but dealers are still finding their feet with how best to use it. Blending its use as an acquisition, sales and retention tool requires planning, consistent use and effective distribution via online channels such as social media.

Advances in smartphone camera quality and app-based technology are helping dealers to reduce the time and processes needed to take and upload video and interactive images to their websites. With super-fast 4G connectivity now common, consumers are browsing this content wherever and whenever they like.

The marketing mix is also being shaken up, with more and more dealers looking towards targeted TV advertising as the centrepiece for campaigns. Similarly, mobile-based technology, such as native apps and near field communication (NFC), is creating new opportunities for clever advertising and customer acquisition. In-dealership footfall tracking, based on mobile device tracking, is already helping dealers to gain a better understanding of how their physical locations are performing.

It's a very exciting time to be in this industry as the digital dealership concept becomes more and more of a reality.

**GFORCES**  
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"If you're thinking about content in specific formats, you've already failed"

Justin Kirby, Tenthwave Digital

One example was US DIY company Lowes, which introduced a series of 'Fix in Six' video DIY tips. Video can also be a useful tool for converting aftersales work, with many dealerships using cameras in the servicing department to build trust with customers.

Kirby said: "Looking outside your industry is also essential. Your best experience is your best experience and it doesn't matter whether that's in travel or if it happened in a shop, or it happened on a website.

"Continually scan the market for what good content looks like."

Customers need to be able to see a clear list of dealership locations and a way to contact each dealership either by email or phone. Nothing should be hidden away. This goes for stock on the website too.

Every car's listing should be supported with exhaustive detail with high-quality images and video, covering every angle.

Smith said: "You see a lot of sites with really poor or missing images, which won't convert people into interested parties.

Having a strong "about us" section on the website also provides dealers with a chance to show the heritage, values and personalities behind the business.

**Customer communications – email, live chat and click-to-call** Interrogating the data collected from customers can be an effective way of putting more intelligence behind a dealer's digital marketing.

**Ian Godbold, Cambria Automobiles marketing director**, put a policy across the group to reply to email enquiries within minutes, but going a few steps further, followed up communication after 24 hours, 72 hours and 14 days.

After analysing the 14-day response rates, Godbold said: "I was shocked at how many consumers made it half-way through their car-buying journey, then suddenly stopped."

A 14-day contact strategy "helped put Cambria at the front of consumers' minds".

**Anna Ling, marketing manager at Swansway**, said analysis of message content and sending times showed 37% of customers book services as a result of email communication.

Following up on identified amber work with emails resulted in a 23% conversion rate. For customers with telephone data only, the rate is 14%.

Cleansing the group's 100,000-record customer database and training everyone who uses it boosted turnover by £50,000 in one month and increased inbound service bookings by 84% year-on-year.

**Jeremy Evans, managing director of Marketing Delivery**, advised getting in touch with customers earlier than the traditional 28 to 30 days with service reminders.

## CLICK AND COLLECT

Pendragon's move to launch a "click and collect" service over a year ago is the biggest indicator of how the automotive retail sector is moving toward a blended approach between physical and online sales.

The top AM100 group's Move Me Closer offer lets customers reserve a vehicle from their electronic device and choose to have it physically delivered to their nearest Evans Halshaw location for their viewing, on payment of a refundable £200 reservation fee.

Through this service, consumers can research and view online more than 21,000 vehicles then inspect the vehicle they reserved at a physical location convenient to them, backed by Evans Halshaw's five-day price guarantee. The initiative is one of the biggest factors behind Pendragon's 35.5% increase in web visits last year and record used gross profit up 11% to £15 million.



Evans Halshaw's Move me Closer lets customers reserve a vehicle from their phone

# 37%

of customers book services as a result of email communication, according to Swansway

"When you book a dentist appointment, it's normal to do it six months ahead.

"Contact customers 60 days ahead of their required service and between a quarter and a third will make a booking before you would have normally reached out to them," he said.

When CarShop was redeveloping its site, it integrated it into the CRM system to allow customer contact staff to retrieve online quotes, such as vehicle valuations, and complete the sales process over the telephone or by live chat.

Live chat has become one of the most popular ways for customers to interact online with any retailer or online service, but manning the service after hours is essential as there is generally a spike in activity in the evenings.

Make sure every phone number on a website is click-to-call. It helps to avoid any clunky copy and pasting on the part of the customer and removes another barrier to getting in contact with the dealership.

## Search

Having good search functionality on the website is also essential.

**Lauren Cooke, marketing manager at Bluesky Interactive**, said: "Searches need to be more flexible and more intelligent. It is important to facilitate your customers' behaviours, rather than dictate how they should search.

"Lifestyle search is likely to grow as people become more focused on needs rather than specific cars."

THE **AM**  
BEST PRACTICE  
PROGRAMME

NEXT  
MONTH:  
Customer  
service

# INDUSTRY PROFESSIONALS SHARE THE BEST ADVICE ON MOTOR RETAIL ISSUES

## Funding demand continues from independents

By Simon Henstock, UK operations director, BCA



Lack of finance is still a major concern for many independent dealers. Many of our customers – whom we have worked with for many years and know to be strong, profitable businesses – still cannot get funding because traditional lenders do not fully understand the specific requirements of the motor trade and underwriters are wary of the exposure.

