

# AM

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**SANDICLIFFE  
MOTOR GROUP / P24**

Ex-MD Reg Tutt and current  
MD, Richard Hobbs, on how  
to plan for succession

**HYUNDAI / P34**

Why chief executive Tony Whitehorn  
wants more from franchisee workshops

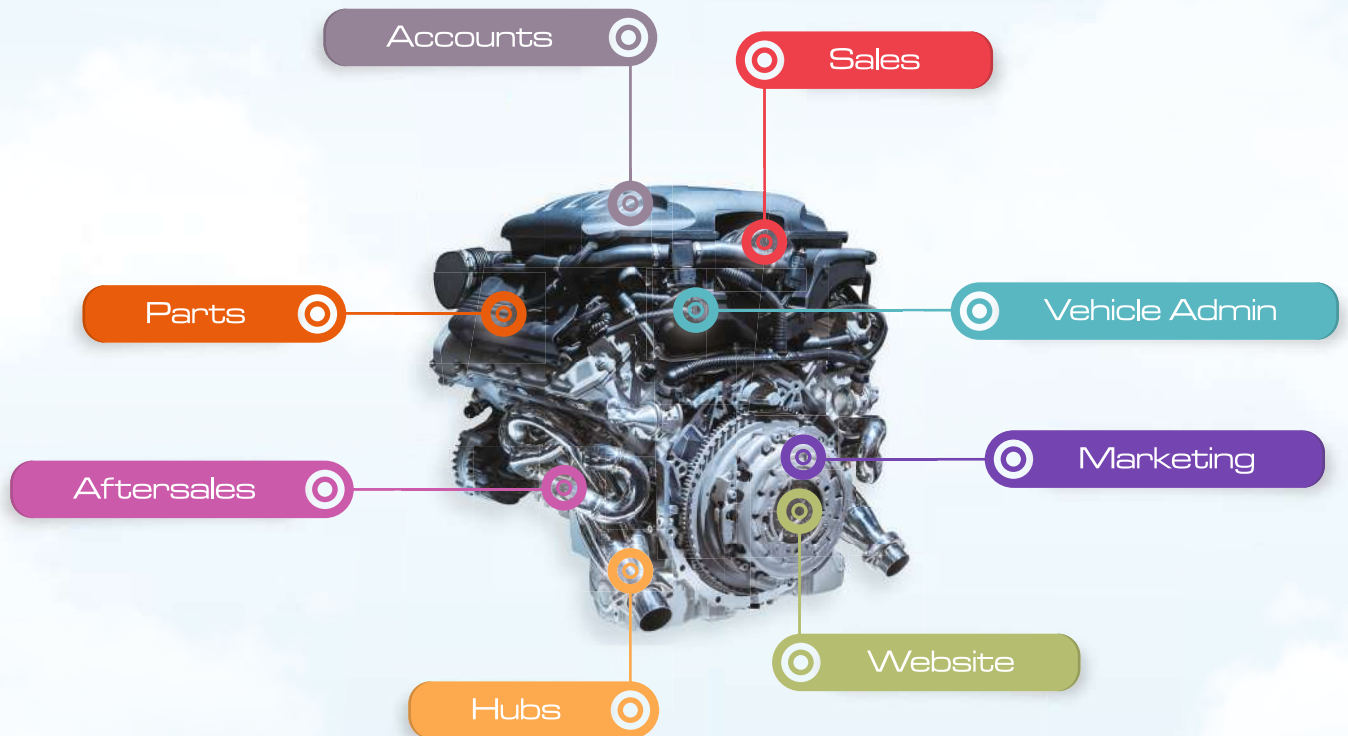
**SPREAD YOUR BETS / P41-53**

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**SIR ARNOLD CLARK 1927-2017 / P6**

# 'HE CHANGED HOW WE SELL CARS'

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# EDITOR'S LETTER

**A**s you read this, *AM* has begun collating the data for the 2017 AM100 listings of the UK's largest franchised dealer groups. When we did so last year, we asked the participating finance directors and managing directors whether they were for or against the UK leaving the European Union. A resounding 98% responded against, with many commenting that they feared it would be bad for their business.

So here we are. Not only has Theresa May invoked Article 50 and begun the formal process for a Brexit, but she has called a general election for June 8. The pound is still a lot weaker against the dollar and euro than it was prior to last June's EU referendum. And the newspapers pick up on any snippet that leaks from our Government or the EU.

But there has been no catastrophic news as yet that has driven your customers to tighten their purse strings, refinance their PCP balloon payment and cling tightly to the steering wheel of their three-year-old car for a few more years.

Britta Seeger, a board member of Mercedes-Benz Cars, recently told me she is concerned that media speculation surrounding Brexit's terms and impact isn't helpful, and that all any manufacturer importing cars into the UK could do was to wait and see. Of course, that doesn't mean Daimler's planners and analysts aren't modelling various scenarios so the business can adapt its strategy accordingly.

Dealers should be doing similarly – assess the risks, and prepare to adapt as necessary.

■ *AM* was saddened to hear of the death on April 10 of Sir Arnold Clark, who often featured on the pages and covers of the magazine. Read our news insight on how Sir Arnold 'changed the way we buy and sell cars' on Pages 6-7.



## MEET THE TEAM



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Motor  
Group

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# SIR ARNOLD 'CHANGED THE WAY WE BUY AND SELL CARS'

Colleagues, friends and competitors pay tribute to the late Sir Arnold Clark

**H**e was Britain's first billionaire car dealer; bought and raced a yacht once owned by Simon Le Bon and owned a 1950 Daimler coupé once driven by King George, but for Sir Arnold Clark, the work was more important than the trappings of wealth, said one of his closest friends and colleagues.

"Arnold was driven by pure work ethic. He never truly enjoyed the luxury life as you would imagine," said Glen Gall, who was the first salesman Sir Arnold hired and eventually rose to managing director of Arnold Clark Automobiles until his retirement in 1999.

Gall said he was deeply saddened by the death of the "close friend" who transformed a used car dealership in Glasgow's East End into the £4.36 billion turnover, fourth-placed AM100 retail giant it is today.

Sir Arnold died peacefully at his home in Killearn, on the banks of Loch Lomond, on the morning of April 10. The 89-year-old father of 10, grandfather to 17 and great-grandfather to eight, was surrounded by family at the time.

Gall said: "Arnold was a family man first and foremost. In many ways, he grew the business as a family, looking after his staff and targeting customer satisfaction and the return sale above all else.

"He was always a salesman, who knew from the start that he wanted to drive volume to give customers the best possible value."

"He told me recently that he'd never intended for the business to

get as big as it did, but his influence has always been at its core."

Gall is chairman of GTG Training, an organisation started by Arnold Clark Automobiles to create a path into the motor industry for the engineers and salesman of the future.

The 82-year-old likened Sir Arnold to Henry Ford, saying he was a "genuine innovator" who "changed the way we buy and sell cars".

"I'm not sure if we'll see the like of him again in this industry. He will be sadly missed – but he certainly leaves a strong legacy behind."

NFDA director Sue Robinson said Sir Arnold was "a truly inspirational leader and extremely well respected figure in the industry".

"He will be hugely missed and we send our condolences to his family and friends," she said.

Eddie Hawthorne, group managing director at Arnold Clark, said the best tribute the business could pay its former leader was producing a record set of results in 2017.

Like Gall, he said the man who brought him into the industry never aimed for the heights he achieved.

"He was never ambitious; he just had an unbelievable work ethic," said Hawthorne.

"He wanted to sell cars, make customers happy and secure his business."

Hawthorne said he experienced Sir Arnold's willingness to strike a quick deal early on.

"I remember the first time we met. I was a fresh-faced, non-grey-haired employee of the business's official auditor 30 years ago. On the day I finished, he said 'I'll see you next







The late Sir Arnold Clark: 'Arnold was driven by pure work ethic'

## THE BIRTH OF A MOTOR RETAIL LEGEND

The son of a steelworker, John Arnold Clark was born on November 27, 1927, in the Townhead district of Glasgow.

A keen entrepreneur from an early age, he had a paper round and sold vegetables grown by his father before becoming an apprentice shoe designer with the Co-Operative.

At 17, Sir Arnold was called up to the RAF. He excelled at motor mechanics and left the RAF as an NCO Motor Mechanics Instructor. Clark told *The Sunday Times*: "I was sitting there swotting while all the other boys were drinking beer. I was determined to get into the car business."

After leaving the RAF, he found it hard to find work as a mechanic. With £70 in demob money he bought a Morris Ten Four, which he sold for £150.

He opened his first showroom in 1954 in Glasgow's Park Road.

Glen Gall, his first salesman, recalls: "It was a modest set-up. Arnold and I would work 70 hours a week. He was a natural salesman. He had a great way with customers and didn't like to see anyone leave without making a deal."

In 1959, Sir Arnold got his first new car concession with Morris cars, but the business still prioritised its used operation.

The business's ratio of new to used cars is still greater than 1:2 (83,813 to 175,526 in 2015).

In 1963, he teamed up with Lombard to launch a finance arm



Arnold Clark and Glen Gall, his first salesman and eventually MD of Arnold Clark Automobiles

(Arnold Clark Finance). It coincided with taking on Jaguar and Daimler franchises that took the business to five sites.

Soon, Arnold Clark Automobiles extended into the rental market. Fifty years on, the business has a fleet of more than 5,500 vehicles throughout the UK.

By the 1980s, Arnold Clark Automobiles had become Scotland's largest car retailer and expansion into England followed with an initial site in Liverpool.

The business now employs 11,000 people, has 800 apprentices on its books and claims to be Europe's largest independently owned car retailer.

In 2004, Clark was knighted by

the Queen in recognition of his services to the motor industry and the Scottish community.

A decade later, the business celebrated its 60th year with a record turnover of £3.2 billion.

The figure ensured that Clark became the UK's first billionaire car dealer, featuring 114th in *The Sunday Times Rich List* in 2016.

This summer, the business will announce a record turnover of £3.6bn for 2016.

The business has been a regular winner in the AM Awards, securing best retail group (more than 10 sites) in the 2017 awards and winning retailer of the year in 2016, 2014 and 2013. Sir Arnold was inducted into the AM Hall of Fame in 2006.

year'. I said 'no you won't, I'm looking to get out of the profession and into industry'. He said 'come and work for me'.

"He dealt with me right there, on the spot. After 20 minutes, I was working for Arnold Clark. That's the kind of character he was. Not ambitious as such, but he had a great work ethic and when he saw something that he wanted to get done he would get it done right there and then."

Sir Arnold's desire to get things done famously saw him hold board meetings at the business' old Pollokshields headquarters on Monday evenings to avoid interfering with the day's trading.

Hawthorne described his boss as

a "real gentleman" and said he valued the regular visits he made to his home for catch-ups.

"He was an encyclopaedia of knowledge that was absolutely priceless. He had a fantastic instinct for business.

"His influence on the business was always there and that will certainly continue. I've always understood that this is his train set and I'm merely driving it."

Sandy Burgess, the chairman of the Scottish Motor Retail Association, was a contemporary of Sir Arnold's and sat on the Ford dealer council with him.

He said: "I was trying to grow my business at the same time as Arnold Clark, operating as a Ford and

Peugeot dealer, but the way that business has led the way in many areas and evolved – especially as it got bigger – was remarkable. That was down to Arnold.

"He really was an inspiration and transformed the motor trade.

"From the start, he knew he wanted to push volume, buy bulk to achieve value. He knew that to add a fleet operation and push that back through the used car channels was the way to go and that's the model that so many people use now.

"Despite all the growth and the acquisitions, it is still hard to find a bad word said by those who met the man. He always had time for people and simply knew the industry inside and out."

I'M NOT SURE IF WE'LL SEE THE LIKE OF HIM AGAIN IN THIS INDUSTRY. HE WILL BE SADLY MISSED  
GLEN GALL, GTG TRAINING

# ELECTION MAY POSTPONE DIESEL SCRAPPAGE SCHEME

Government incentives to scrap most-polluting vehicles unlikely to be revealed before summer

**P**lans for a diesel scrappage scheme may be shelved after Prime Minister Theresa May's decision to call a snap general election.

Officials in the Department for Transport and the Department for Environment, Food and Rural Affairs (Defra) had been expected to formally announce the scheme within the Government's air quality plan, which the High Court ruled must be published by April 24.

However, May's decision to take Britain to the polls on June 8 means the plan is unlikely to get the go-ahead before the summer and there may be other barriers for dealers hoping to cash in.

Leading a debate on the issue in the House of Commons, Neil Parish, the Conservative MP for Tiverton and Honiton, suggested scrappage payments could be used to entice motorists to other transport types.

Parish said: "It could include a public transport ticket, a car club membership or rail season ticket or cleaner transport, like a new bicycle."

Government plans to take the most polluting diesel vehicles off the road follow the European Commission issuing a final warning to the UK for

failing to address levels of nitrogen dioxide (NO<sub>x</sub>), a pollutant that officials say caused nearly 70,000 premature deaths in Europe in 2013.

A diesel scrappage scheme may be similar to the 2009 initiative, which saw owners of older vehicles offered a £2,000 incentive, half of it supported by a manufacturer discount.

The Treasury indicated the new scheme would have a £500 million budget, with priority given to motorists in the areas most affected by poor air quality – London, Sheffield and the West Midlands, according to Defra.

Paul Brayley, the managing director of Brayley's Cars – which has sites in Harpenden and Grays – near the M25's busy Dartford Crossing – said he would welcome a scrappage scheme.

"Anything that drives footfall into the dealership is good news and with scrappage there is always the added bonus that those incentivised are people with older cars that might not otherwise look to buy a new car – driving incremental business," he said.

However, Brayley said he had concerns about the effect on the residual values of current diesel cars: "I think there needs to be a little more education about just how far



**MOTORISTS WERE ENCOURAGED TO MOVE TO DIESEL THROUGH CHANGES TO THE DIESEL TAX SYSTEM**

**NEIL PARISH, MP**

things have come and how clean Euro 6-compliant diesels are now."

Hyundai and Kia were among the biggest beneficiaries of the 2009 scrappage scheme.

In the three months after its introduction, Hyundai took on 20% more staff as sales of its i10, i20 and i30 models soared, culminating in a 322% rise in August sales.

Hyundai is currently the only manufacturer to produce a single model with hybrid, plug-in hybrid and EV powertrains (Ioniq) and a hydrogen fuel cell vehicle (ix35).

Tony Whitehorn, Hyundai UK's president and chief executive, said: "I personally believe if there was a scrappage scheme it would be good for the environment and the industry, but I appreciate that it is very

expensive for the Government."

It seems inevitable that the Government will have to take some form of action to appease diesel vehicle owners who become subject to stringent new legislation.

Toxin taxes, including a £20 daily tax for diesel drivers entering 35 UK cities, have been discussed by MPs and diesel drivers face a £10 charge for entering London at peak times from October 23.

Philip Hammond, the Chancellor, confirmed that "appropriate tax treatment" for diesel vehicles would be considered before the next Budget.

Many have argued that the NO<sub>x</sub> issue is a direct result of previous governments' incentivisation of diesel cars to lower CO<sub>2</sub> emissions.

Uptake of diesel rose from 20% of UK sales in 2005 to 37.8% in 2015.

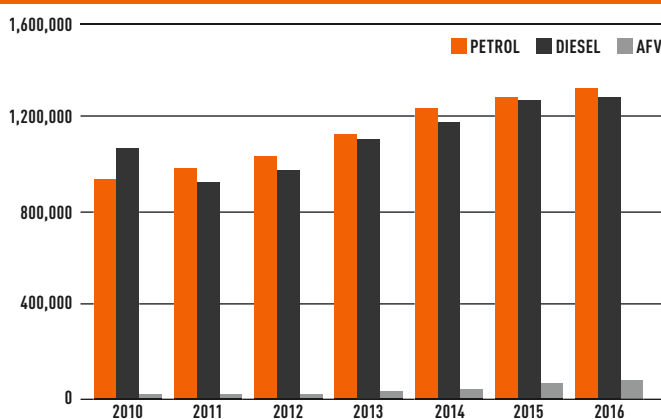
In 2016, a record 1.3 million new diesel cars were registered – up 0.6% on 2015 – and in March, more diesels were registered than any other month in history (244,263).

"I think everyone knows how we got to this point," said Neil Parish.

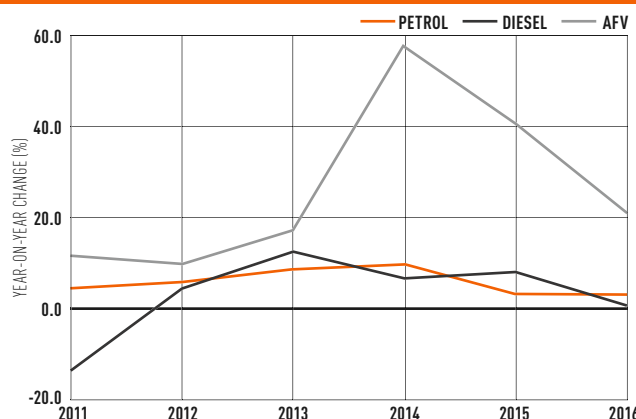
"Motorists were encouraged to move to diesel through changes to the diesel tax system.

"We now know that this was a mistake." **TOM SHARPE**

▶ TOTAL PETROL, DIESEL AND AFV REGISTRATIONS 2010-2016



▶ YEAR-ON-YEAR CHANGE IN PETROL, DIESEL AND AFV REGISTRATIONS 2011-2016



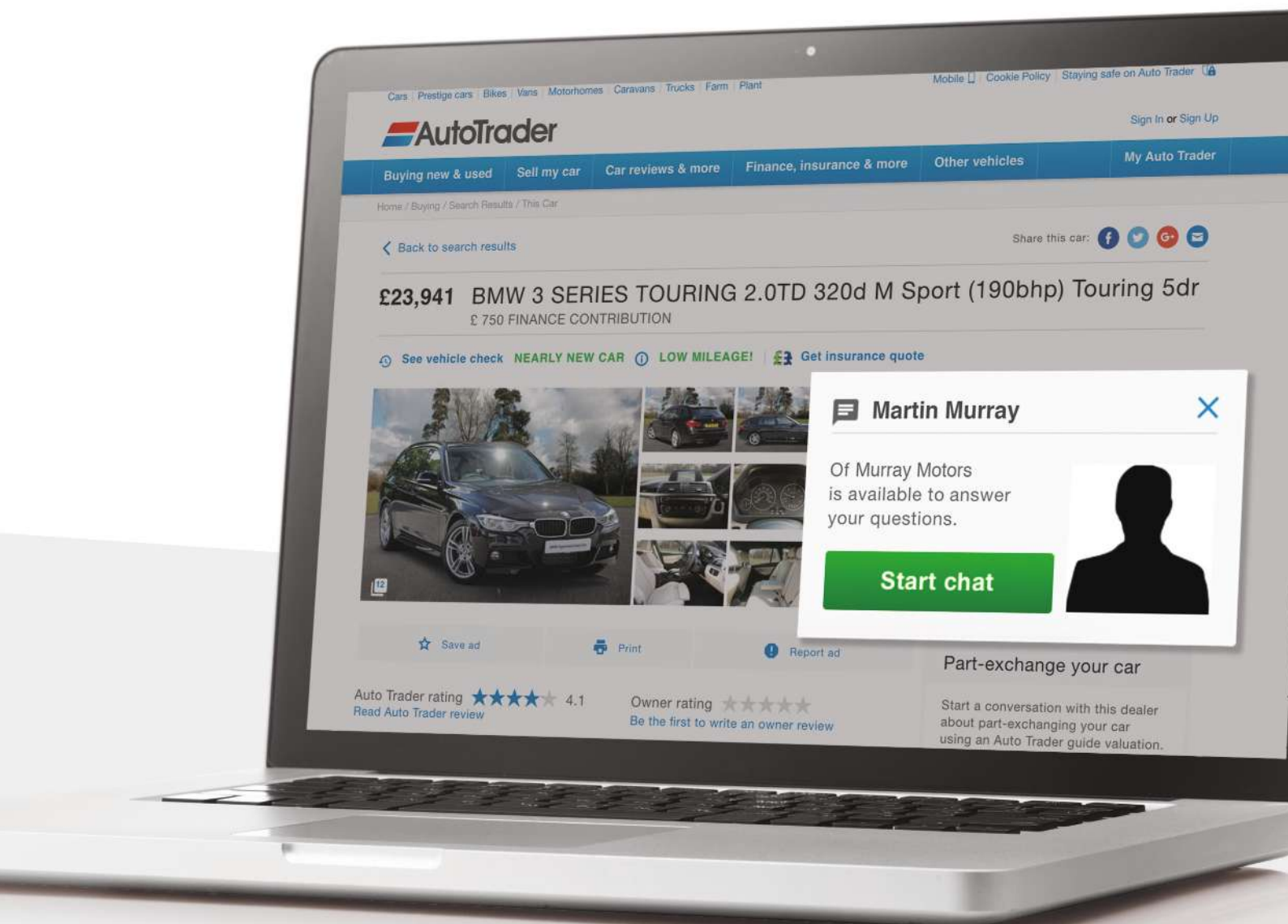




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ADVERTISING FEATURE

# Dropdowns vs sliders – and other UX issues

By James Tew, CEO, iVendi



The user experience – or UX – dominates a lot of the discussions we have at iVendi. The thinking is that the slicker and easier we can make the online motor finance process, the more likely the customer is to take that journey.

As part of those conversations, we can become a little fixated on what may seem like insignificant decisions. One is the whole topic of sliders versus dropdowns. This simply means that, where faced with a choice, do users want to drag a slider or choose from a dropdown menu?

To those outside the industry, such discussions can seem a little arcane, but the fact is that small changes often have quite a dramatic impact on the user's reaction. Just moving a button or a picture on a web page can exponentially affect the click-through rate, perhaps by a factor of three or more.

Now that the majority of online dealer interactions happen on mobile devices, mainly smartphones, the whole area of UX appears to have become even more acute. Delivering optimum usability on a small screen is a genuine challenge, but we are gathering information rapidly about what works best, and believe that we are leading our sector in this area.

In fact, our UX team probably knows more about maximising the overall online motor finance journey than anyone. They often sit down with dealers and lenders and are able to provide ideas – sometimes small, sometimes radical – that have a significant effect on the levels of success being achieved. It is a key part of the iVendi offering.

Oh, and just for the curious, we went with both sliders and dropdowns – a decision that seems to be working for users and, ultimately, dealers.

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# THIS MONTH'S NEWS HIGH

MAR

22nd

## PCP TERMINATIONS 'ON THE RISE'

G3 Remarketing said it has seen a 35% increase in the number of cars going through its auctions that were subject to the early voluntary termination of PCP and HP agreements. Matt Dale, director, said: "People are simply changing their cars more often and don't want to be held back by finance agreements."



## £1.7M BONUS FOR PENDRAGON TRIO

Pendragon has awarded chief executive Trevor Finn 2.4 million shares under its long-term incentive plan. The award was worth about £825,000 (at a share price of £0.3421 at the time of the move). The same vesting process also saw chief operating officer Martin Casha and finance director Tim Holden receive 1.45m and 1.15m shares respectively.

23rd

## HONDA FINED £13,000 FOR 'ILLEGAL' MARKETING EMAILS

Honda Motor Europe was fined £13,000 by the Information Commissioner's Office after breaching data protection laws by sending almost 290,000 "illegal" marketing emails. The ICO said the firm had believed the emails were not classed as marketing as they sought to clarify consumer's position on receiving future marketing material.

27th

## FORD EXPANDS VIGNALE TO WHOLE NETWORK

Ford has announced that it will introduce the Vignale premium range throughout its network this year as part of plans to boost sales following the launch of a Fiesta hatchback to the line-up. All 466 Ford retail sites could potentially stock Vignale as a result of the decision to introduce the £19,345 Fiesta.



29th

**SMMT URGES EU DEAL TO AVOID £1,500 PRICE RISE ON CARS**  
SMMT chief executive Mike Hawes told the Government to make a trade deal with the EU to avoid World Trade Organisation tariffs that could add £1,500 to the price of a new car. Hawes said triggering Article 50 had "started a race against time" to secure a deal that safeguards the future of the UK automotive industry.



## SURVEY REVEALS BEST DEALERSHIPS

Boongate Kia, JT Hughes Honda and Twells in Billingham got an equal high score of 9.4 out of 10 to top a poll of the UK's 1,000 best dealerships compiled by Auto Express and Driver Power. Brian Walters, from Driver Power, said: "Identifying the top dealers was no small task."





## JENNINGS GROUP MD NAS KHAN MADE AN OBE

Jennings Group managing director Nas Khan has been made an OBE by HRH The Prince of Wales during a visit to Buckingham Palace. Khan was appointed an Officer of the Order of the British Empire for his charity work and contribution to the economy. He said: "I am very humbled and extremely honoured."



## DESIRA GROUP ACQUIRES MR KING AND SONS

Desira Group has acquired MR King and Sons Peugeot and Suzuki in Lowestoft. The dealership at Horn Hill increases the PLC's total number of branches to nine and employees to 254. Suzuki is a new franchise for Desira, while the acquisition doubles its Peugeot representation to two dealerships.

## COX AUTOMOTIVE LAUNCHES INCADIA DMS IN UK

Cox Automotive has launched its Incadia dealership management system (DMS) system in the UK. The DMS is already in use in 90 countries and claims to be the first available to UK dealers that boasts "full third-party integration".



## FIAT CRITICISED FOR THREE-STAR EURO NCAP RESULTS

Fiat's Doblo scored three out of five stars in the latest Euro NCAP safety rating blow for the manufacturer, which followed three-star ratings for the Tipo and 500. Following the result, Matthew Avery, director of research at Thatcham Research, said Fiat was doing the "absolute minimum from a safety perspective"

APR

4th

5th

10th

12th

## ADVERTISING FEATURE

# How to get employees loving video

By Andrew Howells, founder, CitNOW



At one time, we were told it takes 21 days to turn an action into a habit – a spurious view from a 1960s plastic surgeon who claimed it took amputees three weeks to adjust to the loss of a limb and therefore the same could be said of any major change. Self-help culture tends to go for the 28-day rule. Then, in 2009, some psychologists undertook a study to calculate the length of time it took to adopt new habits such as eating fruit or jogging and they concluded it took 66 days\*.

With this in mind, asking your sales executives and technicians to adopt new practices such as creating and sending personal videos can seem like an uphill battle.

**With integrating videos... the results are instant**

When it comes to joining a gym or dieting, many of us give up soon after the initial excitement wears off. However, those who succeed keep going no matter what. When they see significant results, it motivates them further until lo and behold, their new ways have become habits.

It's the same with integrating videos into the business, with one massive exception. The results are instant, there is no waiting required. Send the personal video, sell the car or upsell the red work.

Other factors can, of course, help. Regular training, management support, group expectation and group-wide recognition and focus. The bigger the buy-in from upstairs, the better the results.

\*Source: The Guardian

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## NEW CAR REGISTRATIONS

# FIVE GO HEAVY ON FLEET (AGAIN)

Fleet again props up the market as just five brands account for 80% of 48,236-unit rise in first-quarter registrations

**D**espite warnings of an overall market decline this year, new car registrations were up more than 48,000 units (6.2%) in the first quarter of 2017, compared with the same period last year. This may be due to marketing campaigns highlighting the chance to beat the arrival of the new VED regime. However, just five brands accounted for 80% (38,896) of the increase.

There were 12 brands whose Q1 registrations fell year-on-year. The five that suffered the largest decline caused a 17,999-unit deficit. Four of those five brands were within the same carmaker group.

## THE RISERS

Out in front were Ford, with a 10,627-unit increase, and Nissan, up 9,507. However, the mainstream brands were not the only ones on the up – the third-largest growth was achieved by Mercedes-Benz, up 7,598 cars, and Land Rover's registration volume increased 5,621 units. That result was narrowly ahead of fifth-largest grower Kia, up 5,543.

As the graphic on the right shows, Ford's biggest source of growth was in fleet, up 9,049 extra cars. The Fiesta, due for replacement this year, represented 4,998 of those, and as the majority registered were petrol Fiestas, it suggests there were plenty of discounted sales to rental and bodyshop

courtesy car channels. In contrast, Fiesta volumes declined in the retail market by 3,120 units – Ford's retail growth of 1,578 extra cars came mostly from the Focus, Kuga and EcoSport.

That was a good thing, according to Andy Barratt, Ford of Britain chairman and managing director. He said: "Ford's long-standing market leadership is being consolidated by the strength of our more profitable retail sales and is testament to our continued investment in exciting products and industry-leading technology that customers are choosing."

Nissan also increased its fleet registrations, which accounted for 8,530 of its total 9,507-unit rise. Qashqai and X-Trail accounted for the biggest rises of 3,378 and 2,837 respectively, while Micra's 2,305 registrations were treble its Q1 2016 performance.

Nissan's modest retail growth of 977 units was largely due to Juke and the Leaf EV, whose combined 2,734-unit gain offset a 33% drop in Qashqai retail orders.

At Mercedes-Benz, only its E-Class, CLA-Class and SLC-Class registrations did not increase in Q1. Its broad rise perhaps demonstrates that it was cautious not to put too much stress on any one model range. The 7,958 extra cars split into 4,904 units in fleet and 2,694 units in retail, and the C-Class range led the volume charge in both markets, with 1,923 more registrations in fleet and an additional 2,752 in retail. Its entry-level A-Class held flat in retail, but grew in fleet by 1,145 units, while its B-Class slipped slightly in fleet (by 74 units) but made up for it in retail, with a 365-unit rise.

Land Rover's growth was strongest in fleet (an extra 3,197 units, more than half its total increase), however almost 60% of all its 29,739 Q1 registrations were in the retail market.

Kia achieved gains of 1,578 in the retail market, as the Rio hatchback gained momentum since its February launch and the Sportage SUV's popularity continues. However, that performance was outweighed by a 3,965-unit boost to fleet registrations, where every model line posted an increase.

Interestingly, while Toyota wasn't a top performer for overall growth, it was the strongest brand in retail in Q1, up 3,036 cars to 20,346 retail units.

Its success was achieved by what appears to be

## HOW FORD'S Q1 REGISTRATIONS GROWTH

9,049 FLEET

Fiesta Kuga Others Focus

## FLEET YOY REGISTRATIONS CHANGE Q1 2017



a balanced approach, making relatively small gains in almost all of its individual product lines, especially Verso (up 559 units), Auris (up 261 units) and Rav-4 and Prius (up 175 and 172 units respectively).

## THE FALLERS

Coinciding with PSA Group's decision to buy Opel/Vauxhall, it seems abysmal timing for the group's enlarged family of Peugeot, Citroën, DS and Vauxhall to all suffer a decline in Q1 trading.

SMMT data shows 5,362 of Vauxhall's overall 8,299 decline in registrations were in the retail market. This could bring worry or joy to Vauxhall dealers, depending on their outlook. Those who have been flooded with pre-registrations and other

RISERS AND FALLERS			
Risers	Q1 2017	Q1 2016	Volume change
Ford	104,524	93,897	10,627 (+11.3%)
Nissan	53,350	43,843	9,507 (+21.7%)
Mercedes-Benz	54,837	47,239	7,598 (+16.1%)
Land Rover	29,739	24,118	5,621 (+23.3%)
Kia	29,705	24,162	5,543 (+22.9%)
Fallers	Q1 2017	Q1 2016	Volume change
Mazda	15,169	17,191	-2,022 (-11.8%)
DS	3,211	5,284	-2,073 (-39.2%)
Peugeot	28,393	30,991	-2,598 (-8.4%)
Citroën	18,347	21,354	-3,007 (-14.1%)
Vauxhall	66,733	75,032	-8,299 (-11.1%)

# WE'LL HELP YOU GET THERE



## SPONSOR'S COMMENT



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

The first part of 2017 has reflected the thoughts of many, that new car sales

would remain resilient overall. However, the industry is anticipating a dip in sales soon, partially driven by excise duty changes, and we have already noted a decline in sales of diesel engines.

It is likely that businesses and consumers understand the long-term implications of a diesel engine – increasing road tax costs, higher emission rates and the potential introduction of additional low emission zones across the UK. Consumers appear to be mitigating their future risk.

Consumers may also see PCP as a risk, given the recent press coverage we have seen on the subject, questioning the increased borrowing that often comes with the way it is structured. However, PCP should not be seen as such, and its use has been fundamental to the strength of the sector over the past few years. It is essential that dealers explain it fully, so customers genuinely understand the agreement and the options that will be available at the end of it. Doing so helps customers make an informed decision on its suitability based on its unique features and the value of their agreement.

Provided this clear and transparent explanation is given at the point of sale, and provided finance houses carry out appropriate affordability checks, lending responsibly and keeping a balanced approach to risk and guaranteed future values, PCP will remain a genuine and attractive option for customers.

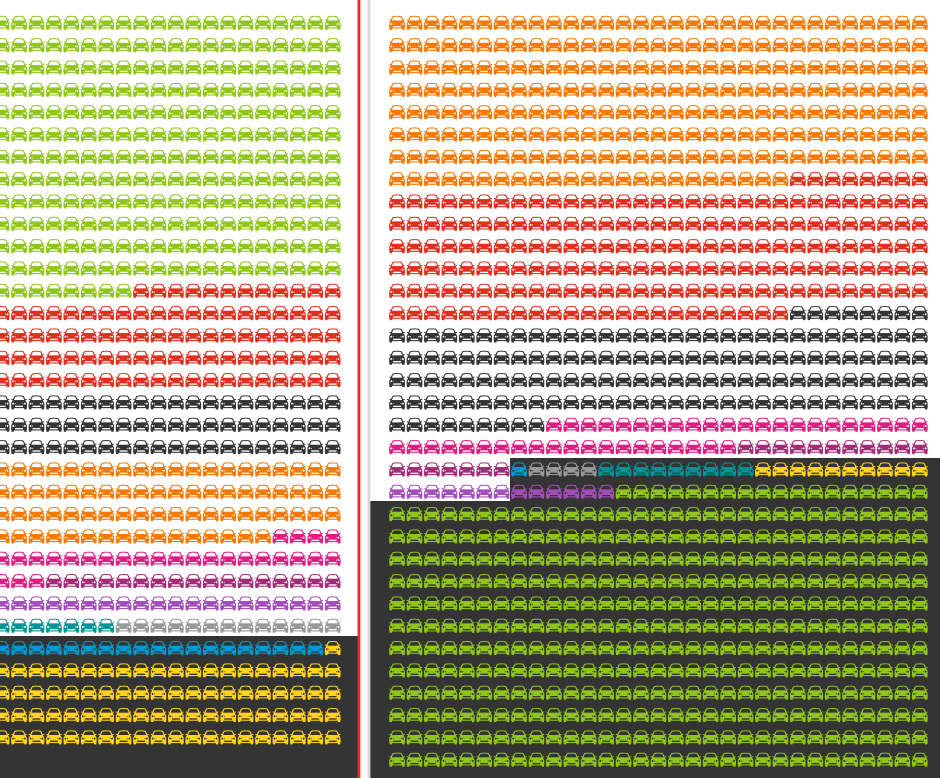
At a time when consumers are increasingly using the internet for researching or indeed for buying their next car, this detailed explanation of finance options available offers another reason for a physical visit to the dealership. The ability to ask questions and talk in detail to another person about choices of financial agreement before signing up should not be underestimated and dealerships should be prepared to help customers with this.

