

# AM

## AUTOMOTIVE MANAGEMENT

COLIN APPLEYARD / P26  
MD Robin Appleyard on  
self-funding success



MANUFACTURER INTERVIEW / P22

## THE BREAK-UP

Citroën and DS are splitting up, but will a new vehicle offensive be enough to placate the dealers who lose PSA's crucial money-maker?

VW SCANDAL / P6

Dealers worried  
as 'dieselgate' fix  
delays recalls

MULTI-TECHNICIAN SERVICING / P40

Two-person teams  
could boost workshop  
profits and CSI scores



NP300 NAVARA / P54

Nissan learned  
from its SUVs for  
its nimble pick-up



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# If dealers are 'customers', some manufacturers need to work on their service

A few years ago, senior executives at several significant car manufacturers told me they viewed dealers as their customers. I silently scoffed at the time, given that this was in the twilight years of the Motor Vehicle Block Exemption Regulation and the few protections afforded specifically to a franchised dealer by the European Union were about to be stripped away.

Three years since the MVBEX ended, it seems car manufacturers are more powerful than ever in their dealings with their franchisees. The relationship is a far cry from the one they would want their dealers to offer to the end customer.

We are currently seeing one manufacturer, not long ago on the brink of disaster, decide that the exciting product range that kept its dealer network alive will be stripped from half its franchisees.

Another is in the midst of a network restructure, informing some franchisees they will need to sell a profitable business to another preferred franchise holder who will invest more millions in better representing their brand.

A third has bigger concerns than simply network developments. In trying to limit the damage from a global scandal of its own making, it is failing to provide enough reassurance to consumers and dealers alike. It is also failing to allow its dealers a voice.

Just before we went to press, we held the **AM** Customer Service Summit. One of the key messages from it was that customers want openness and honesty.

So dealers, do you feel like customers?



Tim Rose  
Managing editor  
Email me at [tim.rose@bauermedia.co.uk](mailto:tim.rose@bauermedia.co.uk)

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# 'Dieselgate' delays worry VW dealers

In November, *AM* reported on Volkswagen franchisees' concerns about their workload as a result of the emissions scandal, but in the six months since, the recall schedule has slipped even further

## NEED TO KNOW

- Recall work unlikely to be finished by end-of-2016 target
- German media says fix delays due to fuel efficiency issue
- First-quarter VW registrations down 4.9% year-on-year

By Tom Sharpe

**U**K dealers are facing delays in fixing the 1.2 million vehicles recalled as a result of the Volkswagen Group emissions scandal, which they fear could see their workshops overrun with years of warranty work that generates little extra profit for their effort.

Six months ago, **Volkswagen Group UK managing director Paul Willis** said the manufacturer wanted all 508,276 affected Volkswagens, 393,450 Audis, 131,569 Škodas and 76,773 Seats here recalled and fixed by the end of 2016.

However, fixes to the Volkswagen Passat due to begin this month have been delayed because Volkswagen has yet to gain approval from Germany's Federal Motor Transport Authority (KBA) for its proposed technical fix. German newspaper *Die Welt* reported that changes to the Passat's fuel efficiency had proved a sticking point that may delay the recall until June.

One UK Volkswagen dealer, who asked not to be named, said: "For a delay to the schedule to happen so early on is a concern. "We have worked on a handful of Amaroks as part of a normal service booking and that has been fine, a two-minute fix, but we don't know much about the next wave of fixes."

Volkswagen had said it expected its 2-litre diesel engines to require a software tweak, while 1.6-litre diesels would require the fitment of a 'flow transformer' device, meaning 400,000 UK vehicles would require mechanical changes.

*AM*'s dealer source said: "I can see the recalls happening for two or three years or more and they are all to be completed on a warranty rate. We won't be making money out of them

and there is an additional host of form-filling – dotting of i's and crossing of t's – to claim that money from Volkswagen."

A Volkswagen spokesman said the relevant motor authorities had approved the planned software update for the Audi A4, A5, Q5 and Seat Exeo with the 2.0-litre EA 189 engine.

However, he added: "The software solution for the Passat with the 2.0-litre EA 189 engine needs to be reworked in order to achieve all target requirements.

"The Volkswagen Group and the KBA agree that only solutions that have been 100% confirmed by measurements can be accepted."

As in November, *AM* could find few senior franchise operators in the UK willing to speak on the record about the emissions scandal.

"One of the worst things about all this is the lack of a voice that the UK dealership network has had," said *AM*'s dealer source.

"People are frightened to stand up and raise genuine concerns and that's not right."

## The impact on registrations

At the Geneva Motor Show in March, Willis warned that first-quarter registrations for the VW brand would be down, and he was right.

Overall UK registrations for the first three months of the year were down 4.9% on the corresponding period a year earlier, compared with an overall market growth of more than 5%.

Retail registrations were actually up 0.11% in Q1. However, 'true fleet' registrations (excluding daily rental and Motability sales) were down 14%.

With 38,694 registrations in March, Volkswagen's overall performance was flat (up 0.2%) year-on-year for the plate-change month. Its market share has dipped from 9.63% in September, when the scandal broke, to 7.46% in March.

Retail registrations of diesel vehicles have been significantly affected, with year-on-year falls in every month except

## PROBLEMS IN OTHER MARKETS

Volkswagen is not just facing trouble in the UK. In Germany, its board of directors have accepted a cut to bonus pay, reportedly about 30%, after pressure from unions and investors, and in the US, it faces increasing litigation.

EPA boss Gina McCarthy expressed uncertainty at the start of April about whether the US government and Volkswagen would meet its April 21 court

deadline to come up with a fix.

VW has set aside £5.3 billion to carry out vehicles fixes, but a single legal action by the US Justice Department aims to sue the group for up to £32.5bn.

Three American franchise operators joined forces to sue the group earlier this month and the founder and chairman of a 17-franchise dealership group in New Jersey is likely to heap more misery on the

brand. Steve Kalafer, a three-time Academy Award-nominated documentary film producer and a VW dealer, is making a documentary about the scandal, entitled *Backfire: The Volkswagen Fraud of the Century*.

In an interview with *Automotive News*, Kalafer said: "Unless these issues are dealt with straightforwardly, honestly and with equity, Volkswagen will have destroyed their company."







Going nowhere: a hold-up in approving a software fix has thrown out VW dealers' schedule for fixing affected cars

"One of the worst things about all this is the lack of a voice that the UK dealership network has had. People are frightened to stand up and raise genuine concerns"

February since the scandal broke. Other Volkswagen Group brands have fared better. Its premium brand, Audi, recorded a 4.56% year-on-year rise in March – to 30,483 – thanks partly to a 147% increase in sales of its new Q7 and a 35% rise in sales of the A1.

It has experienced a sales dip in only one month (-4.41% in October) since September.

Seat, meanwhile, arrested its dramatic year-on-year decline in February, with a 35.54% rise to 1,594 sales, but shed a further 1.9% of registrations in March, selling 8,677 vehicles.

Škoda's sales rose 10.32% year-on-year in March – to 12,527 – after a 28.41% rise in February. Its worst month came last October, with a 10.8% dip.

AM's source expressed concern about a stock of unregistered Škoda Yetis, part of a 513 UK-wide tranche of unregistered vehicles that a Škoda spokesman admitted had been "proactively" withheld from sale until the fix programme is completed for its EA189-engine.

"There no word on how long they might be sat around for," the source said.

#### The impact on UK dealers

AM's dealer source said Volkswagen had acted fast to guarantee its dealers their targets and bonuses until the end of 2015, but had set new targets for 2016, which were in line with the market growth anticipated by other manufacturers.

Given forecasters were predicting a 2.5% to 3% registrations rise in 2016, these targets could prove tough to achieve.

New car sales volumes had not suffered, the source said – with attractive offers and increased trade with existing customers continuing to draw in new car business – but margins and used car sales had declined.

On used car sales, they said: "Customers had to sign a disclaimer to say that they knew there were issues with the car before they handed over their money. Of course that's going to have an effect."

Volkswagen will not offer UK customers a compensation package – like the \$1,000 vouchers being issued in the US – unless there is a significant change in residual values.

**Glass's Guide head of valuations Rupert Pontin** told AM that Volkswagen residual values were currently running 0.6% behind the market average for 2013-15 diesel cars and 0.1% for petrol, at 95.8% and 96.6%. But, he said: "The figures are starting to level out."

Volkswagen UK has introduced 'loyalty bonus' discounts to existing owners, or family members at the same address who buy a new car, which range from £400 to £1,500.

Some dealers are treating the recall as an opportunity.

**Michael Hayselden, managing director at Hayselden's Volkswagen in Barnsley**, said: "Business has responded to the offers coming through from Volkswagen and we have been encouraged by the support of our loyal customers and the brand. There are ambitious targets for this year and our sales are strong."

"We're trying to look at the recalls in a positive light. They will bring the owners of older cars into the dealership that might not have visited otherwise."

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**Hydrogen Hyundai**

Hyundai will name two dealerships in London as retailers of its hydrogen-fuelled vehicles within six months.

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**Jardine Motors Group**

Jardine Motors Group wins tender to invest in new Porsche Centre in London.

## INCHCAPE

# Inchcape chief lays out new strategy after profits dip

**Inchcape's new group chief executive, Stefan Bomhard, said he will lead the company on an "evolutionary journey" to maximise growth opportunities after the company reported a drop in UK operating profit.**

The multi-national reported an operating profit of £63.4 million for 2015, compared with £65.2m in 2014, a decline of 2.8%.

The fall was down to the "increased contribution of vehicle sales, lower used vehicle margins and increased facility and IT amortisation costs", said Inchcape.

Retail trading margin was 2% in 2015, compared with 2.3% the previous year.

Retail sales revenue was up 10% to £2.662 billion, from £2.421bn.

Inchcape attributed this to the successful launch of new models

including the Jaguar XE and Land Rover Discovery Sport as well as a number of face-lifted models across its partners, including the Audi A4 and Q7, BMW 3 and 7 Series, Mini Clubman, Jaguar XF, Lexus RX, Mercedes-Benz GLC, Toyota Auris and Volkswagen Touran.

The impact on Volkswagen sales following the company's admission of emission testing fixing was "limited", the company said.

Bomhard, who was appointed at the end of January, said: "Our UK business delivered a robust top-line performance, driven by consumer confidence and attractive offers from the OEMs.

"Pressure on used vehicle margins for some of our brands in the UK, however, limited our ability to realise the full potential of this revenue trend into profit."

However, he added: "Our commercial performance enabled us to make important investments in our continued future success, including our new state-of-the-art Cooper Reading retail centre, the largest BMW centre in the UK."

Bomhard laid out five strategic objectives for the company in his annual report.

He said the business would lead in customer experience, making digital retail a priority; become manufacturers' partner of choice; deliver full potential from all revenue streams; leverage the business's global scale; and invest to accelerate growth

Bomhard said: "These are the trends that are having the greatest effect on our markets worldwide; using them as the foundation of our new strategy ensures that we will constantly meet market needs."

## MAZDA

**Mazda UK is on track to have upgraded 90% of its dealerships by the end of spring as part of a nationwide £12 million investment scheme.**

"It's very pleasing for us that our dealer partners are so willing to invest in Mazda," said **Brett Hague, Mazda UK's head of franchising and network development.**

Some 107 dealer sites were scheduled to have been refurbished by late April, with 14 sites either rebuilt or relocated.

Hague said the new look was an outward sign of a much deeper change within the 135-strong network as Mazda UK looks to build on its 60% volume growth over the past three years.

Hague said Mazda was looking for "a cultural change" and aimed



to deliver a personal service that ensured Mazda customers felt connected to the brand.

To help accomplish that, the previously outsourced Mazda Academy and customer contact centre are being moved in-house to Mazda UK's new Dartford headquarters.

Nine academy staff will develop training for Mazda dealers.

Part of the challenge is to reduce an industry-wide staff attrition rate of between 35% and 40%.

Hague said: "Our target for 2016 is to see dealer profitability going up, staff attrition going down, while at the same time introducing a new way for Mazda to measure customer satisfaction."

## IN BRIEF

**BIG CARS**

Independent used car retailer Big Cars has expanded into Surrey with a move into a former Vauxhall dealership site. The facility on New Haw Road, Addlestone, became vacant when Now Vauxhall moved to nearby West Byfleet.

Big Cars founder Adam Stott started in 2008 with one site in Essex, but now has three locations.

**JCT600**

JCT600 has relocated its Lotus dealership from Gelderd Road in Leeds to Yeadon.

The dealership has moved from Leodis Court, where it shared a site with JCT600's Bentley dealership.

Lotus' new premises, home to a JCT600 Porsche Centre for 20 years and more recently a showroom for specialist pre-owned vehicles, will enable the marque to display 10-12 cars in the showroom and a further 15 vehicles on the forecourt.

**TESLA MOTORS**

Tesla Motors opened a new Leeds store to coincide with the launch of the gull-wing-doored Model X SUV.

Located in the city's Victoria Quarter, the new store is the brand's 14th in the UK.

Earlier this month, Tesla unveiled its Model3, a £25,000 rival to the BMW 3 Series and Audi A4, which will arrive in the UK in late 2017.

**MAHINDRA**

Indian car manufacturer Mahindra will not sell its forthcoming e2o electric car in dealerships. Customers will be able to buy the EV from the brand's website from next month, with servicing carried out by mobile technicians and test drives arranged through the brand's UK headquarters in Chiswick, West London.

## PEOPLE NEWS

## REBECCA STEAD



Honda has appointed Rebecca Stead as its new head of network development.

Stead has worked for Honda for 19 years, most recently leading its corporate affairs and events team.

## EWAN SHEPHERD



Toyota GB sales director Ewan Shepherd is the new director of its Lexus division. Shepherd

succeeds Richard Balshaw, who becomes director of customer services following Steve Settle's retirement. Mark Roden will become Toyota GB sales director.

## DAVID MALONEY

David Maloney is to take over as chief executive officer for Volkswagen Financial Services UK (VWFS) on May 1.

## DAVID MAIN



BEN chief executive David Main will retire from the charity in July 2016. His successor will be

Zara Ross, currently director of transformation and development with the St Monica Trust in Bristol.

## JOHN BARNES



Vantage Motor Group has appointed John Barnes as market area general manager for West

Yorkshire. Barnes formerly ran dealerships in Cumbria and the Scottish Borders for Border Motor Group.

## DOMINIC BURR

BCA has appointed Dominic Burr as general manager of its Perry Barr remarketing centre, near Birmingham. He will develop a remarketing programme and a team of staff for the 20-acre site, which is currently under construction.

## RENAULT-NISSAN

Groupe Renault UK has recruited Ford executive Paul Flanagan as its new managing director. Renault sales director Darren Payne has been promoted within the Renault-Nissan Alliance to a new role of sales director at Nissan Motor GB.

He will be replaced at Renault by Nick Tame, currently sales operations manager, who will take up the sales director role from May 1.

Flanagan joins from Ford Motor Company, where he was most recently president of Ford France. In his 25 years at Ford, he has held multiple finance, sales and marketing roles, including setting up the Ford sales company in Romania in 2010, and managing director of Ford Belgium and Luxemburg before heading Ford France from 2014.

Payne had been with Renault for more than six years, initially as fleet and LCV director, then sales director, and previously worked at GM UK in senior fleet and leasing roles.



Paul Flanagan



Darren Payne

## MARSHALL MOTOR GROUP



Marshall Motor Group has sold its Toyota franchises in Peterborough and King's Lynn along with its Nissan centre in Bury St Edmunds.

Steven Eagell moved in to expand its network with the acquisition of the two Toyota sites while Hammond Group took on the Nissan operation.

The deal takes Stephen Eagell's Toyota representation to 10 locations.

The site in Suffolk becomes the second Nissan franchise for Hammond Group, which had an existing location in the Suffolk town of Halesworth.

## HYUNDAI

A pair of Hyundai dealerships in London will be named as specialist retailers of the Korean brand's hydrogen-fuelled vehicles within the next six months.

Until now, hydrogen-powered versions of its ix35 SUV have only been available directly from the manufacturer's UK base at High Wycombe, but Robin Hayles, Hyundai's sustainable fuels development manager, said that will change.

Speaking at a promotional event where a team of drivers lapped the M25 in ix35s to set a record for the longest continuous drive in a hydrogen-powered car, Hayles said: "We have no dealers set up for hydrogen sales at the moment. Ask me that same question in six months and we will have two dealerships set up for sales and finance and capable of discussing the tax benefits with people."

## VOSPERS

Vospers has acquired a 9.5-acre development site in Exeter as it prepares to submit a planning application for a new FordStore.

The proposed site, at Exeter's Matford Green Business Park, would join the 68-strong network of FordStores, which specialise in the sale of the new premium Vignale models and new performance cars such as the Mustang and Focus RS.

The plans will include additional showrooms to relocate a number of Vospers' other franchises and a specialist Transit Centre, it said.

## CAP HPI

Cap HPI is expanding its senior editorial team to create a centralised data and knowledge hub for international markets.

Adrian Rushmore moves to a global role as editorial operations director, Derren Martin is now international car editor and James Dower joins Cap HPI as senior editor of Black Book.

## WEST WAY

Nissan GB sales director Tony Lewis has been announced as the new managing director of its own dealer group, Aprite, which trades as West Way.

Lewis will take the new post when Niall McLaren retires on May 1.

## RIDGEWAY

Ridgeway has revealed plans for a new Jaguar Land Rover showroom in Newbury.

The top 20 AM100 group will invest £10 million in the showroom at the Greenham Business Park.

The site will include a drive-in service reception, 16-car showroom, 18-bay workshop, rooftop parking, customer lounges and a coffee bar.

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## CAFFYNS



**Caffyns will complete the disposal of its Lewes Land Rover dealership to Harwoods a month before its franchise agreement expires.**

Details published on the London Stock Exchange showed the sale and purchase agreement is scheduled for completion on April 29 for a cash consideration of £5.7 million plus an amount for stock to be established at completion.

Documentation related to the disposal stated that the value of vehicle and parts stock in the Land Rover Business was £3.2m as of February 29.

The Stock Exchange statement said Caffyns had been informed that its five-year contract with Jaguar Land Rover would not be renewed when it expires on May 31.

**UHY Hacker Young Automotive Partners David Kendrick**, who advised Caffyn's on the disposal, said: "Harwoods own the neighbouring Jaguar business therefore the acquisition of the Lewes business fits very well for them."

## JARDINE MOTORS GROUP

**Jardine Motors Group is to invest further in its Porsche representation in the London region with the successful completion of a tender to add a new Porsche Centre in Sidcup.**

When complete in 2017, Porsche Centre South London will bring the total number of Porsche Centres in the UK and Ireland network to 37.

"This fantastic new opportunity not only highlights our desire and determination to grow our Porsche business and appeal to new customers, it also demonstrates our continuing commitment to the sports car brand," said **Jardine Motors' brand director Paul Westaway**.

The addition of Porsche Centre South London will increase Jardine Motors Group's Porsche representation to four locations, together with Cambridge, Colchester and East London.

## PAYMENT CARDS

**New guidance on payments made using credit cards and debit cards may cut dealers' service charges by about 70%.**

The Payment Systems Regulator has issued guidance on a new EU law on payment cards. The Interchange Fee Regulation (IFR) led the Treasury to set caps at 0.2% of the value of a transaction for debit cards, and 0.3% for credit cards. For each transaction, where a customer is paying a £3,000 deposit by credit card, it could save the dealership £15 in fees.

## SNOWS

**Snows Motor Group has opened its first Suzuki dealership.**

The centre in Poole, Dorset, shares the premises with Snows Seat, which has been open since 2010.

The showroom has been refurbished to prepare for the full range of Suzuki models.

The dealership team includes sales specialist Simon Foster, franchise manager Sam Patterson and aftersales manager Steven Langton.

Neil McCue, group board director, said: "Poole has always proved an important market in Dorset, hence our reason to locate our first Suzuki showroom in the town."

## ADVERTISING FEATURE

## UNDERSTANDING YOUR AUDIENCE

**By Neil Addley, managing director of NFDA Trusted Dealers**



We recently spent a lot of time trying to gain a greater understanding of both our consumer and member audiences.