This is where BCA Partner Finance can help. By funding the whole auction purchase of cars and vans, including fees and VAT where applicable, independent dealers can compete on a level playing field and bid for the vehicles they need.

Importantly, the BCA Partner Finance stocking facility is not linked to the dealer's retail financing activities, allowing dealers the freedom to choose how best to use their funding and 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, more than 42% of dealers surveyed by BCA last year suggested they would expand their premises if they had the funds to do it.

BCA works closely with customers to ensure they are maximising the benefits of the scheme and has launched an on-site customer service support function. Each customer has a dedicated account manager they can talk to about their stocking facility and has a personal funding service that is tailored to their individual needs.

Customers value the simplicity of the service, which is helping them to purchase additional stock from the huge choice available at BCA and freeing up funding to grow their business – simple, effective and efficient.



## The right time to use 'without prejudice'

By Graham Jones, director, Lawdata



"Without prejudice" is a phrase that often appears at the top of legal correspondence, and customer complaints, but why is it used and what does it actually mean?

The purpose of labelling correspondence, or indeed discussions, "without prejudice" is to enable parties to negotiate sensibly, without giving the other side an opportunity to put the correspondence or statements before the court in support of their position.

Correspondence marked "without prejudice" should never usually be put before the court.

However, if you have made an offer that the other side doesn't "beat" at trial, then you would usually want to make the court aware of it. Costs usually follow the event, meaning the successful party is entitled to have their costs paid, but you would feel aggrieved at paying costs that could have been avoided had your offer been accepted. This is when correspondence, or at least the final offer, should be headed "Without prejudice (save as to costs)". That means the other side cannot tell the court you have made an offer while you are arguing the main points of dispute, but you can raise it when it comes to discussing costs, after the judgment.

We would generally suggest using "Without prejudice (save as to costs)" in correspondence aimed at negotiating a settlement, but do not fall into the habit of including it on all "legal" correspondence. The protection only applies where the party is genuinely seeking to negotiate, so it doesn't apply to anything else, such as letters setting out the basis of a claim or a defence. That should be "open" correspondence.

If "without prejudice" is used incorrectly, you may have difficulty in relying on a letter which would otherwise be helpful to your case.



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

## Hiring cleaning machines can help control your costs

By Jeff Hilton, automotive target market manager, Kärcher



Hiring cleaning equipment is a growing trend within automotive retail. The benefits are simple enough – no capital expenditure, no commitment, and controllable costs.

Choosing a specialist cleaning machine hire company like Clean Sweep, the new addition to the Kärcher group, also makes sense as they also provide expert advice, service and on-site training.

For many hire customers in automotive retail, it's their first time using floor scrubber-driers and it can work as a low-risk extended trial. Dealerships can see how the right machines clean so much better than a mop, and can also see how using a machine fits with their cleaning staff and routines. For others, it's the easiest and fastest route to obtain equipment without the capital expenditure and board-level sign-offs that often go with outright and lease purchases. It's also a great way for contract cleaners to give dealerships the best level of service, while controlling costs.

There are two key areas where hiring makes sense for many dealerships. Firstly, where the dealer isn't happy with cleaning standards and wants to use cleaning machines for the first time. These are typically longer-term hires of one to three years, using task-specific scrubber-drier machines for showroom and workshop cleaning and presentation. And secondly, for periodic deep cleaning. In this situation, cleaning machines like scrubber-driers, sweepers and carpet cleaners are hired on a short-term basis to dramatically improve presentation standards and protect infrastructure investments.

Either way, using a specialist hire company for these specialist products makes perfect sense.

■ For more information, email [jeff.hilton@karcher.co.uk](mailto:jeff.hilton@karcher.co.uk).

# KÄRCHER

## Autoclenz is about more than just cleaning cars . . .

By Martin Peters, sales director, Autoclenz Group



Autoclenz's success has come from listening to dealers and creating a portfolio of services that can either save money, increase revenues or improve retail customer satisfaction. Those are three very different boxes, or are they?

Saving money comes from the efficiency of a specialist outsource company managing your valet bay, the economies of scale in supporting the operation and transparent IT to track productivity and spend. This is also true with our Cosmetic Repair solution, which refurbishes your stock quicker, better and more cost-effectively.

Increasing revenues comes from upselling over the service desk, whether of a valet or cosmetic repairs. We have customers offsetting 34% of their valet spend by selling these services, simply by asking the question. All point-of-sale and delivery is managed by Autoclenz.

And improved CSI? Well, all of the above will certainly help with a customer's perception of your business. Our added-value portfolio includes Car Park Concierge, to help your customers park; Meet & Greet operators, to set the scene for your customers' dealership visit; and Collection & Delivery operators, again to enhance the offering to your customers. All of these could make the difference between a customer choosing you over your competition.

Autoclenz can be instrumental in enhancing customer retention, higher CSI and an improved bottom line.