## BREAKS DOWN

1,578  
RETAIL

 EcoSport  Ka  S-Max  Galaxy  C-Max  B-Max  Mondeo

### RETAIL YOY REGISTRATIONS CHANGE Q1 2017



**FALLING REGISTRATIONS: THE MONDEO'S DECLINING VOLUME IN THE FLEET MARKET WAS OFFSET BY A LARGE INCREASE IN FIESTA SALES. IN RETAIL, THERE WAS A DRAMATIC FALL IN FIESTA REGISTRATIONS** (SOURCE: SMMT)

nearly-new stock as the carmaker pushed cars into the network in 2016 may welcome some relief. However, its drop in market share to 8.1% may concern those already uncertain as to what strategic change its new French owners may bring.

Those French owners are already facing their own challenges. Peugeot's UK registrations drop spanned every model line except its 2008 and 3008 crossover SUVs. In the retail market, its volumes actually

increased by 544 units thanks to the 3008, ensuring retail share held flat at 3.8%. However, its fleet registrations dropped 3,142 as only the 2008 achieved a positive result.

DS registrations slumped in both the fleet and retail markets – the former by 1,249 units and the latter by 701 cars. The DS4, launched only 18 months ago, declined by two thirds overall to 304 units after volumes plunged 80% in fleet and 38% in retail.

There was some good news for Citroën dealers, however. Its Q1 decline was purely in the fleet market, where it lost 3,130 registrations. Its retail performance was actually up 510 units from Q1 2016, at 9,069 registrations, thanks to strong demand for the new C3. **TIM ROSE**

## NEW CAR REGISTRATIONS

# Market braces for rockier April after record March

More than half a million new cars were registered in March 2017, setting a new record, as carmakers sought to get customers into new vehicles ahead of the punitive new VED regime, which started on April 1.

The month's market ended with 562,337 registrations, up 8.4% on March 2016's 518,707 units. Demand from companies led the growth, with fleet registrations up 12.6% at 261,930 units and business registrations 11.9% ahead at 26,656 units.

The private market rose 4.4% to reach 273,751 units.

Mike Hawes, SMMT chief executive, said:

"These record figures are undoubtedly boosted by consumers reacting to new VED changes, pulling forward purchases into March, especially those ultra-low emission vehicles that will no longer benefit from a zero-rate fee.

"This bumper performance probably means we will see a slowdown in April, exacerbated by the fact there are fewer selling days this year given Easter timing. Looking ahead to the rest of the year, we still expect the market to cool only slightly given broader political uncertainties as there are still attractive deals on offer."

## 1 MERCEDES-BENZ

Registrations of its C-Class totalled 9,471 units in March, as the three-pointed star featured in the top 10 most in-demand. During Q1, the C-Class in high-spec AMG-line guise was being marketed on a 5.1% APR PCP costing £355 per month after a £4,999 deposit or trade-in. That was only £46 per month more than a Vauxhall Insignia SRI VX-line.

## 2 LAND ROVER

Demand for the Discovery Sport has helped it to overtake the Evoque as Land Rover's fastest-selling car of all time in the UK. It contributed 7,239 of the brand's 22,534 registrations in March.

## 3 MAZDA

The Japanese brand suffered a 2.8% drop in registrations in March. Its popular CX-5 SUV is due for a mid-life refresh this summer, which will give the dealer network another boost, following Mazda's latest launch, the MX-5 RF (see our long-term test on page 88).

Marque	March					Year-to-date				
	2017	% market share	2016	% market share	% change	2017	% market share	2016	% market share	% change
Ford	71,837	12.77	60,349	11.63	19.04	104,524	12.75	93,897	12.17	11.32
Vauxhall	46,564	8.28	51,902	10.01	-10.28	66,733	8.14	75,032	9.72	-11.06
Volkswagen	39,485	7.02	38,694	7.46	2.04	59,778	7.29	57,443	7.44	4.06
Nissan	36,939	6.57	28,489	5.49	29.66	53,350	6.51	43,843	5.68	21.68
1 Mercedes-Benz	35,690	6.35	30,243	5.83	18.01	54,837	6.69	47,239	6.12	16.08
BMW	34,873	6.20	32,470	6.26	7.40	49,481	6.03	46,495	6.02	6.42
Audi	30,867	5.49	30,483	5.88	1.26	47,780	5.83	47,380	6.14	0.84
Toyota	24,508	4.36	21,481	4.14	14.09	35,039	4.27	30,788	3.99	13.81
2 Land Rover	22,534	4.01	18,234	3.52	23.58	29,739	3.63	24,118	3.12	23.31
Peugeot	19,168	3.41	20,209	3.90	-5.15	28,393	3.46	30,991	4.02	-8.38
Renault	19,014	3.38	17,866	3.44	6.43	25,126	3.06	23,959	3.10	4.87
Kia	18,801	3.34	16,207	3.12	16.01	29,705	3.62	24,162	3.13	22.94
Hyundai	18,460	3.28	16,802	3.24	9.87	27,856	3.40	25,368	3.29	9.81
Skoda	13,655	2.43	12,527	2.42	9.00	22,322	2.72	20,422	2.65	9.30
Citroën	12,977	2.31	13,734	2.65	-5.51	18,347	2.24	21,354	2.77	-14.08
Mini	12,942	2.30	12,526	2.41	3.32	17,267	2.11	16,178	2.10	6.73
Fiat	12,930	2.30	13,190	2.54	-1.97	17,577	2.14	18,665	2.42	-5.83
Honda	11,635	2.07	13,139	2.53	-11.45	17,771	2.17	19,709	2.55	-9.83
Seat	11,200	1.99	8,677	1.67	29.08	16,782	2.05	13,390	1.73	25.33
3 Mazda	11,178	1.99	11,499	2.22	-2.79	15,169	1.85	17,191	2.23	-11.76
Volvo	9,710	1.73	7,488	1.44	29.67	13,582	1.66	11,508	1.49	18.02
Jaguar	9,571	1.70	5,659	1.09	69.13	13,134	1.60	8,680	1.12	51.31
Suzuki	8,602	1.53	7,943	1.53	8.30	13,951	1.70	11,545	1.50	20.84
Dacia	5,773	1.03	5,274	1.02	9.46	8,206	1.00	7,453	0.97	10.10
Mitsubishi	3,421	0.61	4,340	0.84	-21.18	5,104	0.62	6,585	0.85	-22.49
Lexus	2,888	0.51	3,104	0.60	-6.96	3,894	0.47	4,337	0.56	-10.21
Porsche	2,848	0.51	2,293	0.44	24.20	3,737	0.46	3,326	0.43	12.36
DS	2,183	0.39	3,388	0.65	-35.57	3,211	0.39	5,284	0.68	-39.23
Smart	2,172	0.39	1,900	0.37	14.32	3,217	0.39	2,837	0.37	13.39
Jeep	1,807	0.32	2,597	0.50	-30.42	2,762	0.34	3,746	0.49	-26.27
Alfa Romeo	1,239	0.22	1,139	0.22	8.78	1,719	0.21	1,608	0.21	6.90
Infiniti	985	0.18	392	0.08	151.28	1,285	0.16	524	0.07	145.23
SsangYong	956	0.17	970	0.19	-1.44	1,359	0.17	1,383	0.18	-1.74
Abarth	948	0.17	714	0.14	32.77	1,301	0.16	1,027	0.13	26.68
MG	749	0.13	576	0.11	30.03	1,065	0.13	992	0.13	7.36
Subaru	706	0.13	704	0.14	0.28	932	0.11	985	0.13	-5.38
Maserati	429	0.08	214	0.04	100.47	640	0.08	327	0.04	95.72
Aston Martin	425	0.08	186	0.04	128.49	645	0.08	274	0.04	135.40
Bentley	358	0.06	290	0.06	23.45	581	0.07	458	0.06	26.86
McLaren	74	0.01	0	0.00	0.00	137	0.02	0	0.00	0.00
Lotus	39	0.01	32	0.01	21.88	88	0.01	87	0.01	1.15
Other British	106	0.02	106	0.02	0.00	175	0.02	169	0.02	3.55
Other Imports	1,073	0.19	675	0.13	58.96	1,697	0.21	1,018	0.13	66.70
Total	562,337		518,707		8.41	820,016		771,780		6.25

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## CONSUMER TRENDS

# Shout more about your strengths to beat independents, NFDA tells franchised dealers

Dealers must do more to overcome negative perceptions on service pricing, says Mark Squires

**F**ranchised dealers need to be more vocal about what they are good at to battle persisting negative consumer perceptions over service pricing, according to NFDA chairman Mark Squires.

The NFDA's Consumer Attitude Survey Spring 2017 found that 41% of respondents believe independent garages represent good value for money, compared with just 20% for franchised dealers.

Squires said: "We don't know how independents justify claims around being cheaper with the data that we see, but there is clearly a perception gap. Perhaps we as franchised dealers haven't done enough to shout about what we're good at and what we can offer."

The survey polled 1,000 car buyers, statistically weighted from across the UK, who own a car up to seven years old. Squires said the NFDA intends to conduct it every six months.

## 'COMPARING APPLES AND ORANGES'

"Part of the problem is that when you put a franchised dealer and an independent side by side, you're comparing apples with oranges, but in consumer's minds they think they're comparable," said Squires.

He said franchised dealers offer highly qualified and trained technicians who have

**“WE’VE GOT A JOB TO PUT ACROSS THE FULL QUALITY OF A FRANCHISED DEALER’S OFFERING**

**MARK SQUIRES, NFDA**



up-to-date knowledge on how to repair vehicles, while independents will not have the same access to technical expertise.

He said: "With a franchised dealer, you're getting software updates, predictive repairs based on diagnostics in this age of ever-increasing vehicle electronics, which is something you're not getting with the independents."

"We've got a job to put across the full quality of a franchised dealer's offering."

Competitive rates for small repairs and parts replacements were the biggest thing that would convince customers (39%) to use a franchised dealer for aftersales, while 'tell me what they can do' was the thing that would least convince them, at 12%.

This highlights the uphill struggle the sector faces in explaining to customers the added elements a franchised dealer can provide.

Squires welcomed the good scores for

franchised dealers around being professional (49%), knowledgeable (46%) and offering good customer service (43%). Only 20% of customers would describe independents as professional or 27% as knowledgeable. However, there is only a 5% gap in the perception of good customer service between franchised dealers and independents.

Customer satisfaction was high across the industry, with independent garages scoring the highest at 87%. However, franchised dealerships and non-franchised national chains still score highly for satisfaction at 80% and 72% respectively.

## LABOUR RATE 'IS A RED HERRING'

Squires said the debate about more expensive labour rates was a "massive red herring":

"If the independent charges £50 an hour and the franchised dealer charges £80, but the independent takes twice as long because they don't have the latest technical expertise, what does the labour rate even mean?"

The NFDA's data showed that perceptions of franchised dealers change if a consumer has used one in the past two years, with improvements across all perception areas tracked.

However, 'good value for money' is still a stumbling block, only improving from 19% to 21% when comparing those customers who have used a franchised dealer in the past two years, to those who have not.

## CUSTOMERS WANT CONVENIENCE

The survey also hints at a further disconnect between what customers want and what manufacturers and dealers want them to do.

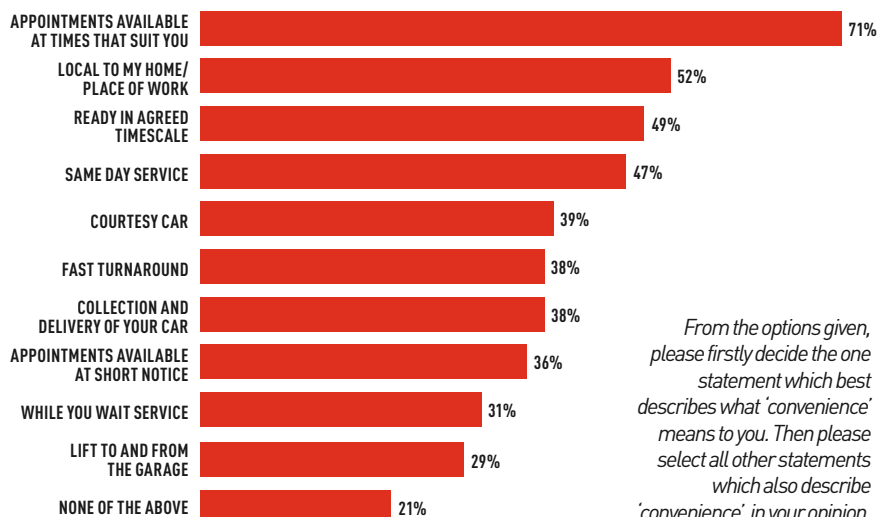
While manufacturers and dealerships are looking to increase the numbers of customers who use while-you-wait servicing, the survey says customers do not see this as convenient.

Just 31% of customers list while-you-wait servicing as convenient. Some 71% want a service appointment at a time that suits them. This presents a significant challenge to dealers managing bottlenecks around peak times such as 8am and after 5.30pm.

Two thirds of customers believe independent garages are the most convenient option. However, over the past 12 months, the perception of independent garages as convenient has decreased from 68% to 65%, while franchised dealers have improved from 53% to 55% in the same period. **TOM SEYMOUR**

## CONSUMER ATTITUDE SURVEY SPRING 2017

Source: NFDA



*From the options given, please firstly decide the one statement which best describes what 'convenience' means to you. Then please select all other statements which also describe 'convenience', in your opinion.*

## FINANCE OFFERS

# Carmakers shuffle offers after poor plate change

**W**ith the all-important plate change now in the rear-view mirror, dealers and manufacturers can take stock and review what is and is not working to entice customers into the showroom.

March is now so important to a dealer's financial performance for the rest of the year, that a poor start can pile the pressure on for the remaining quarters.

Jeep suffered one of the biggest drops in March year-on-year, down 30.4% to 1,807 units. It is interesting to see how the brand is reacting with its offers in Q2. When you look at Jeep's quarterly performance, the figures also show the brand is down 26.27%, which will sting for dealers who have missed their bonus targets.

The 0% deals across Renegade, Cherokee and Grand Cherokee have continued from Q1 into Q2 and Jeep is putting large finance contributions behind its models.

Customers can get up to £2,500 off a Renegade and £5,000 on the Cherokee and the Grand Cherokee. Despite those strong incentives, the idea of paying nearly £500 a month for a Grand Cherokee after paying a £9,000 deposit may put off some customers. However, 0% and £199 a month for the Renegade should help dealers to boost volumes for that model until the end of June.

According to the NFDA's latest Dealer Attitude Survey, Jeep dealers rate the brand's retail offers at 6.1, below the average of 6.8.

Honda also struggled in March, with registrations down 11.5% to 11,635 units. The manufacturer is supporting dealers in Q2, with discounts including £750 on entry models such as the Jazz and the 2017

## TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
<b>Lexus</b>							
CT 200h Sport	PCP	£5,769.30	42 months	£239	£9,180	3.90%	30/06/2017
CT 200h F Sport	PCP	£7,187	42 months	£259	£9,540	3.90%	30/06/2017
IS 300h Sport	PCP	£7,612.70	42 months	£299	£11,767.50	2.90%	30/06/2017
IS 300h F Sport	PCP	£9,069.70	42 months	£329	£12,510	2.90%	30/06/2017
NX 300h Sport	PCP	£6,789	42 months	£349	£15,952.50	5.90%	30/06/2017
NX300h F Sport	PCP	£8,512	42 months	£369	£18,135	5.90%	30/06/2017
RX 450h Luxury	PCP	£12,893.50	42 months	£489	£22,387.50	4.90%	30/06/2017
RX 200t F Sport	PCP	£10,493.50	42 months	£539	£21,397.50	4.90%	30/06/2017
RC 300h F Sport	PCP	£11,927	42 months	£369	£16,380	5.90%	30/06/2017
RC 200t F Sport	PCP	£11,348.25	42 months	£359	£16,380	5.90%	30/06/2017
GS 300h Executive Edition	PCP	£11,000	42 months	£349	£13,792.50	5.90%	30/06/2017
GS 450h F Sport	PCP	£10,258	42 months	£749	£17,235	5.90%	30/06/2017
<b>Honda</b>							
Jazz 1.3 i-VTEC SE Manual with solid paint	PCP	£3,692.01	36 months	£179	£6,075.16	5.90%	30/06/2017
Civic 5 Door 1.6 i-DTEC Sport Manual with metallic paint	PCP	£4,795.99	36 months	£279	£7,786.19	5.90%	30/06/2017
2017 Civic 129PS i-VTEC SR Manual	PCP	£4,831.32	36 months	£209	£9,365.85	5.90%	30/06/2017
Civic Tourer 1.6 i-DTEC SE Plus NAVI Manual with metallic paint	PCP	£5,441.28	36 months	£279	£8,399.13	5.90%	30/06/2017
HR-V 1.6 i-DTEC SE NAVI Manual with metallic paint	PCP	£6,504.76	36 months	£239	£11,028.41	5.90%	30/06/2017
CR-V 15YM 1.6 i-DTEC SE Plus NAVI 2WD Manual with metallic paint	PCP	£4,589.35	36 months	£309	£12,071.75	5.90%	30/06/2017
<b>Jeep</b>							
Renegade Sport 1.6 E-Torq 110hp 4x2 manual	PCP	£3,260	37 months	£199	£5,926	0.00%	30/06/2017
Cherokee Limited 2.2 Multijet II 200hp 4x4 9 Speed Automotive Active Drive I	PCP	£3,260	48 months	£399	£10,636	0.00%	30/06/2017
Grand Cherokee Limited Plus 3.0 CRD V6	PCP	£9,399	37 months	£499	£16,554	1.80%	30/06/2017
Wrangler Sahara 2.8 CRD 200hp 4x4 Automatic 2-door	PCP	£8,775	48 months	£399	£12,863	7.40%	30/06/2017
Wrangler Sahara 2.8 CRD 200hp 4x4 Automatic 4-door	PCP	£9,155	48 months	£425	£13,158	7.40%	30/06/2017
Renegade Sport 1.6 E-Torq 110hp 4x2 manual	PCH	£2,457	36 months	£189	N/A	N/A	30/06/2017
Cherokee Longitude Plus 2.0 Multijet II 140hp 4x4 6spd man	PCH	£5,200	48 months	£325	N/A	N/A	30/06/2017
Grand Cherokee Limited Plus 3.0 CRD V6	PCH	£8,982	36 months	£499	N/A	N/A	30/06/2017

model-year Civic. The CR-V has also been discounted by £3,000 when customers take out a PCP over the next three months. The previous model-year Civic gets a £1,500 reduction, as does the Civic Tourer. The HR-V gets just £500 knocked off, perhaps hinting that the HR-V may be the most successful model for dealers at the moment.

Honda has actually removed its 0% deals for the

Jazz and Civic for Q2, instead opting for 5.9% APR across all of its representative example offers. Dealers rated Honda's offers at 6.8, on par with the average across the industry, so they are clearly not unhappy with how competitive the Japanese brand is with its consumer offers.

While Jeep and Honda publish the manufacturer deposit contributions on their new car offers, Lexus goes a step further and shows how much dealers are putting down too.

The CT200h F Sport comes with a £2,000 discount from the manufacturer and a dealer contribution of £750 on top. The heaviest discounting is featured on the IS F Sport, with both the dealer and manufacturer putting in £1,500 towards a total deposit contribution of £3,000 for PCP customers. The Japanese premium brand saw its registrations fall 7% year-on-year in March down to 2,888 units. The network saw registrations fall 10.2% across Q1, which will leave dealers be hoping for a good Q2 to make up lost ground. **TOM SEYMOUR**

**CUSTOMERS CAN GET UP TO £2,500 OFF A RENEGADE AND £5,000 ON THE CHEROKEE AND THE GRAND CHEROKEE**



### SEARCH FOR FINANCE OFFERS

For a searchable list of manufacturers' finance offers, go to [am-online.com/offers](http://am-online.com/offers)





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# VIEWPOINT



## WHY 'DRIVE ON DAMAGE' DEFENCE IS NO TRUMP CARD FOR DEALERS

**PHILIP HARMER** is senior partner at law firm Stormcatcher



## WILL COMPANIES GET A FAIR PIECE OF THE APPRENTICESHIP PIE?

**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

→ 'Drive on damage' has emerged as one of the more common defences raised by dealers, warranty and motor finance companies against claims to reject vehicles under the Consumer Rights Act 2015. This increase is fostered, at least to some extent, by automotive engineer reports, but what does 'drive on damage' really mean?

The principle is simple, in that it is averred that any damage caused to (usually) the engine and/or gearbox has been exacerbated by the driver continuing to drive the vehicle in the knowledge that it has been compromised – in effect, a version of contributory negligence.

However, legally, this is easier said than done.

In the first instance, there are fundamental issues in imputing 'negligence' into contracts, which can only be achieved if there is a concurrent duty of care. While this is going to be the case as far as the supplier is concerned – when you buy and have installed a new central heating boiler or a new set of tyres, for example – this is unlikely to be extrapolated to include a duty on a car buyer.

**"PROVING DRIVE ON DAMAGE WILL BE MORE DIFFICULT IF THE RIGHT CHECKS AND BALANCES WERE NOT CARRIED OUT"**

Of course, the situation may alter somewhat depending upon whether the vehicle is financed and, if so, the type of finance agreement. This is because the contract may be for a supply of services rather than a sale of goods. However, even then there are some evidential difficulties.

Simply put, if the engine's eventual failure is caused by the defect, and not the subsequent events, then the Consumer Rights Act 2015 is in effect "strict liability" – it only provides for a remedy following the initial breach of contract and not any subsequent act or omission.

This is notwithstanding practical difficulties in substantiating that the vehicle was 'driven' after the engine had already failed.

Nevertheless, the car dealer or supplier may be able to rebut the presumption that the defect was present or developing at the point of sale by evidence of the buyer's act or omission. Although, again, with the defect or cause occurring first in time it is not sufficient to merely suggest the damage was made worse after the event. One may just as easily suggest that had the car been properly serviced prior to delivery the problem would not have occurred at all.

There are circumstances where the cause of engine or mechanical failure can be attributed to the driver, but the burden of proof rests with the seller. And proving drive on damage will be made exponentially more difficult if the right checks and balances were not carried out before delivery.

In short, drive on damage is no "trump card" for dealers and, in fact, uncorroborated reliance on it is possibly more trouble than it is worth.

→ One of my only claims to musical fame is that I was in a Manchester crowd in the 1970s when Don McLean recorded the live version of *American Pie*. I dutifully sang along as requested and still have the vinyl recording in the office at home. As a result of this experience, any mention of the term levy(lee) is automatically linked in my mind to the concept of driving a Chevy to one and finding it dry. (Those under the age of 40 who have no idea what I am talking about should download the song. All will become obvious.)

Of late, the term has encroached into my everyday life with the Government's introduction of the Apprenticeship Levy at the start of April. I am getting regular phone calls from people within the sector asking how the levy, paid by organisations with salary bills of more than £3 million, could best be spent.

The problem, as with many Government schemes, is they are quick to take the money without ensuring provisions are in place to deliver on the supply side.

One of the interesting issues thrown up by the apprenticeship scheme is the concept of the degree apprenticeship, both at undergraduate and postgraduate level. Although the degree programmes exist at Loughborough, the Apprenticeship Standard

for retail automotive management does not. So, at the moment, companies cannot use their levy on the degree programmes.

We are currently exploring with the IMI the best way of getting standards that work for our sector in place. This should not be problematic, but for the standard to receive Government validation, at least 10 companies must be consulted as part of the development process. If you are interested in being involved, please email me at [j.m.saker@lboro.ac.uk](mailto:j.m.saker@lboro.ac.uk).

There is a slight irony in the situation in that Loughborough has been offering the BSc in Retail Automotive Management for 20 years, targeted at young people currently working in the industry. It is block release, part-time and is shorter than the structure of the Apprenticeship Degrees. This programme has not recruited large numbers, as organisations appear to be reluctant to invest in young people in case they decide to leave. The Apprenticeship Degree will cost a company almost exactly the same as our existing programme, but because the Government will be contributing to it, this type of course now seems to be popular.

Anyone looking from outside would be forgiven for reaching the conclusion that the training and education is actually a by-product of ensuring that, in Don McLean's words, the levy is dry.

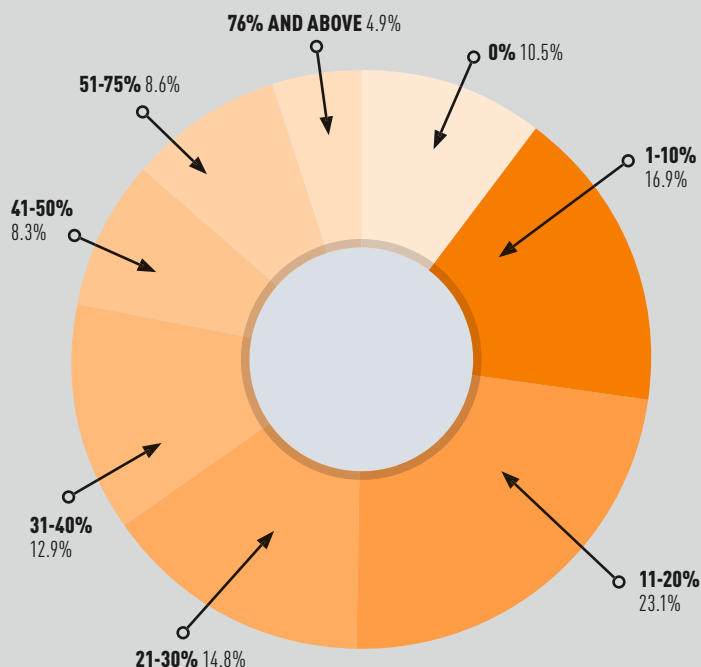
**"I AM GETTING REGULAR PHONE CALLS FROM PEOPLE WITHIN THE SECTOR ASKING HOW THE APPRENTICESHIP LEVY COULD BEST BE SPENT"**



# AM POLL

## INDUSTRY MUST TACKLE LOW GENDER DIVERSITY

### WHAT PROPORTION OF YOUR WORKFORCE IS FEMALE?



It has been widely noted that the motor retail industry needs to do more to address its gender imbalance. AM's most recent poll has found that half of the participating businesses in the sector have a workforce with at least four times as many male employees as females.

Only 13.5% of poll respondents reported that at least half of their workforce was female, and these businesses are likely to be specialist suppliers to the industry rather than franchised dealerships themselves.

One voter, an owner of a regional dealer group, said he would like to attract more females to the overall sales team, but he finds there are quite a few barriers to entry from 'perception' as opposed to reality. "Further blending of the overall customer experience encompassing digital, social media engagement and showroom should help this as we move forward," he said.

Another voter echoed those views, adding that recruiting females for sales or service roles was harder than for accounts or parts roles.

Female dealers also shared their views. One voter added: "Having been in the trade for 30 years, and female for rather longer, I have to say it is still sexist and male-orientated, but slowly, oh so slowly, being dragged into the 21st century."

Another, a female company director, said its female employees typically worked in accounts and were uninterested in sales positions.

### NEXT MONTH:

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

**VOTE NOW AT [AM-ONLINE.COM/POLLS](http://AM-ONLINE.COM/POLLS)**

## ADVERTISING FEATURE

# Together, we are stronger

By Neil Addley, managing director, NFDA Trusted Dealers



At the heart of Trusted Dealers has always been the idea that dealers can reduce their advertising costs by collaborating. After six years in the highly competitive used car classified market, it is great to see performance in terms of lead generation, natural search and engagement continue to exceed our expectations. Leads, as measured by calls (at least 50 seconds long) alone are up 30% year-on-year.

There are four drivers behind this. Firstly, our increased marketing budget means we are able to generate more traffic directly to the website. Secondly, we are seeing more consumers search for 'Trusted Dealers' brand terms, generating more natural traffic. Thirdly, we have implemented a

**It seems logical to expand into... new car lead generation**

number of changes as a result of conversion rate optimisation (CRO) and usability studies. Finally, trusted consumers – our more mature, wealthy audience – value the reassurance offered by a Trusted Dealer who has signed up to the NFDA's standards. Some 82% of over-55s prefer dealers signed up to the standards, compared with just 65% of 18-24 year olds.

Given our success in the used car market and our franchised dealer client base, it seems logical to expand into the new car lead generation space.

At the same time, we will start to offer consumers the ability to get a proper, rather than data-driven, part-exchange valuation from the dealer. This will enable them to make the new, or indeed used car offer, part-exchange valuation, and appropriate finance offers to fund the balance to change.

■ If you would like more information, please give me a call on 01423 206 272, or email [neil@trusteddealers.co.uk](mailto:neil@trusteddealers.co.uk).





# JOIN THE RACE TO FIND THE UK'S BEST DEALERSHIPS

More and more dealers are signing up to AM's workplace assessment scheme. If you think your business has what it takes, register now



**A** growing number of dealerships are signing up to AM's new Best UK Dealerships To Work For initiative as they seek to establish whether they are one of the best employers in the motor retail sector.

AM has teamed up with Best Companies Group, which produces similar studies in other industries, to find and recognise the best places to work in the franchised dealer sector. It will be the first survey to look purely at automotive retailers.

The programme is based on the views of employers and the verdicts of employees over a number of key metrics, including leadership and

planning, culture and communications, working environment, relationships with managers, training/development and pay/benefits.

The collected information will be combined to enable Best Companies Group to determine the strength and weaknesses of participating companies. They will then be assessed, with the top dealerships granted AM Best UK Dealerships To Work For status at a presentation during Automotive Management Live on November 9 at the NEC in Birmingham.

In addition to identifying the best individual dealerships, AM will also compile a secondary listing based on the best dealer groups to work for.

Both will be published in a report that will also be launched at Automotive Management Live.

The listings will be alphabetical, not by ranking, with each dealership honoured exceeding a minimum threshold. Only those dealerships that make the list will have their details published.

Participation in the AM Best UK Dealerships To Work For programme is free. All companies recognised in the listing will be able to use the AM Best UK Dealerships To Work For logo for their own promotional work.

If you think your company has what it takes to be honoured in the inaugural AM Best UK Dealerships To Work For list, visit our website – [www.BestUKDealerships.com](http://www.BestUKDealerships.com) – to find out more.

## ≡ WHAT ARE THE BENEFITS TO YOU?

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

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

## ≡ ARE YOU ELIGIBLE?

To be eligible for consideration, companies must:

- Have a minimum of 15 employees working in the UK
  - Be a franchised dealership
  - Be a publicly or privately held business
  - Have been in business for a minimum of one year
- A 40% employee response rate is required (80% for dealerships with 15-24 employees). Temporary or seasonal workers, contractors, consultants, interns and volunteers are not counted as employees or included in the survey.

### ○ JUNE 2:

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

### ○ JUNE 9:

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

### ○ JUNE 23:

Completed employer questionnaires are due

### ○ JUNE 30:

Online employee engagement & satisfaction surveys are emailed to staff

## ≡ PROGRAMME TIMETABLE

Registration  
deadline to enter:  
June 2, 2017  
For more information and to register,  
go to [www.BestUKDealerships.com](http://www.BestUKDealerships.com)



## ≡ HOW IT WORKS

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

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

**Part two:** employees of the company complete

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

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

Best Companies Group will combine the results

of the two surveys to determine which companies make the list of the Best UK Dealerships To Work For.

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

○ **JULY 14:**  
Deadline for completion  
of employee survey

○ **AUGUST 22:**  
Notification letters  
sent to participating  
dealerships

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

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





Richard Hobbs, Sandycliffe Motor Group's new managing director, (left) and Reg Tutt, his predecessor



## FACE TO FACE: SANDICLIFFE MOTOR GROUP

# TAKING THE REINS

Despite planning to make some big changes to the business, new MD Richard Hobbs managed a smooth transition from outgoing boss Reg Tutt, the pair tell **Tim Rose**

**S**uccession can be a serious problem for many privately owned franchised dealer groups, especially in the event of a leadership crisis. However, Sandiccliffe Motor Group has shown a smooth transition is possible, providing the process is well planned and communicated.

Reg Tutt stepped down as managing director at the start of 2017, after 24 years with the East Midlands-based group. His successor is Richard Hobbs, previously the group's head of retail sales. Hobbs was appointed after a rigorous process that began almost two years ago, when Tutt announced his intention to retire.

Sandiccliffe hired an external company to conduct management assessments of internal candidates.

"This was to give everybody the chance to throw their hat in the ring, and identify if there were any gaps, so people had time to address those gaps if they really wanted to go for the position," said Tutt. However, external candidates were also interviewed.

The process led to the promotion of Hobbs, who has been with the company since 2007, when he ran its used car business at Stapleford.

Tutt has stayed on until his retirement this summer in the role of buildings project manager. Following multi-million-pound investments in a four-storey Nissan showroom in Nottingham and a FordStore in Leicester in recent years, Tutt will oversee the completion of Sandiccliffe's final FordStore and Mazda showroom at Nottingham, so that Hobbs can focus on running and growing the group.

"The handover has been planned for all the right reasons. It's been good to sit alongside Reg to ensure a smooth transition," said Hobbs.

Tutt said the management team's relationship with the owning families is paramount. Sandiccliffe's main shareholders are the Woodhouse and Barton

*[Editor's note: As AM went to press, we received news that Sandiccliffe managing director Richard Hobbs had been involved in a traffic accident. He is recovering at QMC Nottingham following the incident on April 2. The magazine extends its warmest regards to him and his family and hopes for a swift and full recovery from his injuries.]*

families, who do not work in the business, but take a daily interest in how it is performing, alongside their other business concerns in farming, property development, gyms and vehicle contract hire.

"Richard had been here a while, the family like his style, and he stands for the same things and the same values. He's not ripping up the rule book and changing things unnecessarily, he just has a different way of managing," said Tutt.

### MAKING THE BUSINESS WORK HARDER

However, Hobbs does see opportunities to take the business forward. Although it is profitable, Sandiccliffe's return on sales (RoS) has been below 1% since 2009, and he wants to improve this by focusing more on used cars and aftersales, and continuing to meet new car targets to get those all-important volume bonuses. Its significant commercial vehicle operation, through its Transit centres in Leicester and Nottingham, is also expected to grow.

Hobbs said: "I just want to carry on all the

good work that Reg has done over a number of years. We're in a good place. But we'd like to be in a great place, so three things are on my radar: a degree of discipline, a degree of accountability because for some people it has bypassed them, and we're working on communication so that everyone is aware of what we're trying to achieve and is deliverable."