Our consumers – as defined by those who respond best to our advertising, are most likely to convert to an enquiry and

are also most likely to respond to our social media postings – are over 45 with a slight male bias. While this is not the most 'sexy' audience for marketers, it is a brilliant audience of people who can afford to buy used cars with confidence from a franchised dealer.

Hence our new strategy will focus on pay-per-click marketing, video, email and social media content for this audience, although not to the exclusion of others. Watch this space!

How our members attribute value to advertising is also very interesting. We know that people will visit on

"People will visit on average 1.2 dealers in buying a car. Research by JudgeService also shows us that about one third of customers have dealt with the dealer before"

average 1.2 dealers in buying a car. Research by JudgeService also shows us that about one third of customers have dealt with the dealer before, although only half of these are genuinely loyal.

There are a wide variety of metrics used to assess the value of classified marketing. These range from Auto Trader's preferred 'Ad View' metric to cost-per-enquiry based on phone calls or email enquiries or finally to postcode matching, whether that is affiliate (shared attribution) or unique attribution.

As part of the value we deliver, we are preparing a white paper on the value of enquiries, which will be available later this quarter.

**For a copy of our latest white paper, call 01423 506272 or email [neil@trusteddealers.co.uk](mailto:neil@trusteddealers.co.uk)**





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## Premium fight

The UK's top 10 premium brands continue their assault on the mainstream marketplace.

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## Dealer profits

The average UK motor dealer lost just more than £13,400 in February, according to ASE.

19

## Used cars

Ex-fleet values were up at the two biggest auction houses, BCA and Manheim, in March.

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# 16 plate gives UK market its best March on record

518,707 new cars were registered in March, 5.3% ahead of the same month in 2015

**T**he UK's new car market has set a fresh record, with the 518,707 registrations in March the highest achieved in the month since the bi-annual plate-change began in 1999.

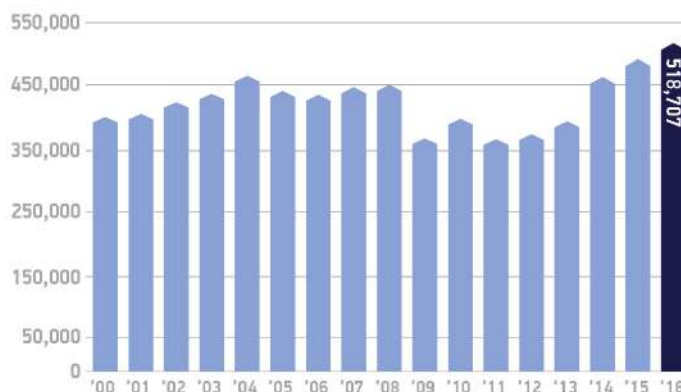
The figure was 5.3% ahead of March 2015. The Society of Motor Manufacturers and Traders said this is only the third time the market has surpassed half a million units in a single month.

The month rounded off a record quarter, in which more than 770,000 new cars were registered – a 5.1% increase over the first quarter in 2015.

Growth was seen across all sales types in March: private and business registrations increased 3.8% and 15.3% respectively, while in the fleet sector demand grew 6%, reversing small declines seen in January and February as buyers sought to maximise residual values by opting for the new March number plate.

**Mike Hawes, SMMT chief executive**, said, "The sector's strong growth in March rounds off a robust first quarter as British consumers continue to demonstrate their appetite for new cars, especially

## MARCH NEW CAR REGISTRATIONS 2000 TO PRESENT



ultra-low emission vehicles.

"This confidence should see registrations remain at a high, but broadly stable, level over the year, but could be undermined by political or economic uncertainty."

**Sue Robinson, director of the National Franchised Dealers Association (NFDA)**, believes rising consumer confidence due to a recovering economy, fewer concerns about unemployment and improvements in household finances have all helped to encourage them to be tempted by

strong manufacturer deals and low-cost finance offers on new cars.

"During the first few months of this year, the UK economy has remained strong as originally predicted," she said.

"In 2016, UK GDP seems to be set to increase by 2.2% and we are confident and hopeful that the automotive sector as well as the UK economy will continue to perform well throughout the remainder of the year".

**PwC automotive leader Phil Harrold** said the figures reflect

continuing business and consumer confidence, which will be boosted following the recent motor friendly budget that saw no changes to VED and fuel duty frozen for a sixth year.

He added: "Business users continue to replenish fleets as more economical vehicles become available and consumers continue to access the very cheap finance deals that show no signs of abating."

## FINANCE STATS

New business in the point-of-sale consumer new car finance market grew 27% by value and 22% by volume in February, compared with the same month last year.

The Finance & Leasing Association (FLA) said the percentage of private new car sales financed by FLA members at the point of sale reached 81.9% in the 12 months to February 2016, up from 81.7% in the 12 months to January.

The point-of-sale consumer used car finance market also grew strongly in February, with new business up 23% by value and 18% by volume.

**Geraldine Kilkelly, head of research and chief economist at the FLA**, said: "February saw the point-of-sale consumer new car finance market report its 12th consecutive month of growth in new business volumes.

"For the first time on record, annual new business volumes in this market surpassed the 1 million mark, with the majority of these purchased on finance secured against the car."

## FEBRUARY MOTOR FINANCE MARKET: NEW CARS

Source: FLA

New cars bought on finance by consumers through dealerships					
	Feb 2016	Change on previous year	3 months to Feb 2016	Change on previous year	12 months to Feb 2016
Value of advances (£m)	806	+27%	2,960	+24%	16,544
Number of cars	51,207	+22%	178,864	+19%	1,000,838
New cars bought on finance by businesses through dealerships					
Number of cars	29,966	+17%	102,257	+2%	512,241

## PREMIUM BRANDS' POWERFUL PUNCH

The 10 premium brands in the UK new car market continue to punch above their weight and attack the mainstream marketplace.

Between them, they have accounted for two thirds of the year-on-year growth in new car registrations to date in 2016.

Despite the congratulatory pats on the back from the SMMT for the record market, the majority of the

traditional volume brands have, in contrast, struggled to maintain market share (see Risers and Fallers on page 18). It's smaller players, such as Honda, Kia, Mazda, Škoda and Suzuki, who are keeping up.

In the premium market, Mercedes-Benz continues to grow aggressively. At 47,239 registrations it has ended Q1 up 17% year-on-year and close on the heels of

premium market leader Audi, whose 47,380 Q1 total was up 5.5%. Mercedes' success can be attributed to its compact cars, from the A-Class hatchback (registrations up 44% from 7,694 to 11,090 units), to the GLA crossover (up 89% at 3,055 registrations). Its growth is well balanced between the fleet and retail markets.

BMW is fighting back hard, too. It

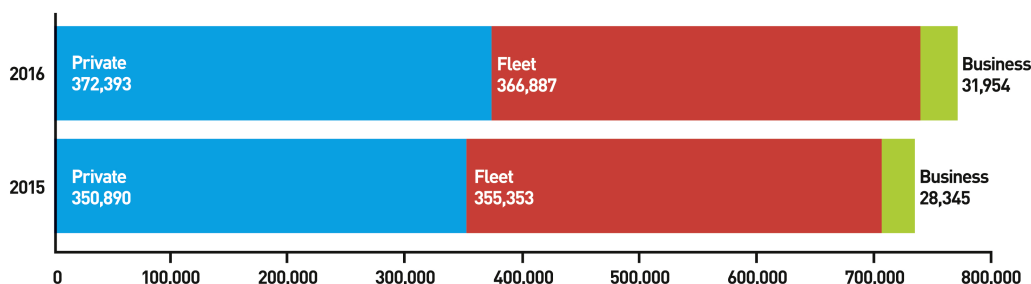
ended Q1 by narrowing the gap with its German rivals, with 46,495 registrations, up 16.2%. Its growth is largely from the SUV segment; the X1 compact crossover is ahead by 163% at 3,449 units, with demand strongest in the retail market, and the X3 is 73.7% up at 2,466 units, with a balance of fleet and retail demand.

Some distance behind, but winning sales rapidly in the fleet and retail segments, are Jaguar and Land Rover. The former's Q1 performance was 75.3% ahead at 8,680 registrations, and the latter rose by 17% to 24,118 units.

ICDP managing director Steve Young said: "The long-term growth of premium at the expense of volume is well understood and has been going on for 15-20 years, hence the squeeze on brands like Ford and Renault.

"The China slowdown particularly

## REGISTRATIONS BY MARKET SEGMENT



## FINANCE OFFERS

With March's gargantuan performance under dealers' belts, manufacturers are starting to mix up finance offers in the second quarter beyond the ever popular personal contract purchase (PCP).

Vauxhall said it is looking to appeal to as many customers as possible and so needs to offer a good mix across all finance offer types.

The examples highlighted to AM feature just one PCP offer, versus a greater mix of personal contract hire (PCH) and hire purchase (HP) offers. This compares with five PCP deals in Q1 across its volume sellers.

Vauxhall has eased off its financial support in Q2, with the removal of 0% conditional sale deals, although its offers are all still under £300 a month. The Adam and Cascada get the most manufacturer support, with deposit contributions from Vauxhall of £1,700 and £1,000 respectively.

Mitsubishi also has a good mix of offers in Q2, continuing with a 5.9% APR across its deals and also keeping all offers under £300. That even goes for the Outlander PHEV, which will help to continue the model's leadership of the plug-in hybrid market.

The Japanese brand saw a 38% spike in volume from Q2 2014 to Q2

Top finance offers for retail buyers			For a searchable list of manufacturers' finance offers, go to <a href="http://am-online.com/offers">am-online.com/offers</a>					Retail new car finance offers	
Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends	<a href="#">Choose a manufacturer</a>	
Mini									
F56 Mini Cooper D 1.5	PCP	£2,860.44	48	£185.00	£6,452.80	5.90%	30/06/2016		
F55 Mini Cooper 5-door Hatch 1.5	PCP	£2,533.90	48	£179.00	£6,488.88	5.90%	30/06/2016		
R60 Mini Cooper D ALL4 Countryman N47 1.6	PCP	£3,660.12	48	£239.00	£7,721.90	5.90%	30/06/2016		
Mini Cooper S Paceman N18 1.6	PCP	£3,540.62	48	£209.00	£8,387.90	5.90%	30/06/2016		
F54 Mini Cooper D Clubman	PCP	£4,023.55	48	£239.00	£10,442.33	5.90%	30/06/2016		
F57 Mini Cooper S Convertible	PCP	£3,696.27	48	£289.00	£8,568.28	6.40%	30/06/2016		
F57 Mini John Cooper Works Convertible	PCP	£4,512.13	48	£329.00	£10,773.00	6.40%	30/06/2016		
Mitsubishi									
Mirage Attivo	PCP	£3,604	37	£149	£3,560	5.90%	30/6/16		
Mirage Attivo	PCH	£2,835	35	£135	N/A	N/A	30/6/16		
Mirage Attivo	HP	£2,779	60	£159	N/A	5.90%	30/6/16		
ASX ZC 1.6	PCP	£3,749	37	£169	£6,100	5.90%	30/6/16		
Outlander PHEV GX3h	PCP	£10,624	37	£299	£13,500	5.90%	30/6/16		
Vauxhall									
Viva SL 1.0i 75PS	PCH	£2,277	36 months	£99	N/A	N/A	30/06/2016		
Adam Energised 1.2i 70PS	PCP	£1,499	36 months	£175	£5,267	4.0%	30/06/2016		
Corsa 1.4i 75ps 3dr SRi	PCH	£2,086	36 months	£149	N/A	N/A	30/06/2016		
New Astra SRi 1.0T 105PS Turbo S/S ecoFLEX	PCH	£2,490	36 months	£249	N/A	N/A	30/06/2016		
GTC SRi 1.4i Turbo 120PS Start/Stop	HP	£3,999	60 months	£249	N/A	N/A	30/06/2016		
Zafira Tourer Exclusiv 1.4i 140PS Turbo	HP	£3,999	60 months	£259	N/A	N/A	30/06/2016		
Insignia SRi 1.6CDTi 136PS Start/Stop ecoFLEX (99 grams)	PCH	£2,849	36 months	£259	N/A	N/A	30/06/2016		
Cascada SE 1.4i 140PS Turbo	HP	£4,999	60 months	£299	N/A	N/A	30/06/2016		
Mokka Exclusiv 1.6i 115PS Start/Stop FWD	PCH	£3,582	36 months	£199	N/A	N/A	30/06/2016		
Meriva Tech Line 1.4i 100PS	PCP	£1,999	36 months	£199	£5,108	6.90%	30/06/2016		
Corsa VXR 1.6T 205PS Turbo	PCH	£1,194	36 months	£199	N/A	N/A	30/06/2016		

2015 and will be looking to break 5,250 units before the end of June.

While PCH and HP are getting a good share of offers, some manufacturers, such as Mini, are sticking with PCPs across the entire range. The

brand is also putting some strong financial deposit contribution support against its models, providing as much as £4,500 on its John Cooper Works Paceman.

Mini is stumping up more than

£1,000 on most of its vehicles over the next three months, looking to build on its 8% increase in volumes during Q1. Mini will have to beat 16,343 units in Q2 to improve on last year.

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**Q1 PREMIUM BRANDS**

Marque	Q1				% Change YoY
	2016	Market share %	2015	Market share	
Audi	47,380	6.14	44,919	6.11	5.48
Mercedes-Benz	47,239	6.12	40,311	5.49	17.19
BMW	46,495	6.02	40,024	5.45	16.17
Land Rover	24,118	3.12	20,605	2.80	17.05
Volvo	11,508	1.49	10,591	1.44	8.66
Jaguar	8,680	1.12	4,952	0.67	75.28
Lexus	4,337	0.56	3,686	0.50	17.66
Porsche	3,326	0.43	2,730	0.37	21.83
Infiniti	524	0.07	232	0.03	125.86
Maserati	327	0.04	375	0.05	-12.80

affects the German brands and JLR, but they need to reallocate production or at least replace revenue from Chinese production with revenue from other markets (such as the UK).

"Finally, continuing low interest rates and the willingness of UK consumers to take advantage of cheap finance offers, has made a £30,000-£40,000 premium brand car affordable for "Mondeo man".

**DEALER KPIs**

Source: ASE

Key ratio	Rolling 12 months Feb 2016	Rolling 12 months Feb 2015	Benchmark
Net profit as % of sales	1.21%	1.37%	3.0%
Overhead absorption	53.8%	54.5%	80%
Used: New sales	0.92:1	0.88:1	1.5:1
Expenses as % of gross	65.0%	62.8%	50%
Sales per salesman	183	185	150
Used vehicle stockturn (days)	54	55	45
Return on used car investment	74.8%	78.5%	100%
Overall labour efficiency	82.8%	82.0%	100%
Service gross profit % on labour	75.7%	75.6%	75%
Service expenses as % gross	59.6%	58.9%	40%
Hours per retail job card	1.60	1.63	2.5
Parts gross profit	22.4%	22.3%	22%
Parts expenses as % growth	43.8%	44.6%	40%
Parts stockturn	7.5	7.6	8.0

The average UK motor dealer made a loss of just over £13,400 in February, matching the 2015 result, according to **ASE**.

Its **chairman, Mike Jones**, said: "Notable from the SMMT new car registrations statistics from February was the significant increase in private registrations, which were 22.6% up in the month.

"This did not, unfortunately, correlate with a significant increase in new vehicle sales by dealers, which were 2% up year-on-year."

This suggests that certain dealers or brands have started self-registering under the private category, he said.

"With March registrations strong and the overall quarter well up on 2015, it will be interesting to see whether this equates to an increase in dealer earnings from bonus payments or whether we are merely processing more vehicles in order to stand still."

**ADVERTISING FEATURE****BLACK HORSE COMMENT**

By Richard Jones, managing director, Black Horse



I am at my nine-month point in the managing director role at Black Horse, a time dominated in our market by the full adoption of CCR and FCA regulation. When I first joined, an initial impression I had was

how well dealers and lenders had done with this adoption, taking it seriously and tackling it in the right, customer-first spirit. I'm still of that view and there are many reasons for us as an industry to be collectively proud – independents, captives, manufacturers and dealers alike.

Black Horse aimed to lead the way with this change and I believe we played our part well. Leadership has many descriptions, and is one of the most written about subjects in business. For me, leadership is best summed up in one word – responsibility.


When major change happens, you always see an adoption curve. It's human nature that different people adopt at different speeds and it is no different with businesses. It's also quite normal that a few will seek to cling to the past, and perhaps even look for ways to return there. I believe we need to be diligent to ensure this doesn't happen in motor finance, and that we continue to truly adopt the real spirit of the new regulations.

Doing so will ensure that we are, as an industry, much more effective at delivering fair, clear and transparent customer outcomes – and it is these that are at the heart of the FCA's changes.

We should proactively embrace changes and demonstrate responsibility to our customers, which will promote the long-term health of our market for the benefit of everyone. Doing so should help us to maintain the confidence of our customers and in turn keep dealers central to the car-buying journey.

## RISERS & FALLERS

TOP 10	
Infiniti	125.86%
SsangYong	122.35%
Smart	116.56%
Abarth	94.51%
Jaguar	75.28%
Jeep	37.62%
Porsche	21.83%
Lexus	17.66%
Mercedes-Benz	17.19%
Land Rover	17.05%




Q1 is done and it's not been an astounding success for several of the UK's heavy hitters – perhaps the slipping pound/euro exchange rate and the glut of pre-registrations still in dealers' compounds is starting to have an effect.

Peugeot's volume has fallen back 1,922 units, while Nissan is down 2,404 car registrations. Volkswagen has suffered a 2,945-unit decline, while even Ford and Vauxhall struggled to match their Q1 2015 volumes, recording 907- and 144-unit drops respectively.

It seems Mercedes-Benz and Jaguar could be stealing their lunch.