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



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**Volvo XC90 T8**

Substantial tax benefits make Volvo's flagship plug-in-hybrid a compelling choice for business buyers.

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**Honda Civic Tourer**

A focus on business customers has seen Civic fleet registrations almost double this year.

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**Mazda2**

Television and social media exposure for PCP offers and reviews of Mazda's hatchback have paid off in registrations.

# State-of-the-art technology – and a new Aston Martin

Geneva Motor Show gives an impressive display of what's hitting showrooms soon

**AUDI Q2**

Audi is poised to take on the premium compact SUV sector with the latest addition to its Q-badged line-up, the Q2.

About 190mm shorter (4.19m) and 40mm narrower (1.79m) than its bigger brother the Q3, the newcomer will go up against the likes of Mini's Countryman and Mazda's CX-3 when order books open in July, ahead of November deliveries.

In terms of space, the Q2 sits between its two key rivals with a boot capacity of 405 to 1,050 litres.

Distinguished by its 'blade' D-pillars, painted in a contrasting colour to the

rest of the vehicle, the Q2 will feature newly-designed 17-inch alloy wheels, with the option of 19-inch.

Technology from higher up the Audi range, including the optional Audi virtual cockpit and the head-up display, adaptive cruise control, traffic jam assist, active lane assist and the pre-sense collision avoidance system, are all included in the line-up.

Alongside a 1.0-litre, three-cylinder petrol engine, Audi will offer 1.4- and 2.0-litre, four-cylinder petrol engines and 1.6- and 2.0-litre, four-cylinder turbodiesel units.

**FIAT TIPO**

Identical from the C-pillar forward, the hatchback and estate are set to take on Škoda's Rapid when they arrive in UK showrooms in September, with prices to be announced nearer that time.

The Tipo is 4.37 metres long in hatchback form and offers 440 litres of boot space, while the estate adds 20mm and 110 litres of load capacity.

MultiJet II turbodiesel engines will be offered in 94bhp 1.3-litre and 118bhp two-litre formats, while 94bhp 1.4-litre and 118bhp 1.4 turbo petrol engines line up alongside a 1.6-litre e-TorQ engine producing 109bhp, combined exclusively with a six-speed, torque converter automatic gearbox.

The Tipo will be available in three trim levels, with air conditioning, remote central locking, rear electric windows (estate only), electric mirrors, six airbags, digital radio and Bluetooth connectivity among the standard equipment.

**VOLVO V90**

The imposing V90 estate drew the crowds on Volvo's stand. Displayed in petrol, diesel and T8 hybrid form, the V90 claims CO<sub>2</sub> emissions as low as 47g/km.

Priced from £34,555 – some £2,000 more than the S90 saloon – the new V90 arrives in UK showrooms in October with the range-topping 401bhp (and 472lb-ft), plug-in hybrid following early next year.

Momentum and Inscription trim levels will be available from launch, mated to 187bhp D4 or 232bhp D5 2.0-litre, four-cylinder turbodiesel engines. The front-wheel-drive V90 D4 comes with an eight-speed automatic gearbox, and offers combined fuel consumption of 62.8mpg and CO<sub>2</sub> emissions of 119g/km.

The D5, meanwhile, incorporates Volvo's PowerPulse technology to boost responsiveness, using compressed air to spool up the turbo at low revs. This results in a swift 7.2-second dash to 62mph.

Among the V90's standard equipment is a powered tailgate, leather upholstery, LED headlights with active high beam, two-zone climate control, keyless engine starting and heated front seats. Volvo's nine-inch touchscreen Sensus infotainment system is also standard, bringing with it sat-nav, voice-control and internet access.



## ASTON MARTIN DB11

Visitors to the Geneva Motor Show seemed to strike up an immediate bond with the Aston Martin DB11.

The first all-new DB-badged Aston Martin since the launch of the DB9 13 years ago, the supercar broke cover with the claim of being "the most powerful, most efficient and most dynamically gifted DB model in Aston Martin's history".

Priced from £154,900, the DB11 is expected to reach UK showrooms in Q4 of this year.

Powered by a twin-turbocharged 5.2-litre V12, designed in-house, the DB11 will accelerate to 62mph in 3.9 seconds and reach a top speed of 200mph courtesy of 600bhp and 516lb-ft of torque power output.

Sitting on a new bonded aluminium platform and with next-generation infotainment technology, the DB11 is the first in Aston Martin's 'Second Century' plan.

Part of its innovative design incorporates innovative aerodynamic solutions – including the gill-like 'Curlicue', which releases high-pressure air from inside the wheel arch via a concealed vent within the redesigned side-strake.



At the rear, lift is reduced by Aston Martin's AeroBlade, a virtual spoiler fed by air intakes located at the base of each C-pillar.

Aston Martin CEO Andy Palmer said: "This is not only the most important car that Aston Martin has launched in recent history, but also in its 103-year existence. The DB11 rightfully places Aston Martin once again as a leading brand in the luxury automotive market."



## MASERATI LEVANTE

With the Levante, Maserati is aiming to exploit a premium SUV market already occupied by the Porsche Cayenne.