Tutt said Sandiccliffe has been strong in aftersales, but that is reliant on sufficient new car sales. The business has had a strategy to have a 25% market share in the two counties, Nottinghamshire and Leicestershire, in which it trades.

"We think we're up around the mid-20s now," said Tutt.

It has had a long partnership with Ford, which remains its largest brand, but in the past 12 years, as Ford's market share declined (from 14.25% in 2005 to 11.82% in 2016), it has added Kia, Mazda, Nissan and Škoda. It also had flings with Chevrolet, Fiat and Suzuki in the past decade, but each ended after a few years.

The group has room to grow organically, but Hobbs said there will also be "a definite business case to expand" with existing brands, where the open points and the opportunities are right for the group.

However, he said finding those opportunities is not easy. Its last acquisition, of Škoda dealer Farmers, which operated sites in Sandiccliffe's Nottingham and Leicester heartland, was in 2013 when founder Paul Farmer sought to sell up to another family business and retire. Sandiccliffe may expand into a third county, as its management team has questioned whether gaining much more than 25% market share locally would lead to the business competing with itself.

Tutt said: "We try to do more than one of each to get scale. We're not premium, and never have had that outlook in our history, and we have never been at the bottom end of the market either. But it's good value for money, and there has to be either a reasonable-sized share of the

### FACTFILE

**TURNOVER** £285 million (2015)  
**FRANCHISES** Ford, Kia, Mazda, Nissan, Škoda  
**LOCATIONS** Nottingham, Leicester, Melton Mowbray, Loughborough  
**NEW CAR SALES (2016)** 9,122  
**USED CAR SALES (2016)** 8,399  
**NUMBER OF STAFF** 605 (2017)



## WE TRY TO CONTROL LEADS TO THE INFINITE DEGREE AND NOT WASTE ANY

REG TUTT, SANDICLIFFE MOTOR GROUP

**C** market, or the potential to reach that share.”

Some industry observers have suggested Sandiccliffe, rich in freehold property and in family ownership, is ripe for a takeover offer. However, Tutt insisted the owners are in motor retail for the long term.

The company has certainly not stood still. Since *AM* last visited in 2006, its workforce has grown to 605 and its turnover has doubled. Tutt said 2016 sales totalled about £350 million.

For 2017, the group plans to buy higher volumes of used cars, and to boost stock turn in its different locations. It has appointed two dedicated car buyers with objectives based on price and profile of stock, and it has agreed aggressive targets and incentives with its brands to acquire their stock.

In 2016, it had a record year for Motability buy-back volume, and Hobbs wants to continue that momentum. Auctions are also a source for stock, and the dealer

group gets first option on cars deflected by the separate Sandiccliffe Motor Contracts business, one of the top 50 leasing companies in the UK.

### BRINGING INNOVATION IN-HOUSE

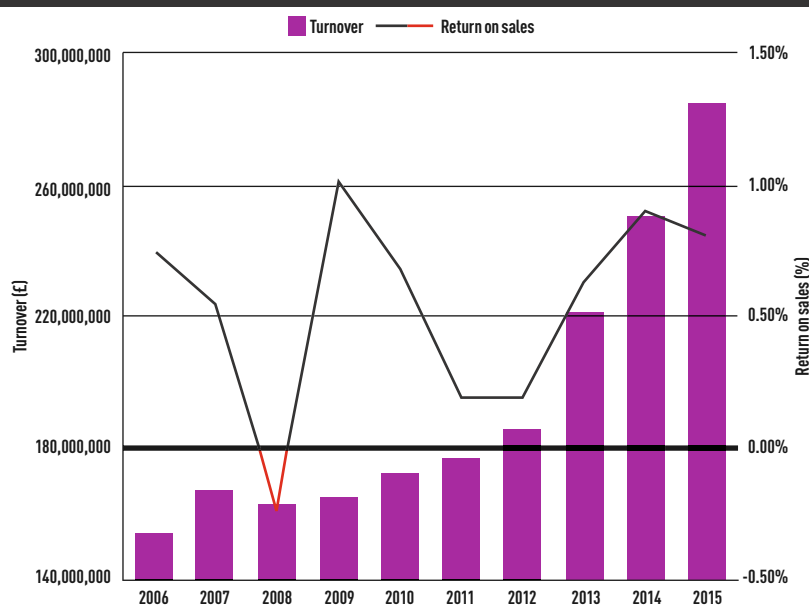
Hobbs said the business is focused on savings costs and increasing efficiencies, but it is not afraid to try ideas. He's putting more focus on digital marketing, to move the business away from blanket marketing to a more tailored, targeted approach. The group has also moved away from outsourcing and built its own nine-strong digital marketing team, including website designers, code-writers, search engine optimisation (SEO) experts and apprentices.

“The good thing is that if we need a call-to-action changed, having it in-house we can prioritise and deal with it in a fairly quick timescale,” said Hobbs.

Attracting these skilled people has not been easy, he said, because they expect a less corporate, more creative environment



### TURNOVER VS RETURN ON SALES 2006-2015



Sandiccliffe's returns are average at best, so Hobbs is likely to find gains. However, that its return on sales figure dropped only to -0.2% in the 2008 recession shows its resilience.

to work in, and the group has had to accommodate that.

It is considering a joint venture with Nottingham College this year, which would recruit suitable young people to train and gain experience at Sandiccliffe businesses.

It has a group customer contact centre, with 20 staff based at its Stapleford location, split between aftersales booking and business development roles.

“We try to control leads to the infinite degree and not waste any, so they're sifted, sorted and handled correctly,” said Tutt.

Tutt said such developments are examples of how the franchised dealer sector has evolved, professionalised even, away from the old perceptions. Dealer groups are now investing in systems, in processes, in measuring and in providing a more consistent experience, and Tutt believes the industry deserves more credit for doing so.

Hobbs said Sandiccliffe continually evaluates what skill sets and systems it needs and adapts its teams and structures accordingly.

It takes a similar approach to the services it offers its customers, with a series of innovations and experiments under way to provide them with more convenience. One





**Sandiccliffe installed cafés in three of its dealerships 'to help differentiate them'**



**The group introduced showroom hosts at its Loughborough Ford outlet**

such experiment was to incorporate cafés into three of its dealerships. Tutt believes they help to distinguish its businesses and create a pleasant environment that encourages customers to wait. Initially, the cafés were sub-contracted out, but they are now being brought within Sandiccliffe.

Another experiment has introduced showroom hosts into its Ford sites in Loughborough and Leicester and its Nottingham Nissan outlet. This is to understand the impact they have on customer satisfaction. These 'meet and greet' roles

are tasked with not leaving any customers waiting. The Leicester site has even included valet parking to ensure customers are not stressed finding a parking space. During certain campaigns, it also offers customers a free breakfast.

A third initiative is Sandiccliffe's trial of a mobile technician, who goes out to the home or workplace of its most premium customers, such as owners of Ford's Focus RS and Mustang models.

Sandiccliffe said the senior technician, despite no experience of sales, has come

back from jobs with fantastic feedback and orders for exhaust upgrades and other high-value accessories.

"It's the instant rapport – he's a complete petrolhead, and the customers that buy these are the same breed and talk the same language, so it's a very non-threatening conversation and these customers end up spending decent money on modifications," said Tutt.

Finally, Sandiccliffe has a mobile SMART repair operation, running five vans that visit the local motor trade and are generating good revenues in its second year, said Tutt. Hobbs added: "We realised what we were spending on cosmetic repairs ourselves and looked for a solution. It not only reduced our costs – we're aiming for 10,000 used car sales this year, so there will be a quantity of repairs required – but also creates a revenue stream."

Under Tutt, Sandiccliffe had no dealership general managers, and instead had group managers, such as Hobbs, who oversaw an individual function, such as sales or parts, across every location. One of Hobbs's changes has been to appoint general managers (GMs), some via internal promotions, plus an accountant at each site. Doing so ensures they are





responsible for everything that happens at their site.

Hobbs said: "Ultimately, I want better performance from each dealership. I've had first-hand experience where some people work in silos, without understanding the implications to their colleagues and other departments, and it's all driven by bottom-line budget expectations, but there's a bigger picture. I'm happy the GMs will see that bigger picture and make the right commercial decisions at the right time."

Sandycliffe has always created its own composites as well as management accounts, and Hobbs believes league tables and 'traffic light reports' help to show everyone how the business is performing and to foster a sense of friendly competition.

The creation of GM roles has been a transition – staff had been used to reporting into a particular head of function and now have different reporting lines – and Hobbs said managing that transition has been important. It actually began before Hobbs formally took the managing director's seat, so employees could see that Tutt was also fully behind the plan. Staff were consulted and informed of the change process and timescales and what it meant to each of them personally.

Hobbs said the industry has got into a habit of processing customers – filling out forms and job cards. However, he believes the right people, culture and habits can overcome that. His focus is on ensuring the customer comes first, is given time, and gets a personal, special experience.

"There is no single customer, so one process won't fit everyone," he said.

### DRILLING INTO THE DETAIL

He said the level of customer feedback is a reassurance that most customers are getting the right experience. Should a customer not get the right experience, Hobbs is copied in on any complaints sent into the business.

"Really, the customer wants to know the managing director knows about the problem, but they want it fixed, and we know our contact centre manager and staff will jump on it and fix it quickly," said Tutt.

A management information system, which Sandycliffe developed in-house, ensures Hobbs and the senior team can see any trends in complaints and drill down into the detail as necessary.

Hobbs said: "We are aiming for a single customer view within our CRM platform. We want an exact timeline, good and bad,



**WE WANT AN EXACT TIMELINE, GOOD AND BAD, IN TERMS OF THE CUSTOMER'S EXPERIENCE, LOYALTY AND SPEND, FOR SERVICING, SALES, PARTS AND AFTERSALES**

**RICHARD HOBBS, SANDICLIFFE MOTOR GROUP**

in terms of the customer's experience, loyalty and spend, for servicing, sales, parts and aftersales. That's a work in progress, being developed internally, and it's not too far away. I see it as a big priority for this year to see that completed."

It will link with Sandycliffe's externally sourced systems, such as a CDK dealer management system (it is upgrading to CDK's latest Autoline Drive DMS in May), Reef Business Systems showroom solution and Edynamix workshop management software.

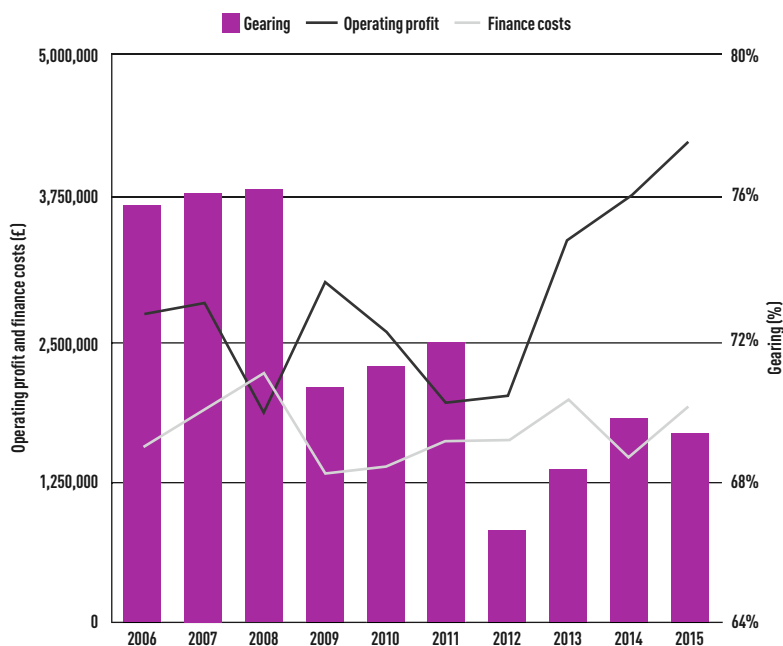
Hobbs said having clean data is vital, and added: "We want to measure loyalty and retention, but more importantly to improve how we market to a customer. Marketing needs to be timely, relevant and in the medium the customer is

comfortable with. If we throw it out to them, customers will unsubscribe."

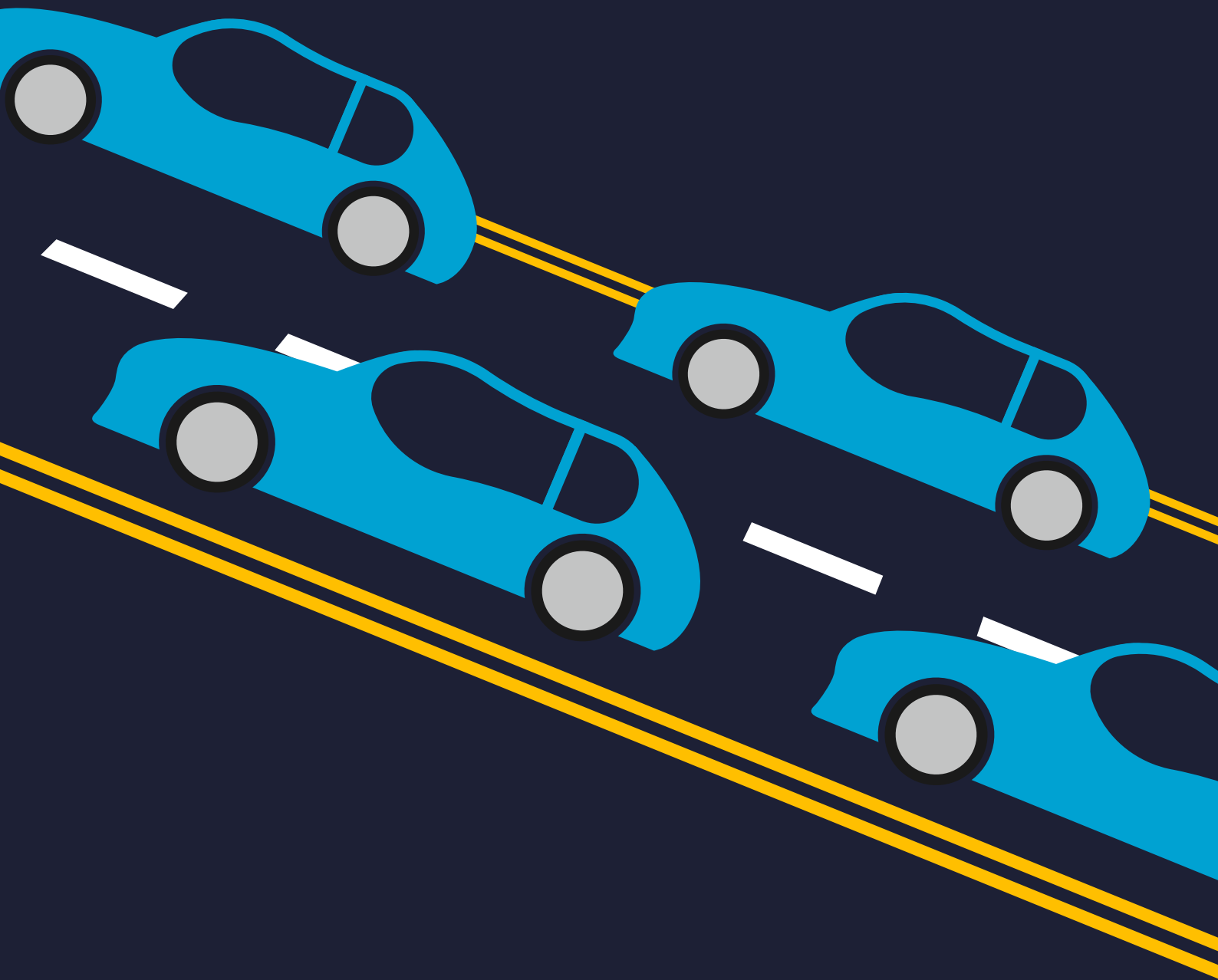
Hobbs believes there is "so much work to do" on how the business gathers and uses data. He wants any business metrics Sandycliffe uses to link into its data. The business is looking at whether to incentivise staff to correctly gather customer data – it already sets a target for gathering email addresses – together with exception reports to ensure managers are aware within 24 hours if something has not been set up correctly.

"It should be a behaviour. I wouldn't be averse to incentivising or looking at different programmes, but for me it's our way of working. It should be a standard from induction and onwards and so you are measured on that. It should just be a habit-forming thing that we expect," said Hobbs.

### OPERATING PROFIT, FINANCE COSTS AND GEARING 2006-2015



Sandycliffe's operations are reliably profitable, but relatively high gearing and annual financing costs challenged it in the recession and early recovery.



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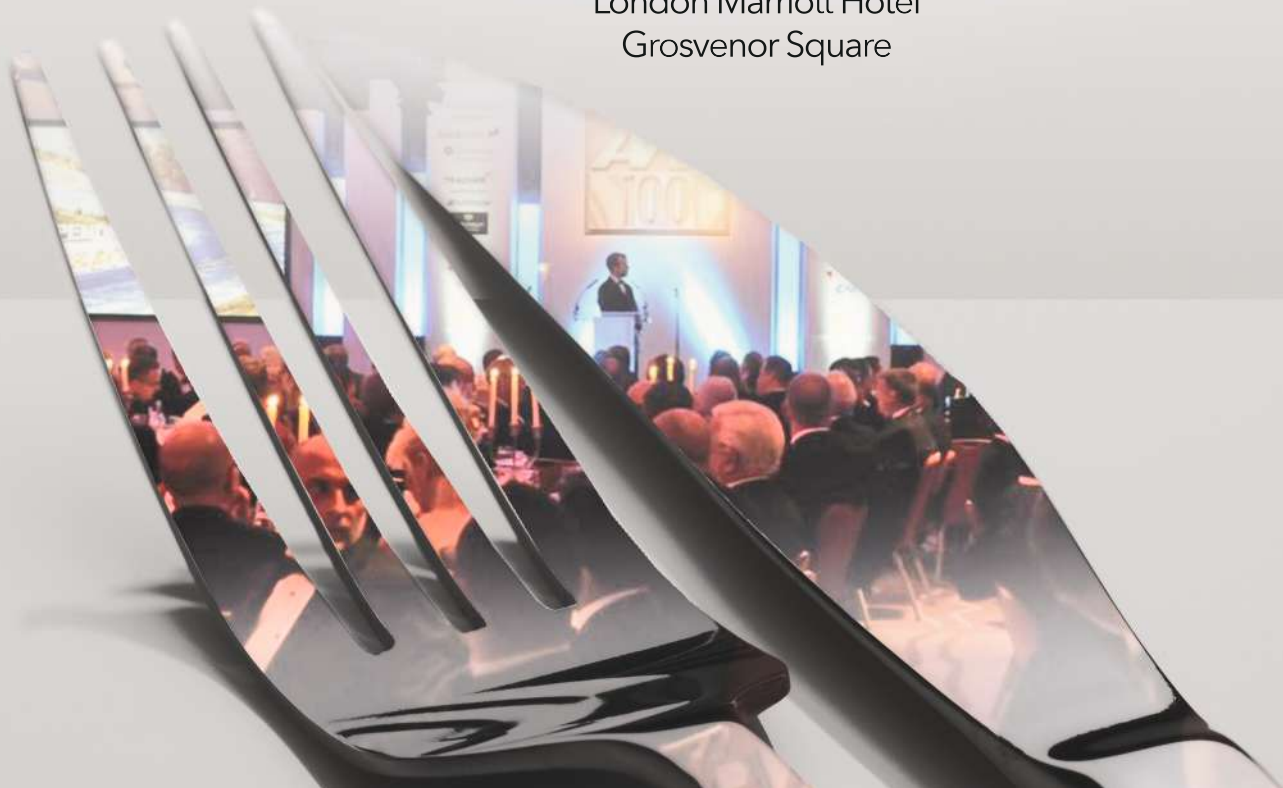
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# MINUTES WITH...

Mike Dennett, BMW Financial  
Services managing director



**You were appointed managing director of BMW Financial Services two years ago. What state was the business in then and how are you making your mark?**

When I took over, we had just come into the regulated period. We have a huge amount of customer touchpoints to take into consideration. We had to prepare the culture and the tone so that treating customers fairly (TCF) was seen as everyone's job.

I took the business over in a good state, but we have made changes. For example, all retailers now have the same package [of terms], irrespective of size. There was some noise in the network when we did this because some dealers were not getting the terms that they were previously, so we had to manage our way out of that.

Our goal is to be the customer's obvious choice [of finance].

**You finance about 70-80% of BMW/Mini new car retail sales and half of the used business, so what impact have the changes to dealer terms had on your growth levels?**

We were not tracking at the growth we wanted to – there are independents that are also attractive from a retailer perspective – but we have still enjoyed five years of fantastic growth, including 12% last year across the business.

We are now a £3 billion business. Many of those dealers that had started to use other providers are now back with us. Why? Partnerships – the strength of our relationships and we are consistent and reliable. If we were volatile with our approvals, we wouldn't have the relationship.

Alpha is growing more quickly and is

**“ALL RETAILERS NOW HAVE THE SAME PACKAGE [OF TERMS], IRRESPECTIVE OF SIZE. THERE WAS SOME NOISE IN THE NETWORK WHEN WE DID THIS, SO WE HAD TO MANAGE OUR WAY OUT OF THAT**

now 20% of our portfolio overall, mainly used car finance with independent dealers. It operates independently [of BMW Financial Services], but shares certain back office functions.

**PCP accounts for the majority of your contracts, including a rising share for used cars. How does this form of finance affect the market?**

We have seen the customer change cycle fall – it was three or four years, now it is sometimes less than three years. It is due to the huge percentage of deals on PCP.

It's nothing new, but it is more widely available for used cars, where we are seeing a move away from personal loans and HP [75% of Alpha funding is now on PCP]. As we move from ownership to usage, PCP and leasing will

become even more widely accepted. From a customer point of view, PCP gives them more options at the end of the contract and takes the risk away – they are protected from residual value movements. It is an opportunity for businesses like Alpha to take business on unsecured loans and I see it being the strong product in the marketplace.

There is also an opportunity for growth in the older used car market, cars that are three to four/five years old. It's a different price proposition and customer demographic, but PCP makes a BMW or Mini more affordable. It also builds brand loyalty and gives them the opportunity to change their car after three or four years, which means more regular change cycles.

As we move towards usage models, particularly within cities, car sharing and hailing services will become more popular. We are working with BMW and logistics companies and we will see a breakthrough at some point. There are still ways to connect people to a BMW experience.

**The Financial Conduct Authority (FCA) has changed the way the industry acts. What did it mean for BMW Financial Services?**

How we operate is how we want to operate, because that's the way to get customers to come back. So, for us, it's business as usual. We have to create transparency through our tools and through our retailer partners. It's our duty under FCA [rules] that retailers follow the processes that allow us to be compliant.

The biggest change is the documentation and evidence about what we do. But





that's not a bad thing; it has helped us to improve loyalty with customers and our retailers as well. It gives us a sustainable, ethical business.

**There has been a lack of innovation in the funding sector for a number of years. Will anything change?**

The industry as a whole has been very static in its business model for the past two decades. We have to be ripe for disruption. It could be new entrants, we don't know yet. So we have to focus on doing things well for the dealer and for customers.

**How can a massive corporate like BMW prepare for the potential disruptors, which are often agile, fleet-footed start-ups?**

We started a corporate development programme last year called the Innovation Lab. We had 127 formal applications from thousands of initial expressions of interest. We held a pitch day and we selected five to work with us in the business. Part of it was to look at what we didn't know – we wanted a fresh perspective. But I also wanted my management team and our people to think out of the box, to think like a start-up even though we are a corporate.

Out of the five, we have an ongoing relationship with three and we are running a pilot scheme with one, a company called Divido. The big learning was the level of internal engagement – people wanted to get involved.

**Tell us about the pilot scheme with Divido.**

We started trialling a simple financing solution for aftersales business with three dealerships in January. Where there is a large servicing or repair bill, we are offering a finance option to give the customer a painless process of paying in instalments. The early feedback suggests a lot of interest from customers and some of them have taken it up. We are trialling

# “WITH OUR CARS WE PRIDE OURSELVES ON OUR INNOVATION, BUT AS FAR AS THE CUSTOMER JOURNEY IS CONCERNED, THERE HASN'T BEEN MUCH [INNOVATION]. WE NEED TO BE ON THE FRONT FOOT

it at 0% finance, so it's either pay now or spread the payments over six months.

The pilot scheme gives us an opportunity to wow our customers. It's an opportunity to offer another experience at another touchpoint.

We are also working with a company called Cazana on gathering used vehicle data and prices for market intel. It's an interesting proposition from a residual value and market understanding point of view. The data provides the market value of vehicles more accurately and with less effort than traditional sources.

We are also looking at insurance with a company called Wrisk, how we can improve the proposition and how we can make buying insurance easier and more flexible. It will be 2018/19 before we see any output.

With our cars we pride ourselves on our innovation, but as far as the customer journey is concerned, there hasn't been much [innovation]. We need to be on the front foot.

**BMW caused some shock waves with the launch of Retail Online in 2015. How successful has the operation been to date?**

We have sold more than 800 vehicles [customers paying for the car online] but there have been 126,000 click-to-purchase transactions. Customers want to dip in and out, it's about giving them choice and availability; often they will go back into the dealership anyway. As an introductory channel, we are pleased with the development and finance is included within that.

**You largely have a captive audience for BMW Financial Services via the franchised network. How are you planning to grow the Alpha business?**

Alpha is also driven off relationships. It's the speed and availability of the decision. The customer is there [in the dealership]; they want a quick decision. We have several hundred dealer partners and we will grow organically. But there is lots of competition. We support the dealers; we offer them training and education, which is important because they are our interface with the customer.

**What challenges could undermine your plans for growth?**

Our challenges are keeping pace with consumer demand and expectations and adapting quickly enough. Like banking, we have legacy systems; we have to improve our online presence and our interactions; we have to improve the leadership of our people to make sure they have consumers at the heart of what they do.

We are entering a period of elections in the EU and our Brexit scenario could bring uncertainty – we have to be watchful. But within the group we are confident that the market is holding up for new and used vehicle sales. We don't see any [negative] signs.

STEPHEN BRIERS

FACT  
FILE

**COMPANY**  
BMW FINANCIAL SERVICES  
**MANAGING DIRECTOR**  
MIKE DENNETT  
**BMW/MINI NEW CARS FUNDED 2016** 75,000 (90% PCP, 10% HP)  
**BMW/MINI USED CARS FUNDED 2016** 53,000 (60% PCP, 40% HP)  
**ALPHERA CARS FUNDED 2016** 40,000 (75% PCP, 15% HP, 10% BPP)  
**NO OF UK EMPLOYEES** 350

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# HYUNDAI

Chief executive Tony Whitehorn is not afraid to try out the latest technologies on the sales side, and now he is taking aim at the workshop, reports **Tom Sharpe**

**H**undai is proud of its trail-blazer status – its Rockar-partnered stores in shopping centres, its online sales, its latest model available with every type of electric drivetrain – but will seven-day working and overnight servicing be a bridge too far for its bricks-and-mortar dealerships?

Tony Whitehorn, Hyundai UK's president and chief executive, is not a man averse to sticking his neck out and leading his brand in new directions when it comes to exploring innovative ways to sell cars.

"We have entered into the unknown. We have invested an awful lot of money in this, but that is the kind of business we are. We take risks and go places that others might not," he said.

That willingness to experiment is most evident in the brand's partnership with Rockar. In November 2014, Hyundai was the first manufacturer to team up with Simon Dixon, the former director of Dixon Motors, to establish his first Rockar store at the Bluewater Shopping Centre. In January of this year, the brand opened its 'Click to Buy' online retail platform.

Whitehorn said: "I'm proud of the fact that we have led the way in an industry that is just now waking up to the fact that consumers demand more choice and the ability to buy their cars and get their cars serviced in the same way that they might buy clothes and electrical goods.

"Go in to Westfield now and you will see Bentley and DS stores. At Lakeside, Seat has a facility. Other manufacturers are waking up to the changing landscape."

Whitehorn insisted that the Rockar model has been a success in sales terms: "We had circa 2,000 people buy out of the Rockar

stores. 90% of those people live within 10 miles. If I had put in a dealership that had been going for just over a year and they had bought that many vehicles, I would be delighted."

Rockar's Bluewater Hyundai store has had 266,000 visitors in the two years since opening in November 2014 and the Westfield branch had about 197,000 in 12 months following its December 2015 opening. The centres attract an annual combined footfall of about 27 million visitors.

When *AM* spoke to Whitehorn following the launch of 'Click to Buy', Hyundai's website had 127,000 visitors in its first three weeks. This generated 8,000 vehicle configurations, 467 registered users and 30 sales.

However, Whitehorn makes no bones about the value of Hyundai's new ventures in sheer marketing terms.

The Rockar stores, which feature zero-commission 'angels' rather than traditional sales staff, have also succeeded in reducing the average age of a customer from 52 to 37, with 54% of those being women.

## Click to Buy

Hyundai's digital sales platform can sell vehicles in the time it takes to refuel a car at a petrol station, according to Whitehorn.

Cash sales completed via Click to Buy can be completed in as little as five minutes and will see dealers' customer touchpoint reduced to a handover slot at the showroom or a home delivery slot.

For finance customers, dealers are kept in the loop as Hyundai currently lacks an online signature service, meaning they must travel to a dealership to go over paperwork. However, rival systems, such as Order Online by Peugeot, do

offer an eSignature service.

Trade-in cars can also be taken to the dealership on the selected handover date or will be collected from the customer at home – in an evening or at a weekend, if requested. Valuations on a potential customer's trade-in are provided online.

Whitehorn said Click to Buy is good for customers and "fantastic for the dealer", stating that dealers achieve a full margin on every sale, but will have saved the cost of a sales executive's commission.

While Click to Buy plays into a changing



**“IN TERMS OF THE NUMBER OF PEOPLE THAT MIGHT BUY A CAR ONLINE, I REALLY DON'T KNOW**  
**TONY WHITEHORN, HYUNDAI**

## KEY PRODUCTS



### i10

New for 2017, the latest version of the i10 city car. Prices start at £8,995 for the 66PS i10 S and extend to £13,540 for the 87PS i10 SE Premium Automatic.



### i30

Launched in March, the new i30 hatchback will soon be joined by a Tourer version. Whitehorn said the newcomer has a specification to compete with rivals from the segment above.



trend that has seen customers shy away from haggling over a vehicle's price (Auto Trader's Market Report found 56% of consumers who had bought a new or used car had paid the asking price), Whitehorn conceded that consumers may get a better deal if they choose to go directly to their local dealer.

He said many customers will continue to do just that, emphasising an ongoing desire for customers to benefit from the reassurance of a relationship with their local franchise.

"People want a relationship with their local dealership, so they know where they can go for aftersales and who they might turn to should they have any issues," said Whitehorn.

Hyundai has no fixed targets for its online sales and the platform's potential and customers' appetite for online car-buying remains an unknown quantity.

Whitehorn said: "In terms of the potential of the market, the number of people that might buy a car online, I really don't know.

"I'd love a crystal ball. What I am sure

about is that 2.6 million cars were bought in dealerships last year and that will largely be the same in 2017. Ask me if that will be the case in 30 or 40 years' time and I'd say that I doubt it."

#### Pushing for profit

Hyundai's registrations last year were up 4.88%, from 2015's 88,417 to 92,419.

The results mark a consistent rise in registrations since the 2008 financial crisis and resulting scrappage bonus scheme (Hyundai's registrations doubled, from 28,036 in 2008, to 56,726 in 2009).

Its market share rose to 3.43% in 2016, up from 3.35% the year before. Last year was the second consecutive rise in market share, following dips in 2013 and 2014 that interrupted consistent increases since 2007's figure of 1.24%.

Despite its record registrations, 2016 was still a challenge for Hyundai and its network of 158 sites, according to Whitehorn. He put some of this down to its model range.

"We only had one new vehicle launch last year. It was always going to be tough."

Speaking to *AM* at last October's launch of the Ioniq hybrid and EV, Whitehorn reported that the network's return on sales (RoS) fell to 1% at the end of August – down 0.1 percentage points year-on-year.

He said the brand had changed 70% of its network since 2009 and it remained a "very young network" that lacked the established customer base of other brands. He said the 25% of the network that had been with the brand longer were making "over 2%".

Whitehorn was unwilling to share the eventual RoS outcome for his network in 2016, only stating that it was above the 0.8% industry average.

Average turnover among Hyundai franchisees had also risen above 2015's levels and was, again, above the industry average, he said.

Whitehorn is positive about the year ahead, following a strong start to the year, which has seen Hyundai achieve 27,856 registrations to the end of March (up 9.8% year-on-year), taking its market share to 3.4% (up from 3.29% in Q1 2016). ➔



#### ◀ Ioniq

The first car to be offered with a range of three AFV powertrains, the Ioniq already offers hybrid and EV versions, with the plug-in hybrid – with CO2 emissions of just 26g/km – arriving in July.



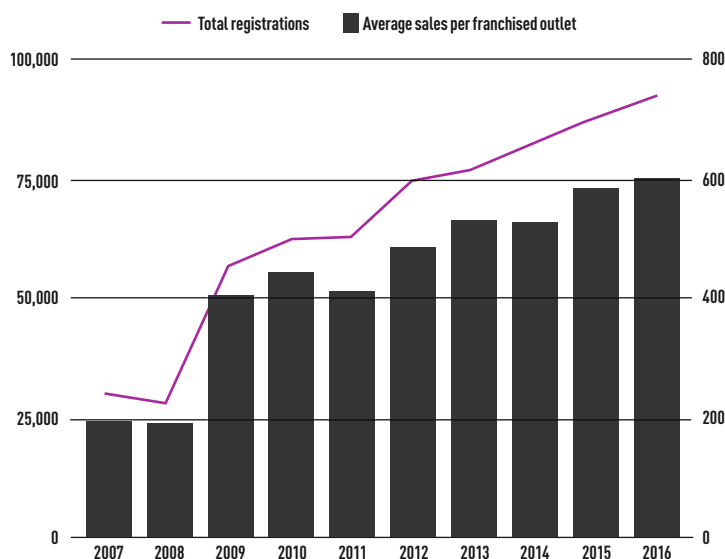
#### ◀ Tucson

Hitting at the heart of the popular compact SUV market occupied by the likes of Nissan's Qashqai and Renault's Kadjar, the Tucson is Hyundai's biggest seller. 2016 registrations: 25,597.