BOTTOM 10	
Vauxhall	-0.19%
Ford	-0.96%
Dacia	-1.01%
Lotus	-1.14%
Volkswagen	-4.88%
Nissan	-5.20%
Seat	-5.42%
Peugeot	-5.84%
Maserati	-12.80%
Mitsubishi	-17.38%



## NEW CAR REGISTRATIONS

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



	March						Year-to-date				
Marque	2016	% market share	2015	% market share	% change	2016	% market share	2015	% market share	% change	
Ford	60,349	11.63	63,466	12.88	-4.91	93,897	12.17	94,804	12.91	-0.96	
Vauxhall	51,902	10.01	48,689	9.88	6.60	75,032	9.72	75,176	10.23	-0.19	
Volkswagen	38,694	7.46	38,685	7.85	0.02	57,443	7.44	60,388	8.22	-4.88	
BMW	32,470	6.26	26,925	5.46	20.59	46,495	6.02	40,024	5.45	16.17	
Audi	30,483	5.88	29,153	5.92	4.56	47,380	6.14	44,919	6.11	5.48	
Mercedes-Benz	30,243	5.83	26,616	5.40	13.63	47,239	6.12	40,311	5.49	17.19	
Nissan	28,489	5.49	31,026	6.30	-8.18	43,843	5.68	46,247	6.30	-5.20	
Toyota	21,481	4.14	20,541	4.17	4.58	30,788	3.99	30,210	4.11	1.91	
Peugeot	20,209	3.90	21,825	4.43	-7.40	30,991	4.02	32,913	4.48	-5.84	
Land Rover	18,234	3.52	15,508	3.15	17.58	24,118	3.12	20,605	2.80	17.05	
Renault	17,866	3.44	15,868	3.22	12.59	23,959	3.10	20,593	2.80	16.35	
Hyundai	16,802	3.24	16,470	3.34	2.02	25,368	3.29	24,866	3.39	2.02	
Kia	16,207	3.12	15,017	3.05	7.92	24,162	3.13	22,265	3.03	8.52	
Citroën*	13,734	2.65	16,770	3.40	-18.10	21,354	2.77	25,258	3.44	-15.46	
Fiat	13,190	2.54	11,924	2.42	10.62	18,665	2.42	18,049	2.46	3.41	
Honda	13,139	2.53	11,975	2.43	9.72	19,709	2.55	17,164	2.34	14.83	
Škoda	12,527	2.42	11,355	2.30	10.32	20,422	2.65	18,731	2.55	9.03	
Mini	12,526	2.41	10,962	2.22	14.27	16,178	2.10	14,961	2.04	8.13	
Mazda	11,499	2.22	10,084	2.05	14.03	17,191	2.23	14,730	2.01	16.71	
Seat	8,677	1.67	8,845	1.79	-1.90	13,390	1.73	14,158	1.93	-5.42	
Suzuki	7,943	1.53	7,370	1.50	7.77	11,545	1.50	10,190	1.39	13.30	
Volvo	7,488	1.44	6,662	1.35	12.40	11,508	1.49	10,591	1.44	8.66	
Jaguar	5,659	1.09	3,903	0.79	44.99	8,680	1.12	4,952	0.67	75.28	
Dacia	5,274	1.02	5,340	1.08	-1.24	7,453	0.97	7,529	1.02	-1.01	
Mitsubishi	4,340	0.84	5,609	1.14	-22.62	6,585	0.85	7,970	1.08	-17.38	
DS*	3,388	0.65	0	0.00	0.00	5,284	0.68	0	0.00	0.00	
Lexus	3,104	0.60	2,446	0.50	26.90	4,337	0.56	3,686	0.50	17.66	
Jeep	2,597	0.50	2,190	0.44	18.58	3,746	0.49	2,722	0.37	37.62	
Porsche	2,293	0.44	1,928	0.39	18.93	3,326	0.43	2,730	0.37	21.83	
Smart	1,900	0.37	1,013	0.21	87.56	2,837	0.37	1,310	0.18	116.56	
Alfa Romeo	1,139	0.22	1,079	0.22	5.56	1,608	0.21	1,438	0.20	11.82	
SsangYong	970	0.19	452	0.09	114.60	1,383	0.18	622	0.08	122.35	
Abarth	714	0.14	349	0.07	104.58	1,027	0.13	528	0.07	94.51	
Subaru	704	0.14	737	0.15	-4.48	985	0.13	950	0.13	3.68	
MG	576	0.11	661	0.13	-12.86	992	0.13	859	0.12	15.48	
Infiniti	392	0.08	153	0.03	156.21	524	0.07	232	0.03	125.86	
Bentley	290	0.06	250	0.05	16.00	458	0.06	407	0.06	12.53	
Maserati	214	0.04	202	0.04	5.94	327	0.04	375	0.05	-12.80	
Aston Martin	186	0.04	212	0.04	-12.26	274	0.04	264	0.04	3.79	
Lotus	32	0.01	70	0.01	-54.29	87	0.01	88	0.01	-1.14	
Other British	106	0.02	93	0.02	13.98	169	0.02	166	0.02	1.81	
Other Imports	675	0.13	323	0.07	108.98	1,018	0.13	509	0.07	100.00	
Total	518,707		492,774		5.26	771,780		734,588		5.06	

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

# WE'LL HELP YOU GET THERE



# Used car values rebounded in March, say auction houses

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 March's wholesale used car markets, indicating that the ex-fleet market rebounded in the month, with stock costing dealers more than in 2015.

## Ex-fleet stock

BCA saw its average ex-fleet car value rise £79 or 0.8% in March to £9,741. The total was up 0.7%, or £71, year-on-year, helped by lower average mileage.

Manheim's Market Analysis for March showed the average selling price of ex-fleet vehicles increased £217, or 3.2%, since February to £7,043. Yet the average value was £275, or 3.8% down year-on-year.

**Daren Wiseman, valuation services manager at Manheim,** said: "We expect a slight softening in the market, reflecting the increase in volumes hitting our auctions following the plate-change period."

## Trade-in disposals

BCA reported that, having dropped in February, average values for dealer part-exchanges rebounded in March, reaching

£4,382, a £127 or 2.9% rise and the highest value since last October's record. March's figure was still ahead year-on-year by £198, or 4.7%. The average mileage and age of part-exchanges was marginally lower than that of a year before.

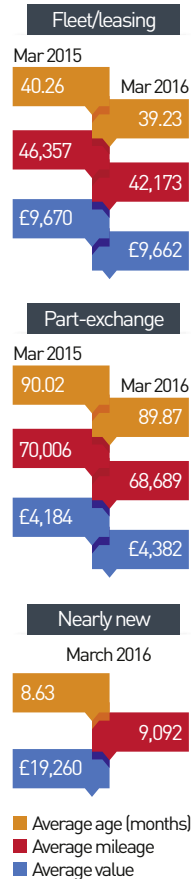
**Simon Henstock, BCA UK's chief operating officer for remarketing,** said: "Reflecting seasonal patterns, we saw greater volumes from dealer part-exchange sources and this shift in the market mix impacted the headline value."

At Manheim's auction rooms, the average part-exchange value for March increased by 2.6%, or £90, month-on-month to £3,600. Year-on-year, the average value was up 4.7%, or £162.

"We expect a slight softening in the market... following the plate-change period"

**Daren Wiseman, Manheim**

## YEAR-ON-YEAR



## ECONOMIC INDICATORS

### INFLATION

↑ +0.2PPTS

The Consumer Prices Index rose to 0.5% in the year to March 2016, compared with 0.3% in February, according to the Office for National Statistics, with rises in air fares and clothing prices the main contributors.

### CONSUMER LOANS

↑ +£0.3BN

Consumers took out £1.8 billion in new loans and overdrafts in February, up £0.3bn year-on-year. The total value of loans outstanding is £44.4bn.

### SHOPPERS

↑ +0.6%

The volume of UK shoppers increased in February over January by 0.6%, according to Footfall, while retail sales were flat. Year-on-year volume was down 2.7% and sales declined by 6.9%.

### FIRST TIME BUYERS

↑ +11%

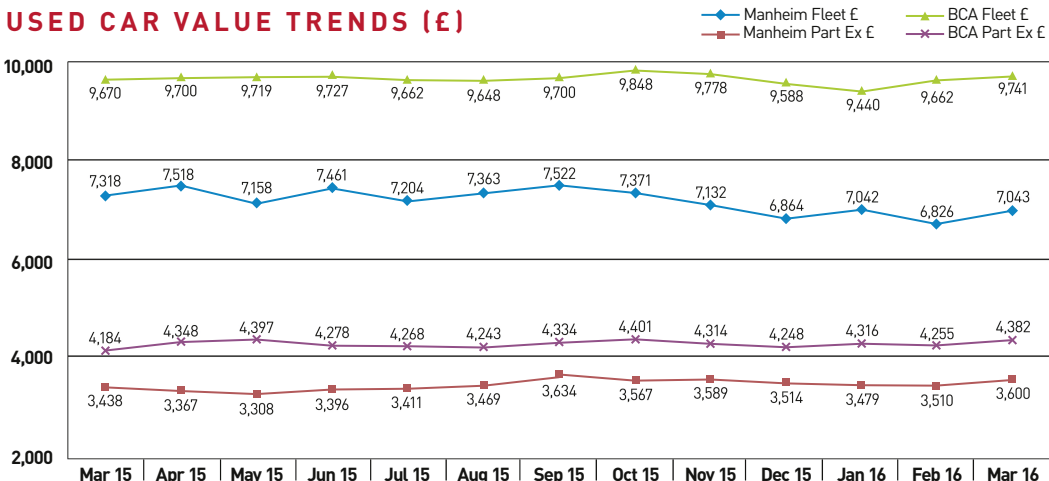
In February, first-time buyers took out 22,000 loans, up 11% year-on-year, according to the Council of Mortgage Lenders. They borrowed £3.4bn, up 21% on February last year.

### RE-MORTGAGING

↑ +24%

The volume of consumers re-mortgaging in February was up 24% year-on-year at 28,400. Remortgage activity totalled £4.8bn, up 37% year-on-year, said the Council of Mortgage Lenders.

## USED CAR VALUE TRENDS (£)



Used cars bought on finance by consumers through dealerships						Source: FLA
	Feb 2016	Change on previous year	3 months to Feb 2016	Change on previous year	12 months to Feb 2016	Change on previous year
Value of advances (£m)	1,163	+23%	3,083	+17%	12,475	+15%
Number of cars	109,305	+18%	289,770	+13%	1,175,496	+11%
Used cars bought on finance by businesses through dealerships						
Number of cars	3,328	+20%	10,009	+5%	38,882	-4%

# Making your best asset your game changer

Having the best people in place is the best bet for your business.

But finding the right candidates with the perfect skill set, attitude and experience can be a challenge while retaining staff in an environment where they are in demand is difficult.

For the third year running, AM, in conjunction with the Institute of the

Motor Industry (IMI), hosts the AM People Conference at London's Park Plaza Riverbank on June 16th, 2016.

The only conference of its kind in the sector, the event takes place ahead of the prestigious AM100 Dinner.

We've a line-up of expert speakers who will tackle some of the issues facing automotive retail.

## AM & IMI PEOPLE CONFERENCE People – The Key To Success

16 June 2016

Park Plaza Riverbank, SE1 7TJ

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### Conference Programme

**09.30** Registration and networking

**10.20** Welcome and introduction  
**STEVE NASH, CHIEF EXECUTIVE, THE INSTITUTE OF THE MOTOR INDUSTRY**

**10.40 New initiative to attract high calibre candidates**

**STEVE NASH, CHIEF EXECUTIVE, THE INSTITUTE OF THE MOTOR INDUSTRY**

Recognising the ongoing problem of recruiting fresh talent into the automotive business, Nash will talk about a new proposal which will see the IMI working with other key industry partners to create a solution for the whole industry. Nash wants to ensure employers have a greater supply of good quality candidates which includes more women and graduates.

**11.10 Hot wiring people for success**

**KATIE SAUNDERS, HR DIRECTOR, JCT600**

Featured in the Sunday Times Best 100 Companies To Work For survey, JCT600 owes much of its success to its high level of employee engagement. It includes its 'Wired' programme designed to prepare ambitious employees for managerial posts. This session explores how making people the focus of an organisation reaps huge benefits.

**11.40** Q&A

**11.50 Know thyself – transforming managers into leaders**

**PHIL FERRAR, DIRECTOR, THE PEOPLE ACADEMY**

By understanding how others view us and acting accordingly, managers can influence individual behaviour and team dynamics for the better. Ultimately it transforms managers into leaders. Drawing on experience with BMW in the UK and elite US sports teams, this promises to be a fascinating insight into the psyche of the self.

**12.20 Exploring salary trends, structure and pay plans**

**STEVE LE BAS, PARTNER, BDO**

BDO's extensive research into salary trends and packages forms the backdrop of this exploration of salaries, pay structure and other payroll influences. Dealers will need to consider different pay structures and even employment models to attract a wider range of applicants including women, graduates and Millennials.

**12.50** Q&A

**13.00** Lunch

**14.00 Keynote: Retailer discussion**

A panel of dealers including franchised retailer and independent colleagues explore diversity in the industry, tackling issues such as how to attract graduates and creating a working environment which appeals to women and employees who want a better work-life balance. We ask whether the sector needs to adopt a more diverse approach. They will share their own views with questions from the floor.

**14.30 Turning strategy into action**

**SPEAKER INVITED**

Developing a strategy is a fairly straightforward exercise, but making it happen is much more challenging. This session focuses on one of the key concepts of leadership and management: turning strategy into action which subsequently translates into results and tracks the journey from strategy development to implementation.

**15.00 Connecting education and employers**

**NEIL PATTERSON, PRINCIPAL, SILVERSTONE UTC (UNIVERSITY TECHNICAL COLLEGE)**

The former chief engineer at McLaren Automotive now heads one of the new STEM (science, technology, engineering and maths) schools designed to plug the skills gap and work closely with employers. Exploring lessons from the UTC approach, Patterson also asks whether we need more higher apprenticeships.

**15.30** Q&A

**15.40** Closing remarks from the conference moderator

**15:45** Refreshments and departure

\*Organisers reserve the right to change the programme and/or timings.

For more information visit: [www.ampeopleconference.co.uk](http://www.ampeopleconference.co.uk), or contact Nicola Baxter



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However, the sector and the wider employment market are not without its challenges.

## Industry challenges

### 1) Expanding sector

A record March with 518,707 registrations rounded off a record quarter (5.1% higher than the same time last year) and followed a record year in 2015 when more than 2.6 million new vehicles were registered.

(Figures: Society of Motor Manufacturers and Traders)

### 2) Skills shortage

The automotive sector is facing a skills shortage, 5,000 vacancies, to be precise, are unfilled across manufacturing, components and the supply chain although retailers also find it tough recruiting the best people.

### 3) Recruitment

Inevitably, a skills shortage compounds recruitment and with top 10 AM100 dealer group Lookers predicting almost three million new car registrations by 2020, even more people will be needed to sustain the sector's expansion.

### 4) A regulatory landscape

The Financial Conduct Authority's market study into remuneration is due soon and questions are already being asked about whether the current salary structure, particularly for sales executives, needs to change.

### 5) Evolving the workplace

If dealers are to grow their business, they will need to cast their recruitment nets much wider and offer different models of working including a more flexible approach to attract more women, young people, graduates and people from different backgrounds.

## Top ten reasons you should attend

- 1 **Find out** how employee retention is being tackled
- 2 **Implement** measures to meet the skills shortage
- 3 **Attract** high calibre school leavers to your business
- 4 **Adopt** an open-minded recruitment policy
- 5 **Create** a workplace fit for the 21st century employee
- 6 **Appeal** to a new generation of workers
- 7 **Learn** how colleagues prepare employees for promotion
- 8 **Consider** new pay structure ideas
- 9 **Develop** genuine leaders within your organisation
- 10 **Listen** to the views of dealer colleagues on creating a diverse workplace

## Who should attend

**HR directors and managers** - discover the latest thinking and best practice

**HR advisors** - gain a wider understanding of the employment landscape

**Dealer principals** - find out about how people drive the business

**Sales managers** - identify the skills required to lead a high performing team

**After-sales managers** - take away ideas of how to attract youngsters to the business

**CEOs** - benefit from insights into development and leadership

**Divisional directors** - learn how to engage your workforce and boost loyalty

**FDs and accountants** - further appreciate the potential ROI of investing in people

**Dealer group trainers** - glean new ideas on people development

**Manufacturer trainers and coaches** - develop your knowledge of dealer challenges

**NVQ assessors** - find out crucial industry issues and requirements

**Manufacturer regional managers** - arm yourself with new ideas and greater knowledge

**Manufacturer academy staff** - further improve dealer programmes with more insight

**Internal communications officers** - gain the finer detail of recruitment and retention issues



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\*For IMI Members

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**Face to face:**  
**Colin Appleyard**

The Yorkshire dealer group is a self-funded success story with family at the core.

34

**The workshop**  
**of the future**

Rapid advances in technology are changing how franchised dealers provide, and profit from, aftersales.

40

**Will many hands**  
**make light work of servicing?**

Multi-technician teams may boost labour hours and customer satisfaction levels.

43

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

Why are UK dealers reluctant to address what Brexit would mean for their industry?



# Citroën sweetens the pill for a dealer network in flux

A 12-vehicle model offensive over the next six years may offset the shock of losing profitable DS franchises for more than half of Citroën's current franchised network

## NEED TO KNOW

- Citroën to get lion's share of new PSA models
- DS franchises will be offered to non-Citroën dealers
- Poorly performing Citroën partners likely to be replaced

By Tom Sharpe

In the 'Push To Pass' plan he announced in April, PSA chairman Carlos Tavares said a total of 26 cars and eight LCVs are on the way to his group's dealer networks. Citroën will launch at least 12 new and replacement vehicles, Peugeot nine and DS five, Tavares said.

These will include a rival to the Nissan Navara pick-up, seven plug-in hybrids and eight pure electric vehicles, and the group will continue to develop connected and autonomous technology.

That increased product line-up is likely to add to Citroën's recent successes with the C4 Cactus and best-selling C4 Picasso, which recorded 3,997 and 5,004 registrations, respectively – increases of 31.8% and 9.6% year-on-year – in the first three months of this year (SMMT).

For DS Automobiles, there is a sense that the race has just begun to establish Citroën's premium sister's offering in its own right in the minds of the car-buying public, with new DS4 and DS4 Crossback models entering the market in November and a new version of the DS3 arriving alongside a striking TV ad campaign in February.

The reporting of Citroën and DS as separate brands in SMMT registration figures may make it appear that Citroën is suffering in 2015 – down 15.46% year on-year in Q1, but in fact once the DS figures are included, the combined brands' registrations are up more than 1% year-on-year in Q1, the bulk of that increase from Citroën registrations. In fact, Citroën's 69,128 registrations in 2015 were up almost 10,000 on the year before, and almost 18,000 on the 2013 total (51,291).

Looking at market share for the two brands shows a similar picture – although the SMMT's Q1 figure for Citroën suggests it has dropped two thirds of a percentage point to 2.77%, the combined total for the two brands shows effectively flat at 3.45%.

### Forging a new niche

While Citroën and DS are now separate entities in the SMMT's official registration figures, the process of physically splitting the two brands is yet to be fully realised.

"DS is only 20% of our business and it would be reckless of us to think that we can have a network of DS as large as our network of Citroën"

Bek Hassan, Citroën

A separation of the Citroën and DS dealership network will be undertaken in 2018, with bidding from both Citroën and Peugeot sites currently under way. However the loss of the DS brand appears inevitable for many dealerships (am-online.com, November 23, 2015).

Bek Hassan, managing director for Citroën and DS UK, would not be drawn on AM's report, which stated that more than 100 of Citroën's 187 current retailers could lose their DS franchise, but said: "Currently, DS is only 20% of our business and it would be reckless of us to think that we can have a network of DS as large as our network of Citroën."

"We could do that and just be oblivious to dealerships' return on investment and so on, but that's not the way we work. We want to create a network, of whichever size that may be, that's a viable network for the future," he said.

On the subject of the DS Automobiles franchised sites being offered to new partners, outside the current Citroën network, (am-online.com, March 23, 2015) Hassan added: "If we only have them at Citroën stores, people will say 'well it's still a Citroën', but that's not the case so we need a number of stores that show it to be a standalone brand."

DS franchises will be established either as standalone "stores" or as a Salon Zone concept, which would see a DS area added to an existing Citroën dealership.

It is unlikely that many will mimic the new £10 million joint venture between Peugeot's Robins & Day dealer group and

## KEY CITROËN PRODUCTS



### C1

Launched in 2014, the C1 has proved itself key to Citroën's drive to offer low cost and improved quality. The entry-level 998cc Touch VTi specification appeals to motorists on a budget with its £8,345 on-the-road price.



### C4 CACTUS

The multi-award winning C4 Cactus became the brand's styling flagship when it launched in 2014. A combination of 83.1mpg fuel economy claims and 79g/km CO2 emissions made it a hit with fleet audiences too.





Most Citroën dealers that retain DS will incorporate a Salon Zone, such as Robins & Day Chingford

Citroën Retail Group, which recently saw all three PSA brands brought together in one dealership in Chingford, however.

Hassan said the corporate identity of Citroën's franchises would remain "cost-effective" and there were no plans for changes away from those planned for DS.

Direct internet sales are being actively looked into, however, with a product expected to be brought online sometime in 2016, but Hassan said: "Clearly we need any online solution to link up with dealers' own systems. It would be daft of us to sell a new car off the production line, if there are the same cars sat out there in dealer stock.

"We also don't think this will ever replace the role of the dealer because people still like visiting dealerships, but we also know that a proportion of the market want the ability to both access the information and process orders from their home, so we have to be able to deliver."

Like many brands, Citroën's network has shrunk over the past decade and has 45 fewer dealerships today than it did in 2007. Hassan said while there were no plans to further cut the number of outlets, he would not rule out replacing the poorer performers in the current network.

He said: "Citroën and DS combined, the top 75% of our



**Bek Hassan, managing director for Citroën and DS UK, received the 2015 PSA Peugeot Citroën President's Award in recognition of Citroën UK's performance**



**The DS salon in Robins & Day Chingford**

network make over 1.5% return on sales and for a mainstream brand that's right at the top end but it's the fourth quartile that don't do that and probably lose money overall. To recover that, we probably do need new partners."

Both Citroën and DS brands have seen an influx of range-defining new products.

DS introduced its first wholly DS-branded vehicle in the form of the DS5 in 2014, following that up with the new DS4 and DS4 Crossback late last year.

An updated version of the hugely successful DS3 and DS3 Cabrio, which has found more than 100,000 UK owners since its launch in 2010, has also recently appeared on forecourts, with a 203bhp DS3 Performance version also on the way.