The Italian brand hopes to boost global sales to 49,000 next year – rising from about 32,000 in 2015 – by entering a burgeoning SUV market poised to receive the Jaguar F-Pace and Bentley Bentayga.

Much was made of the luxurious attributes of the Levante at the Swiss event, with an interior "created with the finest materials, most exquisite to the touch, from optional premium leather to Ermenegildo Zegna silk".

But the Italian entry must also deliver on Maserati's sports-oriented values and is said to feature 50:50 weight distribution and the lowest centre of gravity in its class.

The Levante is powered by a 3.0-litre V6 twin-turbo petrol engine with 345bhp or 424bhp, or a 271bhp 3.0-litre V6 turbodiesel, each mated to Maserati's Q4 intelligent all-wheel drive system and an eight-speed automatic gearbox with integrated stop-start system.

The 424bhp Levante should reach 62mph in 5.2 seconds and a top speed of 164mph with 21.6mpg fuel consumption and 253g/km CO2 emissions.

The more frugal turbodiesel, meanwhile, claims to hit 62mph in 6.9 seconds, a 143mph top speed, 32.7mpg fuel economy and 189g/km CO2 emissions.

The Maserati is expected to cost from £54,000 when it arrives in UK showrooms in May.



## RENAULT SCENIC

Arriving in UK showrooms this coming winter, Renault's new Scenic looks like it will make an impact on the MPV market.

Inspired by the R-Space concept of 2011, the new fourth-generation Scenic is the latest vehicle to receive the brand redesign co-ordinated by Renault design boss Laurens van den Acker.

Having grown 40mm in length (4,406mm), 20mm in width (1,865mm) and 13mm in height (1,653mm), the new Scenic claims best-in-class load capacity of 575 litres and additional cubby space of 65 litres in the cabin.

All Scenics feature a two-tone colour scheme and 20-inch alloy wheels as standard.

The Scenic is to be sold with a choice of six diesel engines and two petrols, with a Hybrid Assist version of the dci 110 engine arriving later.

The turbodiesel engines produce between 94bhp and 158bhp, with the petrol units producing 113bhp and 128bhp, but no fuel efficiency figures have been released as yet.

Among the technological firsts for a Renault MPV are: lane-keeping assist and an active emergency braking system with pedestrian detection and tiredness detection.

A full colour head-up display, 8.7-inch R-Link 2 touchscreen infotainment systems and Bose surround sound are also among the highlights.



## MERCEDES-BENZ C-CLASS CABRIOLET

Scheduled to arrive in UK showrooms this summer, the open-top C-Class broke cover at the Geneva Motor Show.

Featuring an automated soft-top that can open or close in 20 seconds at speeds of up to 31mph, the latest convertible from the German brand is some 4mm taller than its coupé stablemate, yet offers an additional 12mm of rear headroom.

With prices for the C-Class Cabriolet yet to be confirmed, the line-up includes C 220d and C 250d turbodiesel variants, along with six petrol options, including the C 43 4Matic. Power varies from 168bhp to 328bhp, and the C 220d is the cleanest option, with claims of 62.8mpg and 116g/km CO<sub>2</sub>.



## HONDA CIVIC HATCHBACK CONCEPT

Honda aims to deliver its sportiest ever Civic with a 10th-generation version set to enter the UK market early next year.

A sneak preview of how it will look was given in the form of the Honda Civic Hatchback Prototype, which made its public debut in Geneva.

Dimensions some 30mm wider, 20mm lower and 130mm longer than the current Civic hatchback are all part of a dynamic new appearance.

The new Civic – to be produced at Honda's UK manufacturing hub in Swindon – will be the first Honda to feature the brand's all-new one-litre and 1.5-litre Vtec Turbo petrol engines.



## ŠKODA VISIONS

Officially billed as a concept vehicle, the VisionS offered a flavour of Škoda's planned big brother to the Yeti SUV to be unveiled later this year.

**Škoda CEO Bernhard Maier**

said: "In terms of design, overall package and everyday practicality, the Škoda VisionS already provides an insight into our new SUV."

Appearing with plug-in hybrid technology that will feature on future Škodas, the VisionS is 4.7m long and features three rows of seats and the brand's new front-end design language.

The 222bhp part-electric drivetrain brings together a 154bhp 1.4 TSI petrol engine and 40kW electric motor to return a claimed 149mpg fuel efficiency and 45g/km CO<sub>2</sub> emissions.



## FORD EDGE AND KUGA VIGNALE

Continuing its efforts to give owners the option of moving into a more premium offering, Ford unveiled Kuga (right) and Edge Vignale (above) models at Geneva.

The new SUV models and an S-Max Vignale will join the existing Mondeo Vignale and will be sold from Ford UK's 68-strong Ford Store franchised dealer network. Prices have yet to be confirmed.

Bespoke paint and wheel treatments, signature diamond-quilted leather trim, active noise control and a bespoke



version of Ford's SYNC 3 infotainment system are all part of the Vignale package.

Customers also benefit from hospitality experiences at events such as the Chelsea Flower Show and Cannes Film Festival thanks to an exclusive lifestyle service.