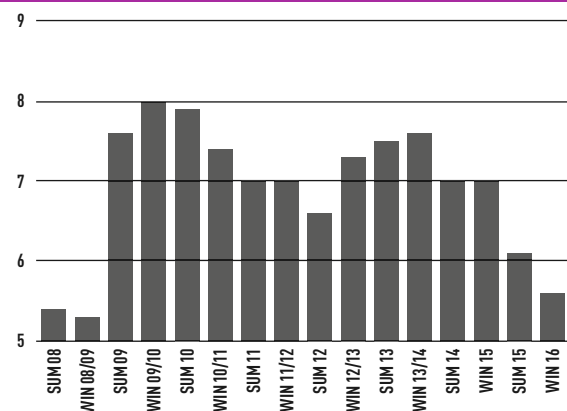


## HYUNDAI: NEW CAR REGISTRATIONS AND DEALER SENTIMENT

HYUNDAI TOTAL REGISTRATIONS AND SALES PER OUTLET 2007-2016



HYUNDAI OVERALL MANUFACTURER RATING IN NFDA DEALER ATTITUDE SURVEY 2008-2016



Despite soaring registrations since its successful exploitation of the 2009 scrappage scheme, Hyundai's dealers have become increasingly dissatisfied. NFDA Dealer Attitude surveys show a steady decline in their mood since Winter 2013/14. Whitehorn believes RoS is a key contributor and is encouraging franchisees to better exploit opportunities in aftersales.

He said: "The SMMT forecast, and we forecast, the market to be down by 4% [in 2017] but there is still momentum, GDP is at 2% and the uncertainty of this year is starting to dissolve a bit.

"As time goes on, people are feeling a little more comfortable about what is happening economically and politically and people still need to eat and drink and buy cars as they did before."

### Factoring in aftersales

Whitehorn insists that his drive to see his dealer network more widely achieve an RoS figure closer to 2% will be backed up by increasing aftersales revenues.

He is confident that a growing car parc and greater utilisation of workshop time will reap rewards, stating that the network's retail workshop hours had risen 4% year-on-year in 2016.

Whitehorn added: "We currently have a level of absorption of 51% and we need to be at 60%. That's important because the dealer network can make much, much more margin on a labour hour than they do on a car as a package."

Again, Hyundai is attempting to embrace digitalisation, with online service booking and a platform facilitating the sale of vehicle accessories, which can be posted direct or fitted by the dealer.

The introduction of the eSENSEtials servicing programme also aims to boost retention among the owners of cars outside the brand's five-year warranty.

It offers a three-tier system of maintenance plan options, which extend to all applicable engine management software updates and include 12 months of free AA Roadside Assistance.

The servicing packages are priced from £99 for the base service to £219 for the full offering.

Hyundai Ioniq owners will benefit from the introduction of EV technical training from an initial 22 specialist centres into the entire Hyundai network.

Whitehorn is keen to see dealers' assets made to sweat: "Some of our dealers are very efficient in their workshop operations, but still leave too much slack in the day. One thing we are keeping an eye on is service

capacity and, really, this sort of thing needs to change. The workshops need to be fully utilised whenever possible."

Hyundai's early adoption of alternative sales platforms has grown an awareness of the need for convenience and ever-greater flexibility. Just as customers now want the option of buying a car from their sofa, they want their cars serviced at their convenience, Whitehorn said.

"I can see a time when workshops are required to open all day on a Saturday and a Sunday.

"I see a time when a customer might be able to drop their car off at night and collect it again, fully serviced, first thing the next day. That would certainly make best use of courtesy cars that are currently only used during the daytime at most franchises.

"If there's one thing we are learning, it is that customer demands are changing fast, and it's essential that we change with them."

### Gauging the mood

Whitehorn said his biggest challenges are coming from a PCP-prompted shift in the market towards premium vehicles.

"For a pure volume manufacturer, it is getting tougher. It's a much more diverse marketplace than it ever was," he said.

"Part of that is that the top-selling models are the A3, the A-Class and the BMW 1 Series. They have come into the mainstream. Look into those manufacturers and look into what they have done as a manufacturer and it is surprising."

His dealers seem to agree that things are getting tougher. A total of 108 Hyundai dealers, 68% of the network, responded to the NFDA Winter Dealer Attitude Survey



PEOPLE AREN'T  
THROWING DIESEL OUT  
BY ANY MEANS, BUT  
THEY ARE OPEN TO ALTERNATIVES

TONY WHITEHORN, HYUNDAI





to show their discomfort with the progress of Hyundai, however, with an overall rating of 4.6 out of 10, down from 5.6 in the previous survey.

Perhaps surprisingly, given Hyundai's focus on digital initiatives, it also finished in the bottom quarter on questions dealing with digital marketing, social media, and dealer and manufacturer websites.

When asked to comment on the current profit return they were getting from the Hyundai franchise, dealers scored the brand 3.7 out of 10, a drop from the summer survey's 4.8 and well below the average score of six.

Dealers were only a little more optimistic about their future returns, meanwhile, scoring the brand 4.0 out of 10.

Only Citroën, Mitsubishi, Nissan and Volkswagen dealers were less optimistic about their brand's future.

An overhaul of the corporate identity at Rockar's 158 franchised sites started in 2014 and is still ongoing.

Whitehorn said his dealer network is settled in terms of size and, despite the NFDA survey feedback, Hyundai's continued growth has seen many franchised groups invest in new facilities.

In July last year, Arnold Clark opened the UK's largest Hyundai retail site, a £4 million, three-storey facility on Alexandra Parade, in Glasgow's East End, after it sold more than 1,100 Hyundais from its two Glasgow sites in 2015.

Endeavour Automotive plans to open its two-storey flagship store in New Southgate, north London, in Q3 of 2017.

The new site features more than 1,000 square metres of display space, including a 13-car new car showroom and a 34-car indoor used car display area.

Whitehorn said: "I think, with Hyundai, there exists a level of expectation in terms of success and profits now that dealers are finding hard to equate when they look at the results they are seeing, but I think that is going to change."

#### The future is green

Part of that change will be Hyundai Motor's global sustainability strategy, which aims to launch 14 eco-cars by 2020.

Following last autumn's launch of the Ioniq hybrid and Ioniq EV – the former claiming 74.3mpg fuel economy and 79g/km CO<sub>2</sub> emissions, the latter a 124-mile range – the brand unveiled a plug-in version at this year's Geneva Motor Show.

That car promises to blend the best of the two to deliver CO<sub>2</sub> emissions of 26g/km and a potential pure-electric range of 39 miles for a price which should sit mid-way between the £19,995 and £28,995 stablemates when it arrives in showrooms in July.

Whitehorn said the car-buying public had embraced the Ioniq. He said: "The Ioniq is doing better than expected. In terms of the January target for the car, we did 300% of that."

"We said that we would sell 2,000 to 3,000 a year and I'm taking 25 orders a day, which is double what we expected. That's a very interesting situation."

"People aren't throwing diesel out by any means, but they are open to alternatives and Ioniq has hit the market at the right time."

A Tourer version of the i30 hatchback launched earlier this year was unveiled alongside the Ioniq plug-in at Geneva, adding to an early 2017 model onslaught that has also seen the introduction of new i10 hatchback.

The Kona B-segment SUV will also slot into the line-up in Q4.

However, the brand is also diversifying, with the hope that new flagship models might placate dealers who have criticised Hyundai for a lack of high-profile marketing and exposure.

A high-performance i30N model is set to usher in a powerful Ford Focus ST rival while the premium Genesis brand is to be introduced to the UK in 2018.

Whitehorn said: "Historically, we have been very product-focused in terms of our marketing. From now on, we will be more thematically driven and the hope is that this will make the brand more desirable and aspirational."

"Particularly with the Ioniq and i30N, there is the scope to attract a whole new set of customers to the brand and we have to be excited about that."

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# VIDEO IS A 'PRICELESS ASSET' IN BUILDING CUSTOMER TRUST

Robin Luscombe says his online video debut was amateurish, but the 'quick, easy and free' approach has seen video become a central part of the Yorkshire group's identity

**L**uscombe Motors' video marketing strategy may have been born of a "suck it and see" approach, but it has become a key component in differentiating the business from PLC rivals.

Robin Luscombe, managing director, has bolstered the personal feel of his website's homepage with an introduction to the business and numerous on-camera testimonials from customers. From its tentative first steps in front of camera two years ago, the Leeds-based Suzuki and Mitsubishi retailer said video is now central to the business's online identity.

While Luscombe said determining how many leads result from video was "impossible", he considers it a "priceless" asset in developing trust and advocacy.

"A couple of years ago, we dabbled with video in quite an amateurish way, but the value of the exposure it offered was clear and it was quick, easy and free to produce," said the down-to-earth Yorkshireman.

Luscombe said he was keen to be the recognisable face of his business, but partnered with social media expert Neil Weightman, of Digital Media Solutions, who

“

**WE'RE A LOCAL BUSINESS SELLING CARS, NOT A GLITZY PLC, AND THAT'S OUR APPEAL, THAT'S HOW WE DEFINE OURSELVES**

**ROBIN LUSCOMBE, LUSCOMBE MOTORS**

helps to produce regular content. Luscombe schedules quarterly sessions to create videos to populate the site and social media feeds throughout the year.

He said: "Neil is from outside the industry and his expertise lies in knowing what people respond to online."

"It would have been easy to set out trying to do something ourselves and be too focused on the cars and risk boring people."

Luscombe Motors has uploaded about 25 videos to its website, YouTube and Facebook. It tries to keep each one to under 30 seconds.

A recent video on the new Suzuki Ignis generated 17,500 views via Facebook and 2,000 "engagements" – people who actively sought out the video after an initial viewing.

The challenge moving into 2017 is keeping the content fresh, according to Luscombe. He said: "They've changed the format of *Mrs Brown's Boys* and I didn't like it before, but it's rubbish now. You can try too hard for something new, but that's what we have to do."

Luscombe acknowledges that his videos are "not BBC-quality", but said that kept them more "honest": "We're a local business selling cars, not a glitzy PLC, and that's our appeal, that's how we define ourselves."

The business does take an analytical approach, carrying out A/B testing to ensure the content engages customers.

It also creates videos for specific demographics using Facebook's "tracker pixel" to embed videos into the timelines of potential customers. One video-led campaign for the Suzuki S-Cross also retargeted people who had watched at least 75% of a video, delivering a second with fresh content.

Luscombe also employs CitNOW video in his workshops – something he believes franchise partners Suzuki and Mitsubishi will make mandatory – and has teamed up with Aberdeen-based 360forthehighcourt.com in developing online tours of used cars.

Luscombe is prioritising used car video content for 2017 as it eyes an eighth year of growth and a £1 million operating profit.

It aims to sell 2,000 vehicles and is currently realising a 4.5% return on sales.

Luscombe said: "We've sold 2% of all Suzuki Ignis models since its UK launch and, so far this year, our Suzuki orders are up from 355 to 408."

"I'm hoping to reach performance milestones that I'd never dreamed of hitting."

**TOM SHARPE**





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# SPOTLIGHT:

## DIVERSIFICATION

# SPREADING YOUR BETS



### RISK VS REWARD

HOW DEALERS CAN ALLEVIATE THREATS  
TO MOTOR RETAIL – AND PROSPER –  
BY TWEAKING THEIR BUSINESS MODEL

PAGES 42-43

### BRANCH OUT

THESE FOUR DEALERS HAVE LOOKED  
BEYOND CARS TO BOOST FOOTFALL  
OR CREATE NEW REVENUE STREAMS

PAGES 45-48

### CAST A WIDER NET

HIRING WORKERS OF DIVERSE AGES,  
GENDERS AND BACKGROUNDS CAN  
BENEFIT YOU AND YOUR CUSTOMERS

PAGES 50-53



# WHAT TO DO IN CASE EMERGENCY

1

**THREAT:** Decline in new car market and growth in direct manufacturer online sales

**RISK:** Dealer left with high fixed overheads and headcount, while revenues are falling

**DIVERSIFICATION:** If predictions that the retail new car market has peaked are accurate and more people are likely to transact directly with manufacturers, many dealerships may suffer from a decline in sales.

One option could be to turn over space to used cars or diversify into used car supermarkets or even selling higher-margin classic cars.

Pendragon, which sold 159,000 used cars last year and has plans to open five sites in the first half of this year, is one example of how this can be achieved.

Chief executive Trevor Finn said: "We believe we can achieve at least double-digit growth in used revenue in 2017 (£1.92 billion in 2016) and our aspiration over the next five years is to double our used revenue."



**“ WE BELIEVE THAT WE CAN ACHIEVE AT LEAST DOUBLE-DIGIT GROWTH IN USED REVENUE IN 2017 AND OUR ASPIRATION OVER THE NEXT FIVE YEARS IS TO DOUBLE OUR USED VEHICLE REVENUE ”**  
TREVOR FINN, PENDRAGON

TrustFord has increased its used car capacity, by about 15% across the network, which has been a big part of recent refurbishment at its Dagenham, Birmingham, and Castleford sites. It also opened a new FordStore in Epsom in June with space for 100 used vehicles. The dealer opened its Long Marston fleet distribution centre in February, expanding capacity to 22.5 acres, room for about 7,000 vehicles, to cater for used cars.

Chief executive and chairman Steve Hood said: "We have a refurbishment facility with the compounds there where we can put them through prep and put them into the used market."

Sytner Group acquired CarShop in January and estimates the car supermarket will generate £275 million this year.

Sytner said the acquisition enabled it to expand and diversify its business, and it is a good cultural fit.

2

**THREAT:** Next-generation cars that require less servicing; possible move to four-year MOT exemption

**RISK:** Dealers could lose significant sources of profit

**DIVERSIFICATION:** The introduction of next-generation electric cars and the Government's proposed increase of the MOT exemption for new cars to four years will result in a reduction in servicing requirements, and thus profits, for many car dealerships.

In order to overcome this, dealers could instead focus on aftersales retention and broadening their offering by becoming a one-stop shop providing everything from tyres, online part sales and service plans to MOTs and diagnostics checks, as well as running campaigns to win new customers with older cars.

Gerry George, Stoneacre's aftersales director, said dealers need to start offering some of the services they traditionally used to, including tyres and glass maintenance.

Providing service plans for used cars is another opportunity, using discounted labour rates and second-line parts to ensure the cost is attractive.

In February, Stoneacre launched its Stoneacre Connect app, which enables its customers to access a range of cost-saving and peace-of-mind benefits, from crash alerts to car tracking.

"Tyres are key, particularly for electric vehicles," said George. "The development of service plans into mini-maintenance agreements [on items] such as braking systems and tyres can also help to offset reduced service requirements and the possibility of four-year MOT exemptions."

Kevin Ledger, general manager – operations at Lexus, whose sales are 98% hybrid, said Lexus has focused on building a value chain for the customer over the past 10 years through the use of service plans and used car warranties.

The company also provides tyres and accessories as well as a full hybrid health check. He said: "We have targeted our network partners in terms of providing service plan sales, not only on new cars, but also used cars, where the opportunities are actually bigger, and used car warranties. As part of the same programme, we recently introduced a full diagnostic hybrid health check for customers with a warranty between five and 10 years, regardless of if they have a service or not, and a free extended one-year warranty."



# OF BUSINESS

Tougher trading conditions, greater regulation and the rise of technology and the internet will increase pressure on car dealerships to stay afloat. But for those that are willing to change their business model and diversify, there are opportunities. Here we look at four such scenarios:

## 3

**THREAT:** New regulations, such as FCA compliance or the apprenticeship levy

**RISK:** Costs of doing business increase

**DIVERSIFICATION:** Dealers operate in a highly regulated environment and that is unlikely to change. Momentum towards real-life fuel and emissions measurement, a diesel backlash, and IMI campaigns for licensing, the costs dealers incurred for FCA compliance and the apprenticeship levy may be just the beginning. Headcount and training requirements may change as a result or outsourcing could increase expenses. A priority will be to maximise the value generated. Take the apprenticeship levy, for example.

Car dealerships with an annual payroll of £3 million or more will have to pay 0.5% of their wage bill, minus a £15,000 allowance, towards the new apprenticeship levy from this month (April 6).

Dealers will have until May 2018 to use what they have paid in on hiring and training apprentices or lose it.

One way of offsetting this additional financial burden is for a dealer group to establish itself as a training provider, allowing it to reclaim all of the training funds it has paid in.

The Institute of the Motor Industry (IMI) has appointed a senior apprenticeship manager to help dealers understand how they can best use the funding to recruit an apprentice and how much is available to them after they have paid for manufacturer-mandated training for technician apprenticeships.

Bradley Burgoyne, head of academy at Jardine Motors Group, said the AM100 dealer had set up an internal working group to look at how it can align its development programmes with the apprenticeship 'standards' system.

This will enable Jardine to draw down from the levy, thus retaining as much of the funding as possible as well as enhancing its current programmes and opening them up to a wider audience, he said.

"Through retail apprenticeship schemes like the Jardine Academy programme, automotive retail has been opened up to a whole new audience that might not necessarily have considered going into the trade before," he said. "That has enabled us to bring a new generation of employee into the business, with a fresh perspective and ideas, who view the automotive industry as a viable career option."

## 4

**THREAT:** Mobility solutions reduce car ownership demand in urban areas

**RISK:** Some franchised dealers go out of business if they don't adapt

**DIVERSIFICATION:** With use of car rentals and liftshares in urban areas growing, the need to buy and own a car is declining.

That means car dealerships will have to realign their premises as a destination, turning it into a community or work space for other individuals or businesses with a focus on technology and the introduction of additional EV charge points.

Mark Frostick, associate, automotive and roadside at Rapleys Estate Agents, said that with the issue of diesel pollution and the push to get London taxi cabs to move over to electric, one way of diversifying is to provide EV charge points.

Dealerships sited near retail parks or business parks may in future earn income from charging and maintaining hybrids and EVs.

Another option, he said, is to rent out office or parking spaces, or even allow another retail franchise to set up, such as a convenience store, to drive footfall.

"Retailers like Tesco, Sainsbury's, M&S, Aldi and Lidl are actively looking for more space and due to the lack of availability they are willing to pay a premium," he said.

"You could even include a Starbucks or a sandwich bar in your customer waiting area as a way of providing an extra service."

Paul Gordon, managing director of Autotorq, said dealers could also use technology to reinvent their work space by following the model of Hyundai's Rockar digital retail stores (See Page 34).

"In order to survive, dealers need to understand that customers want a truly multi-channel experience and they need to adapt in order to meet that demand," he said. **ALEX WRIGHT**



**“YOU COULD EVEN INCLUDE A STARBUCKS OR A SANDWICH BAR IN YOUR CUSTOMER WAITING AREA AS A WAY OF PROVIDING AN EXTRA SERVICE**

**MARK FROSTICK,  
RAPLEYS ESTATE AGENTS**





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# IS IT TIME YOU BRANCHED OUT?

A sandwich shop, a leasing company, a beauty salon, and a property business are just four of the ways dealers have created new revenue streams and boosted footfall

CASE  
STUDY 1

JENNINGS GROUP  
SUBWAY AT  
STOCKTON KIA

**'IT'S NOT ABOUT MAKING BIG PROFITS. IT PULLS PEOPLE IN'**

**N**as Khan, managing director of Jennings Motor Group, always has an eye on how his business can diversify and is continually looking for opportunities to attract customers to his dealerships' locations.

Khan said: "In this digital age, we need to be giving customers more reasons to come to the showroom."

Jennings built a garden centre business opposite its Ford dealership in 1989 to attract more people to the area.

He said: "We ended up renting it out in 1990 and then selling it in 1996 as it was taking up too much time to run, but it still acts as a great pull to bring customers in, particularly on weekends and during occasions like Easter Holidays."

More recently, when Khan was planning a new Kia dealership, he decided to include a Subway franchise in a unit next to its service department.

Khan said: "I initially looked at Costa or Starbucks, but the set-up costs were eye-watering."

"Subway works because lunch breaks are not what they used to be. No one really has time to have a sit-down meal. Subway is somewhere you can just grab something and go."

Khan said the set-up costs were about £123,000, but that did not include the unit it is housed in. It took about five months for the building work and fitting-out work to be completed before opening in February 2016.

Subway did have the area down as an open point and it was predicted to make about £3,000 a week. Khan said it is currently



It cost Jennings about £123,000 to set up the sandwich shop

taking £7,000 a week. He said the business is profitable and is on a 'rolling contract' to continue the franchise.

However, Khan said making big profits isn't the draw: "We have a lot of dealerships in this area and there is nowhere to get food. Every business in this area and all of their customers will come to us to get something to eat."

"Between 11am and 3pm we will have a queue leading out to my used stock forecourt. People wander around the forecourt and showroom while they're waiting. It pulls people in."

While Kia was a little apprehensive about the idea at first, he said it is now "delighted".

"We've been running this Kia showroom for three-and-a-half years and we have gone from retailing 400 cars a year to 700. I'm not saying all of that is down to Subway, as Kia is a brand on the up, but it has definitely had a knock-on effect."

Part of the appeal of the Subway franchise was the simplicity with how it is run. This means it does not draw too much focus away from Jennings' core business.

Khan said: "The accounts are automated, the stock take and ordering is all automated. It's quite hi-tech. We make all the salads fresh, but the majority of stock comes in ready. It pretty much looks after itself. The most difficult bit is around staffing. We have a lot of part-time staff, so it can be difficult to find the right people."

"I've got an excellent manager in there now, which took a bit of finding, and my daughter Natasha oversees the business too." Jennings' Subway accounts are separate to the dealer group's financials.

Spurred on by the success of the first, Khan is looking at adding another Subway franchise to the group, as well as a potential Greggs franchise. ➔



### SANDICLIFFE MOTOR CONTRACTS CONTRACT HIRE

## TO KEEP A CUSTOMER, THIS FLEET SALES MANAGER STARTED A LEASING BUSINESS

**I**an Middleton, founder and non-executive chairman at Sandiccliffe Motor Contracts, started the leasing business from the corner of his desk in 1982.

At the time, he was fleet sales manager at a Sandiccliffe Motor Group Ford dealership. He took the decision to diversify into leasing when the dealership was faced with losing a fleet account he managed as the company was changing to contract hire rather than buying its 200 vehicles outright.

Middleton said: "They told me their company's accountants said they had to lease the vehicles and Sandiccliffe didn't offer contract hire, so they had to take their business elsewhere, even though I had built up a great relationship with them.

"The dealer group still provided the vehicles to the leasing company for the deal, but I then went to Andrew Woodhouse, chairman of the group, and said we needed to get into contract hire. He asked me if I knew anything about leasing and I said I had attended a two-day course and that I was a fast learner. He had enough faith in me to start the business from scratch on my own."

The business has gone from leasing 150 vehicles a year to about 1,900 this year. It started with just Middleton and has since grown to a team of 30.

The first big step for the business followed the recruitment of a new member of the contract hire team who had a history of working with the public sector.

Middleton said: "That really opened up the business and we got in there very early providing contract hire to public sector fleets.

"We also grew big enough to have our own maintenance controller."

By 1984, Middleton stepped away from his role as fleet sales manager to lead the contract hire business full-time.

While Sandiccliffe at the time was a Ford-only dealer group (it now has Kia, Škoda, Nissan and Mazda dealerships), Middleton wanted customers to know the business was run independently. This meant being able to provide contract hire for any brand and being able to negotiate fleet discounts independently with manufacturers.

Middleton said the business has been profitable every year since launch and its continued success is a combination of being given autonomy from the dealer group and a focus on measured profitable growth.

Middleton said: "We have grown the busi-

ness slowly, always with profit in mind, rather than writing business that doesn't make sense.

"I think some other dealer groups have started leasing businesses, but failed because there has been too much pressure on growth or they have written bad business." Middleton is expecting growth of about 5% this year.

Sandiccliffe Motor Contracts focuses on pure corporate business and leaves all "retail business", such as PCH and PCP, to the dealer group. There is a mix of customer types across the business, with some customers having about 350 vehicles on fleet, but the majority of business is with fleets that take between 10 and 150 vehicles.

Middleton said: "We're not the cheapest, or the most expensive, but we differentiate ourselves

on the level of service we can offer. We can give that one-to-one focus that perhaps the larger leasing companies can't provide to the same level." Sandiccliffe Motor Contracts has a 61% renewal rate and Middleton said that is down to the great customer service his team provides.

Sandiccliffe Motor Contracts is actually one of its parent group's biggest customers, with the leasing division taking about 1,100 vehicles a year. In return, the dealer group can cherry-pick low-mileage fleet cars that have been well looked after to put back into the business as quality used car stock to retail. The Motor Contracts business puts about 1,400 used cars back into Sandiccliffe's group stock each year.

While Middleton was not able to disclose exact figures, he said his division provided a "substantial profit" back to the wider group.

While there is an open dialogue between the dealer group and the contract hire business with monthly board meetings, only about 1% of contract hire business is actually forwarded from the retail side to Motor Contracts.

Middleton said: "Manufacturers have deals in place with specific leasing companies. If the dealer group did that business through us, it would be more profitable, but it wouldn't count towards their manufacturer target.

"So we very much go after our own business independently and do not rely on the dealer group for referrals."

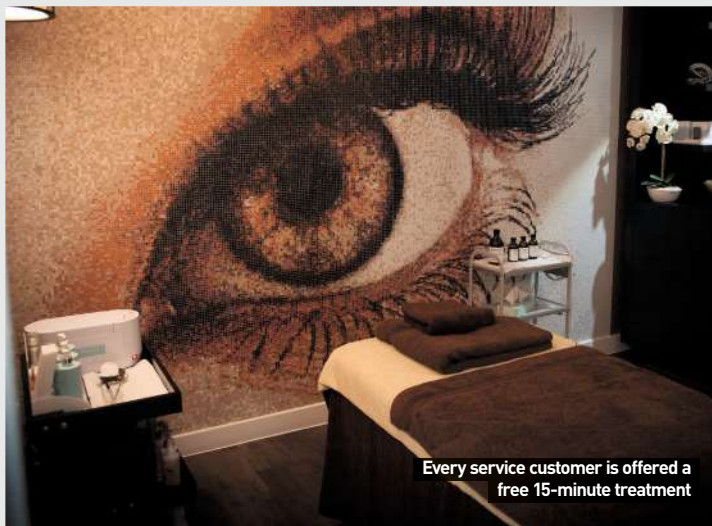
**“WE’RE NOT THE  
CHEAPEST, OR  
THE MOST  
EXPENSIVE, BUT WE  
DIFFERENTIATE  
OURSELVES ON THE  
LEVEL OF SERVICE**

**IAN MIDDLETON, SANDICLIFFE  
MOTOR CONTRACTS**





The Schön salon is 'a cherry on top' for Audi Poole's customers



Every service customer is offered a free 15-minute treatment

## CASE STUDY 3

### OCEAN AUTOMOTIVE POOLE AUDI SALON AND GYM

## 'THE SALON WOULDN'T BE OUT OF PLACE AT A HIGH-END SPA'

**O**cean Automotive's decision to add a salon and gym to its Poole Audi site was driven by wanting to provide customers with something over and above the norm.

Dave Tindall, group marketing manager, said David Kelly, Ocean Automotive's managing director, took inspiration from sectors such as the hotel and aviation industries.

He felt there was a customer crossover between the brands the group represents, such as Audi and Volvo, and a high-quality salon experience.

Tindall said: "The gym and salon was very much thought about from scratch with the new build."

"The centre is a large four-acre site, the biggest in the group and so the capacity to do this was built in from the start."

While Tindall wouldn't reveal the expense in adding the facilities as part of the Audi centre, he said it was a "small percentage" of the total build cost.

Both are predominantly used by while-you-wait customers that have their vehicle in for servicing, although any Poole Audi customer can use the facilities.

The ground-floor gym is free to use by customers and staff and features changing facilities with shower and changing rooms, a treadmill, rowing machine, bike, cross trainer and free weights.

Tindall said: "It's not at the same sort of scope as something you would find at a gym you would pay for, but it's good for those

customers that want to fit in a workout while they wait."

The gym doesn't need any staff to manage it, with the centre's hosts taking care of customers using the facilities.

Audi was positive about the addition of the salon and gym. Tindall said: "Due to our relationship with Audi they know we would do this the right way."

"The salon is a premium facility and wouldn't be out of place at a high-end spa or hotel."

The salon is managed in-house, but is run as a business. Tindall said it was important to establish its own branding with the "Schön" name (which means beautiful in German) tying in with the Audi brand's heritage.

Every service customer at Poole Audi is offered a free 15-minute treatment at the salon. They can then upgrade to a longer appointment. The majority of those using the salon's facilities are women, but the offer is open to everyone.

Schön has two full-time staff employed by

Ocean Automotive, who are trained in all the treatments the salon offers, which includes manicures, facials, massages and eyebrow shaping. The salon also exclusively uses and sells premium cosmetic products.

The salon is located on the mezzanine at the site and has three rooms, a changing room, general treatment room and private therapy room.

Tindall said: "The salon has become a real USP for the centre from day one at opening in August 2016."

"It gets people talking about the business and the fact we offer something like this here is unique and passes through word of mouth between customers. The customer feedback has been brilliant."

The reception from customers has been reflected in Poole Audi's customer service scores, although its aftersales department has regularly been rated as the best in Audi's UK network throughout 2015 and 2016 both before and after the move. It performs in the upper quartile for customer service for Audi across all areas.

Tindall said: "These are not intended as an additional revenue stream. Schön does cover its costs, but the real impact is providing that additional service for customers, surprising them with a cherry on top."

He added that they do not pull "the business away from the core of what it does, which is selling and servicing cars".

"The real benefit is felt with the positive impact on customer service and the perception of the business."



**"SOMETHING LIKE THIS IS UNIQUE AND PASSES THROUGH WORD OF MOUTH BETWEEN CUSTOMERS"**

DAVE TINDALL, OCEAN AUTOMOTIVE





### CASE STUDY 4

## AUTOMOTIVE ASSETS PROPERTY

# 'YOUR PROPERTY IS YOUR BIGGEST ASSET AS A DEALER GROUP'

**D**avid Manchester, the former vice-chairman of Peugeot dealer Charters Group, turned his knack for buying and selling property into a standalone business as Automotive Assets in 2013.

He advises dealer groups on selling their property portfolio either for alternative use, to supermarkets and residential developments, or for continuing use to another dealer group.

Manchester said: "Your property is your biggest asset as a dealer group. You have to treat it as a plant, if you look after it properly it will grow."

Manchester said his interest in property was prompted by his manufacturer asking him to either redevelop his dealership or relocate. It's a situation many dealer groups find themselves in as manufacturers move through a cycle of new corporate identity standards.

He said: "If you redevelop you're faced with closing the business for a year or operating out of temporary facilities.

"We decided to relocate and sell the existing site. We applied for alternative use and sold that land. I then acquired the land for our relocation and bought somewhere that was big enough to house the dealership, but also had room to sell to another business. We made a £500,000 profit."

Manchester has sold dealership sites to Lidl, Bellway Homes, Pavilion Housing Association and McCarthy and Stone.

Charters Group always bought with development opportunities in mind, he said.

According to Manchester, selling property to supermarket chains or residential developers can make twice or sometimes even four times the return a dealer would make if they were selling to a dealer group.

Some supermarket chains have aggressive expansion plans in place for the UK, but also, as Manchester explained, there is potentially a greater return for those businesses than for car dealers.

He said: "My advice on property is to be thinking of an exit right from the start. Start planning about what you'll do with that property in the future as soon as the thought of relocation or acquiring enters your head."

Larger dealer groups will have the resources in place to have their own property director. However, Manchester said running property as a business or investing in non-automotive property is rare.

He said: "It does happen. I know of a group that divested of its dealerships and now just buys and runs car parks instead.

"There are other businesses that diversify into different property development, but you

have to keep in mind that this sort of industry takes up a lot of time."

Manchester said that while there is money to be made – primarily for dealers that have freehold property in town centre locations – managing planning permission documents and the buying and selling process, on top of manufacturer and customer relationships can be a lot of plates to spin.

Arnold Clark is one of the biggest dealer groups in the UK and its position as an established, family-owned business means it has amassed a large freehold property portfolio worth £338 million.

Toomey Motor Group is another dealer group with a high proportion of freehold property, worth £68m on a turnover of £201m. Its parent company, Laindon Holdings, has diversified with businesses in addition to Toomey including Toomey Leasing Group and Brimsdown Apartments, a retirement property.

Manchester said: "Having a freehold strategy for property is always advised as it gives security and you can also borrow against it. It means you're in charge of your own destiny.

"With groups like Arnold Clark it has been possible to build up a property portfolio, particularly with a Scottish base, where property prices are more accessible than high-cost areas like London.

"They are one of the few dealer groups that will actually buy dealerships and then lease them to other dealers as a revenue stream."

**TOM SEYMOUR**



**TREAT PROPERTY AS A PLANT. IF YOU LOOK AFTER IT PROPERLY, IT WILL GROW**

**DAVID MANCHESTER,  
AUTOMOTIVE ASSETS**



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COX AUTOMOTIVE\*

# CAST A WIDER NET FOR

Recruiting employees of different genders, ages and backgrounds will broaden the skills and experience your business depends upon to prosper. But it is not as easy as it sounds...

**W**hether the cheapest city runabout or the priciest supercar, car dealers want their products to appeal to a wide range of people.

However, that drive for diversity often deserts those in the motor trade when it comes to hiring and promoting the people responsible for selling and servicing them.

As Clare Martin, group HR director at Jardine Motors Group, explains, hiring one type of employee only will limit your business, which is why Jardine recruits former military personnel as part of its diversification strategy.

"At Halesowen, we recently took on an ex-serviceman, who is an amputee, and we are shortly taking on another five people across the group who are also ex-military. It's not just their skills that make them excellent potential employees – their attitude and their work ethic are very valuable.

"Of course, it doesn't mean that every time you recruit former armed forces personnel, they will take to the job and be a tremendous success, but they do come with very positive advantages."

Jardine is one of the pioneers of workforce diversification within the motor trade, and for sound business reasons.

"We see this as a logical and long over-due approach," said Martin.

"If you look at the companies in the FTSE100 and 250 indexes, the ones that outperform their peers are those with workforces that are more diverse.

"We are now deliberately targeting new recruits with non-motor-industry skills, because we want to bring in people with different experiences. One of our JLR sites in the Midlands, for example, took on someone who had worked at H&M Clothing, in the children's section.

"He was soon top of their monthly sales charts, and then got the highest 'mystery shopper' rating we have ever recorded. We would also like to increase our percentage of female employees, but equally, I can't recruit a woman just to tick a box.

"We have an aspiration that our workforce will be 30% female by 2030, but everyone has to be right for their job. At the same time, we are encouraging flexible working policies, including part-time employment, and doing everything we can to remove unconscious bias from our recruitment process.

"We understand that there is no 'silver bullet' to achieve diversification, and that although progress is being made, they are only baby steps at the moment.

"However, for me, our trade associations (particularly the Society of Motor Manufacturers & Traders and the Retail Motor Industry Federation) are not leading the debate on this issue, and are failing to drive it forward in our industry."

## NARROW THE GENDER GAP

Another powerful proponent of change is Julia Muir, the founder of the UK Automotive 30% Club, which aims to see 30% of senior motor trade roles held by women by 2030.

She worked in the dealership trade in the 1990s, spent 11 years with Ford Motor Co, including time in Germany, took on a change management role with PwC in Barcelona, and then became a teacher and consultant at Loughborough University Business School's Centre for Automotive Management.