Hassan, who collected the PSA Peugeot Citroën President's Award for 2015 in February as Citroën and DS UK were recognised for their positive growth in 2015, said the C1 city car and C4 Cactus had reinvigorated the brand with 19,105 and 11,357 registrations in 2015, respectively.

Hassan said: "There's a danger that, because of all the emphasis and focus on establishing DS as a brand, people might perceive that Citroën becomes secondary or the poor relation and that couldn't be further from the truth.

"A few months ago, Linda Jackson, our CEO, called a meeting in Paris of all the dealers to reassure them about the future of the Citroën brand.

"We shared new product with dealers, which is unusual so early on, but we wanted them to see what

## KEY DS PRODUCTS



### DS3

The hatchback that re-established the DS brand in 2010 and went on to find more than 100,000 owners in the UK. Updated for 2016, the new model features improved connectivity and subtly tweaked styling. Prices start at £13,995.



### DS4

Divided into DS4 and DS4 Crossback derivatives in late 2015, DS's C-segment offering is now available in hatchback or crossover. Apple CarPlay is among the premium features standard across the range, from £19,595.



was coming and we could prove that there was reason to be excited."

#### Protecting the brands

Both brands are determined to reduce point-of-sale discounts and increase perceived quality to help improve residual values.

Hassan said Citroën had been perceived as a low-cost brand defined by big no-VAT cashbacks in the past, but said the approach had damaged the brand and actually disadvantaged customers.

"You might think you're buying a cheap car, but in three years' time your car is worth very little," he said.

"We are now saying 'No, that's not right for the car, the product is better than that'. Our marketing has to now reflect that these cars are quality products.

"Our cars compete head-on with the competition and we know that because we can see the numbers, but we need to get that over to the customers. We need to let them know this is premium and not devalue the product by discounting the hell out of them, making massive deposit contributions or big discounts.

"It's not easy, but so far we're getting that balance right."

Like Peugeot, Citroën is making efforts to reduce its dealings in short-cycle fleet.

Hassan said: "If you're dealing with large fleet volumes, and particularly short-cycle fleet, you have cars coming back into the market after 12 or 18 months. That does have an effect on your future values.

"You have to manage that very carefully and I think we're doing that very well by getting the right level of retail. With cars coming back after three years, it spreads the volume coming back into the market."

#### Marketing for success

One of the key challenges facing Citroën and DS is the marketing of the two brands.

As Hassan aims to position Citroën as a brand offering "feel-good vibrancy" and DS as serving up premium, avant-garde style, generating awareness is a key undertaking.

DS has teamed up with the Virgin Formula E racing team for the 2016 season and is running an advertising campaign, fronted by 94-year-old fashion icon, Iris Apfel, to promote the new DS3 and DS3 Cabrio.

Over the Christmas period, DS also took centre stage at the Westfield Shopping centre in Stratford, London, placing its DS4 and DS4 Crossback models at the heart of the facility's ice rink.

Hassan said: "One thing we know is that with DS there is a lack of awareness of the product.

"People who visited us at Westfield said that they did not know the car existed despite the fact that DS3 has been a huge success in the UK. Along with France, we are the best seller of DS3 in the world and we're the best seller of DS3 Cabrio anywhere in the world. Promoting the brand is a huge task.

"Ultimately, our strategy is to deliver Citroën and DS to as many people as we can. We want people to consider our cars who might not have done before and that means making them very visible in the marketplace and selling them in a variety of ways.

"It sounds simple, doesn't it?"

#### 'PUSH TO PASS' AND RE-ENTERING AMERICA

Tavares wants PSA Group revenues to grow by 25% in five years, with an average 4% operating margin between now and 2018 and stretching that to 6% by 2021. Longer term, PSA aims to take some of the pressure off its European markets, by growing sales in India and Asia and relaunching in the USA.

Citroën last operated in the US in 1974 and Peugeot left in 1991.

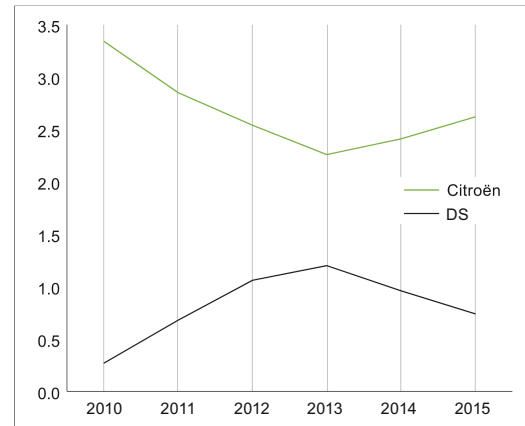
As part of its American plan, PSA will partner with US ride-sharing services in partnership with Bollore, the French conglomerate.

However it plans to eventually build and retail vehicles there.

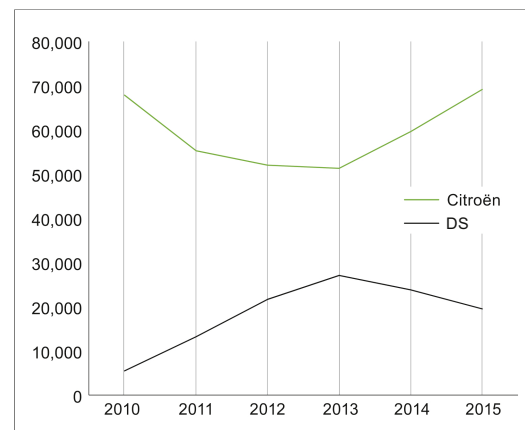
"We need to expand to protect the company from any one regional crisis," Mr Tavares told the *Financial Times*.

"The company almost paid with its life by having too much of a reliance on Europe."

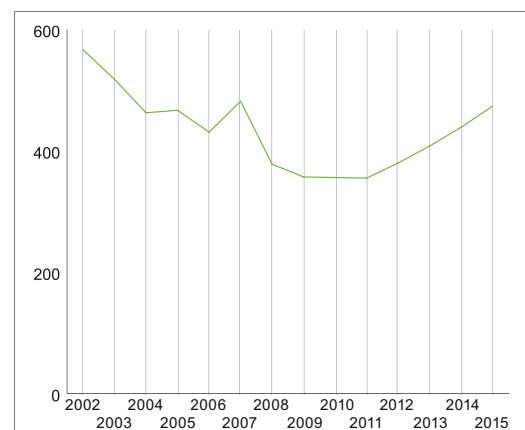
#### CITROËN & DS MARKET SHARE (%)



#### CITROËN & DS REGISTRATIONS



#### CITROËN & DS AVERAGE SALES PER FRANCHISE



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

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## ROBIN APPLEYARD, MANAGING DIRECTOR COLIN APPLEYARD

Interview by Tim Rose

# 'WE ARE A FAMILY BUSINESS, BUT NOT A SMALL BUSINESS'



orkshire dealer group **Colin Appleyard** is a car-retailing machine. "We are a new car operator. Our primary aim is selling as many new cars as we can," said **managing director Robin Appleyard**.

Founded in 1971 by Robin's father, Colin, as a retailer of Honda and

Suzuki motorcycles, the company became the first in the UK to sign up for Suzuki cars in 1979 and has represented the Japanese carmaker since, expanding with it into four locations: the original in Keighley, then Huddersfield, Ashton-under-Lyne and Shipley.

Today, Colin Appleyard accounts for 4.5% of Suzuki's new car sales in the UK and its dealerships have built up local market shares of about 8%. It's an impressive position for franchises with a niche brand [Suzuki has a 1.3% slice of the national market]. Alongside its main partner, it also represents two other Japanese carmakers: Nissan and Subaru.

Colin Appleyard's total new car volume in 2016 is forecast to pass 1,700 units, possibly breaking its 2014 record of 1,740.

Underpinning its success are family values, brand expertise and a workforce of loyal employees – half have served with the company for more than 10 years, and almost a quarter have stayed for more than 20.

Appleyard said he believes the company's strapline of 'feel like family', and the values that define it, are a real strength to the business, because people want to buy from people they trust and have built a relationship with.

"Our customers come back time and time again, and the

### FACTFILE

**Turnover:** £39m (2015/16)

**Return on sale:**  
1.7% (2015/16)

**Number of staff:** 135

**Car franchises** Suzuki (4),  
Subaru (2), Nissan (1)

**Motorcycle franchises:**  
Suzuki, Kawasaki, Yamaha,  
Husqvarna, plus other off-road  
bike brands

**2015 new car sales:** 1,550

**2015 used car sales:** 1,500

'feel like family' is what we're all about," he said. Inside its showrooms, the group's 'APPYS' – its values of Attitude, Part of a team, Proactive, Your promises and Success – are displayed for staff to see.

The same ethos applies to its dealings with Suzuki. While there are always challenges and disagreements, Appleyard believes the ability to have a sensible conversation with the carmaker means that there is always a favourable compromise to be reached.

Colin Appleyard, who received an MBE in 2012 for his services to motorcycle sport, was still active in the business until his death last year. His widow, Peggy, now serves as chairman. Robin Appleyard's sister, Judith, works in administration and his eldest son, Jack, has recently taken a sales executive role at its Nissan dealership.

Appleyard and **finance director Tony Dodsworth** describe their roles as very hands-on. The group does not have dealer principals at each site; instead general sales managers are responsible for each site's teams and sales, while Appleyard and Dodsworth monitor performance and profitability and are in contact with their sales managers daily.

One thing they don't expect from every site is for managers to go through the accounts every day.

"All I'm interested in from our managers is how many cars they've sold that day and then if we're doing enough we can talk about whether they're making money per car or not. But until the wheels are going out the door you can't do anything," said Appleyard.

The managers have monthly targets for new and used sales plus profit per unit and F&I sales. They also have year-end incentives linked to their sites' accounts. However, Appleyard believes there is little point in their spending hours analysing accounts when they can't control the business overheads or supply agreements.

"We need them focusing on the gross profit, which they can affect, and we'll look after the net





Managing director  
Robin Appleyard  
says 'feel like  
family' is what  
Colin Appleyard is  
all about



Robin Appleyard: 'All I'm interested in from our managers is how many cars they've sold that day'



"Every site has a benchmark profit that it needs to achieve because we have to re-invest. Breaking even is no good"

Tony Dodsworth, Colin Appleyard

profit and where we can save a bit of money, we do so," said Appleyard.

"If the sales process is followed properly, the success rate goes through the roof and profitability is there. Whenever you see a salesperson who is underperforming, it is always because he's not utilising the sales process. He's not asking the questions. If he does that in a nice, friendly manner and they've come in to look at a proper product which is good value, you're there."

Such emphasis on new car sales requires a well-practised approach to marketing. Appleyard sees it as the manufacturer's job to raise awareness and bring conquest customers to the showroom door – Suzuki's recent sponsorship of Saturday prime-time show *Ant & Dec's Saturday Night Takeaway* has had a significant effect, he said.

Nevertheless, the group invests in local newspapers and radio, poster sites and search engine optimisation (SEO) for its website, and occasionally buys in some data. All its demonstrators and company cars carry promotional lettering, even the car used by the company chairman.



Robin Appleyard's father, Colin, started the business in 1971 as a retailer of Honda and Suzuki motorcycles

Yet one of its most important methods is the tactical sales event. It starts with local advertising and direct mail to sections of the group's 40,000-strong customer database, but the key aspect is the follow-up call to make appointments, and the excitement and incentives for the sales executives. Here Appleyard gets involved personally: "We probably don't do it any different to anybody else, but if you drive it hard enough it does work every time."

"The trick is getting the team revved up to get on the phones and book those appointments. I say that it isn't about the deal on the table for the customer, it's the deal that the salesman thinks is mega, so he'll sell it to the customer."

There are rewards for those who do perform. Appleyard said the company pays well because it wants to keep people. In addition, it has a profit-sharing scheme, which puts 15% of any earnings over each site's target profit into a pot for dividing between the staff at the branch. Dodsworth said this could be worth between £250 and £1,000 a year to staff members.

"Every site has a benchmark profit that it needs to achieve because we have to re-invest. Breaking even is no good," said Dodsworth.

It also prefers to promote from within, and to develop the workforce. Training sessions are held every two months for the sales teams.

"These people who have been with us a long time, me and Tony included, we also have to improve ourselves. The difficult thing is the management of a bigger team and a busy environment and coping with the opportunities to sell a load of cars and make money. That is the opportunity we have to grasp. "Now we are a top 200 dealer we've got to start acting like one. I still see ourselves as a small family business, which we are, but, with our sales, we're not a small business anymore."

Since the turn of the decade, the group has diversified its portfolio slightly – founder Colin felt it was



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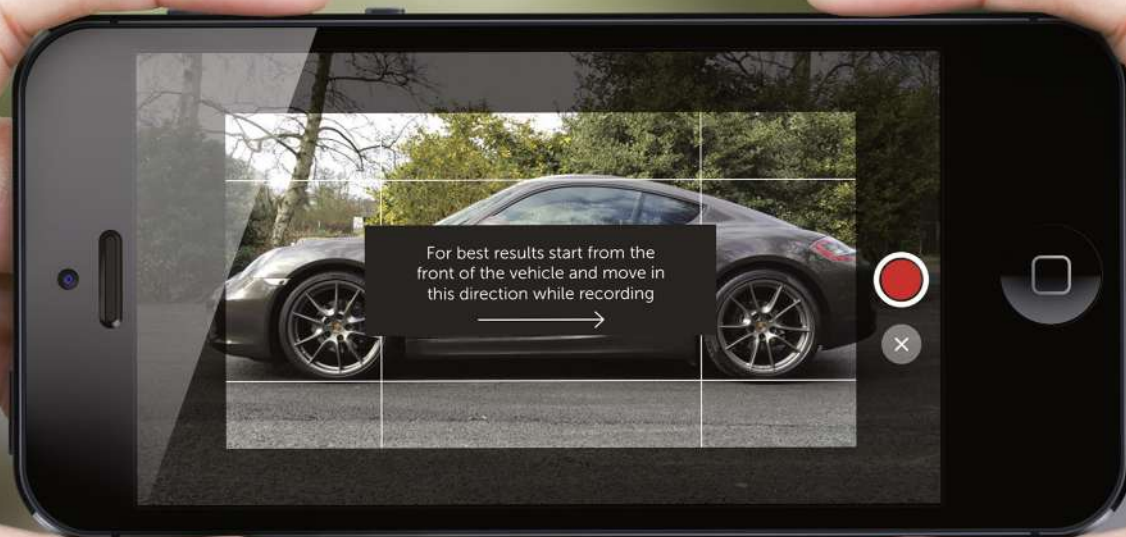
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## INVESTING IN CUSTOMER RELATIONSHIPS

Aspects that some dealer groups may view as a cost are seen as longer-term investments at Colin Appleyard.

Its dealerships hold frequent non-sales events for customers, such as its annual meeting for Honda Goldwing owners and enthusiasts at its multi-brand motorcycle dealership in Keighley. The site doesn't hold a Honda franchise, but nevertheless attracts more than 300 bikers on the day.

Any customer with a Colin Appleyard service plan is entitled to call into the group's dealerships fortnightly for a free car wash. The take-up is so strong – about 30 washes weekly at each site – that Appleyard said he's having to



look at employing extra people at some sites just to do the washes. "It's hard to calculate the good it does, it is a cost, but at the same time it's fantastic for the footfall it drives to the showroom and for customers getting to know us as friends."

"So it's a nice problem to have, but it is a problem."

It's risky to be reliant on one brand's fortunes. First came Subaru franchises at Huddersfield and Ashton-under-Lyne, which Appleyard describes as low on generating sales due to cheaper competition, but a welcome source of aftersales profits. Three years ago Colin Appleyard acquired a Nissan franchise in Keighley, when Co-Op Motor Group quit the aggressively growing Japanese brand. Colin Appleyard bought the property and business with all the staff, but there was no customer database – "technically it was a cold site", said Appleyard – and it is only now beginning to turn a profit.

"The business is growing all the time. It's taken probably 12 months longer to get decent footfall because of it being a cold site. But it's a strong brand," he said.

Working with other manufacturers has helped the group to learn some new disciplines. Appleyard described Nissan and Suzuki as like 'chalk and cheese', but said Nissan's emphasis on CSI, in-depth management reports and service plan sales has helped to re-focus other sites in the group.

For example, now the group has about 1,400 customers on service plans and sales executives are targeted to achieve 75% sales penetration – the company's data shows it is achieving 50% resale retention with customers who bought a service plan with their car, so everyone is made aware of its importance.

"It all makes us think, yes we need to have a little bit more accountability of sales managers if we're to keep successfully managing the growing group," said Appleyard.

# 8%

Colin Appleyard's local market share for Suzuki new car sales in some areas

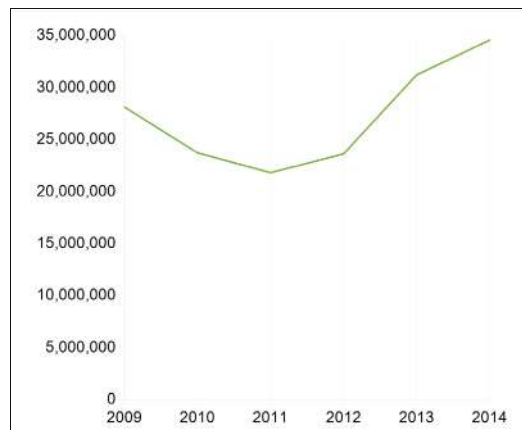
# 1.3%

Suzuki's slice of the UK market as a whole

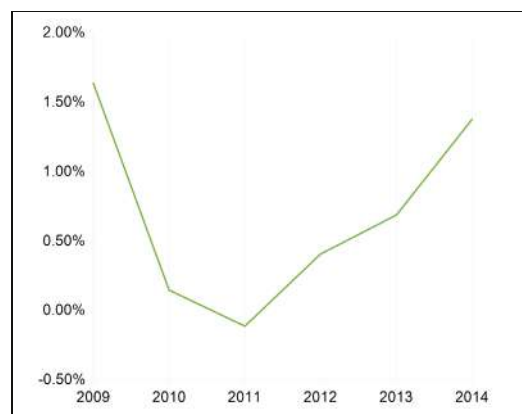
Below: Colin Appleyard acquired a Nissan franchise in Keighley three years ago



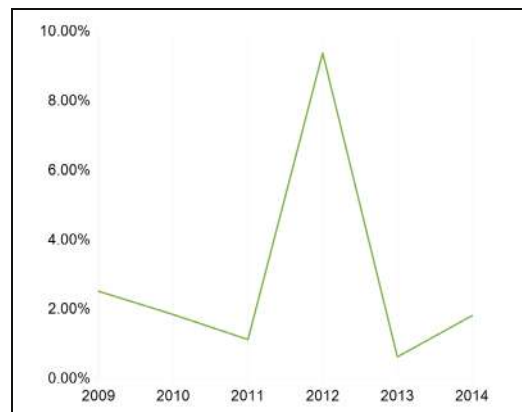
## COLIN APPLEYARD TURNOVER (£)



## COLIN APPLEYARD ROS



## COLIN APPLEYARD GEARING



Sources: am-online.com/fami:SMIT,NPDA

His immediate focus is on building on its profitability – in its last year the group achieved 1.7% return on sales, said Dodsworth, which is well above the UK dealer national average of 1.22% (source: ASE). However, he wants a 2% return from the year ahead.

Growth is certainly coming. Suzuki is launching four cars in the next two years, including a new Swift supermini, a Baleno supermini and an Ignis small crossover, and it has ambitions to increase its national new car volume from 35,000 to 45,000 units annually.

Appleyard has plenty of confidence in the carmaker's plans: "If the market stays as it is and we can continue with the consumer offers and the economy stays good, passing 40,000 in the next two or three years is very achievable."

Capacity has become an issue, so there are



# FEEL THE POWER

By Andrew Howells, chairman, CitNOW



"Congrats on the anniversary! Hope you're doing well".

Most of my 'congrats' on LinkedIn for my 10th anniversary at CitNOW read like that. The ones that stood out were the two or three that didn't use a standard response.

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If you haven't read *Influence: The Psychology of Persuasion* by Robert Cialdini, it's worth your time. In the book, Cialdini talks about the power of reciprocity and the fact that all humans, all cultures, are wired to return a favour.