## KIA OPTIMA

Kia is aiming to expand the appeal of its Optima with the imminent arrival of a Sportswagon, sporty GT and efficient plug-in hybrid versions.

All three featured on a busy stand at the Geneva Motor Show, with the brand's first D-segment tourer providing the practicality of a 553-litre boot, the 242bhp GT offering more performance and the plug-in hybrid targeting 37g/km CO<sub>2</sub> emissions.

All are due to enter the UK market before the end of the year.

**Paul Philpott, president and CEO of Kia Motors UK**, told AM: "People have always appreciated the styling of the Optima and now we should have a range fit to appeal to a wide range of customers."





Volvo is pushing the 'affordability' of the plug-in hybrid with company directors and senior managers



FIRST DRIVE VOLVO XC90 T8 – ON SALE NOW

# T8 makes a compelling case for business buyers

Plug-in hybrid variant of XC90 brings substantial tax benefits

By Tim Rose

**T**he arrival of the XC90 in T8 plug-in hybrid guise means Volvo dealerships can better target company directors, due to the taxation benefits it brings.

The Swedish brand has trained its dealers to promote the advantages the 49g/km CO<sub>2</sub> petrol electric hybrid SUV provides to business owners and senior managers, such as up to £11,470 corporation tax relief at the 20% rate. And because of its 49g/km CO<sub>2</sub> emissions, the XC90 T8 qualifies for a 100% first-year allowance, so the entire cost of purchase can be written off by companies in the first year of ownership.

Volvo dealers' message to senior managers with company cars is similarly one of affordability. The 5% benefit-in-kind taxation rate that its emissions band brings reduces the buying company's Class 1A National Insurance Contributions and will cost a higher rate taxpayer just over £1,200 in annual company car tax. In comparison, put that same driver into the D5 turbodiesel XC90 and they'll pay almost £5,000 in BIK tax.

The XC90 T8 packs all the standard comforts and premium features of the petrol and diesel models launched last summer, including all-wheel drive, a 9in touchscreen with sat-nav and connected infotainment, leather upholstery, and a powered tailgate. However it also comes with a panoramic sunroof, four-zone climate control, a crystal glass gearknob and an auxiliary heater to warm the cabin ahead of starting a journey.

Its underpinnings are quite different too. Powering the front axle is a 315bhp turbocharged and supercharged petrol engine, while the rear axle is driven by an 86bhp electric motor. Depending on road conditions and the electronic drive mode selected by the driver (from Pure, Hybrid, Power, AWD and Save), the T8 can propel itself in front-, rear- or all-wheel drive.

As a result, its official test figures for both performance and



The T8 comes with a more luxurious interior than the petrol and diesel XC90s

economy are outstanding. This is a 2.3-tonne seven-seater that will cover 0-62mph quicker than a Porsche Boxster, and which under test conditions has achieved 134.5mpg economy.

Of course that economy claim is ludicrous in real-life use, so sales executives must emphasise the 'test conditions' bit. Only owners who plug in their T8 every night and gently commute, under pure electric power, 10 miles each way to the railway station and back are likely to come anywhere close, because they'll rarely need to fill the 50-litre petrol tank. Officially, the T8 can cover up to 27 miles on electric power alone, and its 400V 9.2kWh lithium-ion battery can be charged in between three-and-a-half hours at 10 amps and six hours at six amps.

For companies able to use the full first-year writedown allowance, the T8 makes perfect sense. Micro-businesses that cannot ought to be advised on other options, however. The overall three-year running cost they'd incur for the T8 could be almost 30% higher than if they chose the turbodiesel, which has a P11D price almost £15,000 lower.

That's partly why Volvo Car UK expects the T8 to account for just 13-15% of the 4,500 annual XC90 sales in the UK, while the turbodiesel is accounting for 80%.

## SPECIFICATION

**Price** £59,850-£63,600

**Engines** 2.0-litre petrol with 315bhp plus 86bhp electric motor

**Performance** 0-62mph 5.6secs, top speed 140mph

**Transmission** 8sp auto

**Efficiency** 134mpg, 49g/km CO<sub>2</sub>

**RV 3yr/30k** 42%

**Rivals** Audi Q7 e-Tron, BMW X5, Mercedes-Benz GLE-Class

"Volvo expects the T8 to account for 13-15% of XC90 sales"

## WHAT'S BEEN SAID ABOUT THE VOLVO XC90 T8

### AUTOCAR

We like the XC90 more than any other large SUV at the moment and there's very little reason to overlook the T8 based on the way it drives. Whether this is the right version for you will just come down to the sums.

### FLEET NEWS

Left to its own devices, the default hybrid mode has the T8 delivering armchair comfort in a calm, quiet and reassuring manner, irrespective of speed.

### EV FLEET WORLD

The XC90 has reinvented Volvo's presence in this sector, and the T8 Twin Engine is in a strong position even compared to rivals' plug-in hybrids. However, as is the case with all similar products, getting the most out of it isn't simply a case of gentle driving – long-distance drivers could still be better suited to the D5 diesel.