"Ford were great, very progressive, and I thought they were gender-blind with regard to employment and promotion. When I returned from overseas though, I was stunned to see that every single course at Loughborough was aimed at male staff," said Muir.

"It was 25 years since I'd worked at dealership level, but it seemed nothing had changed in terms of diversification. I also began

“



**IT WAS CLEAR THAT FOR YOUNG GIRLS, ANY JOB IN THE AUTOMOTIVE SECTOR WAS SIMPLY NOT ON THEIR AGENDA**

**JULIA MUIR, UK AUTOMOTIVE 30% CLUB**

working with a charity, which involved talking to schoolchildren, and it was very clear that for young girls, any job in the automotive sector was simply not on their agenda.

"I also became aware that young women looking for employment, and taking the first steps along their career pathways, often tried to use 'gender intelligence' in their decision-making, so it would be a major strategic handicap for the motor industry to be seen as male-dominated.

"I thought something had to be done to address these issues, which was my rationale for establishing the 30% Club. We all want to see companies in the motor trade be profitable, and I believe narrowing the gender gap is one way to help businesses achieve commercial success."

Muir cited analysis by Bloomberg demonstrating that companies whose workforce better reflects their customers are able to give them a better experience.

"It's not about saying to dealerships, manufacturers or any employer involved in our industry that they must be more diverse for the sake of it, it's about persuading them that their business will be better for it."

She also quotes research by Different Spin, whose 'Mad Maxine. Does automotive fail women?' report generated an array of dispiriting responses from women of all ages, about how they viewed motor dealers and the car-buying experience.

"Only 13% of the 48,000 women



# WORKERS

interviewed said they would be prepared to visit a dealer unaccompanied, because they felt the environment was predatory, which underlines just how much the industry needs to change," said Muir.

"Would women be more comfortable buying vehicles from women? I don't see any evidence that is the case, but they do want to be treated equally to men, and I also don't think women like to stand there and haggle about prices."

## BEWARE LEGAL PITFALLS

Driving employee diversification through positive discrimination is more difficult than it sounds.

"Everyone knows the motor industry is male-dominated, but it is quite difficult to address the issue from a legal perspective," said Paula Bailey, a partner with Howes Percival, and an employment law specialist.

"Employers do find it difficult to identify enough qualified female

candidates for vacancies, and are limited in what they can do. They could take 'proportionate' measures to address a gender imbalance, if they can demonstrate that such an imbalance exists."

However, that's not the only hurdle facing employers.

"They don't just have to prove women are under-represented, they would also have to show that the woman was equally as qualified as the male candidate, if there was a legal complaint from a man about discriminatory practices," said Bailey.

"The advice we give to all our clients is to always recruit the best person, regardless of sex. However, in the motor trade, the applicant with the greatest amount of relevant experience is always likely to be male, because of the industry's gender imbalance."



## ADVERTISING FEATURE

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By Michaela Gunney, UK sales director, Secure Group



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David Wild is a former chief executive of Halfords and Tesco Central Europe, and a non-executive director of Premier Foods. Wild took over at Halfords six weeks before Lehman Brothers crashed and led the company through the recession, growing its business significantly and quadrupling online sales. He now heads Domino's Pizza Group, which operates franchises across the UK, Germany and parts of Europe in a market undergoing significant competition and disruption from online services.

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# SPOTLIGHT:

## DIVERSIFICATION

“The wider issue is how employers recruit without potentially falling foul of the law, which is about ways of energising applicants who are female. You could set up courses to train females straight from school or college, or perhaps persuade women to come in at a lower level and then hope to rise.

“That’s going to take a long time, of course, so it would probably be quicker to think of innovative ways in which greater participation in the motor industry could be achieved.”

Forthcoming legislation on gender pay gaps may shame some employers into changing, said Bailey.

“Once gender reporting comes in, every company with 50 employees or more will have to reveal their pay gaps, and I suspect the figures will look awful for companies in the motor industry,” she said.

### CHANGING THE SALES PROCESS

Could another option be transforming the car-buying process itself, so that women are more comfortable on both sides of the counter?

Simon Dixon certainly thinks so, after using his experience at Dixon Motors, his time outside the industry, and his awareness of digital technology to found Rockar, which seeks to attract car-buyers through a virtual online presence and a physical presence in major retail centres.

His vision is for customers to research the market, sell their old vehicle, identify their new one and choose their preferred finance option via Rockar’s digital platform, before visiting its stores, where they can inspect their chosen vehicle and arrange a test drive.

Rockar’s first store opened at Kent’s Bluewater retail centre in October 2014, the second at Westfield Stratford City in

December 2015, and Dixon said others will follow, as potential customers, importers and manufacturers, increasingly embrace the Rockar model.

“For almost 10 years, I wasn’t part of the motor industry, and realised that the car-buying experience had to be much more than a transaction,” he said.

“I wanted a new approach, where as much of the process as possible was digital, and where showrooms weren’t based out of town, as had increasingly become the case, but were in areas of high footfall, and major retail hubs were the obvious location.

“For me, when we are looking to recruit, it’s about people who have the right attitude, who have personality and who can engage with potential customers in an open and friendly manner. It doesn’t particularly matter about their CV, but you do need to be consistent with your recruitment choices across the business.

“However, I must admit we are pretty down on people coming from a traditional motor industry background, because they tend not to have the right mindset.

“You work long days in a retail centre, perhaps 9am to 9pm, so around half our team work part-time, as it suits their life-style and income needs. Retention isn’t something I get hung up on. We’ve had people leave to go travelling, or go back to uni, or leave – and come back. It’s what they do when they’re here that counts.

“We’ve only been trading for just over two years, and two of our leadership team have left, had babies and then returned. A typical Rockar store will have four ‘leaders’, so we’ll always welcome good people back.”

The staff may be called ‘angels’ rather than salespeople, but they still

“WE ARE PRETTY DOWN ON PEOPLE COMING FROM A TRADITIONAL MOTOR INDUSTRY BACKGROUND, BECAUSE THEY TEND NOT TO HAVE THE RIGHT MINDSET

SIMON DIXON, ROCKAR



have to know their stuff on the vehicles.

“We are continuously improving and fine-tuning our business, because it’s based on digital technology and there is so much data to analyse,” said Dixon.

“One thing which could never change is the depth of product knowledge we require. Every Rockar employee has to know everything about their marque, and they have to know how to communicate that information to the people who visit our stores too.”

The strategy seems to be paying off in diversifying the age brackets reached by Rockar’s products too. As our Hyundai interview on Page 34 reported, the Rockar stores have succeeded in reducing the average age of a customer from 52 to 37, with 54% of those being women.

IAN HALSTEAD



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1

## Gather perspectives from outside the sector

Dealers often look outside the automotive sector for inspiration, with many drawing on the experience of other retailers to improve areas such as customer care and digital. According to Adobe and Econsultancy's 2017 'Digital Intelligence Briefing', 28% of marketers surveyed rated social media as a top priority, placing it second in the list after content marketing (prioritised by 29%). With social media continuing to play a central role, taking a leaf out of the books of others can prove advantageous.

2

## Know what you want to achieve

Julia Hutchison, client partner at content marketing agency Headstream, whose clients include WKD, Maybelline, B&Q, Google, Heathrow, the National Trust and Paramount, identifies strategy as the starting point.

She said: "Strategic thinking will inform the ability to build a solid social platform that will lay the foundation for brand growth and ultimately sales."

Lynne Goddard, managing director of consumer PR agency Escapade, advised setting out objectives first. She said: "The question businesses embarking on a social media campaign need to answer is – what are you hoping to achieve? It's not about getting people to see something, but to do something about it."

3

## Know your audience

Identifying the demographics of the target audience is all well and good, but businesses also need to understand how they interact with and utilise particular platforms.

Hutchison said: "At the heart of the strategy is your audience. It is best practise to begin by identifying and understanding all potential audience groups for social. This insight can establish an audience focus through the development of detailed personas of priority customer segments, using both demographic and psychographic data.

"You will need to identify the primary social platforms based on target audience data, and produce associated platform plans based on these insights."

Anne-Marie Payne, the director of marketing communications agency, Nobull Comms, said: "Social media is a rich source of information and insight that can benefit your business. Apply the right techniques and you can use these most voyeuristic of communication tools to learn a huge amount about your audience, thus reducing the need to make assumptions about them. Armed with this fresh new insight, you can then go on to develop the kind of tightly targeted campaign messages, which are most likely to convert into actual sales."

Goddard added: "It's vital to know who you want to speak to and why and how that is aligned with business objectives."

There is more to standing out on social media than posting an image to a dozen channels. **Debbie Kirlew** tracks down best-practice advice from the experts

# NINE WAYS TO ENSUR







4

## Don't use social media in isolation

The emphasis is very much on integrating social media with the wider marketing mix and business objectives to increase the likelihood that a desired outcome is achieved, such as visiting a web page or boosting sales.

Among Escapade's clients are pomegranate juice drink Pom Wonderful and the team enlisted award-winning trainer and *The Apprentice* candidate Katie Bulmer-Cooke to create four 'wonderful workouts'. The short videos were shared on various social media platforms and achieved 145,700 impressions across Facebook, Twitter and Vimeo. The corresponding retail promotion resulted in 22,000 direct redemptions of its offer.

Goddard said: "Social media doesn't work in isolation, it has to be part of the bigger picture and you need to understand how everything fits together and how different elements influence each other."

# E SOCIAL MEDIA SUCCESS

5

## Measurement

"Seeing the bigger picture is so important," said Payne. "Social media is not just about how many people are following your channel, but whether you are reaching the right people and engaging them with your brand, products and services. Are you successfully leading them to your website and propelling them to buy? Are they saying the right things about your brand and recommending you? Are they on track to becoming long-term customers?"

However, as Hutchison said: "The majority of brands do not have a rigorous approach to measuring social media content."

With most measurements looking only at channel-based objectives, such as reach, community size and number of shares, Headstream developed its own framework of metrics and KPIs.

She added: "Having KPIs in place encourages marketers to implement processes to ensure social media content continues to reflect changing platform and audience behaviours and ultimately delivers for the brand."

While Thomas Power, chief digital officer of Electric Dog, insists that social media content should be driven by entertainment and engagement, the end objective is still sales: "You should be focused on sales, but you won't achieve that until you have built up your followers." →

## COMMERCIAL PARTNER COMMENT

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



Our analysis of more than 40,000 'lost sale' prospects across a range of dealer groups in 2016 found that 40% of these prospects were not actually 'lost' at all, but in fact still ready and able to buy a car from the same dealership.

The most common reasons they gave for not proceeding were: an issue with a salesperson; the price of the vehicle; or vehicle availability. Training sales staff can take time to produce results, and price can become an insurmountable obstacle for many prospects. However, making customers better aware of an evolving stock situation is relatively easy and very cost-effective to address.

Many dealers working with Marketing Delivery reduce their 'lost sales' by keeping customers up to date on approved used vehicle availability via Car Alerts. When an enquiry has not progressed to a sale after 14 days, the system keeps customers engaged by auto-subscribing them to stock updates. They receive a notification whenever new stock arrives that closely matches their initial enquiry.

By acting as a 'silent salesperson' that promotes new stock to existing prospects, the system can produce a significant return on investment. Two of the top-performing franchised dealers recorded a combined 86 approved used sales over their first three months of using Marketing Delivery's Car Alerts.

As well as issuing email alerts, we can cross-check customer data against social media channels, including Facebook, and place targeted adverts in front of prospects on the platforms using our Social Relationship Management (SRM) programme. Car Alerts through SRM is yet another example of how our industry-leading, data-driven marketing helps dealers to target the right people with the right messages at the right time.

## Marketing Delivery

### DATA DRIVEN MARKETING



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

**Next month's dealer masterclass: Customer reviews**



# Marketing Delivery

## DATA DRIVEN MARKETING

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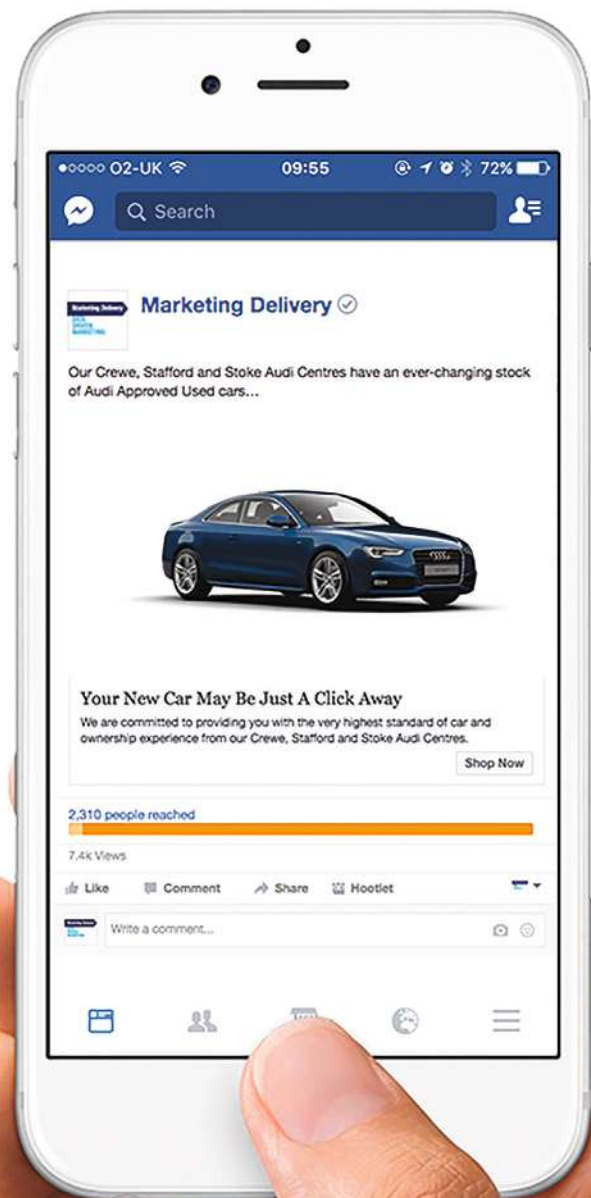
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6

## Content still rules

Audience research also enables an effective content proposition to be developed, according to Hutchison.

She said: "It guides, creates focus, and ensures you are creating content relevant to your audience themes and goals."

Payne said: "Sharing the same content across all channels simultaneously is no longer good enough. You can share the same message across all channels, but it's the way you deliver that message, with the use of images and language, that needs to be different. On Twitter, succinctness is a virtue, for example. On Facebook, a good image goes a long way, as does a more friendly tone, whilst over at Instagram, it's all about the image and the hashtag strategy. While LinkedIn is seeing an increase in more visual posts, it's still the 'professional channel'."

Goddard said: "You need to identify the right content to get people to that page and link to that page from social. You need to think about content constantly and continually review your material to ensure you are keeping customers engaged."

"We would advise businesses to trial different approaches. You can see very quickly what works and what doesn't."

7

## Listen, learn and understand

Payne recommends taking the time to understand and listen.

"Social media is like any other conversation space, so there needs to be give and take," she said. "There is a time to 'speak', or in social media terms, post or tweet, and a time to 'listen'. Understanding the common ground alongside a diversity of interests is essential for an engaging campaign."

"All industries have their jargon. However, the way you want to talk about your product could differ to the way your audiences need to hear about it. Jargon may cause them to switch off, so you need to talk on their level."

8

## Don't be 'Derek'!

Forget the sales pitch and one-way broadcasts. Social, by its very nature, is social and content has to draw people in, while brands should involve themselves in conversations.

Payne sums it up with an excellent analogy: "We all have that 'friend' or acquaintance – let's call him Derek – who, when you see them make you groan inwardly because you know they're going to talk about themselves incessantly for an hour. Derek never asks questions and he likes to repeat the same story over and over again. By bleating on about himself and what he thinks is relevant, without stopping to think about you might like to talk about, Derek makes it very clear that he's not interested in you. In time, you will do your best to avoid him. No one wants to be a Derek. Brands need to work hard to mix it up, listen and respond if they want to extend their reach."



**TOO MANY  
PEOPLE THINK  
CONTENT IS  
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A SALE, BUT  
SOCIAL MEDIA  
IS NOT A SALES  
CHANNEL, IT'S  
A TV CHANNEL**

**THOMAS POWER,  
ELECTRIC DOG**

9

## Tell a story

Creating the content in a form of a story or narrative is much more likely to prompt responses. When research showed Post-it that people use its sticky notes to write down positive affirmations in the hope that they would happen, Escapade partnered with philanthropist Katie Piper, well known for charting her recovery after a horrific acid attack, and undertook a survey to find out what people believe would make them happy.

The survey found the answer was earning £80,840 a year, living in a £443k house with two children and working 27 hours and 20 minutes a week. Piper, on the other hand, advocated that people take responsibility for their own happiness. The campaign resulted in 63,000,000 opportunities to see the story across the major social media channels, while Twitter received 6.6 million impressions.

"You can't just broadcast an offer, you need a narrative, such as telling the story behind the product or highlighting a feature which will make lives easier," said Goddard.

Power said: "Believing that content is king is a flaw in thinking. Too many people think content is about getting a sale, but social media is not a sales channel, it's a TV channel. You need to tell a story, not deliver a sales pitch, and a lot of people struggle with that concept. The goal isn't to sell your products or services, but to entertain."

Identifying and owning a theme can also help to engage an audience. Nobull has successfully done this for Charnos Hosiery. The brand has run its National Stockings Day in support of the Breast Cancer Care charity for several years, providing new slants each time to reach new people and re-engage the existing audience.

Payne said: "Using experiential techniques to provide content on this one day in the year, we regularly reach over one million timelines for each event. It's this kind of shareable material that can make a campaign absolutely fly in terms of reach, impressions and engagement."



# Improve your dealership in exciting new ways

A tailor-made optimisation plan can increase profitability in every area of your business

**Y**our world is tough. You have targets to hit. You need to grow your customer base, and you need to retain more customers to increase your sales. Then there is the ever pressing need to improve profitability across all areas of your business.

The problem is finding the time and resources to do it. You may recognise you need to address staff skill shortages in key areas, but how and when? You may even have a nagging doubt about your processes, which do not appear to be as efficient as you would like, but where to start?

## LTK ARE SPECIALISTS IN HELPING DEALERSHIPS TO IMPROVE THEIR PERFORMANCE

Operating since 2007, in business consultancy, customer retention and training & development, we currently have 78 FTE operatives. We exist to transform dealerships such as yours by improving your team's skills, customer experience and profitability in ways you may never have imagined.

For example, profitability is a critical issue for every business. For dealerships, the inherent slim margins that you operate with mean healthy profitability is even harder to achieve. To produce the margins required/ desired, you need to ensure that every area of your business optimises every opportunity.

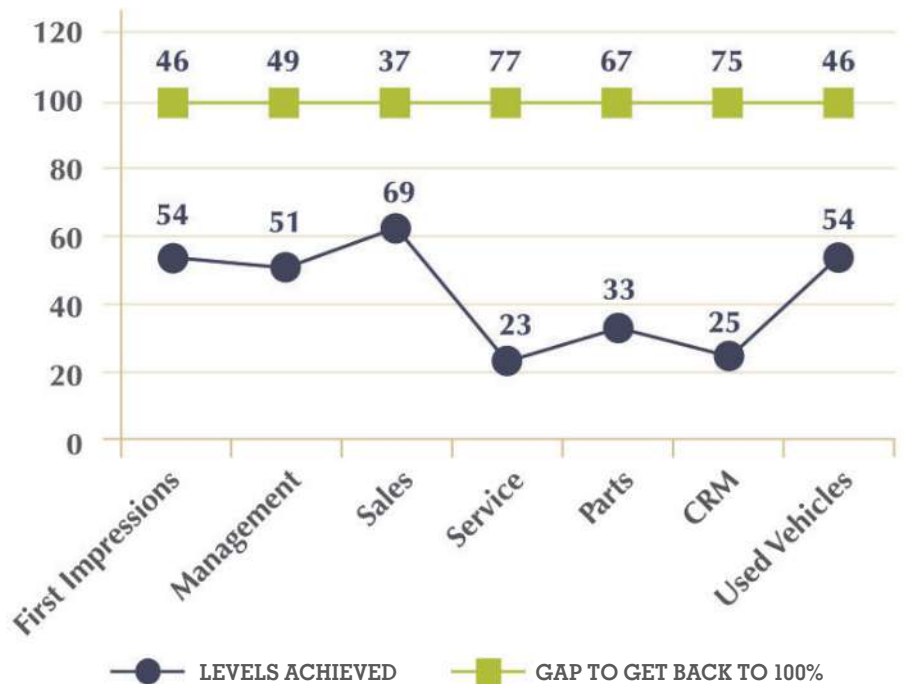
The problem is that profitability can slip through the cracks in hundreds of different ways – an inefficient process here, a missed sale/upsell there. And that is just in the areas you know about.

We do not simply diagnose and walk away, leaving you with a report. We also supply and implement the solution.

Naturally, these are not "off the shelf" solutions dusted off for your business. Instead they are 100% "tailor-made" and designed to enhance what you do and how you do it.

Our Business Improvement Tool

## Performance Improvement



allows us to identify your current level of performance, the gap for improvement and the measurement of both tangible and intangible elements of the business.



Andrew Landell, Managing Director of LTK (left), said: "Because we have vast experience and expertise in the motor industry working with vehicle manufacturers and dealer groups of various sizes, we have a unique insight into what excellence looks like in dealerships.

"It also enables us to share with you ways of improving every aspect of the customer journey and maintaining an effective and profitable customer service offer.

"Our fresh pair of eyes allows us to introduce to you a number of proven

improvements. Some will be big changes, others will be smaller enhancements. Some will be things that you know you need to do, others will be new to you. Some will be quick wins, others more challenging. However, all will increase your profitability.

The fact is, we WILL improve your business. How much we improve it, depends entirely on the number of recommendations that you decide to implement."



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**To discuss how we can work together to achieve growth or complete a contact centre health check, contact Andrew Landell at [landella@ltkconsultants.co.uk](mailto:landella@ltkconsultants.co.uk)**



# RUNNING A PROFITABLE DEALERSHIP

Twenty pages of best-practice advice  
from AM's commercial partners  
on boosting revenues and cutting costs



IN ASSOCIATION WITH OUR COMMERCIAL PARTNERS





# Make the most of the finance relationship in the showroom

Turning a profit has never been more important for dealers. Gerry Kouris, ALPHERA Financial Services marketing manager, outlines how they can increase earnings through marketing, transparency and good customer service

**E**ffective marketing is key. Marketing is all about communication. Cross-level multi-dimensional communication is needed for effective marketing, which targets people at all levels (internal organisation and external). Effective communication generates feedback and allows greater visibility, which then leads to constructive dialogue. Communicating with industry partners, or even competitors, is equally as important as communicating within the organisation.

A lot of dealers fail to recognise and identify their extended stakeholders and engage with them in a targeted and exciting manner. Your stakeholders may include internal team members, management, regulatory/industry bodies, competitors, academics, the local community and other members of the wider business society – as well as the customers. Failing to identify and communicate with key stakeholders can lead to misinterpretation of key facts and lack of awareness about what the dealership has to offer.



## “THE DAYS OF FINANCE DEALS BEING STRUCK IN A BACK OFFICE ARE LONG GONE

**GERRY KOURIS,  
ALPHERA FINANCIAL SERVICES**

It is a brilliant tool to build your profile and generate some awareness of what you are trying to achieve. It can also present the opportunity to have a bit of fun with your audience.

Here at Alphera, we work closely with our partners to ensure they understand how to effectively communicate with their target audience, drive people into their dealership and keep key stakeholders informed.

### First impressions count

While consumers have often done substantial research into the various finance options before they enter a dealership, it is still apparent that many find the sector confusing and are not clear on the benefits of different finance solutions. Therefore, it is important that salespeople are approachable, knowledgeable and able to explain the different options available to people in an open and transparent way. Finance conversations should not be seen as a challenge for the consumer to overcome.

Dealers should be comfortable and prepared to run through every finance package that may be suitable for the consumer, providing them with choice, but also helping them to understand how each solution will interact with their existing financial arrangements and lifestyle decisions. The ultimate goal for the retailer should be to educate customers on the different finance options in a clear, structured and illustrative manner. Then the customers will be able to make a decision that is in their best interest.

### Transparency is key

The days of finance deals being struck in a back office, away from the prying eyes of the customer, are long gone. The most successful and loyal relationships now come from consumers who feel like they are part of the finance process. We strongly encourage our partners to take advantage of the technology and software available to help walk customers through the finance

process in an open and transparent way.

Indeed, by allocating sufficient time to complete applications and explain all of the jargon – without going overboard and taking up a whole afternoon – the consumer is likely to feel much more at ease in the showroom. Engaging people in the finance process and walking them through every stage of the application helps them to feel ownership of the agreement and is likely to lead to far fewer complaints in the long term. Technology is there to facilitate the process of finance, not to overshadow, or lockstep the finance process.

### Aftersales – don't make it an afterthought

Customer service should not stop at the showroom door. This is particularly important when it comes to the financial relationship that continues throughout the consumer's possession of the vehicle. All too often, the only touchpoint a consumer will receive is the monthly demand for payment; however, there is a clear opportunity for dealers to increase the frequency and relevancy of their communication.

Salespeople should make courtesy calls a priority and not just to check to see if clients are happy with the vehicle. By following up at key intervals of one, three and six months, dealers will not only endear themselves more by giving existing customers the chance to enquire about their finance product options, but can also use conversations to upsell. Timeliness is also critical and canny salespeople should call to coincide with key events, such as dealer promotion events, plate changes and ends of financial quarters and years, to maximise the chance of uptake.

By following up regularly, dealers are able to build upon the relationship and this will help put them at the front of mind for future sales. Additionally, providing a clear, fair and transparent aftersales provision to the customer can greatly increase satisfaction scores, which are becoming increasingly important to manufacturers. Finally, don't underestimate the importance of referrals.

Dealers who get their marketing right, deliver first-class customer service and are transparent in their dealings, put themselves in the driving seat to increased profits

An effective finance-led marketing campaign can have a significant impact on the amount of enquiries a dealer receives, especially when the marketing activity incorporates some bespoke elements. For example, holding events where customers can come along, meet the team and learn about the products on offer can be hugely successful, especially when joined up with current events, such as global sporting championships/competitions. These type of events are already in people's minds due to the high-level exposure, so by piggy-backing on their success, the dealerships could benefit too.

Social media is also a very cost-effective way for independent dealers to reach their customers, and engage with stakeholders.

**ALPHERA Financial Services is a leading F&I provider for franchised dealers, independent dealers and brokers. To find out more about ALPHERA Financial Services, please visit [www.alphera.co.uk](http://www.alphera.co.uk).**







# Analyse and optimise to get the best from your website

To get the highest return on investment from your digital marketing, identify your customers' journey, track the steps they take, and refine your online strategy based around what works

**A**t Autoweb Design, we put our heads together and discussed how dealerships can make their marketing effective and profitable. Here are our thoughts on the best steps to take to ensure visibility, accurate measurement and effective optimisation in your marketing strategy and campaigns.

## Focus on profit

It's easy to get excited by the creativity or the numbers involved in marketing, but

ultimately you need to know whether your marketing activities are working, and whether they are worth the money.

There are several different metrics that you can use to measure the success of your marketing. From CTR (click-through rate) to CPC (cost per click) or CPA (cost per acquisition), it can be easy to get bogged down in the minutiae. However, while these metrics are good when looked at together to make sure that a campaign is performing well, it doesn't give you the bigger picture.

Decide on your key performance indicators, and target your marketing strategy and campaigns accordingly, all the while ensuring that positive return on investment (ROI) is maintained.

## The customer journey

Here at Autoweb Design, one of the aspects of digital marketing that we focus on explicitly is the complete customer journey. This recognises that customers go through a process of awareness, consideration

## “ THE POINT OF YOUR WEBSITE IS TO CONVERT TRAFFIC INTO LEADS... YOU MUST INVEST SOME TIME INTO OPTIMISING YOUR SITE TO INCREASE THE LIKELIHOOD OF A VISITOR BECOMING A CUSTOMER

this is right for your business.

From the customer journey, we know that the customer often comes into contact with the brand several times before they make a decision.

For example, someone discovers your dealership through an ad for a Suzuki Vitara, clicks through to the site, leaves, but comes back later via a different route and converts.

If your attribution model is 'last click', then your PPC campaign won't take any credit for this lead, even though it was through this route that the person discovered the dealership.

Using the right attribution model means that you know which marketing channels are working well, which should be optimised or invested into and which should be scrapped.

### Call tracking

While tracking online touchpoints is relatively easy, provided your analytics system is set up correctly, tracking offline interactions is a little bit trickier. That's why systems such as call tracking are key.

Using dynamic call tracking, phone calls can be tied to website sessions. This means you can gain real insights into what digital activity results in calls to your business, and optimise your digital presence to generate more calls.

### Analytics

Analytics provides insight into keywords, customers, social media, page quality and more, allowing you to understand how your visitors interact with your website. It shows you how people are arriving on your website and from what sources, so you can improve your marketing activities.

Whether you are using Google Analytics or another analytics platform, it can be complicated to get your head around. However, making sure your analytics

system is set up correctly will avoid unnecessary confusion.

For instance, in order to know what website traffic is leading to valuable conversions, you should ensure conversions are tracked properly in your analytics platform, but also that website traffic is tagged correctly so that you can see where it came from.

Understanding how to use it and how to read it will mean accurate attribution and reporting.

### Optimising campaigns

Once you have the data and the attribution, you will need to start optimising your campaigns to ensure you are getting the profit that you need out of your marketing.

Put simply, conversion rate optimisation means to improve or increase what is working and get rid of what isn't.

Ultimately, the point of your website is to convert traffic into leads, and so you must invest some time into the process of optimising your site to increase the likelihood of a visitor becoming a customer or a lead.

Experiment with different elements in every aspect of your marketing, and build your strategy upon things you know work for you. From customer feedback to improving website copy, there are a variety of valuable areas on which you can concentrate to optimise conversion rates.

For instance, you could find out which landing pages are converting well, and analyse the ones that aren't. Are you sending people in a certain stage of the customer journey to the right type of landing page?

Overall, your focus needs to be on an iterative marketing strategy. Through effective tracking, analytics and data analysis, you need to be constantly testing, optimising and improving towards goals that drive your business forward.

and decision and that you can target your marketing towards people in each of the different stages, with a view to moving them towards making a decision and buying a car with you.

For example, we know that PPC is helpful in targeting people in the decision stage, because you can target people searching for your products.

Understanding the customer journey means you are not just throwing spaghetti at the wall and hoping some of it sticks.

### Attribution modelling

Attribution models are used to assign credit to different touchpoints in a path to purchase, based on a set of rules. There are several different models that you can use, including last click, first click or linear. You could even use a custom attribution model if

**If you would like more information, please get in touch with Martin Dew on 01757 211 700**



# Add to earnings at every stage of the customer cycle

Search, sales, aftersales, satisfaction, retention – video can increase profits at each touchpoint

**M**uch of the recent rhetoric around dealership profitability has been centred on the adoption of new technology and its place in customer relationship management (CRM). A clear shift that is emerging is the evolution of CRM to video relationship management (VRM), namely the use of video at the various touchpoints of the customer lifecycle when buying and maintaining a car.

One manufacturer identified up to 16 customer touchpoints during the customer journey. This begins at the renewal of a PCP or new car enquiry, all the way to warranty claims, accident repair and accessory sales. To improve profitability, the objective is clear – sell more cars, repair work and parts accessories. The key to doing so is to build trust and transparency at every opportunity.

## Go digital

Today's consumer doesn't just go online, they live online. The automotive retail experience needs to integrate seamlessly with this at every stage. A website and

social media presence are two of the main foundation blocks of the digital journey, but success will depend on the quality and consistency of online content. To get more leads, integrate video with the used vehicle locator (UVL). Each vehicle has a 60-second video selling the 'sizzle' rather than the sausage – encouraging the browser to take the next step.

Enticing customers means bringing them to your site in the first place. Search engine optimisation (SEO) is important, but if a picture speaks a thousand words, a video speaks millions. Video integration

such as CitNOW Web means the 60-second appetiser on your site will be seen across multiple sites and watched by many. If every vehicle has a video, the audience grows exponentially. This is proven to reduce stock rotation by at least two weeks.

## Personalise

Customers love something that is unique to them. However, personalisation is not just about calling them by their name or remembering when they are going on holiday – it is about retailers making an emotional connection with their customers.

Video relationship management has changed the way inbound enquiries are handled. Adding at least one video to show the condition of the car in question begins the process of building trust and transparency in the customer's mind.

For a customer and a retailer, the personalised approach can be much more efficient. Personalised condition reports of used vehicles and introduction reports are not available on a typical website – it is a new piece of information that supports the customer's decision-making process. The conversation becomes two-way at this point – a video welcoming the customer to the dealership can help pin down an appointment and secure commitment, reducing the 'no show' rate and the associated lost time.

This philosophy is just as applicable in the workshop. The technician is the unsung salesman, and the rules are very simple. Provide an informative, helpful explanation of what is wrong with the customer's vehicle, and they will react positively. An effective presentation can be very disarming for the customer and often results in the upsell of urgent red work.

Of course, a really effective workshop video will also showcase the 'amber', or non-urgent, work. When a customer's vehicle is in the workshop, pointing out the areas that are likely to need attention in the future increases the chance of a later upsell, which, in turn, means increased profits and a more efficient process for both workshop and customer.

For vehicles with no identified work, a 'green' video still provides a valuable

**VIDEO IS A  
POWERFUL  
PART OF  
THE PROCESS OF  
PERSUADING A  
CUSTOMER TO BUY**







personal experience. However, just saying 'thanks' and videoing the number plate adds no value. It's important to spend a minute to explain the condition of the tyres, brakes, suspension, exhaust and the lack of leaks.

### Educate

Video is a powerful part of the process of persuading a customer to buy. It is worth persisting to make sure it is in place in your showroom or workshop. However, adopting any new technology and swiftly abandoning it will be a wasted exercise, while using it inconsistently could alienate potential opportunities and cause confusion among customers and staff.

The quality of the training programme that comes with a video service is also vitally important, and something to consider when signing up. Any extra training or

resources add value to a subscription and can save retailers a great deal of time in streamlining the process of implementing and maintaining new technology.

Online e-learning modules offer huge time advantages. New or recent recruits can refresh their knowledge and management time can be used elsewhere. Staff will value the investment in their career and the boost in skills. This helps maintain staff retention and mediates any future costs or downtime associated with turnover.

Video provides immediate impact and insight with supporting statistics. Done correctly, the retailer has a workforce management tool as well as accurate information on customer satisfaction.

The benefit of digital tools such as video is that they give greater visibility and statistic-driven insights over how well the technology is being used, so retailers will be able to

identify where customers are most satisfied and where to allocate training resources.

### Process

Establishing where video fits into the sales process is where any manager should start. What does good look like? Only then can the retailer's staff be trained, ensuring they understand the benefits of video and how they can add value for every customer's journey. Next, agree daily targets to ensure that personal video is part of the day-to-day process and review them regularly.