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The group's 'APPYS' – its values of Attitude, Part of a team, Proactive, Your promises and Success – are displayed in all dealerships

several developments in the preparation stages at Colin Appleyard. The Keighley site housing Suzuki will be reconfigured to provide more space for new and used cars and better customer parking. Appleyard sees this creating an opportunity to increase annual sales by 100-150 units and to improve the customer experience.

The group is also looking at suitable properties to house an offsite PDI centre, which will serve the whole group. Currently, its service workshops are at full capacity, so the ability to move the internal work elsewhere is seen as a crucial element of the group's ability to cope with Suzuki's growing car parc.

The group also recently recruited Andrew Ogle, who had worked for it previously until 2014, as its first group sales manager with a brief to support Appleyard and Dodsworth in overseeing all the dealerships and to help the sales managers manage processes and manufacturer incentives.

Growth will be funded from the group's own coffers where possible. Appleyard said the company rarely uses its overdraft outside the plate-change months, and none of its properties is under mortgage.

"Funding costs money, it's eating into your profits straight away," said Dodsworth, who puts a lot of emphasis on balancing cashflow to support daily operations. Colin Appleyard's gearing has been below 10% for several years

"We're not looking to expand. We have to improve and grasp the opportunity we've got with our current set-up"

Robin Appleyard

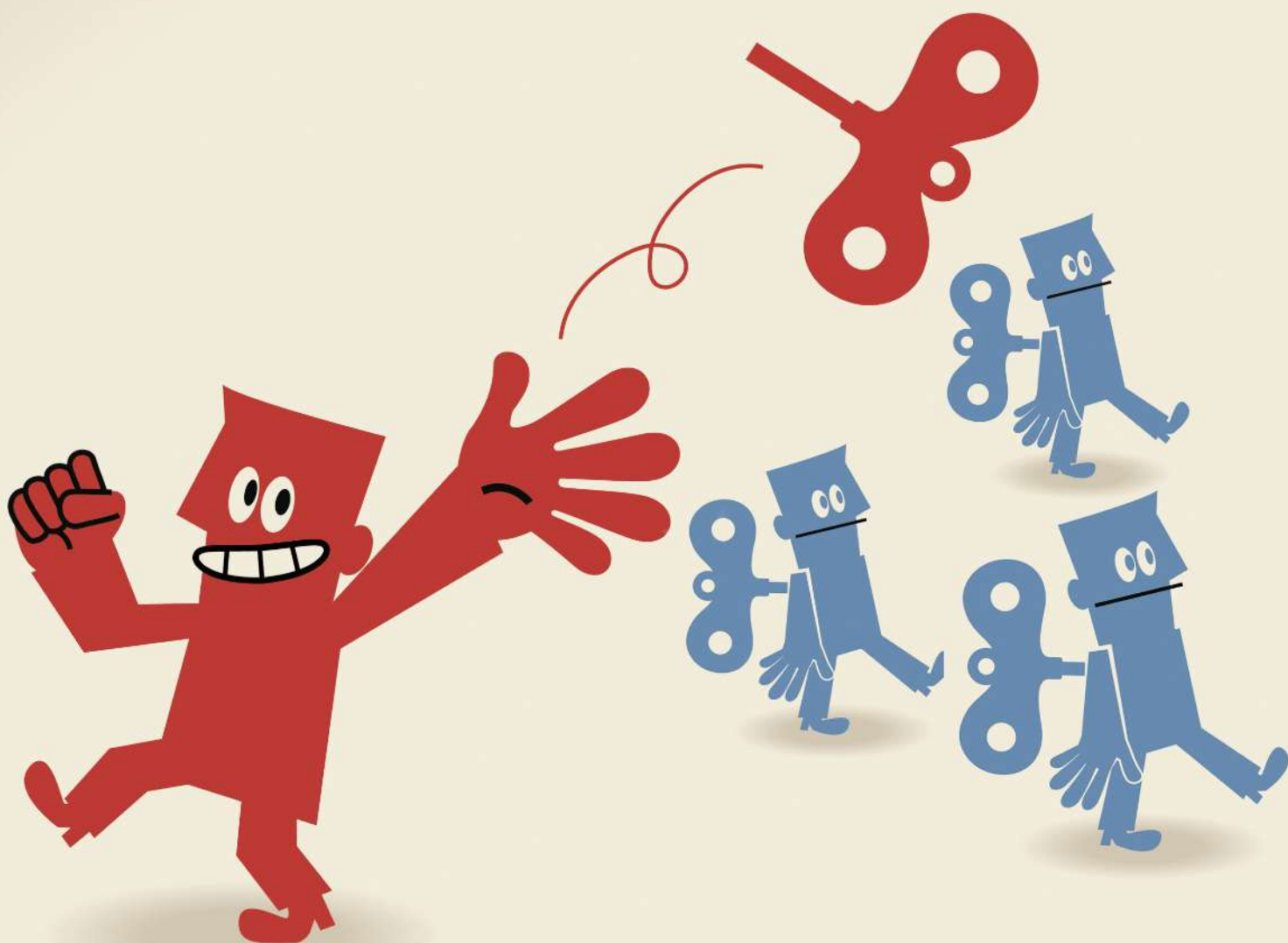
and during the last recession the business made just two redundancies.

The prudent approach to funding that Appleyard's father instilled in the business is echoed in the group's ambitions. Appleyard said: "We're not looking to expand. We have to improve and grasp the opportunity we've got with our current set-up. We can do more with what we have right now."

"I don't think we're a company that's ever gone out specifically to try and force people's hands. I think the opportunities have come along at the right time."

While he has seen other groups expand rapidly using manufacturer money and mountains of debt, Appleyard's cautious approach seems intent on ensuring his father's creation will last for decades yet.





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# What does the future hold for aftersales?

Alternative-fuelled powertrains, the connected car and even 'virtual' technicians are changing how franchised dealers will provide, and profit from, aftersales

## NEED TO KNOW

- Growth in EVs puts consumables profits at risk
- Over-the-air software updates may cut warranty revenue
- Dealers 'must still treat customers as individuals'

By Tom Sharpe

**A**utonomous vehicles, connected technologies, alternative fuels and an end to the traditional service pattern mean uncertainty surrounds the future of aftersales.

Advanced on-board computing pioneered by the likes of BMW and Volvo is already equipping service departments with aftersales leads and data that will allow them to prepare for the work required in a service, drawing details about a vehicle's status directly from the car to improve efficiency.

The specialist skills required to work on alternative-fuelled vehicles are also seeing customers return to franchised outlets for servicing as they seek the security of manufacturer-trained technicians rather than opting for alternative aftersales providers.

However, as alternative-fuelled vehicles do not require high-profit consumables, such as oil, and demand increased investment in training, franchised dealers' margins may be squeezed. So what does the future hold for an aftersales industry worth £99 billion in the UK?

**Darren Lakin, group aftersales director at Wessex Garages**, which reported a 49.25% (to 67) increase in sales of the Nissan Leaf EV last year, said: "There is an element of lost profit, but we try to take a pragmatic approach. We have to be part of any cutting-edge development – whether that's EV or connectivity – or we risk being left behind and having to play catch-up."

"This is the way the industry is going. Customer behaviour and the aftersales environment is changing whether we like it or not. In our view, it's better to embrace it and adapt."

### Staying connected

BMW and Volvo already offer customers the ability to opt in to a connected servicing scheme, which prompts a driver to notify their "preferred dealer" when work is required, just by pressing a touchscreen.

Addressing the M2M Summit in Düsseldorf last summer, **Uwe Krüger, innovation manager of TeleServices at BMW**, said BMW's connected services are able to carry out remote diagnostics once a service is booked, increasing efficiency in the workshop by allowing technicians to prepare for the exact level of service and work required.

"In the past, the service appointment was agreed between the customer and the service adviser on the telephone. In the future, we will see the offer being sent out and agreed in a digital way," he said.

Owners of BMW's i3 and i8 EV and hybrid vehicles can also

"Connected service booking is really going to move the aftersales process forward in the coming years"

Nicklas Danielsson, Volvo

290m

connected vehicles will be on the world's roads by 2020, estimated BMW's Uwe Krüger

view the status of their vehicles' fluids, brakes and tyres – with green, amber and red indicators – through an app linking their vehicle and smartphone.

Krüger said: "The customer now wants their service doing 'just in time'. There's a decreasing willingness to wait and that is an increasing challenge for aftersales departments, but connected technologies can increase efficiencies."

In 2014, there were 84 million connected vehicles on the world's roads and Krüger suggested that number would rise by 30% each year, reaching 290 million by 2020. UK manufacturers produced about 800,000 cars with connected technology in 2015, a figure the SMMT expects to double by 2020.

There are currently more than four million connected BMWs on the roads and Krüger acknowledged that the development of certain areas had presented challenges.

While software such as infotainment apps could be easily updated and repaired remotely "over the air" (OTA) he conceded that some remained out-of-bounds due to "security issues".

Tesla is currently the only manufacturer carrying out OTA firmware updates, a process which benefits its unconventional "non-dealer" dealership network.

However, consultancy Frost & Sullivan has suggested that such technology could lead to a 20% reduction in the number of recalls, 30% in warranty accruals, 10% in warranty revenues and 1-2% in maintenance costs within the next five years.

**Nicklas Danielsson, Volvo's senior manager for information technology**, told AM: "Connected service booking is really going to move the aftersales process forward in the coming years."

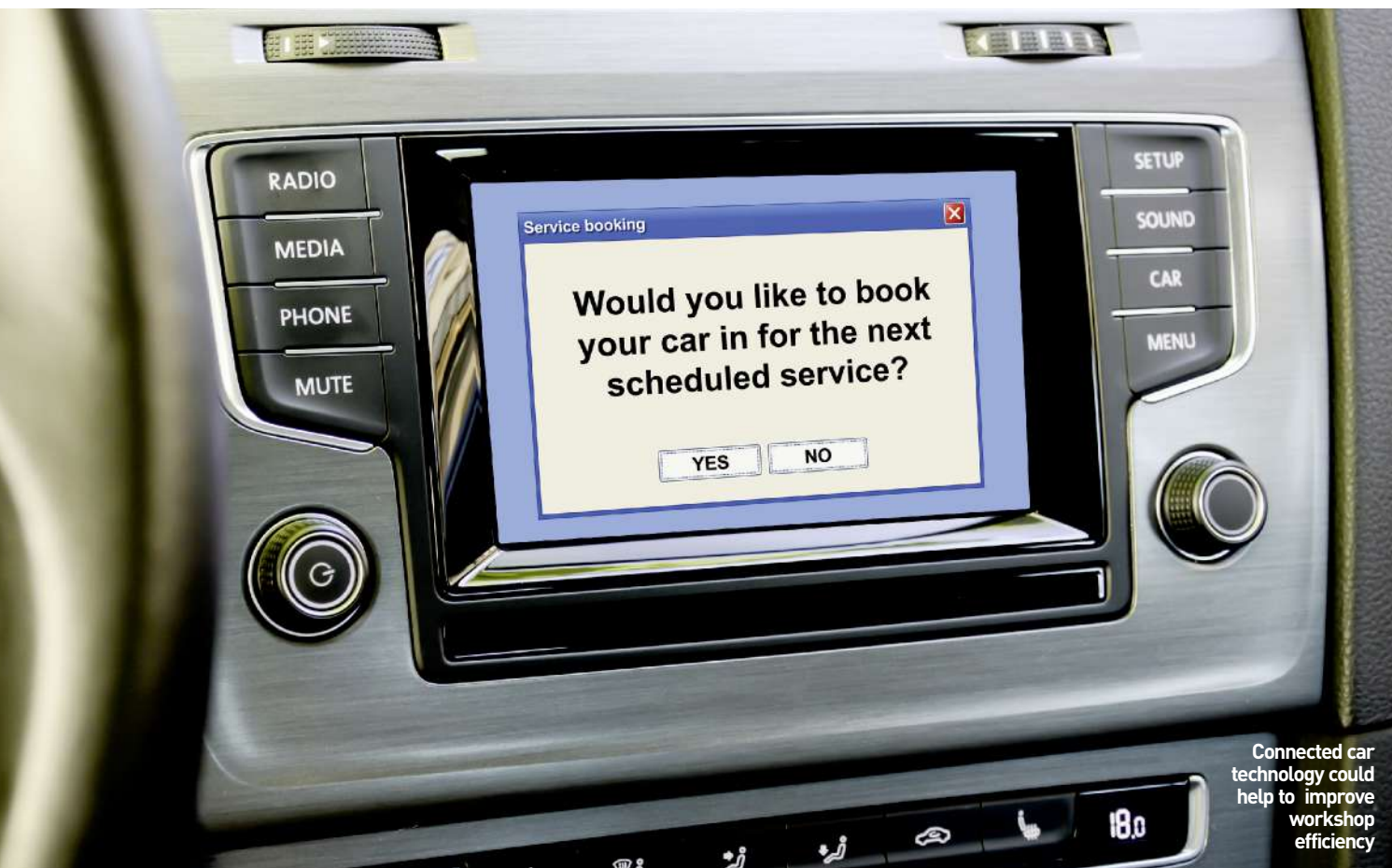
"Customers can opt in and pre-select their preferred dealer, so as soon as a message pops up in the car and they select 'yes', that dealer can get in touch to make a booking."

Danielsson said while the connected system could send the vehicle's mileage and engine hours to the dealership prior to a service, remote engine diagnostics were not yet available, but added: "It's an area that we are actively looking into."

Used car operators are now able to benefit from connected servicing technology. Launched in the UK during April, the Smartdriverclub offers motorists with vehicles up to 10 years old the option of a £150, three-year package that uses a plug-in device to relay the status of their vehicle to a smartphone app and put them in touch with a dealer when a service is due.

**Below: BMW's Connected Drive allows motorists to book services from the car**





Connected car technology could help to improve workshop efficiency

**Nick Chudleigh, regional marketing manager** at DMS specialist **CDK Global**, said dealerships should future-proof their systems to link up with new connected service booking facilities.

He said: "It is important for dealerships to employ future-proof dealership management software (DMS) that is ready to adapt to any potential evolutions.

"We are conscious of how consumers engage with dealers, with non-invasive data already shared to automate processes via mobile devices, online service bookings and direct marketing interactions.

"A foundation for connectivity exists that will develop over the next decade. The key is to keep customers engaged and open to change as new technologies emerge and the ownership experience evolves."

#### New technology needs new skills

While investment in DMS developments to accommodate the latest connected technologies may be something for the not-so-distant future, many dealerships are facing the more immediate task of making their aftersales operation EV-friendly.

**Jeremy Hicks, managing director of Jaguar Land Rover UK**, recently announced that during the restructuring of 118 Land Rover sites and 89 Jaguar sites through its "Arch" concept, JLR had installed new facilities with "huge wiring conduits" in anticipation of the introduction of a new range of EVs.

Nissan and Mitsubishi franchises have already seen a shift in the make-up of their service departments and **Devonshire Motors' dealer principal Nathan Tomlinson** agreed with Lakin in suggesting that the investments it had made would become commonplace throughout the industry in the coming decade.

Lakin said a large proportion of a recent £300,000 upgrade to Wessex's workshops at its Cribbs Causeway site was geared towards EVs. It has introduced more sophisticated diagnostic equipment, three charging points – which can be accessed for

**£99bn**  
the estimated value of the  
UK aftersales industry

free by customers – and special, sectioned-off servicing bays for EVs.

Lakin said: "Our new ramps are specific EV items, which means we have full access to a battery unit.

"We have invested in equipment and made changes to the workshop layout, but the biggest changes have been made in terms of our personnel.

"When you have 6,000V running through a vehicle, you need a focus on training and health and safety. At all times, we have two EV-trained technicians in the workshop and the staff have all received about 40 hours of manufacturer training, most of which is health and safety-related."

Lakin called for new professional standards and a licensing system to be introduced for EV servicing providers outside the main dealer network. "It could be just a matter of time until someone is seriously hurt," he said.

Tomlinson, whose Mitsubishi business won the Excellence in Customer Service accolade at this year's **AM Awards**, has overseen the provision of four customer charge points, a specialist EV workshop bay with a fast-charge point and extra training for staff. He said: "We are already



"Rather than rely on the skills of technicians, we will see the widespread use of virtual assistants in the workshop"

Catherine Hutt, Frost and Sullivan



recruiting apprentices rather than qualified technicians so that we can be certain that they develop along with technology – not only on the vehicle side, but with the administration side of the role too.

"It is already becoming difficult to work around anyone who doesn't have the necessary skills to keep up with the fast-paced, electronic nature of the modern aftersales operation and I am sure that this will only increase as service times reduce, customer expectations increase and there is more pressure for overhead absorption to support the business."

**Catherine Hutt, Frost and Sullivan's principal consultant on automotive and transport**, expects technology to be used increasingly within workshops to reduce the risk of human error.

She said: "Connected cars will monitor systems in real time and send details of faults and imminent service requirements to a manufacturer or dealer in future, but the technology is set to expand beyond that point."

"Rather than rely on the skills of technicians who will become ever more challenged by new technological developments we will see the widespread use of virtual assistants in the workshop environment."

Hutt said technicians will be guided through processes on an iPad, connected to the DMS, which will assist in decision-making as well as holding information about stock availability.

The technology has already been trialled by BMW's Augmented Reality, Volkswagen's MARTA and Audi's Cam system.

Hutt added: "Its use is sure to become widespread, reducing training costs, bringing a consistency of decision-making and the ability to record and closely monitor performance."

### 'PRINTING' PARTS ON DEMAND

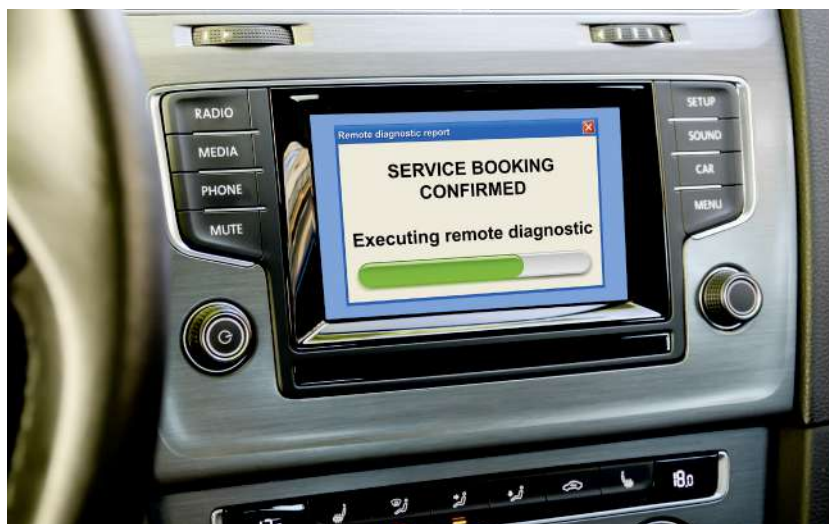
3D-printing technology could bring small-scale manufacturing into the workshop and revolutionise parts supply, but not any time soon.

A study by Bournemouth University's Phil Reeves and Dinusha Mendis suggested that 3D printing could "allow parts to be produced to order within the car dealership, repair centre or parts retailer".

The researchers estimated that up to £26 billion worth of the £121bn global aftermarket parts business could be 'printed' on-site. However, using currently available 3D-printers, this would cost up to 100 times more than by conventional methods.

Additive manufacturing (AM) techniques are already being used in aerospace and Formula One, but efforts are being made to reduce costs and bring the hi-tech, layered construction method to the mainstream. Available from about £1,000, 3D printers can be used to produce small components in the home, usually from plastic.

Bournemouth University's study concluded that "there is little evidence to suggest that there will be any short-term business opportunities" within the next 10 years.



"EVs are still a specialist area and customers won't gamble with their maintenance"

Darren Larkin,  
Wessex Garages

### 'Customers are not machines'

Krüger warned that no matter how far connected technology progresses, dealers and manufacturers must continue to treat customers as individuals.

Decades from now, when a manufacturer will be able to diagnose and potentially rectify a technical issue "over the air" there will still be those who would rather opt for the traditional reassurance of a face-to-face discussion with a technician.

Krüger said: "Customers are not machines. We are to treat them as individuals with different requirements and demands."

"Individualisation is key in order to increase a customer's loyalty and commitment to our brand."

Lakin and Tomlinson both emphasised this point.