HONDA CIVIC TOURER 1.6 I-DTEC EX PLUS

# Focus on fleet pays off for Civic



Retail registrations of the Civic were down 26.9% year-on-year in January

By Jeremy Bennett

**T**he fortunes of the ninth-generation Honda Civic, while positive in 2015, are proving mixed for dealers so far this year.

Civic sales in fleet and retail have been improving with a 3% increase year-on-year in 2015 and this year for the first two months, registrations are up a little over 24% year-on-year.

In the C-segment, the Civic had a market share of 5% in January (up from 4.6% in 2015 YTD) which put it in 6th place behind the Focus, Golf, Astra, Octavia and Leon, but ahead of the likes of the Auris, i30, Mazda3 and 308.

However, it's the fleet market that's playing a significant part in the Civic's success, with year-on-year fleet registrations up 98.8% so far this year.

**Phil Webb, Honda UK's head of cars**, said it started a major review of its fleet sales operation 12 months ago, focusing on Honda Contract Hire, which

**"Civic fleet registrations are up 98.8% so far this year"**

is paying off. It motivated the retail network to focus on this market in tandem with existing corporate operators, he said.

"This strategy is now bearing fruit, resulting in the volume growth and a 50% growth in the number of retailers operating in our contract hire product. The leasing order rate has quadrupled."

The Civic is suffering in the retail market, with registrations down 26.9% in the same month.

**David Cox, managing director of Cox Motor Group and Honda dealer council chairman**, said: "The current model is

not the car its predecessor was, which was remarkable. And Honda came late to the PCP party.

"But the network is satisfied that Honda is now providing the financial support we need to compete strongly against the competition, particularly on RVs and with the impressive 1.6 diesel engine in the range, to see us through to the 10th generation Civic, shown at Geneva Motor Show this month, which looks to be a cracker."

Honda's dealers feel positive about the brand. In the latest National Franchised Dealer Association Dealer Attitude Survey, published earlier this month, they gave it an above average score – 6.6 out of 10 – in rating Honda overall. This was up from 6.3 in the summer and 5.5 in winter 2014. The latest score put Honda above competitors Ford, Vauxhall, Toyota and Škoda.

Satisfaction levels on the amount of profit in the brand was put at above average by Honda dealers in the survey.

## SPECIFICATION

**Price** £27,265

**Engines** 1.6-litre turbodiesel: 118bhp

**Performance** 0-62mph 10.5secs, top speed 121mph

**Transmission** 6sp man

**Efficiency** 72.4mpg, 103g/km CO<sub>2</sub>

**RV 3yr/30k** 40.6%

**Start mileage** 7,367

**Current mileage** 11,880

**Rivals** Ford Focus Estate, Renault Megane Sport Tourer, Škoda Octavia Estate, Volvo V60

## WHAT'S BEING SAID ABOUT THE CIVIC TOURER

### HONEST JOHN

Although it's closely based on the hatch-back, there has been a considerable amount of fine-tuning, over and above the addition of that new bodywork at the rear. In effect, the Tourer is new from the rear pillar back.

### CARWOW

The range-topping EX Plus model is cheaper than it used to be and comes with a list of features as long as your arm, including LED headlights, keyless entry, leather upholstery and a touch-screen with sat-nav.

## Guess the car competition



Robert Smirke, BMW sales executive at Stephen James BMW in Blackheath, correctly named the Cadillac STS 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 with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, April 8, 2016.





MAZDA2 1.5 SE-L NAV

# Mazda2 sales on track for a blistering March



By Tim Rose

**B**efore the plate-change campaign began on March 1, Mazda UK made a big noise about the Mazda2 supermini, which is reaching the first anniversary of its arrival in this country.

Television advertising spots promoted Mazda's first quarter 0% APR PCP offer with a £500 deposit contribution, while its social media activity shared the hatchback's strong reviews in motoring publications.

New car registration data suggests the investment and hard work of the dealer network have paid off. In February, the registrations of the Mazda2 jumped 59%, or exactly 500 units, more than February 2015. Almost

300 of those extra registrations were in the retail segment.

Along with the volume increase in the retail market, Mazda has boosted the volume of Mazda2s it puts into the fleet sector. As of the end of February, the split for the supermini's registrations was 35% fleet and 65% retail, whereas at the end of 2015 it was 24% fleet and 76% retail.

That fleet segment includes Motability, where a high-specification SE-L Nav model, in manual or auto, can be selected with zero advance payment.

To increase its appeal to retail buyers, the Japanese carmaker has expanded the Mazda2 range with a Sport Black special edition. Priced from £15,595 and only available in 90hp 1.5-litre petrol guise, it comes with glossy black design features on its front and side airdam skirts, door mirrors and rear spoiler and gunmetal-coloured alloy wheels with red decals.

On March 1, the Mazda network's first deliveries of 16-plate cars coincided with a PR boost for the Mazda2. It scooped the Best Supermini accolade in the 2016 UK Car of the Year Awards, ahead of rivals such as the DS3, Honda Jazz, Hyundai i20 and Seat Ibiza. The Mazda MX-5 backed it up with a win for Best Open Top Car and the trophy for the overall UK Car of the Year.