Once the video process is established, the all-important integration with the customer journey will be natural. More information on the benefits of video for the dealership, and the changing nature of the car-buying process can be found in the CitNOW White Paper at <http://www.citnow.co.uk/white-paper/>.

**Email:** [reply@citnow.com](mailto:reply@citnow.com)  
**Phone:** 01189 977 740  
**Website:** [www.citnow.co.uk](http://www.citnow.co.uk)



# 9 WAYS to use messaging to boost profits at your dealerships

Connect with more customers and drive more buying decisions in sales and aftersales

**M**obile is taking over the world, and your consumers are on board. Google says mobile devices now account for over half of time spent online, which includes car-shopping research. However, increased mobile device use does not mean increased phone calls. Studies show that consumers are messaging businesses to discuss purchases and service, from live chat to text and even Facebook messages.

To get the best results from messaging, weave it into every consumer touchpoint and into your company culture. After all, having a phone doesn't mean it will ring. Even if it rings, that doesn't guarantee a sale. The same goes for your messaging solution.

Start building a more profitable messaging strategy with the following nine best practices:

## 1 Plan with mobile shoppers in mind

Since shoppers are searching, comparing, asking questions and scheduling appointments from their mobile devices, think beyond web chat. Make sure your site has easily found tap-to-text or mobile chat options, so you can interact at shoppers' most impressionable moments.

**Bonus:** Letting consumers choose the communication that is most convenient for them can mean more sales opportunities.

## 2 Help shoppers take action, sales to service

Mobile sites adding messaging have shown engagement increases of up to 40%. Why restrict those increases to the sales department? Dedicate messaging channels – a specific text-enabled number, a unique 'chat with service' button – to help aftersales departments connect with service customers too. **Bonus:** Consumers are probably already chatting or texting their service questions in. Funnelling those enquiries to the right team provides a

better customer experience (and increased team efficiency).

## 3 Connect with shoppers on car search sites

Do you advertise stock on third-party car search / shopping sites (e.g. Auto Trader or Motors.co.uk)? Take advantage of any chat or text messaging options offered there, too, as you may reach shoppers before they have decided on your dealership. The convenience can lead to increased enquiries, which can convert into leads and cars sold. **Bonus:** You can track more return on investment in your advertising spend.

## 4 Enable shoppers to text from Google pay-per-click (PPC)

If your messaging solution provides you with a text-enabled number, add it to Google AdWords campaigns as a click-to-message ad extension. Shoppers who see your

pay-per-click advert in mobile search results can then start a text conversation with you even earlier in the car-shopping or repair shop search process. **Bonus:** It doesn't cost extra to add click-to-message ad extensions.

## 5 Streamline management with a universal platform

If possible, find a messaging provider that incorporates the above four points in the same platform. Imagine the inefficiencies, headaches and gaps that could occur if you had to juggle one system to chat with a shopper from Auto Trader, another one to chat or text from your website, and yet another for those texts from Google adverts.

**Bonus:** Using an all-in-one messaging platform minimises the learning curve and training costs.

## 6 Have an 'always-on' presence

Chat or text options imply that there will be quick responses. If someone is not there to provide immediate attention, the shopper will move on – perhaps to a competitor – and you've lost the





## IF SOMEONE IS NOT THERE TO PROVIDE IMMEDIATE ATTENTION, THE SHOPPER WILL MOVE ON – PERHAPS TO A COMPETITOR

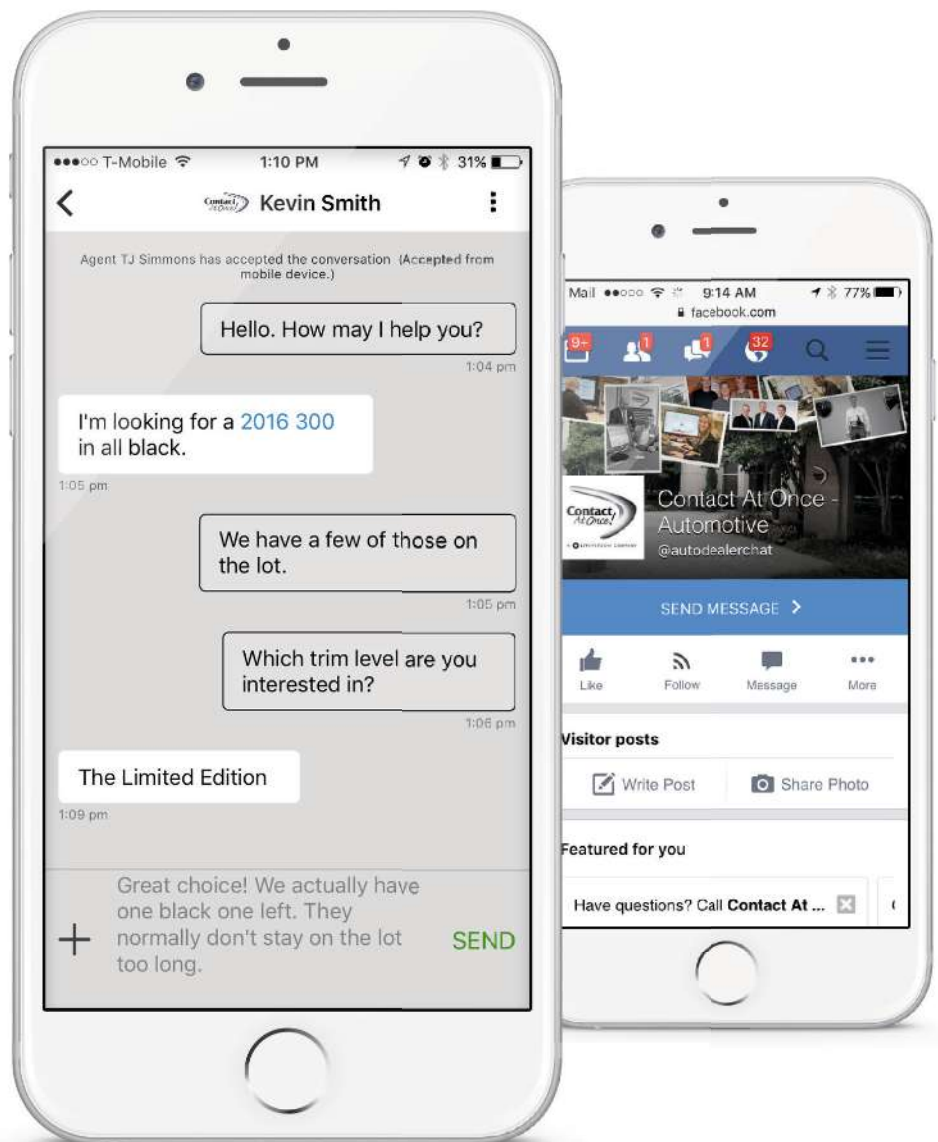
chance at a positive first impression. These approaches can maximise the conversations your dealership can take (and increase the conversions):

■ Train your team to jump on incoming chat and text conversations quickly and equip them to do so. **Bonus:** If your solution includes a mobile answering app, they can chat and text with shoppers anywhere (and anytime).

■ For the most complete coverage, ask your provider about fully managed or co-managed teams of specially trained agents who can answer on your behalf, up to 24/7. Fully managed implementations handle incoming chats/texts and pass them on as leads. A co-managed implementation gives your team the first chance to answer (and provide their unmatched expertise), but will pick up any incoming message that would otherwise be missed. **Bonus:** You can scale the amount of resources needed without missing a chance to positively influence shoppers.

### 7 Encourage team buy-in

If your team believes in messaging, they tend to respond faster, provide more useful advice and get more out of your investment in general. Sometimes it helps to introduce it in phases. Focus on a select few teammates, get them messaging and let others see the extra opportunities that can come from it. **Bonus:** Even if you choose a fully managed solution, team buy-in is essential in ensuring the leads gathered from chats or texts will be followed up with quickly for the most seamless, attentive buying experience.



### 8 Use messaging for outreach

Put more opportunities back on the table by adding permission-based texting in your follow-up process. One dealership does this by texting consumers after first emailing and calling, and they had more than 50% of previously unresponsive leads respond to a text in one month. **Bonus:** Text messages are asynchronous, meaning they aren't an "in the moment" live conversation with a beginning and end. You and the consumer can continue a conversation over hours or even months, if desired.

### 9 Don't set it & forget it

The best results don't come by luck. Constantly review how your solution is performing, so you can fine-tune as you go.

Along with performance reports, read the chat and text transcripts (records of your dealership's conversations) to see what worked and what didn't. Consider creating a team feedback loop, too, like a five-minute update meeting. This allows you to review the messaging KPIs for the week, share any changes you want to try, update the team on software advances, and so on. **Bonus:** You and your team will have a clearer picture of how messaging is playing into your sales (or aftersales) goals... and areas of improvement.

Put these messaging ideals into practice, and your dealership will be able to connect and help more shoppers in the right time and place – when they are hungry for information and ripe for influence.

To learn more and start building your own chat and text messaging plan, just reach out: Text 020 3095 7289 / email [marketing@contactatonce.com](mailto:marketing@contactatonce.com) / or visit [contactatonce.com/dealer](http://contactatonce.com/dealer)



A LIVERPERSON COMPANY



# Boost your dealerships' profits by 1% or 2% at a time

Dealers should take a multi-pronged, marginal and patient approach to growing revenue and cutting costs

**I**t is worth opening this article by stating that there is no silver bullet that will immediately set dealer profits soaring. No one process that can be changed or system adopted that will suddenly change a dealers' fortunes. No hard and fast rules that can be set that will see more customers come flooding through the doors wanting to spend their hard-earned cash. What dealers must do is look for small, marginal gains throughout the business. Gains that will each increase profits by 1% and 2%, either by growing revenue or reducing costs.

These gains can be achieved by modifying, streamlining and improving processes and systems that have often been ingrained in business culture for years. One way of accomplishing this is by embracing new technologies, some of which may be alien to the industry and require a change in thought processes and daily practices. To do this requires management to alter their vision and be fully bought into why the processes and systems are being introduced, and help drive these changes to gain full staff buy-in and adoption.

Introducing a service plan system into the sales and service departments will not immediately add millions of pounds to a dealer's balance sheet, but it will guarantee a constant monthly revenue stream if managed and driven properly. It will also ensure that customers return year after year to a dealership to have their vehicle serviced, providing multiple sales opportunities.

Having an electronic vehicle health check (eVHC) system will not suddenly mean customers start buying all the red and amber work that is identified. However, offering different methods of payment, such as a finance option for concerns that are highlighted and due immediately, and a pre-payment option for items scheduled in the future, can help improve conversion. For those items not bought on the day, a robust follow-up system is a necessity to ensure a customer receives timely reminders with details of the work due.

Sending videos to customers in reaction to a sales enquiry or during the health check process will not guarantee that they will turn up to purchase the vehicle or have the work carried out. However, if done properly, and with the necessary investment in training, then customers' perception of a dealership and its professionalism is improved, and the likelihood of a sale increased. A small change in process, whereby a post-sale, pre-delivery teaser video is sent to give customers the "wow factor", can help improve satisfaction levels and ongoing customer relations.

Using a customer relationship management (CRM) system to send reminders when services, as recorded in the dealer management system (DMS), are due will mean many customers react to these prompts and book in their vehicle. However, with an average of 52.7% of MOT dates wrong by more than 30 days and a further 20% of customers changing vehicles between visits, but not being updated in the DMS, then a lot of money is wasted sending out preventable, costly reminders.

An up-to-date CRM system is one of the most important applications available to a dealer, so running a daily MOT cleanse and keeper change check is vitally important. A clean, well managed database with full commitment to data collection and cleansing not only improves follow-up conversion, but also

**GAINS CAN BE  
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reduces unnecessary costs.

Investing in an easy-to-use, responsive website with the option for a customer to book online is a must in today's digital world. And having this facility with real-time availability rather than a booking request form, with full service pricing, additional upsell items, accessories, current special offers and courtesy car integration is a necessity. A customer may not be actively looking for winter tyres or a new set of wiper blades, but if they are offered during the booking process then there is an opportunity that they might just click and buy. In a time where customers can purchase a car online, there is an expectation they can make a service appointment online too, any time of the day or night, with full visibility, flexibility and comfort in what they are booking. With more than 25% of online bookings made between the hours of 6pm and 9am, and 33% of all appointments made on a mobile device, the need for a robust, responsive and intuitive online booking function is crucial.

The introduction and use of these technologies can only be of benefit to dealers if used and managed effectively. All are designed to help improve profits, whether directly through improvements in monthly revenue, or indirectly by increasing customer trust, satisfaction, retention and referrals. However, it is imperative that these systems are connected, talk to each other and share the valuable information they hold. They cannot be used in isolation as this ultimately leads to disjointed silos of information, from which gathering complete dealer performance or individual customer data can be time-consuming and costly.



In conclusion, there is no one factor that can be adopted that will guarantee increased dealer profitability. Embracing and driving the use of new and simple-to-use systems and connected technologies together with full management buy-in, staff awareness and communication, where the goals and visions have been outlined, is a fantastic platform from which costs can be reduced and revenues improved. This could well mean that small amendments must be made

to deeply ingrained processes, with new working practices sustained through the drive of management and discipline of staff.

Dealers can become more profitable through finding and introducing these small, 1%, marginal gains. However, the success of these gains will not happen overnight, but will be the result of many small choices and changes made over a period of time.

**To find out more about how eDynamix and Connect can boost your profitability, contact us on 0845 413 0000**





# 10 WAYS

## to maximise online motor finance

Designing your website with the finance customer in mind can give you a user-friendly, transparent, and FCA-compliant process that delivers a greater return on your investment

Online motor finance has only become widespread relatively recently, so even companies at the cutting edge, such as iVendi, are still learning about what works well in different circumstances.

However, one central fact is now well proven – the difference in the number of calls-to-action created on the web page of a dealer or car portal can be improved threefold by more appropriate design.

Some elements of this are simple – placing the offer above the fold is crucial – but there are a range of other strategies that can be

used to increase effectiveness for retailers and customers. Here are some ideas:

### 1 Promote finance from the start of the consumer journey

Rather than bolting on finance at the end of your website design process, include it from the beginning. At the very least, finance should work in tandem with your stock search feature.

### 2 Think 'mobile-first' when it comes to the website design function

Today, if your website doesn't work well on

a smartphone or tablet, you are severely restricting your chances of success. The majority of users now access the internet through a mobile device and Google has changed its algorithm, so non mobile-optimised sites will be disadvantaged when it comes to search engine results.

### 3 Windscreen price and finance price should always go together

We live in an age where the windscreen price of a car is often less important than the monthly cost so, whenever the car price is shown, also include the finance offer.



**4 Anchor the finance price, so it is always visible**

The customer may be looking at other areas or tabs on the website, such as the vehicle's specification, but anchoring allows you to keep the finance price visible, continually reinforcing the affordability of the vehicle.

**5 The top right-hand corner of your website is prime real estate**

This is the most important area of your website, and usually contains the windscreen price. Our most successful sites also show the finance price in this space with a direct, clickable call to action that allows the user to interact with the finance examples.

**6 Inform the user while interacting**

When users are interacting with finance examples, they will sometimes request something that isn't available, such as a quote for a term that is too long. Inform the user of this and then present the best match rather than just recalculating and creating frustration.

**7 Make your finance offers clear**

Customers understandably find it irritating if offers are poorly signposted, and often lose interest. If you have, for example, a "low minimum deposit required" offer, ensure that it is clear to which cars it applies, and exactly what the low minimum deposit is in pounds.

**8 Show prominent calls to action**

A finance quote in isolation or with a poorly worded call-to-action means little. However, if it is accompanied with a button to "check finance eligibility" or "apply for finance", it becomes a means to move forward the sales process.

**9 Help inform your buyers with video**

Product information videos are an effective and easy way of developing the customer's understanding of your finance offering. Most buyers will not understand the key differences between HP and PCP, for example.

**10 Auto-submit applications to your lenders**

Consumers are demanding immediacy of information. Ensure applications are directly submitted to lenders where possible and that eligibility check leads are followed up in a timely manner.

## New plug-in Website Widget lets dealers add motor finance tools to their website 'within hours'

A second-generation plug-in "Website Widget" being launched by iVendi this month allows dealers to add key motor finance tools to their website with a minimum of development work.

It provides a finance calculator alongside a comparator view of different finance products and a finance qualification pre-checker – giving customers instant, at-a-glance information in a manner that offers complete transparency and choice.

Tracey Green, vice-president of product at iVendi, said the Widget was created for dealers who want to move quickly to meet growing demand for online motor finance.

She said: "The Website Widget can be adopted in a matter of hours from the moment we receive the green light, which means you can easily and quickly embrace the key dealer technology trend of 2017 by offering online motor finance.

"It provides a range of essential online tools, enabling customers to quickly gain an overview of the dealer's finance products, to vary deposits and terms to find the deal that works best for them, and then to check for the likelihood of approval.

"All of this works with almost any panel of lenders and will appeal to all types of dealership, from the smallest to largest franchises and every independent."

As well as being installed quickly and easily, the Website Widget can be immediately brand- and colour-matched to the dealer's own existing website design and configured with various options, including sliders or dropdowns to adjust values.

Green said: "We have been trialling the product with a number of dealers and it fits very well into their existing site layout in a seamless and usable manner.

"Crucially, because it was designed 'mobile-first', it works brilliantly on smartphones and tablets as well as on laptops and desktop PCs."

The online infrastructure that the Website Widget creates is also very Financial Conduct Authority (FCA)-friendly. It provides comprehensive product information and videos, asks key suitability questions, and creates an auditable customer journey that can be provided as evidence by the dealer in the event of an investigation by the FCA.

"The Widget scores very highly in this respect, we believe, and delivers an impressive level of FCA compliance for all kinds of dealers selling motor finance," said Green.

"Consumers can manage more of their finance transaction online than ever before in a convenient manner. Should they not have information to hand, they can create an individual account, save their details and return later. Eligibility checks can also be saved to the account and retrieved at another time, where the user can progress and complete the application. All of these facilities can be themed to the dealer's brand."

### ABOUT IVENDI

With offices in Manchester and Abergale, and more than 7,000 connected dealers across the UK, iVendi is the UK market leader in online motor finance technology. The iVendi Platform provides a complete online motor finance solution for dealers, motor finance providers, car portals and manufacturers.

To find out more, visit [ivendi.com](http://ivendi.com), e-mail [enquiries@ivendi.com](mailto:enquiries@ivendi.com) or call 0345 226 0503





# How dealers can improve costs, profits and efficiencies using online reviews

Independent reviews give you an always-available way to promote your dealership

**S**ome purchases do not require much thought – ordinary, everyday things, such as chocolate bars, magazines or shampoo. Most people simply pop them in a basket and pay for them, without pondering too long over their decisions.

Other items demand much more care and attention. Cars, for example, will be the second-costliest thing many people spend their money on, after a house.

Following the online research trend, where 84% of consumers say they trust online reviews as much as personal recommendations (BrightLocal), car buyers are increasingly looking online to find out more about the dealers they are considering. User reviews are proven sales drivers, and something the majority of customers will want to see before deciding to make a purchase.

Dealership reviews give consumers insight into the experiences of other car

buyers, so if they are not sure who to buy from, they can easily see what others have said about a particular dealer. Consumers now know how important it is to find out what kind of reputation a dealer has before a visit and, in this digital age, the reviews that a dealer's customers create can help consumers make great choices.

## Remain open, even when closed

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

Shopping, of any kind, is now an anytime, anywhere activity. New research, undertaken by Trusted Dealers, emphasises this:

The graph opposite (*Figure 1*) shows emails, calls and website sessions made to car dealerships in January and February.

■ 46% of dealer website visits are between 6pm and 11pm.

■ 46% of emails submitted are also sent when dealers are shut.

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

Car dealers should ensure any reviews are on their website, so people can see how good they are, even when they cannot speak to a representative. This way, dealers are starting to convert them before they come to a site, providing a valuable advantage.

## The power of online reviews

Independent reviews should provide unbiased feedback about a customer's experience. This provides the opportunity to act on the results, to resolve general issues

## REVIEWS ARE FREE AND GIVE BUSINESSES THE OPPORTUNITY TO BUILD THEIR REPUTATION

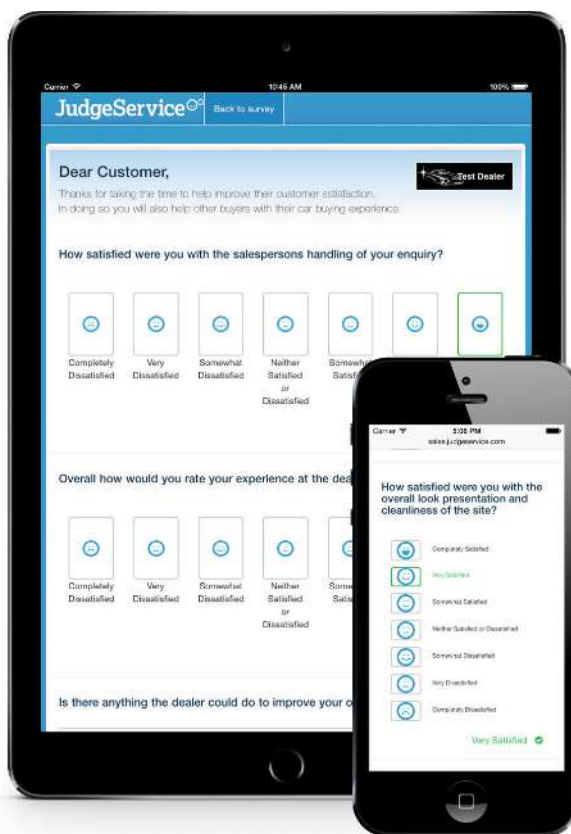
in training programmes, pinpoint and rectify a specific problem on a particular site or recognise good performance. Dealers can create raving fans who will recommend them to their peers and possibly even return for their next purchase.

Showcasing *all* independent customer testimonials, satisfaction and recommendation scores online is also known to boost website traffic, accessibility, engagement, visitors and sales. Showing any negative feedback and a positive outcome online demonstrates commitment to customer service for all to see.

Negating a negative is a genuine thing and, of course, two negatives make a positive! These negative reviews actually help aid conversions if handled correctly. Some 30% of consumers assume online reviews are fake if there are no negative reviews (Vendesta, 2016).

It's all too easy to spot people making mistakes, but it is more powerful – whether based on observation or using reporting tools such as JudgeService – to catch people doing a great job and congratulate them for it. This form of encouragement is great for morale and great for a business.

Let's not forget, whether a small or a large dealer, reviews are free and give businesses the opportunity to build their reputation regardless of budget. Reviews



that are accessible and displayed across reputable websites help establish and grow a reputation at no cost, while also increasing confidence in a business. These benefits can be extended further when reviews are also available on well known, classified third-party websites such as Auto Trader, Trusted Dealers and Motors.co.uk.

## Advertising feature

### The importance of trust

We are in an era where trust is at a premium, and buying a car is no different. Reduced trust in businesses means transparency and accuracy are imperative. This is where online reviews can help. The availability of unbiased reviews about local car dealers, to help customers make the right choice, has never been more important. Verified ratings and reviews can drive conversion and quicken the purchase journey. Customer interactions can actually convince prospects at that critical point of purchase.

### Create raving fans

Genuine used car loyalty is, on average, only 14% and yet some retailers can achieve twice this. First-class customer service is vital, but it is also about just keeping in touch and, ideally independently, checking on how the customer is feeling about the experience. If a company doesn't have a clear and methodical way of following up a lead / enquiry, they will never know exactly how they have done.

### About JudgeService

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

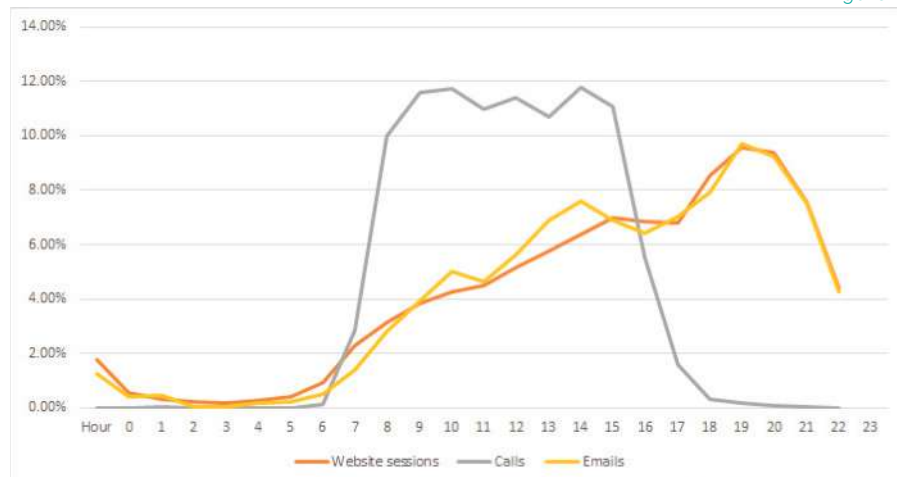
Our surveys are developed from market demand and our expertise in the automotive sector. More than 25 years of experience in the motor trade has enabled us to ensure the questions we ask customers provide answers that will drive business.

Our survey results can be shared on social media, as well as the JudgeService website. We can also create a specific widget that dealers can include on their website and this, combined with our partnerships with Motors.co.uk, Auto Trader and Trusted Dealers, ensures reviews get maximum exposure.

We have been chosen by more than a thousand car dealerships, and have clients ranging from the largest dealer groups in the country to single-site car dealers, because of our specialist knowledge and experience. Our knowledge will support any business in enhancing customer satisfaction, gaining competitive advantage, increasing sales and retaining existing customers.

### TIME OF LEAD

Figure 1



### Discover more

To find out more about how JudgeService can help you, and why we are able to boast more than 750,000 reviews, visit [www.judgeservice.com](http://www.judgeservice.com) or email [sales-enquiry@judgeservice.com](mailto:sales-enquiry@judgeservice.com)

# JudgeService®



# Boost your ROI with data social media advertising

Targeted social media campaigns give dealers a cheaper, more effective way to market cars

**S**ocial media is playing an increasingly significant role in the consideration phase for new car buyers. In fact, its value on a 'cost per engagement' basis also means the return on investment is challenging more conventional online marketing, and having a positive impact on dealers' profitability. Marketing Delivery's unique Social Relationship Management (SRM) programme is helping dealer groups to hone strategies that can generate tangible, sustained returns.

It's easy to think of social media as a numbers game, with the broad objective of attracting ever larger numbers of followers. However, when it comes to a dealer's bottom line, it's the highly targeted approaches on platforms such as Facebook – which aim to reach users on an individual level – that pay the greatest dividends. Even among dealers who understand the benefits that social media can bring, too many are using only one tactic or a single platform. At Marketing Delivery, we plan and activate multi-platform social marketing for our clients, incorporating content-led organic engagement as well as paid-for promotion.

A fruitful social media strategy starts with recognising the value of a localised approach. We constantly counsel our dealer group clients to resist the temptation to interpret large numbers of followers as an achievement, and instead focus on capturing a very local and highly engaged audience. Beyond the typical content that you expect dealers to post, such as brand news, handover photos and updates on staff charity work, we help our customers to create and curate high-quality localised content, supported by targeted advertising.

Advertising is more important to a social media strategy than you may think. On Facebook in particular, organic content has limited scope, because 40% of users will never 'Like' any brand pages. These users therefore have to be targeted with paid-for promotions. Currently, only one in 10 dealers actively employs advertising as



Scan me on Facebook Messenger

**“THE OBJECTIVE IS TO GENERATE HIGH LEVELS OF ENGAGEMENT, AND NOT JUST HIGH VOLUMES OF TRAFFIC**

part of a social marketing strategy, which means the vast majority are missing out on a large proportion of a relevant audience. Marketing Delivery's SRM programme uses dealer website tracking data to push adverts to in-market buyers who have already engaged with the dealer group, with the aim of bringing them back to the website to progress a purchase.

While effective social media programmes can be tailored to various platforms, including Instagram and Twitter, it's the data integration with Facebook that is offering the most significant returns for our

customers. The first tier of highly targeted advertising uses data from a 'Facebook pixel' tracking code on a dealer's website to target new and existing customers, as well as a 'lookalike audience' where the characteristics of a sample group can be used to profile a wider audience with similar demographics and interests. This is an innovative way of using your marketing budget to reach people likely to have a strong interest in your offers.

An even more relevant audience can be filtered according to interaction with the dealer's website. For example, if a dealer group wanted to use a portion of its budget to promote its approved used stock through social media, our team can target only those people who have clicked on used cars, and serve them with relevant Facebook advertising tied to the dealer's pre-owned stock.

Marketing Delivery's 'micro-audience' targeting can take this one step further, by using additional data from our eCRM system's customer records to narrow down to a group of 'live' used car prospects. They can then be served with data-driven marketing about particular vehicles in stock, through a process that we like to call 'Social Relationship Management'. Such an advert may have a very small audience, but it will have remarkably high relevance. The objective with all levels of audience targeting is to generate high levels of engagement, and not just high volumes of traffic.

The return on investment can be significant, especially when compared with some tried-and-tested forms of online marketing.

Ian Godbold, marketing and CRM director for Cambria Automobiles, has been working with Marketing Delivery since early 2014.

"The cost-per-click for Facebook advertising runs at anywhere between 50% and 80% less than equivalent Google campaigns. This is a very substantial difference, but the more relevant figure for me is the cost-per-engagement," said

# -driven

Godbold. "I know of some dealers who are paying Google almost as much for a click-through as I am paying Facebook for an engagement via Marketing Delivery, so it's easy to see the value."

Website analytics show that towards the end of last year, dealers working with us on Facebook advertising saw it generate up to 60% of their total new 'vehicle display page' referrals, convincingly beating the likes of Google AdWords. While a customer may well first visit a dealer through a classifieds channel such as Auto Trader, it's often the targeted Facebook adverts that bring them back to the site for a second time.

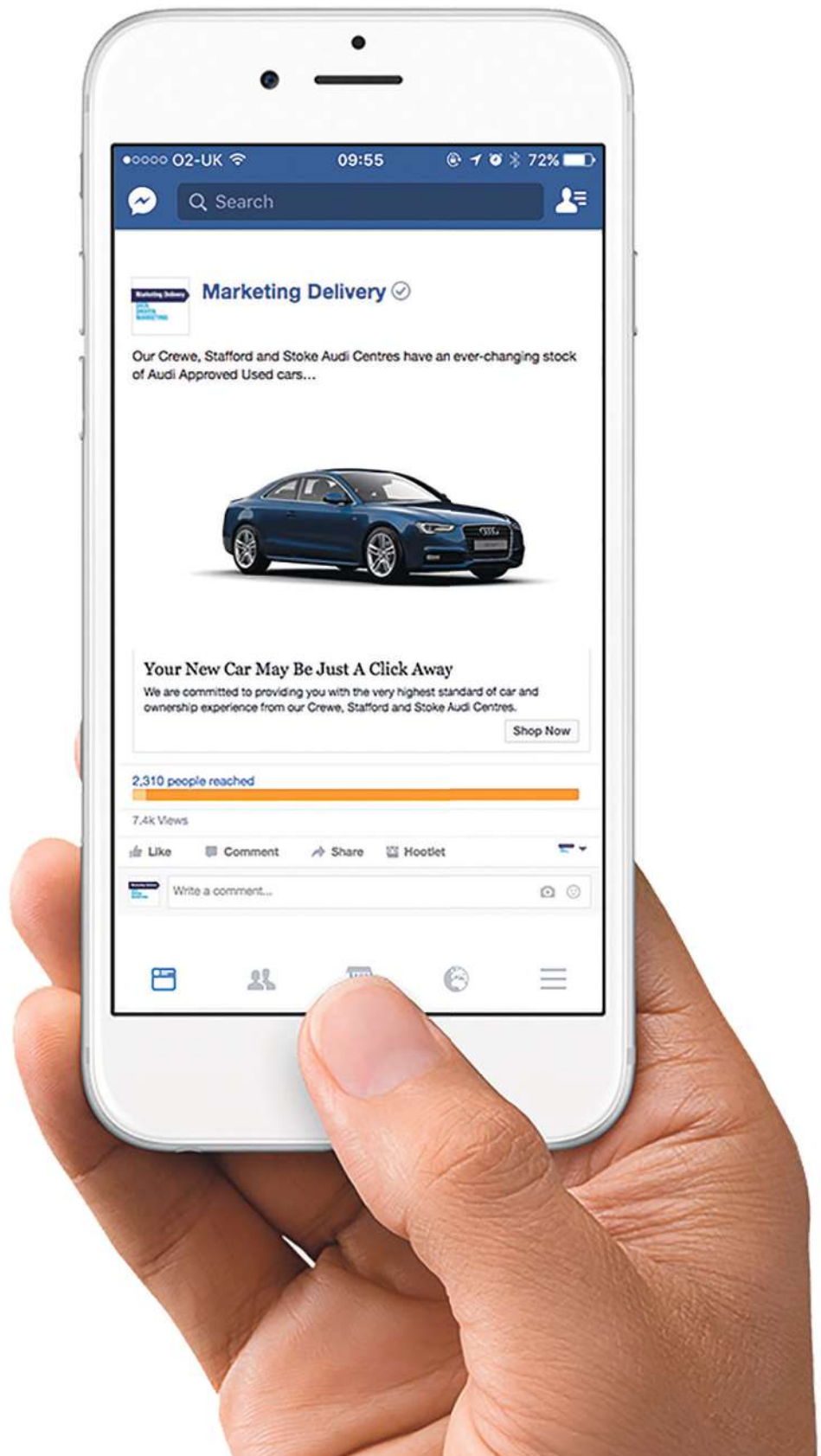
"I've heard people in the industry say that targeted Google advertising is like a 'digital airstrike'," added Godbold. "Retargeting users through Facebook is much smarter, though – it's more akin to sending in an unmanned drone."

We constantly analyse and test best-practice activity on social media, to help our dealer group customers attract highly relevant audiences that engage with their offers, producing measurably higher returns on their marketing spend.

Cambria has already identified the increasingly significant role that social media plays in the consideration phrase.

Godbold explained: "Our social media channels are typically not a customer's first online engagement with us, nor are they the last, but we are definitely seeing a greater number of sales where our targeted social media programme has played a vital role."

Dealers that are already using Facebook to cultivate a social media community should explore the data-driven advertising opportunities on the platform, which can allow them to target the right people with the right marketing messages at the right time.



**Telephone:** 01892 599 913  
**Website:** [marketingdelivery.co.uk](http://marketingdelivery.co.uk)  
**Email:** [get.in.touch@marketingdelivery.co.uk](mailto:get.in.touch@marketingdelivery.co.uk)

**Marketing Delivery**  
 DATA DRIVEN MARKETING

# Going the extra mile for customers

Whether through better reputation or retention, it will pay to prepare for your dealership's busy times

**O**n the surface, it may seem counter-intuitive; going the extra mile to satisfy a customer must surely take more time and cost a dealership a fair sum in the long run. However, the opposite is more likely to be true.