Tomlinson said his staff require an extensive product knowledge about the Outlander PHEV, but the advice they can now offer about such a specialist product has helped to develop close relations with customers and guarantee return trade.

Lakin has also found that EV owners are a loyal bunch. He said Wessex was starting to reap the rewards of EV sales and customers who are more inclined to return for their aftersales needs than owners of conventional vehicles.

"We aim for aftersales absorption of 85%, but EV customers always return for their servicing and for advice," he said.

"EVs are still a specialist area and customers won't gamble with their maintenance."

Both Lakin and Tomlinson conceded that profits from traditional consumables would fall with the rise in popularity of alternative-fuelled vehicles and said detailed diagnostics meant EV servicing often took longer and reaped fewer financial rewards. They also expressed concerns about the potential for longer service intervals.

However, Lakin said: "There will always be a need for customers to have a focal point of contact. We have to have the specialist knowledge and the right service to ensure they keep coming back."

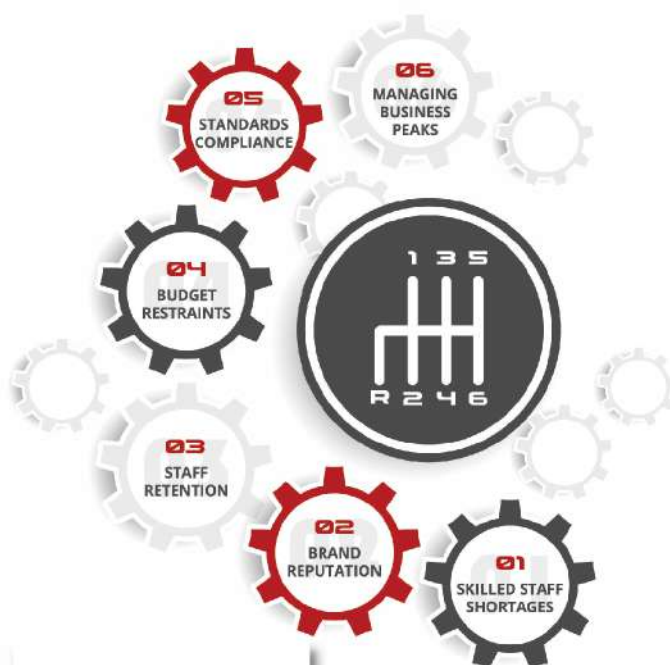
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# Will many hands make light work of servicing?

Multi-technician teams may boost labour hours and customer satisfaction

## NEED TO KNOW

- Two-person teams have cut Volvo services to 20 minutes
- Faster services reduces demand on courtesy cars
- While-you-wait also cuts collection and delivery costs

By Tom Seymour

Customers' increasingly busy lives have seen the trend for collection and delivery servicing grow, but some dealers are looking to use teamwork to get people back in the showroom for aftersales work. Volvo is currently introducing two-person multi-skilled teams (MST) into 75% of its 110-strong network following its successful integration in 10 dealerships.

Within the MSTs, one technician takes on diagnostic work, while the other performs routine maintenance tasks. This has cut standard service time down to an average of 27 minutes (from 54 minutes) and a basic service down to an average of 20 minutes (from 40).

This can help dealers to fit in more jobs, as well as the potential for a reduction in courtesy car fleets and money spent on collection and delivery. While-you-wait customers were boosted by about 45% across Volvo's 10 trial dealerships.

Customer convenience is one of the driving factors behind



"If customers know they can come to the dealership and get everything sorted in under an hour, it's much more time-efficient for them"

Len Hallows, TMS

## SERVICING OF THE FUTURE

As vehicles become more like computers and less about oil and moving parts, there isn't as much to service. So much so that companies such as Tesla refuse to treat aftersales as a profit centre.

Hallows believes the time it takes to service a vehicle won't change dramatically for many years, but the skill set of the technician will.

He said: "Instead of parts and oil, the role of the technician will become even more diagnostic and that is becoming more complicated as vehicles come with more sophisticated technology features."

Even with engines of the future, cars are expected to always have wheels, air conditioning and brakes that need replacing.

Oakley said the difference in service time between an Audi A3 e-Tron and an A3 2.0-litre TDI is negligible, with diagnostic work on hybrid models actually taking longer than a standard service.

Tomlinson agrees that diagnostics on electric and plug-in hybrid vehicles can be "even more difficult and time-consuming" and this will only increase as vehicles become more sophisticated.

this new way of working, in addition to helping Volvo with a servicing capacity issue as its vehicle parc grows.

**TMS Hinckley** is at the end of a 12-month programme put together by Volvo to change its aftersales approach.

The dealer group was one of the first to start with the new scheme, which includes putting technicians at the front of house dealing directly with customers, in what it calls Volvo Personal Service (VPS).

Service advisers are still employed, but they now play more of a support role for the technician teams.

About 30% of servicing work at TMS is while-you-wait and it expects the percentage to continue rising.

**Len Hallows, TMS managing director**, said: "If customers know they can come to the dealership and get everything sorted in under an hour and work on the free Wi-Fi if they need to, it's much more time-efficient for them."

Dealers such as Swansway Group don't have a specific scheme in place to put multiple teams on vehicles, but it's something its Crewe Audi dealership has done when needed.

**John Oakley, aftersales manager at Swansway's Crewe Audi site and team leader of the AM Awards 2016 Best Service Reception**, said his team will always adapt and change to customer need. He said: "If we know there's a customer that



needs a quick turnaround, we can plan ahead and know we need to put more technicians on a vehicle as and when."

Oakley said while-you-wait is offered to every customer who comes in for a service, but it's not mandatory. The aftersales team will explain what there is to offer in the customer lounge area and then leave the choice to the customer. He said customers who tried it for their main service last year are now asking to do it again this year.

In terms of how it's grown, he said it's gone from roughly 15% of all servicing work being while-you-wait to 33% now.

He said he would usually have to increase the courtesy car fleet by about four cars a year, but said not having to take on those extra vehicles saved the business about £35,000.

Oakley said: "Having more while-you-wait customers takes the pressure off the courtesy cars and collection and delivery.

"It also means we can have more time with the customers, letting the sales guys catch up with them."

Oakley said there is a "golden hour" for servicing work: "Customers are happy to wait if you create an environment where they can feel comfortable and they have the ability to catch up with work."

#### Speed vs accuracy

**David Baddeley, Volvo customer service director**, said putting two technicians on a vehicle has improved Volvo's 'right first time, on time' metric from 86% to 93%. Average workshop efficiency has also improved by 7.5 ppts to 93%.

TMS labour hours sold are up 15% over the past 12 months and although Hallows said some of that may be down to Volvo's increasing market share, he believes the new way the servicing department is run has played a part too. Average technician team efficiency is 98%. Bonuses are given for teams reaching more than 90%.

TMS's overhead absorption has gone from 60% to 80% over the past 12 months and customer satisfaction scores are in

## USING TECHNOLOGY TO BOOST EFFICIENCY

Some dealers are improving aftersales department efficiency with new technology.

Gemini Systems' TechMate is an Android-based app that integrates with dealership management systems. It allows technicians to use a digital job card to clock on and off the operations of a job sheet through a tablet computer.

Workshop control and service advisers can assign operations to a technician, with start times and durations.

Jon Skinner, Gemini's director of business development, said: "Helping to cut time expenditure, emerging work and eVHC upsells can be added to a repair order by the service advisers. These are instantly visible on the technician's tablet, allowing them to start work as soon as the work is authorised, rather than waiting for another job card to be printed or produced."

Chris Poulson, MDF 360 customer relationship management director, is looking to boost efficiencies for dealers by grouping sales and aftersales contact, meaning more can be accomplished with customers in one visit.

Poulson said: "We see cases of service departments not recognising where MOT/service/amber follow-up work can be carried out on one visit to save time and cost associated with marketing twice."

Poulson said aftersales departments can also improve efficiency with offering pre-filled servicing online booking forms. It helps customers to be more accurate with the work they need doing and can help dealers to increase accuracy on things such as pre-ordering parts for the work ahead.

# 15%

more labour hours were sold by TMS Hinckley over the past year since it began using multi-skilled teams

# 20 mins

the length of a basic service by Volvo's multi-skilled teams

"Having more while-you-wait customers takes the pressure off the courtesy cars and collection and delivery"

John Oakley,  
Crewe Audi

the upper quartile. The UK average for overhead absorption in January 2016 was 54%, according to ASE figures.

Baddeley said customers don't feel shortchanged by having a faster service - the service process itself is literally transparent, with customers able to watch through a glass partition between the customer waiting area and workshop, as well as having a direct line of communication with technicians.

Hallows said the majority of customers were happy with paying the same price for a shorter turnaround when they knew multiple technicians are working on their vehicle to get it back to them as quickly as possible.

He said all work is agreed to beforehand and the process is explained to customers so they understand why the work is done so quickly.

However, it is a problem **Nathan Tomlinson, Devonshire Motors dealer principal**, has faced before.

He said: "In a previous role, we had three people working on a vehicle to get the job done quickly, but the customer refused to pay as the job had been completed much quicker than the quoted manufacturer repair time.

"It taught me expectations and explanations are so important. It's not what you are doing, it's what the customer understands that you are doing because you have clearly communicated it to him."

#### Managing the team

TMS changed the pay structure for its servicing staff to promote teamwork, moving from individual efficiency and labour hours sold, to a team total. It means working together efficiently brings the most reward.

Team meetings are held each morning to discuss the previous day, where improvements can be made and what's coming up.

Technician teams are put together based on skillset and personality, with staff given some input on who they work with.

The next generation of VPS apprentice technicians are six months into their training and will have no preconceptions of how a servicing department should be run.

Tomlinson believes creating a good team spirit throughout the dealership has to come from the culture of the business.

He said: "Working for the company means being part of a team, a family, and understanding that there is always a goal to achieve and understanding that goal is never an individual one.

"Everyone will have individual targets and incentives related to the job they have direct control over, but if the department is on track then everyone benefits."





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# What does Brexit mean for dealers and why won't they discuss it?



By Professor Jim Saker

**T**he silence was stunning. At a recent meeting of the Automotive Fellowship International, Steve Nash, the CEO of the IMI, was chairing a debate on the future of the franchise system in Western Europe and asked: "What do you think the implications of Brexit would be for the retail automotive sector in the UK?"

The silence continued, one or two people checked their emails, while others stared at the stunning tapestries in Luton Hoo's Wernher Room. After a while, Nash moved the conversation to another topic.

From my perspective, the implications of Brexit for our sector did not appear to have been argued or articulated. I started to ask around, first at the conference and later, some legal friends. The answers were really interesting.

Brexit would be an almost unique event. The scenario – a country that has been applying the legal requirements of a particular jurisdiction removing itself from that regime overnight – has not happened often in world history. Most changes are negotiated and agreements set in place over a long period of time, such as the handover of Hong Kong to China, and even then problems occurred. This situation is so different, there are very few precedents in place.

## What does it mean for automotive retailers?

European legislation has come in a range of formats for our sector, but probably one of the most interesting aspects appears to revolve around the Block Exemption Regulations (BER) that have affected both the ability to have protected market areas and the sharing of technological information.

Brexit raises a range of questions that need to be answered:

■ Do manufacturer/dealer contracts that have been written under the existing European rules have legality if the parties are no longer part of that jurisdiction? If not, what would then happen?

■ Do new dealer contracts need to be put in place? Removing the restrictions of BER could potentially lead to a restructuring of the franchise system.

■ Would the removal of the requirement for manufacturers to share technology with approved service providers stop in the UK, causing the independent sector to be disadvantaged?

For some dealer groups operating in both the UK and Europe, there is the potential expense of having to change systems to run under different rules in both jurisdictions.

When I asked the head of one of the UK national sales companies what would happen if we withdrew from Europe, he suggested that the Office of Fair Trading would have to step in and either maintain the status quo or introduce new regulations. This would make logical sense, but

how long it would take for the organisation to make the decisions, bearing in mind that it would be facing challenges from many sectors other than our own?

Some commentators have argued that leaving Europe would mean a relaxation of the emission rules and that this may delay the demise of diesel. However, the Climate Change Act (2008), which made the UK the first country to establish a long-term legally binding framework to cut carbon emissions, contains a target requiring emissions reductions of 80% by 2050. If anything, restrictions put in place by the UK Government are likely to be tighter than those currently put in place by Brussels. This could lead to restrictions on the importing of certain vehicles.

More recent pronouncements came this January when transport secretary Patrick McLoughlin launched the 'Go Ultra Low City Scheme' whereby Nottingham, Bristol, Milton Keynes and London will share a £40 million fund to introduce cutting-edge technology such as charging hubs and street lighting that doubles as charge points.

McLoughlin has stated: "The UK is a world leader in the uptake of low-emission vehicles and our long-term economic plan is investing £600m by 2020 to improve air quality, create jobs and achieve our goal of every new car new car and van in the UK being ultra-low emission by 2040."

## We need to debate the possible impact of Brexit

Much of the above is speculation and it is highly likely that the Government would try to make any transition as easy as possible should the vote be to leave Europe. However, it is worrying that our industry appears to be slow in debating the issue and the potential outcomes.

The decision to stay or go will be made on June 23 by the general public, who will not be considering the impact on our sector. We can't control the outcome, but I think that we should at least be trying to work out some of the potential implications.

"For some dealer groups operating in both the UK and Europe, there is the potential expense of having to change systems to run under different rules in both jurisdictions"

**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.**

# Transforming car dealers into joined-up retailers

**T**he need for motor retail to better understand customer data has led Autotorq to evolve its business.

Although it still develops and supports websites and digital tools for global carmakers and their dealer networks, it now sees its role broadening to help manufacturers and franchised dealers improve the customer experience and ultimately derive more sales.

"Why is it that when manufacturers and their franchised dealer networks have spent so much on technology, CRM systems, web platforms and a stack of other things, it is still not joined up and automotive is still so far behind in digital retailing compared with any other sector?" said Autotorq chief executive Stewart Niblock.

"It's spent stacks of money and bought lots of stuff, but it hasn't squeezed what it needs to out of that. The CRM is atrocious in automotive, so we've been looking for the past two years what we can do about that."

Autotorq believes the automotive sector is on the cusp of a transformation, driven by customer data that will be generated for carmakers by connected cars. Niblock said this will disrupt the pattern of manufacturers spending fortunes on advertising to generate leads for the dealers and knowing little about the customer.

"Currently, the manufacturer does not know who bought the car, what they paid, what they traded in or how they plan to use the car," he said.

Carmakers that work with Autotorq expect 90% of the people who drive their connected cars in future will download the cars' smartphone apps, which will have functions such as fuel level checking, remote locking, and location services.

"As soon as they accept that app, they're giving a stack of information to the manufacturer. The manufacturer will know exactly who bought the car, their email and phone number, and if they register the app through their social media accounts, this enables a huge amount of profiling," Niblock said.

This data could enable manufacturers to identify how the customer uses the car, and to engage with the customer through the car or their smartphone. It could have an influence on aftersales and finance contracts too, as manufacturers will be able to profile how a car is being driven, to identify if brake pads or tyres will require replacement earlier or later, or to more accurately predict a car's condition for guaranteed future values in finance offers.

Autotorq believes that, further along, the carmaker could even trace the car through its ownership changes.

**"Why is it that when manufacturers and their franchised dealer networks have spent so much, automotive is still so far behind in digital retailing?"**

Stewart Niblock



Managing director Paul Gordon said smart manufacturers understand the opportunity.

"They will be in the position to have genuine, powerful, lifetime relationships with drivers, like they've never had before. That facilitates them doing much more powerful CRM," he said.

However, this does not mean manufacturers will dispense with their franchised networks, believes Autotorq. Manufacturers will get into selling directly to some extent, but will still require dealers. Niblock believes the data will help carmakers work out what different consumers expect, which will inform any changes in their functions and where they will be located. The nature of the support dealers provide is likely to become more about helping with systems and choices. One benefit of that 'product expert' model may be the consumer experience.

"Currently, many consumers perceive that every time they visit a dealership it will try to sell them something, or they're having to pay to get something fixed, or they're arguing over something

that went wrong, but shouldn't have. They don't go to dealerships for fun," said Niblock.

He acknowledged that carmakers themselves have a role to play in such changes, as they are the ones driving the current model of heavily incentivised volume targets and commission-based salespeople. But Autotorq believes car buying can become part of a leisure process, not a grudge process.

Niblock sees omni-channel retailing coming to automotive. In other technology retail sectors, consumers can choose whether to buy from the brand's store, its online operation, or from a third-party retailer.

"The same people who buy cars also buy tablets, kitchens, etc. and those sectors have all changed how they operate significantly, and embraced omni-channel or multi-channel distribution strategy. The one that hasn't is automotive," added Gordon.

In automotive retail, the big challenge is that very few of the

## Production Forecasting

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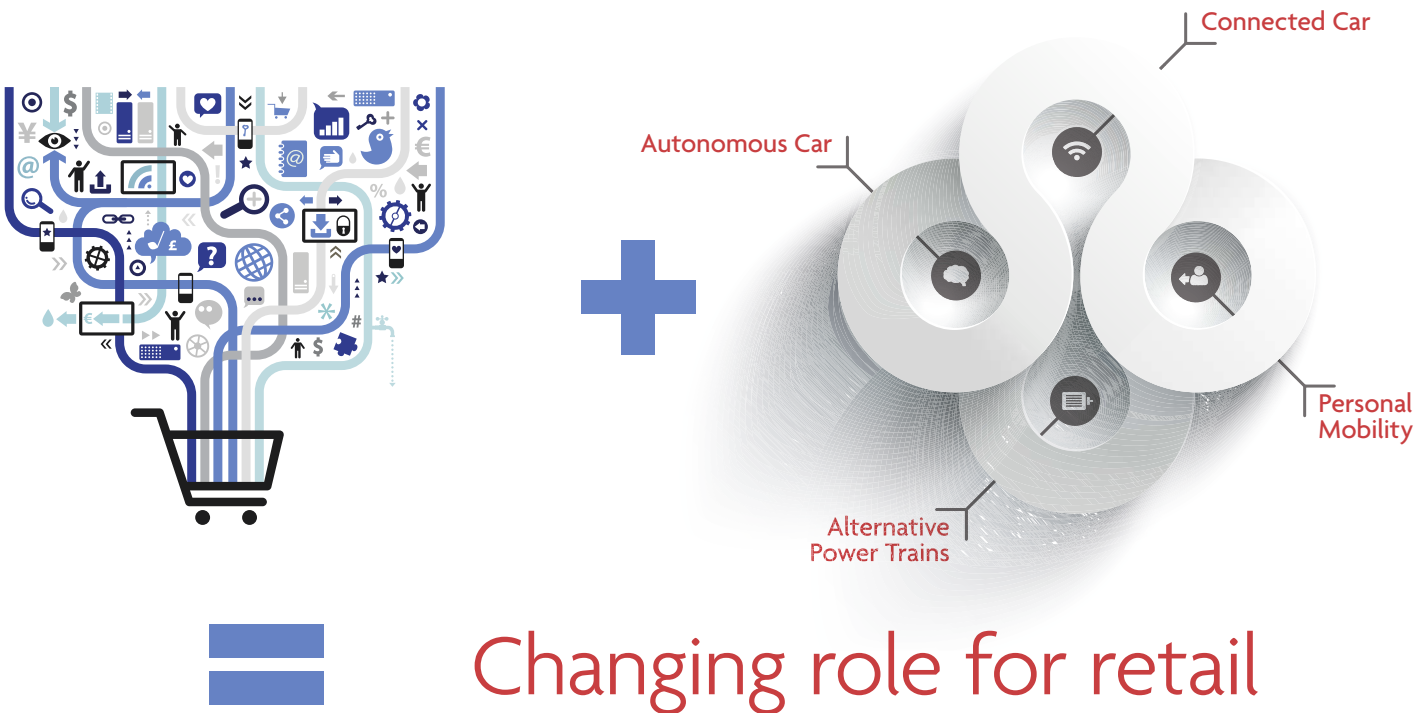
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## Changing role for retail

systems between manufacturers and dealers talk to each other. The future for automotive means getting a 'single view of the customer'.