## ADVERTISING FEATURE

## HOW TO QUOTE INSTANTLY FROM ANYWHERE IN YOUR DEALERSHIP

By James Tew, director, iVendi



Imagine your staff had the ability to generate a motor finance quote from anywhere in your dealership in just a moment.

Wouldn't that be very, very useful? While a customer is kicking the tyres on a car, sitting behind the wheel, or on a test drive, you could be underlining exactly how the right finance deal could make the vehicle affordable.

We have introduced a smart piece of technology this month that makes this possible. Quick Quote works on smartphones, tablets and PCs and requires only three pieces of information – registration, mileage and cash price – to generate a quote.

But this is not a gimmick. It is a fully featured finance-quoting tool that works with almost any dealer's full range of finance products from their panel of lenders. Crucially, it is much, much simpler and faster to use than anything else on the market.

Quick Quote's portability and speed open up a world of possibilities. Dealer staff can even propose via their phone or save quotes and other information to the central iVendi Platform. Of course, it also works not just in the dealership, but anywhere you can get connected.

In fact, Quick Quote forms part of our new generation of the iVendi Platform, which was launched last month. This is designed to provide the means to manage all of a dealer's motor finance activity. It contains a number of genuine innovations including not just Quick Quote, but our new in-showroom micro-comparator and more.

The system creates a revolutionary infrastructure within which dealers can change completely the way they sell finance to both online and in-showroom customers. We are already seeing some fascinating advances in the way dealers structure their sales process as a result – and we are very much looking forward to seeing the impact of Quick Quote. We believe it has the potential to become an invaluable showroom sales tool.

## Contact details:

www.ivendi.com

E-mail: enquiries@ivendi.com

Phone: 0845 226 0503



## SPECIFICATION

Price £15,045

Engines 1.5-litre petrol 89bhp

Performance 0-62mph 9.4sec, top speed 114mph

Transmission 5sp manual

Efficiency 62.8mpg combined, 105g/km CO<sub>2</sub>

RV 3yr/30k 38%

Start mileage 671

Current mileage 4,601

Rivals Ford Fiesta, Vauxhall Corsa, Renault Clio, Peugeot 208



## VARIOUS POSITIONS AVAILABLE

Do you have a passion for the Motor Trade? Right now we are actively recruiting for professional people to join our busy and successful team at locations throughout the UK.

With a turnover of around £250 million per annum and employing over 750 members of staff, Drive Vauxhall has 10 Vauxhall dealerships which are located in most regions of England and is one of the UK's largest franchised dealer groups. Due to continued growth we are expanding our teams across all dealerships to keep up with demand.

### WE CURRENTLY HAVE OPPORTUNITIES AVAILABLE IN:

- Sales • Service (Advisers and Technicians) • Bodyshop (Painters)
- Admin (including Accounts) • Drivers

### WE HAVE VACANCIES IN:

Aldershot  
Bristol (all dealerships)  
Bury & Haverhill  
Hartlepool & Redcar  
Leicester & Leamington Spa

### IF YOU:

- Are an enthusiastic individual with a can do attitude
- Have experience of dealing with the public • Have a strong work ethic
- Are self-motivated • Possess a high energy for work

Then we want to hear from you!!!

### THE SUCCESSFUL CANDIDATES CAN ENJOY:

- 22 days holiday per year (raising to 25 days)
- A long term career with a stable market leader
- Full support and training • A competitive remuneration package

Our website is updated regularly with our vacancies, to find out what roles we have available in your area please visit our brand new website [www.drivevauxhall.co.uk/careers/](http://www.drivevauxhall.co.uk/careers/)

Can't see the role you're looking for? We still want to hear from you! Just submit your CV along with a covering letter on why you think you are the right person for us to [recruitment@drivevauxhall.co.uk](mailto:recruitment@drivevauxhall.co.uk)



The talent's out there  
The trick is finding it!

### ACCOUNTANCY

11571	Temp Management Accountant	Lancashire	£Neg
11567	Dealership Accountant	Kent	£40k pa +
11563	Senior Accountant	Kent	£45k pa ++
11558	Head Office Accountant	Berkshire	£35k pa +
11557	Temp Dealership Accountant	Kent	£Neg
11556	Senior Assistant Accountant	Gloucs	OTE £25k pa
11555	Temp Dealership Accountant	Essex	£Neg
11552	Temp Dealership Accountant	Gloucs	£Neg
11547	Treasury Analyst	Bucks	£Neg
11546	Senior Analyst	Bucks	£Neg
11544	Dealership Accountant	Berkshire	£35k pa ++
11536	Dealership Accountant	W Midlands	£40kpa +
11522	Management Accountant	Suffolk	£36k pa + +