The objective of any good retailer is to not only sell vehicles, but to give their customer a great experience too, because this will provide a dealership with something money can't buy: excellent reputation and customer retention.

The gap between the top-tier car brands is incredibly tight, and these brands are looking for alternative ways to differentiate themselves from their competition. In business generally, companies are increasingly stepping up their customer service, and this has not bypassed the automotive industry.

Retailers are taking ever greater care about how they treat their customers, from the moment they step into a dealership, to their experience booking a service or calling for parts. The topic of conversation at the moment is 'every interaction is important, no matter how small'.

It pays off, too. A good customer experience will see the word spread far and wide, which does incredible things to a retailer's reputation. According to business news website, Business2Community, 97% of customers are likely to tell their friends, family, or colleagues about a "very good" or "excellent" customer service experience.

So it's worth exploring what a retailer could do to go the extra mile for its customers. The best thing is that delivering excellent customer service doesn't cost the earth, and the rewards are plentiful. Here are some points to think about that may improve the smooth running of any dealership.

## Be available to suit customers

If customers only wanted to browse in a showroom at steady times across the day, life would be much easier. Alas, people often want a retailer's attention at the same points during the day. Here is where a bottleneck of work is formed and confusion from the dealership team leads to customer dissatisfaction. Customers like to think you are there whenever they need you. Of course this isn't possible, but giving

**“ ANY OPPORTUNITY TO SHORTEN THE CUSTOMER JOURNEY WHILE ALSO IMPROVING SERVICE WILL BENEFIT THE DEALERSHIP IMMEASURABLY**

the impression that the dealership is able to handle their enquiry gives a feeling of reassurance and importance that every customer appreciates.

Many dealerships try to solve this problem by giving a member of their staff a mobile phone with which to field and handle customer calls after the showroom has closed. Unfortunately, this is the equivalent of putting a plaster on a large wound. It's OK in the short term, but is not scalable and certainly doesn't provide a long-term solution.

The most obvious solution would be to hire someone specifically to help with customers during peak hours, but this carries an additional cost that many retailers are unwilling to consider. This is why so many dealerships rely on outsourcing their customer calls at peak times and outside of opening hours. Having help to cover customer enquiries during busy times keeps the workforce lean without incurring the cost of hiring additional staff, and thus providing extra service.

## Prepare for busy times

Retailers do not just witness peak times during the day, but across the year too. Twice-yearly spikes in sales during the release of new car registrations in March and September can cause chaos for the unprepared dealership. We are well aware of the additional pressure showroom teams are put under, as we typically see a 25% surge in calls to our automotive team during these months. This suggests that while the showroom is extra-busy, the staff are not able to manage the customers calling in as they usually do. We know just how important every call is to a dealership,



which is why it pays to prepare for these busy times.

The good news is that we know exactly when these annual busy times are, so dealerships can prepare appropriately. At these times, customers certainly will not want to be kept waiting, whether they are in the showroom or on the phone, and disregarding one over the other could lead to a retailer missing out on sales opportunities.

A survey by new car website, carwow, suggests that almost 40% of people have been so disappointed by poor service at a dealership, they have taken their business elsewhere. Making sure that customers' needs are met – regardless of whether they are in the showroom or calling with an enquiry – is vital to keeping sales high.



# Customers can save you money



## Make the customer journey efficient

Everyone wants an excellent experience as a customer, but if there's one thing you can almost guarantee about people, it's that they do not want their journey as a customer extended unnecessarily. Therefore, any opportunity to shorten the customer journey while also improving the service will benefit the dealership immeasurably. It may seem like a paradox, but it is fairly simple to implement.

For instance, when one of our Money Penny receptionists handles a call for an automotive client, they take as detailed a message as possible. When this message is then passed to the dealership staff, that team knows exactly what the customer was calling about. This helps them prepare the information they need to then return the call, meaning the customer is not repeating themselves and they can resolve an issue or make a booking much more efficiently.

However, it isn't just the showroom that can benefit from a more efficient customer journey. We work with service departments to help streamline their workshops by authorising vehicle health checks with the customer over the phone, without automotive workers having to take the car off the ramp and break up their jobs. Therefore, they can sell more hours and undertake additional work without the need to repeatedly contact the customer.

To discuss your needs as well as find out more about Money Penny's no-obligation trial, please contact:  
0333 202 1005 / [hello@moneypenny.co.uk](mailto:hello@moneypenny.co.uk) / [moneypenny.co.uk](http://moneypenny.co.uk)



# Get your training right and the upsells will follow

Alan Graham, Supagard's head of sales, explains what car dealers can learn from coffee and chips

I am sure many of us like a cup of coffee at some stage of the day. I certainly do and, although I would not classify myself as an aficionado, I am quite a fan of Nespresso and the "Nespresso Moments" campaign it ran a few years ago in Australia. The campaign featured members of its Australian Coffee Club, with quotes such as "my first Nespresso was unforgettable" and "how can I forget my first Nespresso".

During a recent conversation with one of our dealer group customers, they mentioned that they had recently visited a Nespresso Store nearby and had been extremely impressed by the quality of staff.

Being a bit of a Nespresso fan, I thought I would take a look for myself and the following weekend popped into the Nespresso Store at the Trafford Centre in Manchester.

I was greeted by a young male adviser, let's call him Adam, who was very smartly turned out and friendly. As I had already started to push buttons on a particularly fantastic-looking unit, he duly offered to tell me a bit more about the coffee machines.

The first question Adam asked me was



"how do you drink your coffee?"

"Just black," I replied.

"Fantastic," said Adam, "just like me, and it means you can really taste the coffee".

He then took me to another side of the display, to the machines that did not have a built-in milk frother. "These are the machines for you if you like black coffee," said Adam.

Adam's excellent product knowledge started to properly shine through when I told him my wife preferred lattes. He showed me the milk-frother attachments available, which options fitted with which machines and any features of note.

Sample coffees were provided and the whole experience was fantastic, which caused my mind to drift back to the Nespresso Moments campaign.

My first visit to a Nespresso Store had also been unforgettable.

Adam appeared to be in his mid-20s, so was by no means a veteran of the sales world. However, he was immediately likeable, perfectly dressed, confident, competent and got the basics absolutely spot-on. The moment he asked me that initial qualifying question I knew the experience was going to be a good one.



## Staff training

Adam's skill set was a great example of presumably having gone through a bespoke training programme, which has coached him to be aware of the multiple preferences now available when it comes to coffee tastes/styles and the impact that has on the machines relevant to a consumer.

## Upselling

Adam also made me aware of the various coffee pods available for use with the machine and the online ordering system (because there is no store near my home). Having got the initial part of the sale correct when it came to the machine, the purchase of his recommended coffee pods was almost a *fait accompli*. For Nespresso as a business, the upsell of the pods is a key part of the store model and a major contributor to its bottom line.

## 'Do you want fries with that?'

Another fine and often quoted example of consistent upselling is McDonald's' brilliantly simple question: "Do you want fries with that?". The upsell of fries and upgrades in general was reported to be worth more than £22 million to McDonald's last year.

## Digital vs visible

While digital technologies and processes unquestionably need to be embraced by every business in the







market, the “visible” part of the business must also not be overlooked. The visible activity is what actually happens in the showroom if/when a customer visits, at whatever stage in the process that may be these days. The first smile and greet, the drink offer, the test drive, the friendly chat... all the absolute basics which, as sales people, should form our starting points to build a successful and productive relationship for all parties. Truly getting to know a customer and identifying their requirements is the best way to maximise the sale both in terms of customer satisfaction but also, more often than not, profit per unit.

#### Competitor awareness

*Harvard Business Review* recently interviewed Walmart chief executive Doug McMillon about his plans to develop Walmart’s e-commerce model. McMillon acknowledged that Walmart was slow in launching digital sales and said it faced a particular challenge from Amazon’s dominance of this sector. He said when

**“THE  
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ALAN GRAHAM, SUPAGARD**



he first took the job as chief executive he gave a copy of *The Everything Store* by Brad Stone to all his officers. The book is an in-depth, fly-on-the-wall account of life at Amazon (and well worth a read). All of McMillon’s officers were told to read it and understand it. They then discussed it at length in meetings.

Sometimes there are competitors in the market who do one aspect of the business extremely well. We should all be open to the concept of identifying when this is the case,

researching the situation and adopting/evolving the model to suit our business and implementing accordingly. There may be a training requirement to do this properly, which brings us right back to where we started.

#### Choice

At Supagard, we offer a range of paint sealant options to our dealership and manufacturer customers, allowing our customers to select the variant most suitable and appropriate for them, whether that is around application time, application ease, longevity or the level of gloss finish. This enables our team to take a consultative approach with our customers and identify the best option to suit everyone.

Maximising the profit per unit sold is a key metric in most businesses with a number of complex factors involved. However, there are also some basic sales and customer service principles that can be understood and implemented by all, which can have just as big an influence on the metric.

**Supagard, 19-29 Gavinton Street, Muirend, Glasgow G44 3EF**  
**Tel: 0141 633 5933    [www.supagard.com](http://www.supagard.com)**

**Supagard®**  
 PAINT AND FABRIC  
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# LAND ROVER DISCOVERY: UTILITY MAKES WAY FOR IMPRESSIVE LUXURY

**A**t the launch of the new Discovery, Land Rover introduced polar explorer Ben Saunders to the assembled press in an attempt to extol the virtues of its most versatile model.

Saunders, a global ambassador for the brand, had driven his outgoing Discovery 4 from the south of England to a near-inaccessible cabin on the Isle of Skye and back to central London in time for a black-tie dinner.

A string of youthful, adrenaline-fuelled owners also had their antics across the globe showcased in a short film selling the lifestyle offered by various generations of Discovery.

How many of those people will embrace a new model that was, almost without exception, specced up to well over £70,000 on the night, remains to be seen.

Land Rover said pricing had been informed by customer preferences for the Discovery 4, but wouldn't say how much the average outgoing model had sold for in 2016. It said Discovery Sport customers had opted for more expensive derivatives, 75% of sales being HSE (from £35,955) or HSE Luxury (£41,665).

New Discovery prices start at £43,495 for S trim, £49,495 for SE and the more popular HSE and HSE Luxury levels starting at £56,995 and £62,695. A limited run of 600 First Edition models retail for £68,295.

Cap estimated residual values (36 months/30,000 miles) at between 61%, for the Td6 HSE Luxury, and 63% for the SD4 SE.

Three engines are available – fitted with an eight-speed automatic transmission – with a petrol back in the line-up in the form of the Si6 supercharged V6.

The 340PS petrol unit will accelerate the 4,970mm-long, 2,220mm-wide and 1,846mm-tall (141mm longer, but narrower and lower than before) SUV to 60mph in 6.9 seconds, returning 26mpg and 256g/km CO2 emissions.


The two-litre SD4 will generate 240PS and 500Nm of torque, deliver 43.5mpg and 171g/km and reach 60mph in eight seconds.

The three-litre V6 turbodiesel gives just 18PS more, but an additional 600Nm to make lighter work of the Discovery's 3,500kg towing potential. It claims 0-60mph in 7.7 seconds, 39.2mpg and 189g/km CO2.

That a utilitarian feel has given way to luxury is indisputable – there is no commercial version planned – but the Discovery continues to be a vehicle that can take a driver and six passengers almost anywhere.

A deep rear section accommodates a third row of seats fit for two six-foot-tall adults. Owners can specify heated seats throughout, with five Isofix-equipped seats on SE trim and above.

HSE Luxury models with rear-screen entertainment also benefit from nine USB ports and eight devices can be hooked up to a Wi-Fi hotspot on certain models.

Standard on all trims are cruise control, DAB radio as part of JLR's eight-inch InControl Touch infotainment system, 



£43,495  
- £68,295



2.0 SD4  
TURBODIESEL  
240PS; 3.0 TD6  
TURBODIESEL  
258PS OR 3.0 Si6



0-62MPH  
6.9-8 SECONDS  
TOP SPEED  
112-130MPH



EIGHT-SPEED  
AUTOMATIC



26-43.5MPG



171-256G/KM CO2

## KEY RIVALS



Audi Q7



PREMIUM BADGE, FUEL  
ECONOMY CLAIMS,  
PERCEIVED QUALITY



LACKS ALL-TERRAIN  
CREDENTIALS



Volvo XC90



HYBRID OPTION,  
INTERIOR STYLE,  
DRIVING DYNAMICS



OFF-ROAD  
CREDENTIALS,  
CONFINED THIRD ROW



Toyota Land Cruiser



RUGGED AND WORTHY  
RIVAL TO THE  
DISCOVERY



NOW FEELS DATED,  
UTILITARIAN

## REVIEW RATINGS

AUTO EXPRESS



CAR



WHAT CAR?



WE WANTED IT  
TO BE ALL THE  
DISCOVERY 4  
WAS AND  
MORE. I THINK  
WE HAVE  
SUCCEEDED.

HELEN ACASTER,  
LAND ROVER



The Land Rover Discovery 5:  
'An impressive addition to a very strong  
premium product line-up'







along with a heated windscreen and a powered tailgate featuring a powered fold-down flap to mimic the two-part boot of the outgoing model.

A standard lane departure warning system and autonomous emergency braking systems contribute to a five-star Euro NCAP safety rating.

S trim features cloth seats and 19-inch alloys, with SE adding leather seats, front and rear parking sensors and LED headlights.

HSE features 20-inch alloys, a panoramic sunroof, 380W Meridian sound system, rear parking camera, blind-spot monitor and the 10-inch InControl Touch Pro infotainment with online connectivity, while HSE Luxury introduces an 825W sound system, rear-seat entertainment, a 360-degree camera and All Terrain Response 2, which adapts the drivetrain and suspension to various conditions.

Optional extras are plentiful. All Terrain Progress Control – part of the £1,100 Capability Plus Pack – will set a crawling speed for off-road applications, there's also Park Assist (£935), a head-up display (£1,035) and adaptive cruise control with queue assist (£1,475).

Intelligent Seat Fold (£415) folds the rear rows flat via smartphone app, liberating 2,500 litres of load space.

Most impressive, however, was Advanced Tow Assist (£365). This transforms the dial that controls Terrain Response into a steering wheel, with which the driver can guide the Discovery into a space using graphics on the reverse camera screen.

## Q&A



HELEN ACASTER,  
PRODUCT MANAGER,  
LAND ROVER  
DISCOVERY

### What are likely to be the most popular derivatives for Discovery customers?

The two-litre diesel will account for about 65% of the mix and the bulk of the rest will be three-litre diesel. The two-litre engine is all the engine most people will need. We do have a petrol option in the Discovery line-up again, but don't expect it to make up a large part of the product mix.

As far as specifications go, we have seen a very rich mix indeed with Discovery 4, so we expect the majority of sales to be HSE and HSE Luxury.

We do expect the Style packs to be popular with initial orders as people are keen to differentiate their vehicles more and more. That's a factory-fit option.

### What preparation have dealers had in the sales of Discovery?

All the dealers have completed their training. They came to Eastnor to see first-hand just how capable it was back in January.

All customers will get the chance to come and do the same as part of a one-day experience package and, I think, from the reaction of the

dealers and the press so far, it is something that they should take advantage of.

### What are the new Discovery's key selling points?

We wanted it to be all the Discovery 4 was and more. I think we have succeeded.

It is all about seven seats, with each seat feeling like the best seat in the house. All seven seats are heated, they all have access to USB ports and the new model has intelligent seat folding, which the 4 didn't have. The development was geared towards making an extremely capable car that could meet the demands of the modern family and that's what we have.

### If you were spec'ing a Discovery, what would you select on the configurator?

I would have a HSE with Dynamic Pack in the interior and on the exterior I'm ashamed to say I'd have 22-inch wheels with Silicon Silver paintwork. I'd probably plump for the V6 engine. I did have a Discovery Four, but I am currently driving an XE while I wait for my new Discovery.

### Is there a sense that Land Rover's abundant SUVs in similar price bands are creating overlap?

I don't think so. Obviously the Jaguar F-Pace, for example, does not have the off-road ability of the Discovery and, of course, it doesn't have seven seats. They also drive very differently. I think the brands and models offer very defined and distinct characteristics. We certainly don't look at F-Pace as a rival.

“THE TWO-LITRE DIESEL WILL ACCOUNT FOR ABOUT 65% OF THE MIX AND THE BULK OF THE REST WILL BE THREE-LITRE DIESEL. THE TWO-LITRE IS ALL THE ENGINE MOST PEOPLE WILL NEED”  
HELEN ACASTER, LAND ROVER

A series of options packs contribute most to the launch cars' prices, with the top 'Dynamic Design' option costing up to £5,035.

However, Land Rover's core creation is something that sets new standards for off-road capability in this class.

Hydraulic suspension can increase the ride height by 40mm (at speeds up to 50mph) or 75mm (below 31mph) to liberate 283mm of ground clearance (up 43mm) and a 900mm maximum wading depth (up 200mm). The system cuts drag by reducing the ride height by 13mm above 65mph and will

lower it 50mm to aid access when parked.

AM's test drive revealed that the Discovery is the least dynamic of JLR's current range, a degree of roll and sense of scale apparent on twisting roads.

On the challenging tracks at Eastnor, however, it made effortless progress.

Maybe it will not be the all-terrain tool of everyman in its latest guise – more black tie than black run, perhaps. But JLR's latest creation is none the less an impressive addition to a very strong premium product line-up. **TOM SHARPE**





# The way we buy, choose and use technology is changing

To keep up with customers, dealers need to be ready and able to use the latest systems

**W**here technology once represented a major long-term purchase and usage decision, the landscape is very different today. By way of example, the decision to buy my first Packard Bell desktop PC, more than 20 years ago, was only made after some serious financial evaluation. Today's far more powerful and usable tablet purchase was 'buttons' by comparison. Changing technology today is easy and that's how it should be.

In our personal lives, we are comfortable with finding the technology that works for us and the way we live. We can try new apps, keep or discard them dependent upon the value they add. Technology is increasingly disposable – if it does the job well we keep it and if not, we find a better alternative. Software vendors know this and know that to be retained they must keep earning our loyalty. So why is our personal software ethos so often different in our business lives?

For motor retailers, a one-size-fits-all approach is not enough. In promotional activity, the approach must be fresh, exciting and often targeted, delivering bespoke, segmented offers to a customer who wants to engage with their car-buying process online.

For example, finance on a motor dealer website was historically just a mention of 'finance available', then product information was added, next came

**"We see companies such as Netflix, which offers a simple monthly billing period that can be ended at any time, as a guiding pioneer"**



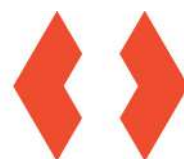
**Shaun Harris, Codeweavers**

explanatory product videos and then on to finance calculators. Today, we can help dealers by providing used car offer technology that enables dealers to make bespoke finance offers on individual cars. It is proving to be a great tool for moving over-age stock, or simply creating customer interest – it is the old 'Car of the Week' on a raised gantry for the digital age!

As the next era of finance technology becomes available, no progressive dealer wants to be stuck in a long-term contract that stops them using it. Legacy systems that remain in many showrooms when something better is available are just one example. Like my first PC, the latest options are more powerful, effective and affordable.

We see companies such as Netflix, which offers a simple monthly billing period that can be ended at any time, with charges only up to the end of the month, as a guiding pioneer. Customers know they are never 'locked in'. Instead, they stay loyal because they have access to quality and innovative products combined with great customer service. This is the recipe for success that we in the dealer technology market need to learn from.

As a software provider, we see the speed and pace of change as an opportunity, not a threat. We want to be on our toes and innovating continuously. If a business has a long-term contract in place, this energy and creativity can all too easily be replaced by inertia and procrastination. In an ever faster operating environment, this simply is not the way ahead. After all, in a B2C market, it would no longer be considered acceptable, because an alternative is just an App Store click away. We must think the same way.



**CODEWEAVERS**

# ŠKODA KODIAQ: HIGH CONQUEST HOPES FOR



Škoda expects 8,000-10,000 annual registrations for the Kodiaq

**Š**koda dealers have launched the largest extension to the carmaker's line-up since its Superb flagship saloon hit showrooms in 2002. Škoda's six-car range – Citigo, Rapid, Fabia, Yeti, Octavia and Superb – has become seven thanks to its first large SUV, the Kodiaq.

At 4.7 metres long and built on the same MQB platform as the Octavia, the Kodiaq is 4cm longer than the Octavia, but 16cm shorter than the limousine-like Superb. With seven seats standard or optional on all trim levels except the cheapest Kodiaq S, this spacious 4x4 will ensure Škoda dealers set their sights squarely on established families who want to follow the SUV trend.

Sales executives will need to brush up on their tech knowledge, however. The Kodiaq has the broadest range of driver assistance systems ever available in a Škoda car.

It also houses the carmaker's first in-car connectivity service. Škoda Connect is

standard for the first year, through an integrated SIM card, and allows the owner to access the Kodiaq remotely by smartphone or PC to pre-load navigation or activate the lights. It also allows Škoda to put a dealer in touch before a service falls due, with the aim of boosting aftersales retention, and allows the car to alert a contact centre after a crash or other emergency.

Higher-specification Kodiaqs equipped with factory navigation systems also get an additional Škoda Connect Infotainment Online service, which can keep the driver informed of traffic situations, fuel prices, parking information and weather forecasts.

Add standard City Emergency Brake and optional systems such as adaptive cruise control, a blind-spot monitor with rear traffic alert, or trailer assist to auto-steer the car when reversing, and a customer coming out of a four-year-old part-ex Octavia may need a while to digest it all.

The technology ought to enhance a



**KODIAQ IS A  
NEW PRODUCT  
FOR US...**

**THERE  
WILL BE A  
SIGNIFICANT  
NUMBER OF  
CONQUESTS**

**JAMES SNOWDEN,  
ŠKODA UK**

prospective buyer's perception of value. Just £21,565, or £209 per month after 25% deposit on a 43-month PCP, will get the keys to the cheapest and slowest five-seat Kodiaq S. But while the clever pricing lends itself to Škoda's marketing campaigns, the carmaker said few of this trim will be sold. Demand is expected to be greatest for the better-equipped SE, which is just £1,450 more, or £2,450 with third-row seats.

That a Škoda sales exec could put a buyer into a new seven-seat SUV for less than £25,000 is remarkable. Few rivals could do it, except Nissan (X-Trail) or SsangYong (Rexton). The price rises if the buyer shuns petrol, of course. The cheapest Kodiaq SE with a diesel under the bonnet and enough seats for a small ballet class comes in at £28,115, comparable with many competitors.

Plenty of retail customers – predicted to account for two in three registrations – will be happy with the SE trim's 18in alloys, rear parking sensors, auto lights and wipers and



# OR SEVEN-SEAT SUV HEAVY ON THE TECH



The well equipped SE trim is expected to be in most demand



With both rows of seats down, the Kodiaq has more rear space than some small vans

eight-inch touchscreen infotainment system. Company car user-choosers and private buyers who want more gadgets, such as sat-nav, Wi-Fi, Alcantara upholstery, heated front seats and a powered tailgate, should opt for SE-L trim, which starts at £28,650 (petrol) and £30,465 (diesel). An Edition trim crams in even more luxuries, and Scout and Sportline trims will be added later.

With the third-row seats folded, there are 630 litres of boot space, rising to 2,005 litres with the middle row down.

Of the three engine variants, the 1.4TSI petrol and 2.0TDI, both in 150PS form, are set to be most in demand. On the press launch, we found the 1.4TSI should hit the spot for any private buyer, with a combination of reasonable pace and fuel economy – we saw 46mpg on the trip computer. With a DSG auto gearbox, this variant is available in two-wheel or four-wheel drive, with the latter topping the range with a 2.3-tonne maximum towing weight. **TIM ROSE**



£21,565  
- £34,050



1.4TSI PETROL  
TURBO 125/150PS,  
2.0TSI 180PS, OR  
2.0TDI DIESEL  
150/190PS



0-62MPH  
8.2-10.2SECS,  
TOP SPEED  
118-127MPH



6SP MAN, 6SP  
AUTO, 7SP AUTO



38.2-56.5MPG



131-170G/KM CO<sub>2</sub>

## Q&A



**JAMES  
SNOWDEN,**  
PRODUCT  
MARKETING  
MANAGER,  
SKODA UK

### What does the new Kodiaq mean to the brand?

It's super-important to us. It sits in the fastest-growing segment in the UK, and it takes the same design cues that we've seen on the Superb, which has been fantastically successful, and moves that forward. It is really helping move the Skoda brand forward in customer perception, and it will reach a wider appeal than Superb, simply because the market for SUVs is so much bigger. It will take us in a whole new direction.

Overall, Kodiaq volumes will respond to customer demand. I'd guess we will look at 8,000-10,000 units in a full year (with an expected 65%/35% retail/fleet split), but as we are launching after Q1 we will be at the low end of that this year.

### Do you expect a reasonable proportion of customers from other brands?

Kodiaq is a new product for us so clearly it gives us some opportunity in that larger SUV space. There will be a significant number of conquests, how many is difficult to quantify.

### Does Kodiaq give somewhere for your Superb customers to move to?

Yes, we've seen across the industry that as SUV sales have grown people have come out of other products, so there will be an element of that. But we're looking to conquest across the industry as well.

### What support have you put in place to raise awareness of Kodiaq's launch?

We held a VIP event in showrooms about a month ago, a kind of road-show, with a left-hand drive car, to launch the car to some of the early interest prospects. That was well received, and the dealer networks launch on April 6 has given them the chance to get talking to people and arrange test drives.

We have launched our finance offers on our website, together with a finance calculator for customers to work out their own PCPs. We have filmed an advert for the car which will be on TV in April, together with other activity such as billboards and social media.

### What is further ahead for the network?

New Octavia is out now with a facelift, followed about a month later by the VRS version, which is about 20% of the mix, so is a very exciting derivative. There are facelifts mid-year to Citigo, Rapid and Rapid Spaceback, and then the new Yeti comes right at the end of the year. For our retailers there's a lot to look forward to. **TIM ROSE**

## ≈ KEY RIVALS



**Mitsubishi Outlander**



PROVEN OFF-ROAD  
CAPABILITIES,  
TOWING ABILITY



ONLY AVAILABLE IN  
DIESEL OR PRICEY  
HYBRID



**Nissan X-Trail**



ECONOMICAL,  
SPACIOUS



COULD BE MISTAKEN  
FOR A QASHQAI



**SsangYong Rexton**



MUCH CHEAPER,  
HUGE, SEVEN  
PROPER SEATS



HEAVY ON FUEL AND  
CO<sub>2</sub>, BRAND  
AWARENESS

## ≈ REVIEW RATINGS

### AUTO EXPRESS



### TOP GEAR



### PARKERS





## MAZDA MX-5 RF 2.0-LITRE SPORT NAV

REPORT  
PROGRESS



## MAZDA SETS TWO-TO-ONE TARGET FOR HARD HAT MX-5

**M**azda dealers began selling the freshest roadster in the Japanese brand's range, the MX-5 RF, in March, following the arrival of the soft-top MX-5 in September 2015. However, the RF (short for retractable fastback – it stows the roof panels and rear window yet leaves the B-pillars in place, creating a Targa-like appearance) will sit alongside its cloth-capped sibling as a more premium alternative.

The previous generation MX-5 was the first of Mazda's roadsters to be available with a folding hard-top and proved so popular the Roadster Coupé outsold the standard car. Therefore, the carmaker hopes demand will be strong for the RF, which Mazda describes as a 'fastback silhouette'. It hopes to sell 3,273 in a full year, compared with 1,469 of the soft-top.

The standard MX-5 puts such focus on saving weight that users have to manually unlatch the soft-top and click it back into place. It's not difficult, however prospective buyers can now save themselves the



shoulder twisting and choose the RF, which lets the sunshine in electrically in less than 15 seconds.

The cost for such convenience comes in weight and price. The standard MX-5 weighs just over a tonne, but the RF is almost 50kg heavier, which can be enough to upset some sports car purists, particularly if they are considering the 1.5-litre engine. The RF is available from £22,195, a £2,000 premium over the soft-top. Its CO<sub>2</sub> emissions rise marginally too (from

139g/km to 142g/km), but not enough to affect its VED charges. The 2.0-litre RF's emissions are unchanged at 161g/km.

At least buyers have something to show for that extra cash – roof up or down, the RF cannot be mistaken for the cheaper MX-5. It also shuns the entry SE trim and is only offered in SE-L Nav and Sport Nav grades, so buyers get a more refined feel. All RFs feature twin exhausts, LED headlamps and a multimedia controller plus colour touchscreen with sat-nav. The top Sport grade gains a Bose sound system, keyless entry, auto lights and wipers, heated seats and partial leather upholstery.

Our long-term test MX-5 RF 2.0-litre Sport Nav arrived this month complete with optional metallic paint (£670), Nappa leather (£400) and a Safety Pack (£400), which comprises blind-spot monitoring and headlamp high-beam control.

Over the coming 11 months, we will report on the RF's progress and Mazda's activities in the marketplace. **TIM ROSE**

### KEY RIVALS

#### Abarth 124 Spider

- ✓ TOUGH LOOKS, RAPID PACE
- ✗ MORE EXPENSIVE

#### Audi TT Roadster

- ✓ THE PREMIUM BRAND, DAILY DRIVABILITY
- ✗ AUDI PRICES, COSTLY OPTIONS



£27,165



2.0-LITRE PETROL, 161PS



0-62MPH 7.4SECS, TOP SPEED 134MPH



6SP MANUAL



40.9MPG



161G/KM CO<sub>2</sub>

CURRENT  
MILEAGE

0 1 4 7 5

START  
MILEAGE

0 0 8 7 0



PIN-SHARP HANDLING, NO-FUSS ROOF, DISTINCTIVE STYLING



FEW STORAGE SPACES INSIDE THE CABIN

### ≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



**Jon Hutchins,**  
service manager  
at Doyle Motors,  
St Peter Port,  
Guernsey,  
correctly  
identified the  
Mazda RX-7

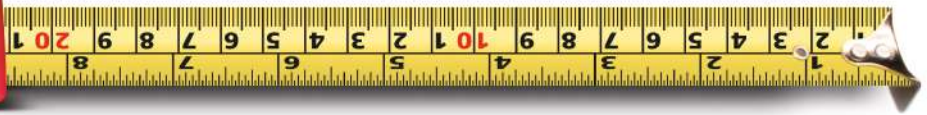
See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email [am@bauermedia.co.uk](mailto:am@bauermedia.co.uk) with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, May 5.



Taking you further



## GAP Insurance from AutoProtect A measurable difference



In an increasingly competitive market your customers require GAP products with demonstrable benefits, clearly explained in order to make an informed purchase decision. AutoProtect provides the support and training needed to develop your sales team's existing skills to achieve this goal.

Plus AutoProtect's management-friendly IT systems, which streamline the registration process and facilitate performance review, allow you to accurately measure the difference our GAP products make.

For more information, please call **Mike Macaulay** on 01279 456600 or email us at [sales@autoprotect.co.uk](mailto:sales@autoprotect.co.uk)

# Creating a transparent and cost-effective route to car buyers

**T**he combination of VED changes, currency fluctuations, a predicted fall in new car registrations, the yet-to-be-determined effects of Brexit and the general election mean dealers enter the spring and summer of 2017 facing macro-economic uncertainty.

In such a climate, Motors.co.uk managing director Phill Jones believes it is those dealers who focus on the performance levers within their control – principally their sales processes and marketing strategies – that will succeed. Here he gives his view as to how dealers can optimise their advertising by understanding how the modern car buyer searches as well as describing Motors.co.uk's bold new commercial model – Value Based Pricing – which links the response it generates with the amount a dealer pays.

## Maximising value

Motors.co.uk has been in business for 10 years, founded in recognition of the need for dealers to have choice in their online advertising mix, a need that still exists today. 2016 was the company's biggest year, with record visits and response, and 2017 has seen Motors.co.uk build on that momentum, with a 13% increase in inventory advertised and

a huge year-on-year increase in visits leading to a 22% increase in response.

Over those 10 years, Motors.co.uk has gathered significant insights into how dealers can get the most from their online advertising. Jones said the single most transformative thing a dealer can do with their online advertising is to harness the power of photography. He believes immaculate, high-quality photos can be more influential in securing a forecourt visit than having the

**“WE MAKE IT EASY FOR DEALERS TO ADVERTISE ON MULTIPLE WEBSITES**



**PHILL JONES,  
MOTORS.CO.UK**

cheapest price as they create value in the minds of shoppers. Secondly, he said, exceptional descriptions bring out the story or uniqueness of the car, selling the optional extras fitted and giving a proper sense of the whole value of the vehicle, rather than relying on standardised descriptions sourced from the car guides.

Jones cited property adverts as an analogy – there is less standard data, so the estate agents have to do more of a sales job in the advert description.

“It is important to highlight a car's key selling points online to activate consumer interest. This should be followed with detailed product knowledge in-store to reassure the consumer that they are making an informed choice” said Jones.

## The power of the forecourt

He said salespeople are a dealer's best marketing tool and they must ensure the customer gets a great experience. He believes online car retailing will grow in 2017 and beyond, but that does not take away the opportunity to provide a really good customer experience face-to-face.

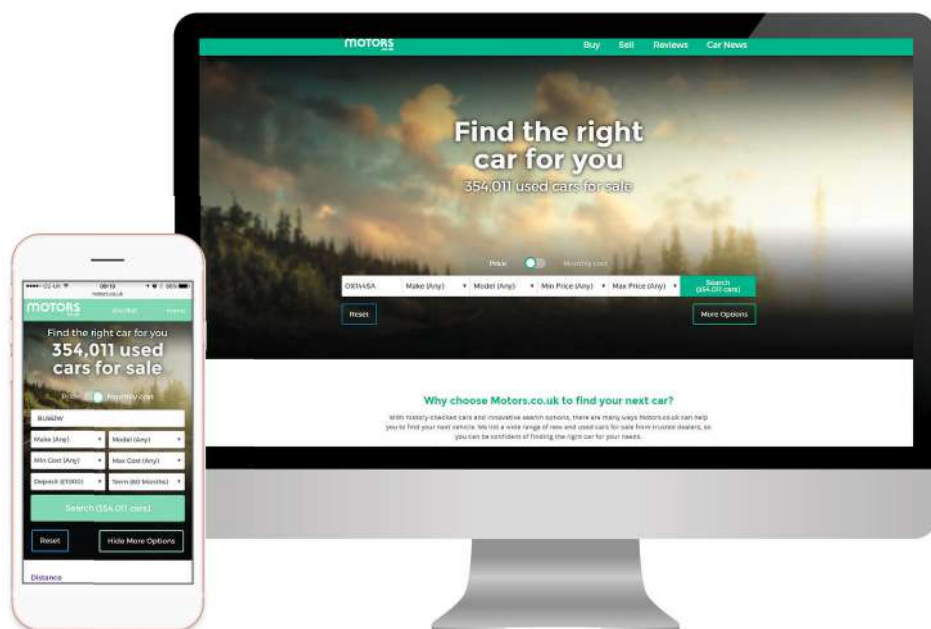
According to Jones, consumers generally buy online because of convenience, so motor retailers need to consider how their retail model can adapt and become better for consumers. A single process will no longer do – the industry needs to become flexible to cater for different consumers who want to buy in different ways and at different speeds.