Smart technology, developed in partnership with Fly Victor, a sister company of Autotorq that serves the private jet charter industry, allows Autotorq to use cloud-based technology to link the data from multiple systems and different suppliers. This will allow it to quickly gain meaningful insight based on the data collated for a manufacturer, which the brand can then quickly act on.

"Using cloud-based data and systems, which can be plugged and unplugged as a better one becomes available, we can help manufacturers balance supply and demand in real time," said Niblock.

One example could be the system automatically identifying that a customer is searching for a new car and automatically pushing out an offer pre-qualified by the driving he's been doing, the parity in his PCP contract, and even the demand in the

used car market for his existing car. Autotorq believes systems will even allow the dealer to pre-market the returning car as soon as the dialogue with the customer starts and to pre-sell it so that it is not sitting on the forecourt, depreciating.

"The dealer wins, the customer wins because they've shifted into a shiny new car at a price they can afford, the manufacturer wins because it's another new car sold, and we win because they pay us on a value-added basis," said Gordon.

The evolution at Autotorq means it now provides the platforms, data management services and the insight to help the manufacturers define and deliver

their retail strategy. The aim is to help them work out how best to sell the right product, in the right channel, at the right time, said Niblock.

Autotorq takes a consultative approach when working with each global manufacturer at a senior level, to understand their issues and analyse the data to try to solve the first big issue, so that within 10 weeks they can see how that can be managed through datasets in the cloud.

Gordon said: "The industry has been talking about change at the retail end for years. What we're about is helping to make the physical customer experience better. We're driving change by joining up things and helping them with data."

### MOTOR RETAIL 'ON THE TIPPING POINT OF DISRUPTION'

**"You can tell when an industry is about to be disrupted by when the venture capitalist money starts pouring in," said Niblock.**

In the US car market, online used car retailers Beepi, Vroom and Shift are taking cars to customers, rather than expecting the customers to find them. Over the past two-and-a-half years, they have attracted \$250 million of venture capitalist investment, with the last round led by Goldman Sachs.

"They're now showing disruption is going to happen in the retail side of automotive. That's a tipping point, there's a change coming, but it doesn't need to decimate motor retail," said Niblock.

"Going omni-channel will change the role

dealerships have. Dealerships may need to raise their game and adopt the modern way of doing things, and if they don't there may be trouble ahead," said Gordon.

"You can't be giving sub-standard service where in all other aspects of the consumer economy it is really good now."

He said change won't come in the form of a shark-bite that fundamentally changes everything, but will be more like nibbles by piranhas.

Gordon said being a dealer is very capital-intensive, through facilities, standards, stock and headcount, and manufacturers have to also accept that change is happening in motor retail and play their part in making it better.

"The industry has been talking about change at the retail end for years"



Paul Gordon

# INJECT URGENCY INTO YOUR SALES

Customers are more likely to buy if you can inject some urgency into the process, says Simon Bowkett of Symco Training



In the past two editions of *AM* magazine, we have looked at two laws of selling that have to be satisfied before a customer will buy anything.

The first law is the Law Of Comparison. It states that, to feel like they've got a good deal, the customer has to be able to compare the price of your product or service to somebody else's.

The second law, the Law Of Value, states that we need to build value in our product or service – again, to make the customer feel they've got a good deal.

## Third law of selling

The third and final law of selling is the Law Of Urgency. Customers need to feel a sense of urgency before they make a decision to buy.

Here's an example. How much would you pay for a one-litre bottle of water? Less than £1? Well, imagine you had been lost in the desert for several days and were dying of thirst. A search party is on the way, and if you can only hang on for a few hours more you'll be saved. Then someone pops up with a bottle of water. How much will you pay for it now? Everything you've got! Because of the urgency.

## How to create urgency

So how can we create urgency in our sales and aftersales customers?

Say you've got a customer who's called you with a service enquiry. Talk to them about a time slot. Don't just say "bring it in whenever you want", because that doesn't sound like you're busy. It's better to say something like: "OK, we're taking bookings now for next Thursday, or would Friday be better for you?"

Then, if they ask if you can do it any earlier, create some urgency by telling them: "OK, let me see what I can do. If I can swap a few jobs around and we can do it on Wednesday, shall we get that booked in for you now?"

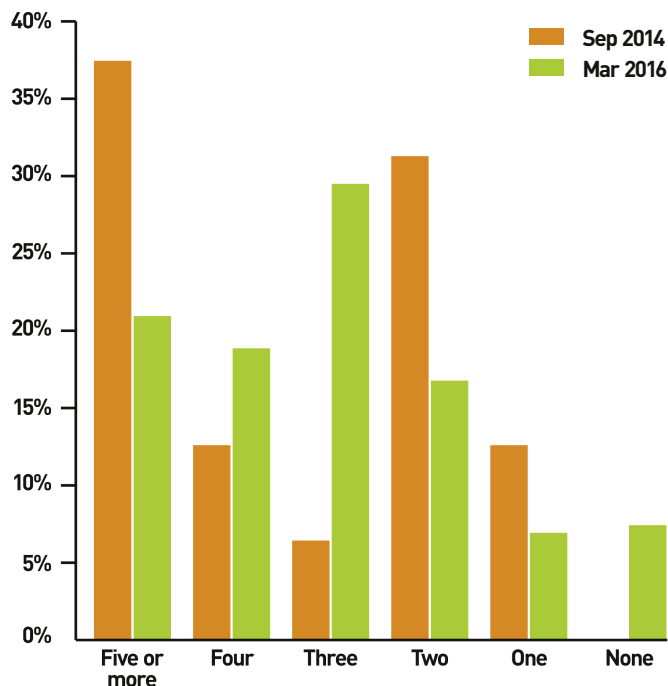
Watch my new sales training video on the *AM* website this month ([am-online.com/symco](http://am-online.com/symco), or at [symcotraining.co.uk](http://symcotraining.co.uk)) for more ideas on how to create urgency in the sale of tyres, brake fluid changes, air-conditioning servicing and more – and remember to apply all three laws of selling when you are talking to customers in your dealership, or preparing your marketing materials.

## 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.

## AM POLL

### How many add-on products do your staff present to a car buyer?



Franchised dealers have refined the portfolio of add-on products they offer to their customers during the car sales process since the enactment of FCA regulations.

Our latest *AM* Poll was a repeat of one conducted 18 months previously, which asked how many add-ons were presented to a car buyer. The results show that the proportion of dealers who offer five or more products has almost halved. Now, almost one in three dealers limit their add-on portfolio to three products. The responses suggest that paint protection and service plans are common choices, with either extended warranty or GAP insurance completing the trio.

■ **Next *AM* Poll: The Living Wage will ultimately benefit businesses by giving more people higher spending power. Agree or disagree?**

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# 8

## ways to excel at customer service

By Debbie Kirlaw

**A**utomotive retailers deserve a pat on the back after the latest UK Customer Service Index (CSI), the annual barometer of customer satisfaction undertaken by the Institute of Customer Service, recorded an above average performance for the sector. Ranking fifth out of 13 sectors, automotive scored 78.8 for customer satisfaction compared with the UK average score of 77.

The institute's CEO, Jo Causon, said: "Great customer service comes where the customer strategy is not run as a department or function, but is the lifeblood of the organisation itself."

James Litton, general manager at Volvo Cars Poole, agreed: "There are a million different things and marketing gimmicks that claim to reflect good customer service, but to me, it's more of a philosophy."

AM asked the following dealers, suppliers and customer service experts to identify the core components of a customer-centric culture: Jo Causon, CEO, Institute of Customer Service; James Litton, general manager, Volvo Cars Poole; Nathan Tomlinson, dealer principal, Devonshire Motors; Alan Maloney, customer experience director, TrustFord; Robin Edwards, managing director, Vantage; Ben Stevens, automotive business development manager, Moneypenny; Shaun Harris, sales director, Codeweavers; Jeremy Evans, managing director, Marketing Delivery; Angela Barrow, managing director, EMaC.

# 1

## PEOPLE



**Nathan Tomlinson, dealer principal at Devonshire Motors**, and the current holder of AM's Customer Service Award, said: "We look to staff customer-facing positions with the right type of people – people who have personality, passion for what they do and who can empathise and communicate well."

**Alan Maloney, customer experience director at TrustFord**, said: "Customer service comes from employees who are appropriately skilled, resourced and totally engaged."

Both agreed that employees don't necessarily want to work for the highest payer, saying a happy working environment and other benefits are just as important.

High-performing teams that deliver exceptional customer service invariably have great leaders, said Causon.

"What makes great customer service are organisations with great leadership," she added.

This includes tackling colleagues when necessary, said Maloney.

"If there's someone who is obviously not in sync with the culture of the business and they are seen to be getting away with it, speak to them."

Litton believes managers have to lead by example, while employees should be allowed to 'own' the experience they are delivering.

He said: "It's about coaching people through the decisions they make and the outcomes they achieve."

"You can't berate people because that creates a negative atmosphere and you won't deliver good customer service in an environment where people feel pressured."

Maloney said: "When you've taken the trouble to hire the best people, you need to develop their skills and knowledge to deliver great customer service. Customers know a person in a suit in a warm showroom is being paid to be nice to them and to say what they want to hear. A bloke in overalls that offers to help you in the car park or a smiling face as you walk through the door is far more believable."

# 3

## SPEED AND QUALITY OF RESPONSE

At Devonshire Motors, documented response standards for each type of enquiry ensures a timely, but also high-quality, response. Tomlinson used the example of time-poor digital enquirers: "It's no good feeling pleased with yourself for responding within 30 minutes if all you've done is invited them to the dealership for a chat. That's failing to understand the nature or type of enquiry you're dealing with."

**Ben Stevens, automotive business development manager**, at telephone answering specialist **Moneypenny**, said customers should be at the heart of everything dealers do: "Think about how you would like to be treated yourself – having this ethos will ensure that customer service stays at the forefront of

your mind and filters down to employees."

"It's the little things that count," said Stevens. "Often it's the smallest touches you notice the most – staff giving you a smile, remembering your name, calling back when they say they will. You might think they're nothing to worry about, but when these 'little things' don't happen; they don't seem so small anymore."

Consumers make snap judgments, from their experience online and how the telephone is answered, to the welcome in the dealership itself. After listening to their customers, Devonshire Motors began offering a range of coffee shop-style hot drinks and free Wi-Fi.

Edwards said: "First impressions are made in as little as seven seconds, which means retailers need to pay close atten-



## 2

### LISTEN AND UNDERSTAND

According to Causon, the best-scoring companies are those that make the experience personal and listen to their customers.

However, the UKCSI found women were more satisfied customers than men, apart from in the automotive sector.

She said: "It does not make a difference if I am being served by a male or a female; it's the experience which is important. Think about your audience and speak to them using language that engages them."

Shaun Harris, sales director at online finance tool providers Codeweavers, urges dealers to avoid trade jargon: "Remember,

customers may have never heard of a finance product name such as 'hire purchase' or 'PCP' or know what APR stands for."

Mike Macaulay, head of corporate sales at insurance product provider AutoProtect, emphasises taking time to understand the customer's circumstances and motivations by asking questions and listening actively.


For Maloney, listening can be as simple as identifying a customer's preferred communication method and then using it.

Stevens advises 'taking a walk in their shoes', he said: "By seeing the customer journey through their eyes you'll have an infinitely better idea of how you can actually meet, and then exceed, their expectations."



tion to how a customer will feel when they first set foot inside a dealership."

Devonshire Motors said its showroom hosts make an important contribution to its growth, from a total of 356 new and used units in 2011 to a projected 550 this year, by transcending all departments and focusing on the customer experience.

**Robin Edwards, managing director at Vantage**, designers of working and customer-facing environments, said: "Everything must be seamlessly aligned with the values of the retailer's brand, and with absolute buy-in from employees, if the real benefits of customer service excellence are to be experienced." 

### ADVERTISING FEATURE

## HOW TO CREATE A GREAT FIRST IMPRESSION

By Ben Stevens, automotive business development manager, for Money Penny



All of us, every day, are making first impressions – be it with a customer, a supplier or someone we bump into at a supermarket. It's instant and it's important. After all, you never know where your next line of business or

customer is going to come from. Quite literally. We've met people on train journeys and skiing holidays, got chatting, and months later they've gone on to become some of our biggest clients.

So how can you make sure you create an impression that lasts for all the right reasons? It's actually pretty simple – just be yourself, or rather the best possible version of yourself.

We can all see through people who try to put on a show. And let's be honest, it's more than a little off-putting. Authenticity on the other hand, shines through. It's endearing and engaging to be around someone who is simply themselves.

Ask yourself how you would like to be treated. What would make a great impression on you? Put yourself in their shoes.

If we had met these future clients while not thinking like this, then conversations might not have been struck up, jokes not shared and crucially business cards not swapped. It would have put them off completely. This is one of the reasons why so many of our clients have joined us following informal, out-of-the-office conversations.

By doing the right thing even when you think no one is watching, you can rest assured that when you do meet someone for the first time, their impression of you will be positive, without you even thinking about it.

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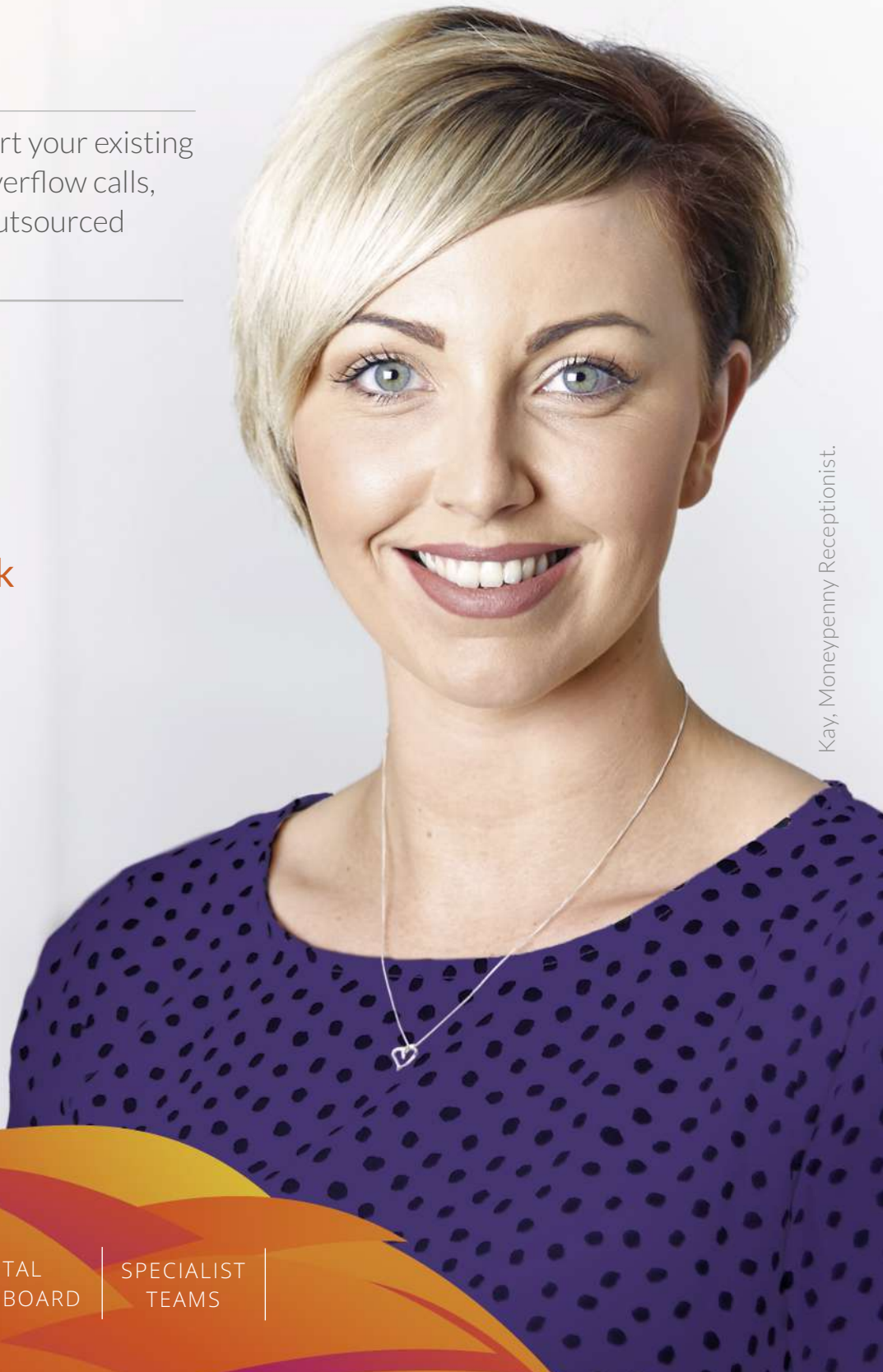
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## 4

## ONLINE

According to the UKCSI, automotive needs to improve its online experience.

Macaulay advised reviewing online promotion of add-on services to raise product awareness on dealer websites while online tools, such as finance calculators, help to place the consumer in control.

Harris said: "Customer service online matters enormously. It needs to be smart, intuitive, accessible and enjoyable."

However, monitoring is equally important. Jeremy Evans, managing director of digital agency Marketing Delivery, said: "Fifty percent of the adult population use social media and many take to Twitter and Facebook to voice frustrations with businesses. An early and public resolution goes a long way to maintaining a good public reputation."

## 5

## PROCESS

Behind the scenes, processes should enable great customer service to be delivered seamlessly, Maloney said: "Put in place systems that make it easy to deliver great service."

Macaulay said customer vehicle details should be recorded in the DMS to support relevant future contact. This may be obvious, but it's not always followed.

Evans said this process should start before the sale or lost sale takes place, enabling the dealer to step in if required: "Use an effective CRM solution to follow up prospective customers after initial enquiry, and regularly through the sales process, to find out if the required standard of service is being delivered. Why wait until the end of the process before finding out?"

Macaulay said dealers should undertake a rigorous pre-delivery inspection of all cars, alerting customers to any identified faults.

"Be obsessive about product quality," he added.

Time should also be invested in an extensive hand-over, highlighting additional products such as service plans and extended warranty options together with fair and transparent pricing.

Service plan provider EMac's managing director Angela Barrow said some of these products can build loyalty and boost retention.

Harris said dealers can use the data from their online tools to understand the most popular vehicles and adjust their stock mix accordingly, while Maloney warned dealers to "only offer products and services that suit your customer through fully establishing their needs".



## 6

## BENCH-MARKING

An independent customer survey is essential, but Maloney said: "Read the verbatim comments, don't just rely on the scores. Adverse feedback provides a great insight into how to improve."

Macaulay advised mystery shopping competitors and your own dealership and Evans suggested running a 'net promoter score' to compare branches.

## 7

## COMPLAINTS



Empowering managers to 'own' and therefore resolve complaints is imperative. Maloney said: "Things will always go wrong and customer service will suffer as a result. Good managers do not apportion blame. They identify the root cause and put it right to ensure there is no repetition."

For Samantha Cripps, head of sales development at Alpheria Financial Services, a single complaint has wider implications. She said: "It is not just looking at one customer in isolation; it's looking for the root cause. This is a real focus for the Financial Conduct Authority (FCA)."

"It's the realisation that if it has happened to one person, it can happen to another and not looking at complaints purely on an individual basis. [The FCA] wants to see dealers have undertaken their due diligence and got to the root cause of an issue."

It also makes recording all complaints essential for spotting trends and taking action.

## 8

## CONSISTENCY

Treating each customer the same is not as easy as it sounds. Litton said: "Every interaction is different and that makes it difficult to be consistent."

"My father-in-law has an exceptional relationship with his dealership to the point if there is an issue with his car, they send a technician to his home. From his point of view, that's amazing customer service, but it's not for the person back at the dealership who has to wait an additional 45 minutes for his car to be serviced."

Tomlinson said: "We've worked really hard to eliminate any departmental barriers so that in as many scenarios as possible everyone is working towards the same objectives – excellent customer service and a profitable business."

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# INDUSTRY PROFESSIONALS SHARE THE BEST ADVICE ON MOTOR RETAIL ISSUES

## How to improve customer retention in aftersales

By Martin Peters, sales director, Autoclenz Group



Why do customers choose your dealership? Is it because you are the closest, the easiest to book, you offer great coffee and biscuits or free Wi-Fi, the quality of service wash, your pricing? Well, it's probably a little of all of these and more, but it is certainly true

that the aftersales department is more important to customer retention than ever.