### OPERATIONAL

11570	General Manager	Kent	OTE £80k
11561	Sales Manager	Kent	OTE £60
11560	Sales Consultant	Gtr Manchester	OTE £16k
11559	Sales Manager	Berkshire	OTE £65k
11554	Brand Manager	Surrey	OTE £65k
11553	Sales Manager	Berkshire	OTE £60-65k
11551	General Sales Manager	Surrey	OTE £80k
11548	Trade Parts Representative	Kent	£26k + OTE +
11543	Sales Manager	Berkshire	OTE £60k +
11541	Business Development Manager	Bristol	OTE £42 +
11539	General Manager	Lancashire	OTE £85k OTE
11531	Principal Manager	Hertfordshire	OTE £50k

Chris Eastwood Automotive Ltd

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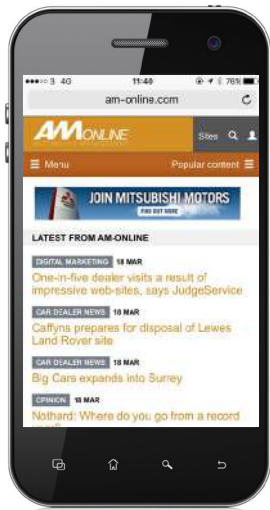
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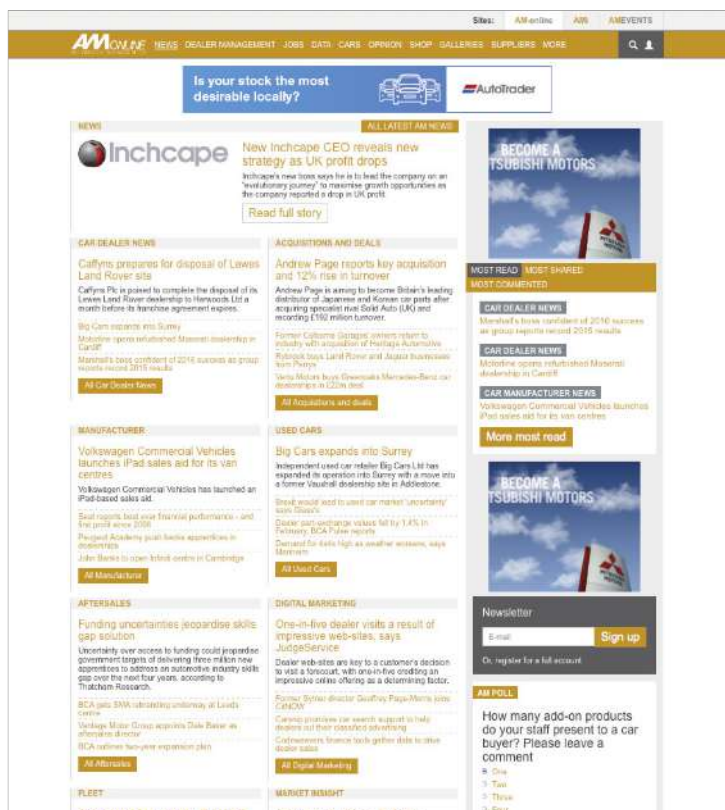
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## UK

Accountant - Home Counties - £40K

Aftersales Director - South West - £NEG

Business Manager - Prestige & Luxury - Edinburgh - £55K

Group New Car Sales Manager - £60K

Multi Site GM - South East - £100K

Regional Aftersales Manager - South West - £60K

Service Advisors - Channel Islands - £26K

## Overseas

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### The Company

Established in 1992, AMS is a leading provider of GAP and other insurance products, consultancy and training to motor dealers, finance companies and brokers through the United Kingdom.

### The Job

Reporting directly to the CEO, the Sales Director will be responsible for leading the sales team and driving the business by attracting new clients through the Company's proven partnership approach. Requisite experience of writing and bidding for new business accounts, understanding the tendering process, together with the ability to develop new relationships at all levels while managing the expectations of existing accounts is essential.

### Requirements & Key Responsibilities

Be able to demonstrate at least three years' relevant experience at senior management level, with an insurance provider, finance company or large motor dealer group:

- Have a proven, successful sales and leadership background
- Have a track record of developing and delivering new business through effective influencing, negotiating and closing
- Be an effective line manager and drive results through the setting of clear objectives
- Have a clear understanding of FCA compliance regulations
- Implement and develop the sales initiatives, ensuring the correct positioning of the Company's products and services

### The Package

In return, you will hold a senior level position within the Company, helping to influence and shape the future of the business. A highly competitive salary and bonus package exceeding £100,000 together with pension and car allowance are on offer for the right candidate. **Please send your CV in confidence to Peter McKenna, CEO: [peterm@ams-gap.com](mailto:peterm@ams-gap.com)**





# Colin Appleyard

Suzuki's original franchisee is still powering well ahead of the brand's national market share 37 years on, says managing director Robin Appleyard. And it has no intention of easing off.



## Citroën

MD Bek Hassan says its network is profitable, but fourth-quartile dealers are letting it down. Is it a case of shape up or ship out?



## Aftersales retention

We examine how connected-car technology and consumer demands may change the way dealerships operate their aftersales departments.

## First drive: Nissan NP300 Navara

Nissan aims for the top three in pick-up sales with its next-generation utility vehicle.



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