Where a customer chooses to service and repair their car will be based on a customer experience, because pricing between similar franchises will be the same. So how do you make your dealership different?

Autoclenz can offer either self-funding or low-cost initiatives to improve aftersales customer experience, and therefore customer retention, in aftersales:

Firstly, ease of booking – we can offer a fully insured collection and delivery solution so your customer doesn't need to leave their home or workplace. This is very popular with fleet users. It also keeps lead times down and releases pressure on courtesy cars.

Secondly, we can improve the “free” service wash, which is a great opportunity to impress the customer. Small, low-cost additions to the usual wash, leather and vac, such as dressing tyres, striping carpets and installing an air freshener, can really enhance customer perception.

Thirdly, the upsell – offering a full valet or SMART repair while the car is on site can improve customer perception and profits.

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



## Don't forget the paperwork when remarketing

By Simon Henstock, BCA chief operating officer, UK remarketing



The plate-change period inevitably sees volumes rise substantially in the wholesale markets and stock levels traditionally remain high until at least early May. Any uplift in volume has the potential to change the balance in supply and demand and can

impact on values as buyers simply have more choice.

The wholesale markets naturally see a rise in part-exchange volumes and in the rush to clear non-retail stock it is important to remember the basics of remarketing. Presentation and preparation are a given, but don't forget the paperwork when consigning vehicles for sale. Of course, not every part-exchange will have a full service history, but make the most of what you've got.

If the V5C, MOT and service history are available, make sure they are present at the point of remarketing. The presence of the V5C means no delays in onward selling if the vehicle goes back into the trade, while a service history shows the vehicle has been well maintained by the previous owner and confirms the warranted mileage.

In fact, the service history can have a tangible effect on prices. Buyer confidence is hugely important and even hardened trade buyers value the comfort of knowing their judgement is supported by a comprehensive history file.

Missing sundries are possibly less corrosive to values than a missing service history, but definitely have an effect. If manuals, radio/audio codes, spare wheels, tyre repair kits, or locking wheel nut keys are present when the vehicle is part-exchanged, make sure your remarketing partner has them at the point of sale.

So think like a buyer when you are selling and make the most of part-exchanges when you send vehicles for sale.



**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.

## Are your consumer credit adverts breaking the law?

By Graham Jones, director, Lawdata



If credit advertising is effective, it gets noticed – not just by potential customers, but also by enforcement agencies. It is, therefore, essential it meets all relevant legal requirements.

First and foremost it must be clear, fair and not misleading. That's a reasonable and not apparently onerous requirement, but it does mean details such as annual mileage limits, excess mileage charges or particular limitations need to be readily apparent.

A representative APR will usually be required, particularly where the advert suggests credit is available to customers who may otherwise find it difficult to get credit, or where the advert suggests the credit terms are particularly advantageous, or any incentive to take credit, such as a deposit contribution, is offered.

However, if these are the only reasons why an advert includes a representative APR, then a representative example won't necessarily be required. That is just one reason why it's important to ensure you fully understand the rules when preparing an advert.

A representative example is required if you decide to include a rate of interest or an amount relating to the cost of credit. If that's the case, then you must include: the rate of interest; details of any other charges; the total amount of credit; the representative APR; details of the cash price and any deposit; the length of the agreement; the amount of each instalment; and the total amount payable.

This information must be "presented together, with each item of information being given equal prominence". It is not permissible to highlight any individual aspect of the example.

■ Please call our specialist legal team on 01767 601021 for advice and assistance with any credit advertising issues.

**law  
data**

## Save on tax and water with efficient scrubber driers

By Jeff Hilton, automotive target market manager, Kärcher



The Water Technology List, managed by Defra, encourages businesses to invest in technologies that save water and improve water quality. The scheme enables your business to claim 100% first-year allowances, i.e. tax relief, on water-efficient floor scrubber driers, reducing the time it takes to pay back your investment.

Claiming an enhanced capital allowance (ECA) through the list means you can write off the whole cost (depending on your business's tax position) of purchasing a qualifying scrubber drier against your taxable profits in the year you made the purchase. Claiming ECAs for water-efficient equipment allows your business to reduce investment costs and environmental impact. Long-term water bills will also fall.

All Kärcher battery-powered, walk-behind, step-on and ride-on scrubber driers over 40 litres are currently eligible, as are certain smaller battery-powered models.

As well as low water use, Kärcher machines feature extra resource-saving features, including DOSE detergent on-off system, which eliminates the need for detergent to be added to the clean water tank; eco!efficiency mode, which reduces water and power consumption; and automatic tank filling and cleaning, eliminating wasted water and freeing operators to carry out other tasks.

How do you claim an ECA for water-efficient products?

1. Buy an eligible Kärcher scrubber drier.
2. Claim your ECA the same way you claim other types of first-year allowance – through your income tax self-assessment or your corporation tax self-assessment return. Your accounts department will be aware of this method already.

■ Further information, including a video and a free guide, is available at [www.karcher.co.uk](http://www.karcher.co.uk).

**KÄRCHER**



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**Honda**

## Civic Tourer

The first service of our Honda long-termers at a new dealership goes well.

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**Mazda2**

Mazda should be shouting about its in-car text-to-voice function.

## FIRST DRIVE: NISSAN NP300 NAVARA

The NP300 Navara tackled the worst of North Yorkshire's 'green lanes', but also handled on-road imperfections well



# Nimble Navara aims for 10,000 registrations

Nissan has borrowed from its SUVs to entice buyers from outside the commercial market

By Tom Sharpe

**W**atching an experienced banksman grow ever redder in the face as he struggled to keep pace with a fleet of NP300 Navaras over the steep rocks and river beds of North Yorkshire, it became apparent just how confident Nissan was in the all-round ability of its new pick-up.

With 80 years' experience building pick-ups and 14 million vehicles sold, the main challenge for Nissan is ensuring that the NP300 Navara maintains the brand's reputation and takes on competition from the likes of the Mitsubishi L200, Ford Ranger, Isuzu D-Max, Toyota Hilux and Volkswagen Amarok.

Speaking at the NP300 Navara's UK launch event, **Navara product manager Anthony Jones** said: "The pick-up sector as a whole has seen four years of growth and in 2016 we expect to see 45,000 registered in the UK.

"The market has evolved and there is more competition now than we have seen in the past, but the last Navara was a market leader and we have high hopes for this one.

**10,000**

registrations – Nissan's annual target for the NP300 Navara

**51%**

the expected residual value for the Tekna Manual variant of the Navara

"We were selling around 7,500 to 8,000 of the previous model each year and we anticipate that we'll sell around 25% more of the NP300, which is enough to install us in the top three in sales terms."

His confidence may be well placed. Last November, the NP300 claimed the International Pick-Up of the Year Award at an event in Lyon, France, two months before it reached UK showrooms.

Among the NP300's arsenal of features to fend off its rivals is a new five-link rear suspension system in the Double Cab version, which is said to improve on- and off-road capabilities, a 3,500kg towing capacity and a load bed that can carry a one-tonne payload.

Another key consideration, for business users in particular, is a service interval of 24 months or 18,000 miles, up from 12 months and 12,500 miles. This compares favourably to the competition, with the L200 demanding a service every 12 months or 12,500 miles.

The NP300 also comes with a five year, 100,000-mile warranty and Nissan's early marketing of the vehicle – which officially opened for orders in January – offered three years' free servicing.

The NP300 is available in two-door King Cab and four-door Double Cab form, with a choice of Visia, Acenta, Acenta+,



The truck can carry a one-tonne payload and is capable of towing 3,500kg



Nissan has made the cabin far less utilitarian

N-Connecta and Tekna specifications, with prices ranging from £21,995 to £29,095 for retail customers.

There is a choice of a turbocharged or twin-turbocharged versions of Nissan's 2.3-litre dCi engine, delivering 158bhp and 297lb-ft and 187bhp and 332lb-ft respectively, and the option of six-speed manual or seven-speed automatic gearbox.

Best-in-class fuel economy of 44.1mpg on the combined cycle and CO<sub>2</sub> emissions of 169g/km are identical for both engines in four-wheel-drive NP300s, but the £1,700 seven-speed automatic gearbox option sees those figures drop to 40.4mpg and, perhaps more significantly, CO<sub>2</sub> emissions rise to 183g/km.

Mitsubishi's L200 claims 42.8mpg fuel economy, the Isuzu D-Max 38.7mpg and Toyota Hilux 36.7mpg.

Jones claimed the NP300 would, on average, be £600-a-year cheaper to run than a Mitsubishi L200.

The NP300's performance figures, meanwhile, show 12-second acceleration to 62mph for the lesser powered model and 10.8 for the twin-turbodiesel, with top speeds of 107mph and 114mph.

Apart from the entry-level Visia King Cab, all versions of the NP300 can switch between two- and four-wheel-drive.

Nissan estimates that 95% of NP300 sales in the UK will

"The last Navara was a market leader and we have high hopes for this one"

Anthony Jones, Nissan

be Double Cabs and Jones said early orders suggested 90% of those sales will feature one of the top three specifications and the more powerful twin-turbodiesel engine. Owners of the better-specified cars will benefit from better residual values too, with a rate of 51% for the 187bhp Tekna Manual.

Nissan is trying to attract customers from outside the traditional commercial marketplace and the NP300's interior will be familiar to those who have experienced the Qashqai and X-Trail, with front seats said to be inspired by NASA research.

The cabin certainly feels less utilitarian and more accommodating and, while a drivetrain equipped with a locking differential and low-ratio gearbox tackled the worst of North Yorkshire's "green lanes", that new five-link rear suspension meant the new Navara handled on-road imperfections in a composed manner.

In terms of advanced safety equipment, there is forward emergency braking on all Double Cab models; and all models feature driver, passenger, side, knee and curtain airbags; electronic limited-slip differential; hill start assist and hill descent control (4WD models).

Standard on all NP300 Navaras are: air conditioning (4WD); Bluetooth telephone integration; steering wheel-mounted audio controls; a USB port; three 12v sockets; automatic headlights with 'follow me home'; with cruise control and a speed limiter on Double Cab models.

Keyless entry and engine starting and a five-inch touchscreen infotainment system is added from Acenta grade, while Acenta+ adds climate control and a reversing camera among its highlights.

N-Connecta adds a seven-inch touchscreen infotainment system with satnav and DAB radio, while Tekna introduces around-view cameras, rear parking sensors and leather trim among its premium equipment.

Referring to the NP300's specification, Jones said: "More and more retail buyers are coming to the pick-up segment as an alternative to SUVs, so we have to cater for their needs when it comes to driving pleasure, quality and equipment levels. We've learned a lot from our crossover vehicles and applied that to the NP300."

## SPECIFICATION

**Price** £21,995 to £29,095 (excl. VAT)

**Engine** 2.3-litre dCi diesel, 158bhp/187bhp

**Transmission** 6-sp manual, 7-sp automatic

**Performance** 0-62mph 10.8-12 secs, 107-114mph

**Efficiency** 40.4-44.9mpg, 167-183g/km CO<sub>2</sub>

**RV 3yr/60k** 46.3% to 51%

**Rivals** Mitsubishi L200, Ford Ranger, Volkswagen Amarok, Isuzu D-Max, Toyota Hilux

WHAT YOUR CUSTOMERS WILL READ ABOUT THE NISSAN NP300 NAVARA

### WHAT CAR?

If you do need off-road ability and carrying capacity, the NP300 Navara is one of the best pick-ups on sale; it really does narrow the gap between rough and ready pick-ups and road-biased SUVs.

### HONEST JOHN

Pick-up manufacturers are always keen to claim car-like qualities, but few ever really live up to the billing. The Navara is easy to use, predictable to drive and comfortable for long trips. In our view, it's the best pick-up on the market.

### AUTO TRADER

It delivers all the traditional strengths you'd expect of a robust pick-up and nicks quite a few tricks from its SUV cousins, making it the best top-end truck you can buy.

## HONDA CIVIC TOURER 1.6 I-DTEC EX PLUS

# A fast and friendly first service



Our first service experience at Marshall Honda went well

## SPECIFICATION

<b>Price</b>	£27,265
<b>Engines</b>	1.6-litre turbodiesel: 118bhp
<b>Performance</b>	0-62mph 10.5secs, top speed 121mph
<b>Transmission</b>	6sp man
<b>Efficiency</b>	72.4mpg, 103g/km CO <sub>2</sub>
<b>RV 3yr/30k</b>	40.6%
<b>Start mileage</b>	7,367
<b>Current mileage</b>	12,624
<b>Rivals</b>	Ford Focus Estate, Renault Megane Sport Tourer, Škoda Octavia Estate, Volvo V60

## WHAT'S BEING SAID ABOUT THE CIVIC TOURER

## AUTOCAR

Far from distorting the hatchback's design, it could be said that the estate offers the more balanced aesthetic of the two, and it's much more interesting to look at than rivals like the VW Golf estate and Škoda Octavia estate.

## THE SUNDAY TIMES

You really do have the devil's own job faulting it. It is beautifully made. It is spectacularly spacious. And if comfort is high on your list of priorities, you can't do better unless you buy a Rolls-Royce Phantom.

By Tim Rose

It's annual service time for our long-term test Civic Tourer. Over the past few weeks, the *AM* editorial team has racked up the miles on journeys between our base in Peterborough and numerous dealer group and manufacturer headquarters.

We have averaged about 1,000 miles a month since the 1.6-litre turbodiesel-engined estate car joined us in October, when it already had more than 7,000 miles under its belt. The 12,500-mile service interval was beginning to loom during the UK's busiest new car sales month, so we put in an early phone call to Marshall Honda of Peterborough to make the necessary arrangements.

In fact we put in a few calls, as the first one wasn't answered, even after two minutes. Thankfully, when we finally did get hold of the service desk, the process was as smooth and professional as we would expect.

The early call was fortunate. The booking we were able to make was for

"We put in a few calls, as the first one wasn't answered, even after two minutes"

three weeks later, even though we had no need for a courtesy car and requested a lift into work. Presumably, this was because the workshop was so busy in March with new car pre-delivery inspections and other customers' services.

On the day of the service, I dropped off the car at the dealership first thing as agreed – customer parking right in front of the showroom is a boon. A service receptionist quickly booked the car in, and advised me it would probably be ready by lunchtime.

Then, before I'd even taken a sip of a coffee in the customer lounge, a driver appeared, ready to go. He was more friendly and welcoming than any I've experienced before.

After barely two hours, the dealership

sent an SMS to my mobile, and a quick call back to the service receptionist confirmed the car was ready and the same driver would come to pick me up from the office as soon as I liked.

Arriving back at the dealership, and dropped off at the door, the invoice presented was as expected – Honda's website promotes a fixed price promise of £215 for the first annual service on turbodiesels. The service receptionist adequately explained the invoice and the car had been washed, vacuumed and ready to go.

This was our first service experience at Marshall Honda and the results were fine. In fact the speed of the service and the friendly driver were real credits to the business.

## Guess the car competition



Ben Brookbank, operations director of Gatwick Group, correctly identified the Kia Pride in last month's issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email [am@bauermedia.co.uk](mailto:am@bauermedia.co.uk) with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, May 13, 2016.







# HOW DID THE 16s GO? ARE YOU READY FOR THE 66s?

Did your current Valet supplier rise to the challenges of the new registration month? If not, make sure you are on the right route for 66 in September.

At Autoclenz we have got it covered. From our fully legal and compliant Operators, unmatched Account Manager coverage throughout the UK, to our first in the marketplace Autoclenz MI, providing the ultimate in service delivery management. Link our Valeting solution with Added Value services of Imaging, Cosmetic Repairs and Collection & Delivery and you could partner the best, partner Autoclenz. As proof we are the preferred supplier to 8 of the AM Top 10 Dealer Groups.

It's only a few months until September. Will you be ready? To be certain see how the difference is clear. Take Route 66 with Autoclenz.



[www.autoclenz.co.uk](http://www.autoclenz.co.uk)



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MAZDA2 1.5 SE-L NAV

# Mazda2 should shout about text-to-voice function



By Tim Rose

**R**ecent long-distance journeys in the Mazda2 have made me appreciate the infotainment technology fitted to this mid-trim supermini.

However, Mazda could perhaps promote it more effectively. One of its rivals, Seat, has recently been campaigning on TV and radio about the SMS-reading abilities of the infotainment system in the Ibiza, boosting its appeal to younger car buyers. However, all but the cheapest SE model of Mazda2 comes with an MZD-Connect system just as capable of reading smartphone text messages aloud, ensuring the driver is not distracted unnecessarily.

Another clever feature is the system's ability to quickly respond to an SMS sender from a choice of pre-programmed messages, such as

informing them you're driving and will call them later, or that you are 20 minutes away. Responding this way takes just four clicks of the multimedia commander on the car's central console, and it becomes intuitive to use after a couple of weeks with the car. The responses are listed on the car's 7in display, which is located high on the dashboard so to be easier to see and use, again minimising the risk of being distracted from the road ahead. As an alternative to responding by text, the driver can click once to call the contact over hands-free.

The MZD-Connect system has plenty of further conveniences, such as allowing the driver, once parked up, to edit the preset responses to their own requirements and store them, and compatibility with Aha internet radio. This allows users to access and organise their favourite content from the web into personalised on-demand stations. It can even connect through Aha with a user's Twitter and Facebook accounts.

In an age when consumers have become accustomed to instant gratification and always-on connectivity, Mazda needs to ensure its voice is being heard. The brand is already considering joining Toyota and Ford in adopting the open-source platform SDL for future vehicles, which would put even more apps at the Mazda buyers' fingertips.

## ADVERTISING FEATURE

## DIGGING DEEP INTO MOTOR FINANCE ELIGIBILITY

By James Tew, director, iVendi



Until now, detailed insight into motor finance eligibility factors has been something largely off-limits to car buyers and dealers – but a new tool we have just launched changes this picture completely.

Showroom Eligibility works for any dealer's whole panel of lenders and provides visibility into three key sections – credit rules, applicant rules and vehicle rules.

It is designed to be used by dealer and buyer together, looking at a wide range of different finance products with user control over the finance pricing. Where it appears that an applicant may be turned down, Showroom Eligibility provides guidance about the rejection factors, so that they can be potentially corrected or other products can be tried instead.

On one level, this product is a new way for dealers and buyers to look together at motor finance offers in the showroom, examining the potential benefits of each to find the best offer. It also provides accurate information about the likelihood of being approved for a specific finance application, something that provides reassurance for the buyer and also allows the sales person to use their time much more efficiently.

However, what we believe to be unique is the way in which this product creates, really for the first time, a means by which the dealer and buyer can dig down into the factors behind motor finance eligibility. Someone who looks as though they would be rejected will be provided with insight into why this is happening – which could be anything from the lender not being confident about the car they are buying through to their job role.

This creates a level of insight and potential control over the motor finance process that has never previously been available. Interest from dealers is already high.

■ **Showroom Eligibility is a new upgrade module for the new generation of the iVendi Platform, which was launched in January, and is designed to manage all aspects of dealer motor finance activity.**

## 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 5,338

Rivals Ford Fiesta, Vauxhall Corsa, Renault Clio, Peugeot 208



MEET | NETWORK | CELEBRATE | CONVERSE | SHARE

# The AM100 Dinner; the networking event of the year

The AM100 publication is the annual industry guide to the 100 largest dealer groups in the country, according to their company turnover.

In addition, the AM100 provides a detailed analysis of the state of the industry and looks at the key issues facing dealers and their customers.

The AM100 is an invaluable opportunity to meet friends and colleagues in the retail industry and be amongst the first to see the official unveiling of the new AM100 listing of UK automotive retail groups ahead of publication in AM.

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.



## D I N N E R

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## Ready to serve

Happy staff equals happy customers, so the saying goes. We look at how dealers can best motivate their workforce to provide exceptional customer service.

## AM Customer Service Summit report

Hints and advice from expert speakers at our recent event.

## Honda

The national sales company's UK goals have been revised downwards, explains managing director Phil Crossman, but it's determined to sell every car it can get.

## First drive: Jaguar F-Pace

The premium brand's first SUV is set to continue the dealer network's sales offensive.



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- Best Practice Sessions
- Seminars
- Finance & Insurance Theatre
- Keynotes

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