One difficulty for dealers is that manufacturers and large retail groups are exerting their power and implementing rigid processes. But those who tailor the buying experience for individuals – be that longer test drives, or coming to a buyer's work or home for the test drive – will flourish.

## The power of the network

In terms of marketing, the biggest barrier to improvement for dealers is their own “bandwidth” of time, said Jones. There is a clear market leader in the classified sector and some dealers seem happy relying on it to provide high volumes of response, but at a cost.

Jones said those dealers who take the time to advertise in different places and to understand what they get from across their media have the greatest opportunity to improve the







effectiveness of their marketing and their speed of sale, because they are identifying what they get from which channels and how they speak to customers at different stages in the buying process.

The customer's journey starts with research, considering which car will fit their needs and budget, using multiple car search and review sites in order to arrive at their final shortlist. In this context, it is important for dealers to put their stock in front of consumers multiple times and at as many points in that journey as possible.

Motors.co.uk operates a partner network, which includes car advice website Parkers, Carsite and RAC Cars. Its data shows 72% of buyers go to three or more websites when searching for a car, meaning there isn't a single "magic" website that instantly solves the dealers' online advertising needs.

"We make it easy for dealers to advertise on multiple websites through our partnerships, and we do the hard work in making sure dealers receive the insights they need to understand how effective that marketing really is," said Jones.

In terms of how Motors.co.uk ensures it reaches car buyers, Jones said the business is "laser-targeted" in the way it gets its dealers' stock in front of the UK public. In 2017, the marketing strategy focuses on being in front of the most in-market segments of UK car buyers with increased investment in network partnerships and search engine marketing. This will be supported by ongoing product enhancements to its recently relaunched website to ensure that when car buyers arrive they spend more time on site and generate more response for advertising dealers.

## Key takeaways

### Every image sells your story

- Invest time in your online presentation and descriptions

### Product experts at point of sale

- Buyers expect tailored buying experiences at points of sale from product experts

### Lead assists as key metric for ROI calculations

- Telephone and email leads only capture part of the value generated by online advertising

### Value-based pricing model ensures dealers only pay for the response generated

- New commercial model ensures dealers invoice aligns with the lead assists generated

### From tracking 'leads' to measuring 'lead assists'

Jones said while it is never easy to completely understand how advertising has helped your business, the results can be tracked in more ways than ever before. Motors.co.uk sees increasing this understanding as one of its main responsibilities.

"We sell based on return on investment and letting us prove it to you, rather than take a leap of faith and hope you generate some extra sales."

While tracking calls and emails to understand how many leads an advertiser partner has supplied remains important, in the context of more than 50% of consumers not contacting

a dealer before arriving on a dealer forecourt, it does not give the whole picture.

Indeed, Motors.co.uk believes that measuring 'lead assists' is critical to understanding the full value of your advertising. Jones explains: "We provide dealers with reports on these 'lead assists' – the combined term for a series of consumer interactions with their vehicles – including calls and emails generated, the number of times the full details of their cars have been viewed, the number of dealer location map views created as well as other metrics, such as the number of clicks we have generated that result in a visit to their own website."

On average, Jones said it takes between 250 and 300 lead assists on the Motors.co.uk network to generate a sale for a dealer, though this is often lower depending on the location of the dealer, the stock mix held and the dealership type.

### From 'per car, per week' to 'value-based pricing'

As a challenger, Motors.co.uk is committed to be cheaper than the market leader. A key difference is that its pricing is completely linked to the 'lead assists' created for the dealer, rather than the traditional 'per car, per week' model.

"We believe we are positioning ourselves for the future by being value-based, working with our dealers to ensure that we only succeed if they also succeed. For us, this means working hard and smart every day to deliver value to them," said Jones.

"We are totally committed to providing our customers with a more transparent and scalable way of buying response to help them sell more cars, more quickly."

**Connect with Motors.co.uk**  
0845 265 6000  
sales@motors.co.uk

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# Dealer Finance and Price Indicators are here

Auto Trader Retailer and Consumer Product Director,  
Karolina Edwards-Smajda



**At Auto Trader we're committed to providing our customers with the tools and insight necessary to meet the challenges of an increasingly competitive and complex market. 100 photos, Video, Live Chat and Dealer Reviews are all designed to help create a more transparent experience, build trust and to stand out from competitors. After extensive testing, we're excited to officially launch two new initiatives to consumers, both of which we believe will help you sell more cars, more quickly.**

## Dealer Finance:

The growth of the new and used car market can be attributed to a number of important factors, but arguably nothing has had more of an influence than the increasing role of finance in the purchase process. Using finance to buy a car has become so popular that according to the Finance and Leasing Association (FLA), last year 87% of new cars, and 30% of used, were bought on finance.

Whilst this stimulus is great news for the market, many of our customers are missing out on the potential benefits. Financing can offer great returns, which means there are a plethora of well-advertised financing options, often resulting in consumers arriving at the forecourt with finance already agreed. To help, we've introduced Dealer Finance.

Dealers have told us for a long time that they're missing out on finance to specialist finance providers, banks and price comparison sites, and have asked us to help them gain back a share of sales on their own finance deals. We listened to that feedback, and from May dealers will have the option to show a finance calculator in their adverts, powered by their own lenders and interest rates. Potential buyers can choose their ideal deposit, term (in months) and mileage, then send their finance enquiry. Quick, simple and fully

compliant with the Financial Conduct Authority (FCA). What's more, it's free until early 2018.

We have some exciting plans for Dealer Finance in the coming months. In the summer we'll also be introducing the ability for consumers to search by monthly price - helping our customers to engage with car buyers and secure sales earlier in the car buying process.

## Price Indicators:

In an industry where only 7% of consumers claim to trust car dealers, transparency is a fundamental requirement. Price has, and always will be, the determining factor whether we trust a purchase or not. If something seems too expensive, or too cheap, consumers will keep looking. In fact, 76% of car buyers claim that transparent pricing is the most important factor in their purchase decision.

The introduction of i-Control helped dealers ensure they are pricing their stock in line with the market, but we wanted to do more to build trust between our customers and consumers. That's why after a successful trial period, we have officially launched a phased roll-out of price indicators across our channels, starting with the Auto Trader app; a simple way for consumers to determine whether the total price of the car they

are looking at is priced to market or not. Adverts on Auto Trader will be labelled as having a Great Price, Good Price or Priced Low in comparison to similar cars. The Priced Low label indicates that a vehicle is priced significantly lower than the market average.

The indicators are determined by comparing car prices against our market valuations. The calculations are based on make, model, derivative, age, mileage and adjusted for any optional extras on the car. We combine and analyse data from over 500,000 trade used car listings every day, as well as additional dealer forecourt and website data to make sure the indicators are an accurate reflection of the live retail market.

The dealers that succeed in today's digital landscape are those that offer their customers a truly transparent experience. We know that value is subjective and a buyer will make up their own mind whether the car they've seen represents good value for them or not.

However, by labelling an advertisement based on the price of the car compared with the rest of the live market today, you are empowering them to make an informed decision – offering complete transparency and building all-important trust.

CAREERS

# WANT TO KEEP YOUR WORKERS? GIVE THEM A CLEAR CAREER PATH

Taking an active interest in employees' development can lower staff turnover

**W**hile training and development form a vital part of modern motor retail operations, the sector still suffers from a poor perception among job-seekers and struggles to attract high-calibre applicants.

According to the Institute of the Motor Industry, of the 540,000 students who graduated in 2015, only 240 were employed in the automotive sector, the majority by manufacturers. This is despite the industry supporting 770,000 jobs, of which about 570,000 are in retail.

At Yorkshire-based JCT600, a clearly defined career path has seen internal appointments for managerial roles increase from about 30% four years ago to 70% today.

HR director Katie Saunders said: "We now view it as a negative thing if we have to appoint a head of business from outside the group, but we rarely need to fill these positions with an external candidate."

"Four years ago, 70% of managerial roles were recruited externally, almost every sales manager, head of business and service manager was an external applicant. Now, 70% of these positions are filled by internal promotions."

"We have achieved that because we are offering development at every level of the business."

To develop its own people and identify ambitious employees, JCT600 launched its Wired programme four years ago, to prepare non-managerial staff for management positions. This year, the programme received 35 new nominations. Some 20 'Wired' employees received a promotion last year and 22 the

year before. Currently, there are about 180 people on the programme, almost 10% of JCT600's workforce.

Saunders said: "Of the current management population, over a third have been brought through the Wired programme."

An advanced leadership programme – for those who want to progress further, such as heading up a bigger department, aspire to be a head of business, or simply want to develop their leadership skills – currently has a waiting list.

Saunders is in no doubt that the programmes were a major contributor to

for the past five years is to identify why staff would want to leave. We found that if they are paid enough, are happy in their working environment, have a good relationship with the team, are trained well and are appreciated it is only a lack of a satisfactory career path which would cause them to seek alternative employment."

Stoneacre invested in retention initiatives including continually measuring the competitiveness of its pay plans and its multi-million pound Stoneacre Academy. The Academy is the only dedicated motor trade training centre rated by Ofsted. Apprenticeship appointments have doubled to 120 in three years and retention is 95%, with some having already taken on more senior roles in the business.

Wade said: "We have had far more success in recruiting from within and it is some years since we recruited any management function from outside."

Graham Hall, HR director at Pentagon Group, focuses on the recruitment stage to ensure the group employs people who match the company's culture.

He said: "We believe that by appointing the people who share your values, they will stay. We can then map the training programmes to fit both the individual and group objectives."

Pentagon abolished the annual appraisal about three years ago, replacing it with a regular 'pep talk'.

Hall said: "It's too long to wait a year. An employee's career is managed through continual improvement, which reflects our core values."

"We think our approach pays off in the long run – of our 1,300 employees, 43% have been with us for five years or more."

DEBBIE KIRLEW

**“WE NOW VIEW IT AS A NEGATIVE THING IF WE HAVE TO APPOINT A HEAD OF BUSINESS FROM OUTSIDE THE GROUP”**

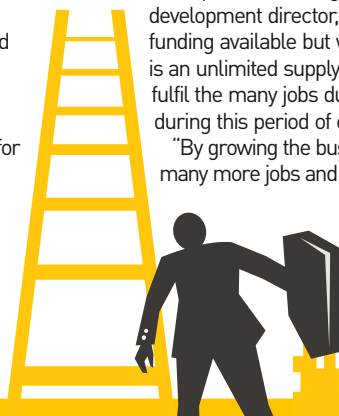
KATIE SAUNDERS, JCT600

its appearance in *The Sunday Times* 'Best 100 Companies to Work For' list at number 84 in 2016, and 57 in 2017.

Stoneacre, which won this year's AM Award for best training and development programme, aims to grow its current £500 million turnover to £1 billion by 2020.

Philip S Wade, the group's franchise and development director, said: "We have funding available but what we don't have is an unlimited supply of trained staff to fulfil the many jobs due to be created during this period of expansion."

"By growing the business, it creates many more jobs and also creates ongoing career path opportunities for the most ambitious of our staff. Our focus



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# TALENT ON THE MOVE

## ADVERTISING FEATURE

### What's the best type of enquiry?

The answer to this question may surprise you, says **Simon Bowkett of Symco Training**



Who would you prefer to speak to – a walk-in or a telephone enquiry? If you take the walk-in, one of your colleagues gets the phone enquiry, and vice versa. You cannot have both, so who are you going to go to?

I suspect most salespeople reading this would choose the walk-in, and I always used to say the same. But in today's car-buying arena, I believe the telephone enquiry is often going to be closer to making a buying decision – as I explain in my new sales training video on the AM website ([www.am-online.com/symcotraining](http://www.am-online.com/symcotraining), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)) this month.

#### The market has changed

When I first started selling cars, people used to get on the phone and say: "Do you have any [model name] in stock at the moment?" That doesn't happen much any more. If people want to know about your stock, or if they just want some general information, they are usually going to go online.

So you are not going to get many time-wasters on the phone today. These prospects are hotter. They are closer to a buying decision. Whereas, on the other hand, people may walk into your dealership simply because they are still trying to find out what car they are interested in.

#### What is a phone call worth?

Let's look at it a different way. If your walk-in customer was an appointed walk-in, who would you prefer to speak to now? There's no doubt it's going to be the walk-in, because these are the very best type of prospect.

In fact, you may want to work out how much each telephone enquiry is actually worth to you. If you have to take 10 telephone enquiries to get one appointed customer who ends up buying a car, and that one customer is worth, say, £100 to you in commission, that means every telephone enquiry is worth £10.

If you knew that the phone was going to be worth £10 to you every time it rings, would that change your attitude? Because, guess what – in the real world it actually is. The next time the phone is ringing, get to it quickly, because it's going to make you money.

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**VINCENT TOURETTE,  
GROUPE  
RENAULT UK**

Groupe Renault has announced that Vincent Tourette will be its new UK managing director, replacing the former Ford executive Paul Flanagan, who was appointed one year ago.

Tourette will be responsible for Renault and Dacia in the UK and Ireland and also the right-hand drive markets of Cyprus and Malta.

Flanagan's future within Groupe Renault UK is yet to be announced.

Tourette has a long history with the Renault Nissan Alliance, spanning 23 years. Most recently he was vice-president of sales and marketing for Nissan in Tokyo, with global responsibility for its LCV range.

He has also held a variety of commercial roles with Groupe Renault, including chief executive for the five countries in the Nordic region and marketing director for the Netherlands.

In the UK, he has held posts as general manager for Renault Retail Group and as marketing planning manager at Renault UK.

Tourette will now report to Ken Ramirez, senior vice-president sales and marketing Europe G9.

Ramirez said: "I am delighted to welcome Vincent back to the UK with Groupe Renault. He is a highly talented executive with a wealth of experience and we are very fortunate to have him again with us in the Europe region."

Tourette said: "It's a very exciting time to be coming back to the UK. I can see tremendous growth has been achieved in recent years and I'm sure there will be more to come with the youngest model range in Europe and the forthcoming launch this year of the Renault Koleos."

**IT'S A  
VERY  
EXCITING  
TIME TO BE COMING  
BACK TO THE UK**  
**VINCENT TOURETTE,  
GROUPE RENAULT**



**FIONA COTTLE,  
CARSHOP**

CarShop has appointed Fiona Cottle as its people director.

Her appointment continues the trend in CarShop's recruitment of directors from the non-automotive retail sector – she joins the business from the global fashion retailer, Primark.

Bringing more than 25 years of human resources experience, Cottle has held UK and global HR positions within Primark.



**DAVID MARCH,  
PSA**

PSA Group has named David March as director for UK franchising, network development and quality.

A former director of network development and quality at the Peugeot Citroen Retail Group, March has experience of the franchised dealer, national sales and fleet sectors.

He began his career with a family-owned dealer group in the Midlands before joining Peugeot in 1995.



**ASHLEY HIGGINS,  
WMS GROUP**

WMS Group has appointed Ashley Higgins, a former Emac sales development manager, as its new corporate account manager.

Higgins will aim to drive the warranty provider's growth and development across new and existing accounts in the north west of England and across north Wales.

He has overseen 350 accounts in his previous position including the majority of the top 200 retailers.



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

**ACCOUNTANCY**

12183	Dealership Accountant	Hemel Hempstead	£40k pa +
12181	CMA Accountant	Lancashire	£45k pa ++
12179	Dealership Accountant	Gtr Manchester	To £50kpa ++
12178	Management Accountant	Bedfordshire	£41k pa ++
12177	Dealership Accountant	Lincolnshire	£40k pa ++
12176	Management Accountant	Leicestershire	£40k pa ++
12171	Dealership Accountant	Kent	£50k pa
12158	Temp Accounts Assistant	Surrey	£21k pa Neg
12157	Financial Controller	Essex	To £45k pa ++
12156	Dealership Accountant	Hertfordshire	£45k pa ++
12155	Dealership Accountant	Gtr Manchester	To £45k pa
12143	Dealership Accountant	West Yorkshire	£45k ++
12168	Cashier	Leicestershire	To £22k pa

**OPERATIONAL**

12167	Planning Analyst	Lancashire	£28k
12187	Transaction Manager	Gtr London	£45k
12175	General Manager	Herefordshire	OTE £90k
12173	Service Advisor	Berkshire	To £40k OTE
12172	Used Car Sales Manager	Bedfordshire	OTE £60k
12170	Dealer Principal	Surrey	£85k bsc + 30% OTE
12166	Aftersales Manager	Bahrain	£45k basic ++
12165	Group New Car Sales Mgr	Oxfordshire	OTE £60k
12164	Aftersales Manager	Cambs	OTE £45k
12154	Reg. Bus. Sales Manager	Scotland	£53k +
12153	Dealer Principal	Tyne & Wear	OTE £110k +
12147	Group Fleet Sales Manager	Bucks	OTE £65k
12139	Senior Sales Executive	Grt London	£60k OTE

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- Sales Manager – Bath - £60K
- Franchise Manager Prestige - North West – 65K
- Sales Manager Prestige – Edinburgh – 60K
- Regional Accountant – Leicestershire - £45K

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**TOP STORIES**

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First accused of doing 'absolute minimum from a safety perspective'  
Fiat followed in the Euro NCAP safety ratings once again when its Doblò scored three stars in the same news of testing that saw BMW's new 5 Series gain a five-star result.
- CAR DEALER NEWS**  
Death of 'inspirational leader' Sir Arnold Clark announced  
Sir Arnold Clark has died, aged 80.
- AFTERSALES**  
Franchised dealers told to shout more about their strengths  
NFDA chairman Mark Squires wants franchised dealers to shout about what they're good at to help battle negative consumer perceptions over service pricing.

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## ADVERTISING FEATURE EXECUTIVE PANEL

# Industry professionals share

**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.

### VIDEO

## Maximise sales with video

By Adam Price, MD & founder, AutosOnShow.tv



Having pioneered the use of high-quality video in automotive retail, AutosOnShow has learnt a few things about how to get the best results.

Video is becoming increasingly more important online. Of the top 100 online retailers, 73 use video to promote their products, and 90% of online shoppers found video useful in making purchase decisions.

With millions of views to inform best practice, the advice on shooting great video is constantly evolving to meet consumer habits.

To establish a high-quality shot with the minimum of training, AutosOnShow has launched a solution called Guided Pause.

The new solution means less space is required to film the vehicle. It is easier for the user to record the perfect video and upload can be completed from the device. The software automatically and seamlessly joins the videos together creating a professional video.

Training requirements are minimal because the guides are integrated into the application solution. Once the user has uploaded the video, the software creates a post-processed video allowing a non-trained individual to deliver the same results continuously.

Images can be enhanced with automated background replacement. Online visitors can enjoy beautiful-looking scenery that shows off the vehicle in the best possible way.

Dealers have access to an online dashboard, which centrally manages video and imagery assets. This helps to monitor consistency and quality by editing the image sequences and removing unusable assets.

It's clear that with the latest technology, getting great-looking video and imagery of stock has never been easier.

**AutosOnShow.tv**®  
VIDEO IMAGERY PRODUCTS

### VALETING

## Tap new revenues with an on-site Smartshop

By Martin Peters, sales director, Autoclenz Group



SMART repair that involves vans pulling up outside your dealership and repairing bumper scuffs on the forecourt (with overspray covering your nearby stock) should soon be a thing of the past. Autoclenz has the solution – the Smartshop.

The Smartshop bridges the gap between the van in the car park and sending vehicles off-site to a bodyshop. As highlighted above, there are quality issues and inconvenience with the van in the car park, and once a vehicle goes off-site to a bodyshop you lose control of it for a number of days.

As the Smartshop is permanently on-site, it can handle all internal work at favourable rates and turnaround times, but more importantly you can sell these repairs over the aftersales desk. Typically, retail margin is 35%.

This important profit stream can effectively fund your internal work and improve your customer satisfaction scores due to the convenience of your offering.

The on-site Smartshop is fully staffed and managed by Autoclenz, including all staffing for peaks and holiday/sickness cover. It is fully health and safety-compliant, with built-in extraction, and effectively is plug-and-play.

All you have to do is provide a flat area for it to be installed, a power supply and give Autoclenz all of your work at pre-agreed rates. Autoclenz will invest in the facility and do the rest.

■ To find out more about the difference at Autoclenz, please call Lucy on 01283 554 682.

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## AUCTIONS

### Does seasonality still affect used car sales?

By Simon Henstock, BCA chief operating officer, UK remarketing



Most markets experience some kind of seasonality and the used car sector traditionally has experienced busy spring and autumn periods, separated by a slowdown in the summer. But in this age of digital innovation and online trading, does it really matter what time of year it is?

The registration plate changes in March and September traditionally stimulate new sales and plenty of dealer part-exchange stock will reach the remarketing sector. There will also be an influx of stock from fleets, contract hire and leasing sources.

There is usually an element of seasonality attached to the sales of convertibles, which tend to do better in the spring and summer months, and to sales of 4x4s, SUVs and off-road vehicles, which typically climb when winter is on its way. Any hint of slightly more 'extreme' weather – a late summer heatwave or a blast of icy weather, for example, will have an almost immediate impact on values for convertibles and 4x4s respectively.

The broader seasonal patterns – busy early in the year, slower post-Easter and into the summer, then picking up again in the early autumn – are a little less defined than they once were.

Thanks to the effect of digital platforms, the used car trade rarely has any downtime these days, and with increasing volumes of business being conducted over the internet you can technically buy a 'virtual' used car at any time of the day or night, 365 days a year.

To source good quality stock quickly and efficiently, simply log on to BCA Auction View and enter your search criteria. With more than 25,000 vehicles typically on sale, it is the UK's biggest vehicle marketplace.



## PEOPLE

### Staff retention – nine top tips

By Michelle Banister, director, GMD People



One of the common concerns we hear when working with managers and leaders in our sector is the challenge to attract good staff for most jobs – and then retain them.

Over the past 10 years or so, it has become harder to fill vacant positions for most roles in a typical motor retail business. The industry average annual attrition rate is still between 35% and 40%.

We will likely see the baby boomers retire over the next five to 10 years, which will compound the problem, so it is imperative that everything is done to retain and continually develop the workforce.

So, here are some top tips to consider to help you retain your staff:

- 1: Induct new recruits properly so they become effective as quickly as possible
- 2: Reward and empower them – allow your staff to achieve, and have their achievements recognised
- 3: Ensure a healthy team environment and good working atmosphere
- 4: Offer them career growth and flexibility
- 5: Ensure they are properly trained and have regular personal development planning meetings
- 6: Ask what staff would like from you as an employer – this can be done via staff surveys or by working groups
- 7: Ensure they have great physical working conditions
- 8: Carry out exit interviews for those that do leave – are there any patterns?
- 9: Most of all, communicate with them regularly – and remember to say 'thank you' for a job well done!

■ For any other support or questions, visit our website – [www.gmdpeople.com](http://www.gmdpeople.com) – for our previous AM articles, or contact us on 01327 831371.



# 'NOBODY SPENDS ENOUGH TIME THINKING ABOUT THE FUTURE'

The current car ownership model is 'irrational' and driverless cars will become a reality, but there are plenty of opportunities for the dealers who can identify and act on emerging trends

**JONATHAN MARGOLIS**  
TECHNOLOGY WRITER FOR THE FINANCIAL TIMES

**F**ranchised dealers should not fear autonomous cars, or worry about who will own or use them, according to a futurologist.

Jonathan Margolis, who writes about technology for *The Financial Times*, told members of the AM Executive Breakfast Club that some motor retailers may see the emergence of self-driving cars as a threat to their livelihood, but he believes there will still be many opportunities to sell, maintain, recharge, store and refurbish such vehicles.

Margolis said the technology is not so far-fetched, and there is such momentum behind it that it will become reality. There are also clear benefits to society – autonomous cars are seven times more efficient at seeing obstacles and stopping, so collisions causing serious or fatal injuries will become rare.

"Nobody spends enough time thinking about the future. We are too concerned about tomorrow [and not enough] about five years' time. We fixate on the short term, and it's understandable that we do. Yet the world truly belongs to companies and organisations that spot upcoming trends, that identify what people need before they know they need it, and focus relentlessly on five or 10 years ahead – future-proofing both in a defensive way, in protecting the business, and proactively taking advantage of change."

Motoring technology in 20 years will

not be as we recognise it now, he said. It will be the equivalent of typewriters being replaced by word processors and retailers will need to adapt.

At the meeting in Manchester, Margolis suggested there may even be more cars on the road, because autonomous cars will be safer and can create more space on the roads due to improved traffic flow.

As to who will own autonomous cars in the future, he believes local authorities, banks and corporations may invest in fleets of them for use in pay-as-you-go mobility services. These vehicles could be in almost constant use, and consequently could rack up significant mileages, and require more frequent maintenance.

Margolis suggested the current car ownership model is irrational, as people pay large sums for technology that they use for a fraction of their day.

"Having this complex machinery



**“WE ARE TOO CONCERNED ABOUT TOMORROW [AND NOT ENOUGH] ABOUT FIVE YEARS' TIME. WE FIXATE ON THE SHORT TERM**

**JONATHAN MARGOLIS**

standing unused by the roadside for most of its life is quite silly," he added.

On the maintenance aspect, Margolis said carmakers must consider an ethical question with future autonomous cars: if its sensors identify that a component is heavily worn or a system is likely to fail, will it allow an owner or passenger to still use it, or will it refuse to go anywhere except to a workshop for repairs? If it has been programmed to do the latter, then franchised workshops could be guaranteed a revenue source. Dealers could also have contracts for storing and recharging any excess self-driving cars outside of peak usage periods.

Margolis believes autonomous cars will "wipe out jobs" where people drive for a living, but will create new jobs in other sectors. There could be negative implications for car park operators and traffic police, but positives for pubs and restaurants.

However, for carmakers there could be greater diversity of models and equipment to cater for pay-for-use mobility services – fleets could operate cinema cars, office cars or gym cars on hire schemes to make passengers' travelling time more useful or pleasurable.

A knock-on effect could be a rise in rural property prices, as commuting to work no longer becomes a chore, he said.

Margolis talked more broadly about likely technology trends ahead. He warned against the 'cartoon' image of



the future, such as internet fridges, flying cars, internet glasses, humanoid robots and food pills. To succeed, future technology needs to fulfil a human's needs better than what we have now, he said. Much will be very similar to what we have now, but it's not essential to be bigger and faster.

He cited Concorde as an example. People expected the supersonic passenger jet to be the aircraft of the future, but the larger, slower Boeing 747 was far more successful because it could carry many more people in relative comfort across longer distances, and at lower costs.

"The real future is a mixture of common sense and human nature. If a thing sounds daft, it won't catch on," said Margolis. He said businesses don't need to worry about being ahead of the curve – Apple is hugely

successful, but wasn't early in the market with the iPhone or iPad.

However, he did warn retailers to beware writing off technology as obsolete. Although young people are heavily into social media, they still use email, but "only for the important stuff", and that will still be the case in 10 years' time, he said.

Margolis is certain some technology is set to take off:

■ Artificial intelligence "up to a point". He said humans want machines and software to be our slaves and to be very good at what we

need them to do, and to liberate people from essential monotonous tasks so they can do more interesting things, but they won't become cleverer than the human brain.

■ Biotechnology. In 10 years' time, people will have their genetic markers on a card to present to hospitals to identify exactly what bespoke treatment they need.

■ Delivery by drones. In suitable



rural areas, this will become likely, as it reduces cost, time and risk to human life.

■ The 'internet of things'. It is here already – for example, bus stops communicate with buses to accurately display when the next one is due – and that will only increase.

■ Virtual Reality. 'Mixed reality' is more likely, according to Margolis. This would allow dealers to virtually present a car that has not even been built yet. Experiencing virtual reality is exciting initially, he said, but VR isn't yet changing people's lives enough for them to spend a small fortune on it. **TIM ROSE**

#### THE NEXT AM EXECUTIVE CLUB SPEAKER

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# AM PORTFOLIO

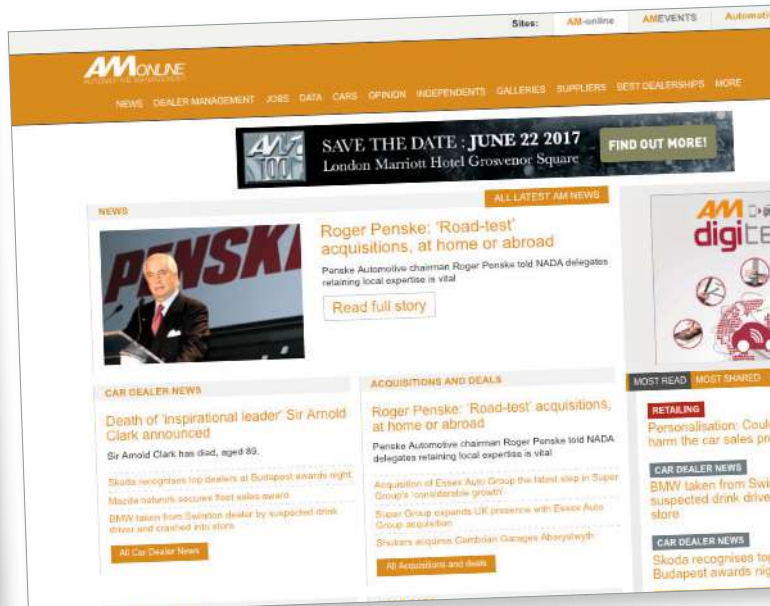
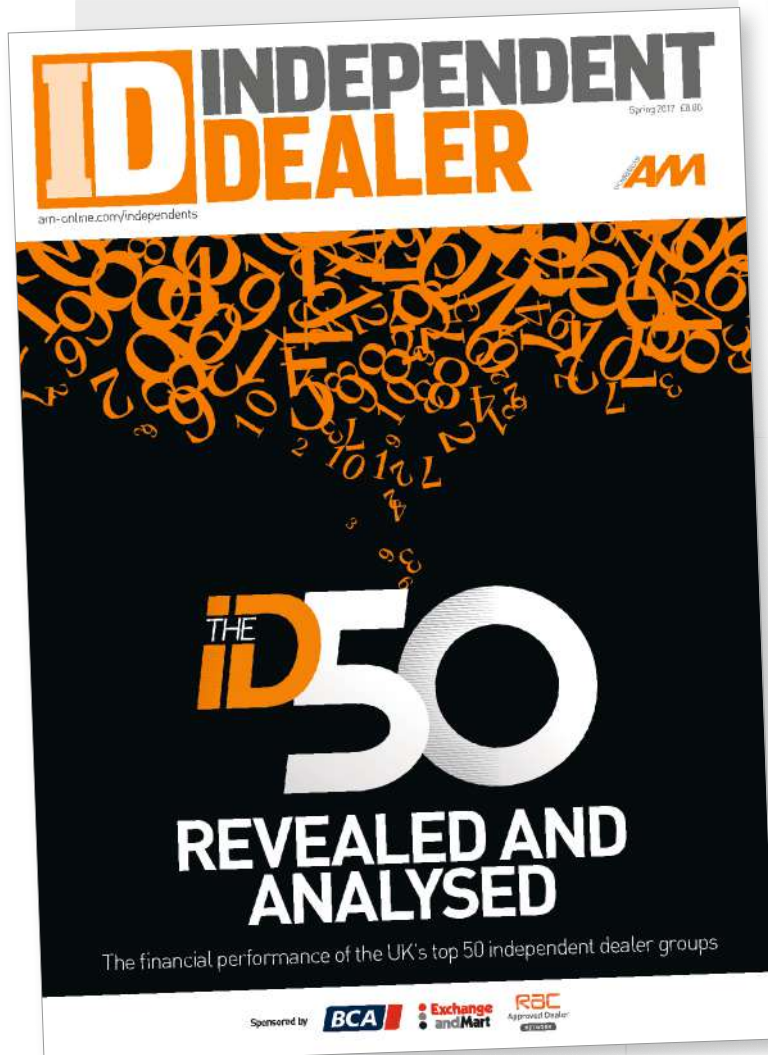
WHAT WE DO IN YOUR INDUSTRY

## AM magazine

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

## Independent Dealer magazine

Essential reading for anyone managing an independent used car retailer, Independent Dealer is published every spring and autumn. The spring edition brings you the ID50 rankings and analysis of the largest used car retailers in the UK. The autumn edition shares best practice to help readers understand where the growth opportunities lie.







## AM Awards

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

## AM EXECUTIVE BREAKFAST Club

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



Profitability, growth and acquisitions are regular subjects of conversation at the annual AM100 gala dinner in London. It is here that AM presents the latest AM100 rankings of the UK's largest franchised dealer groups, and previews its AM100 supplement, complete with analysis of the trends.

## AM conferences

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



## AM-online

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

## Automotive Management Live

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



## EIGHT QUESTIONS TO...

# A VM DEALER GROUP BOSS

Jon Roberts says test drives, new routes to market and common sense are key parts of manufacturer-owned Infiniti Retail Group's growth



### What are the main responsibilities of your role?

**ROBERTS:** Infiniti Retail Group operates from six sites across the UK from Glasgow to London and my key responsibility is to deliver the premium Infiniti brand experience to our customers in these market areas. IRG is a young company operating within the fastest-growing automotive brand in the UK [its sites were previously owned by Mana Premiere Automobiles], so my primary focus has been to establish a solid foundation of process, compliance and strategy that complements the broader Infiniti objectives and values. Equally important is the need to build a strong team of skilled, motivated, knowledgeable colleagues who share the same passion and drive to create a company we can be proud of.

### What are the most significant challenges ahead in your field of work?

**ROBERTS:** The single biggest challenge in my role is increasing awareness of our range of products. We don't have the history other brands rely on, however the brand offers customers a different kind of luxury to the usual formulaic products I see on the roads every day. In the Q30 and the new Q60 coupé, Infiniti has produced high-specification, innovative cars, built with care and incredible attention to detail, that are finding new advocates every day. Equally challenging is the requirement to deliver the operational structure and support that can absorb the rapid growth we are experiencing. Things move very quickly at IRG.

### How might these challenges be overcome?

**ROBERTS:** Since joining IRG in May 2016, I have taken a pragmatic approach of putting forward our strongest assets first. We are taking our products to market through a simple test drive strategy, focusing on the unique elements of our cars, level of specification, how they drive and how they make you feel. We then layered this with a new website, enhancing our digital marketing platform and our social media elements.

We were also one of the first car businesses to embrace new routes to market through our partnership with the Westfield shopping centres. This is now into its third year and more and more customers are able to enjoy their purchasing experience without the need to visit a dealership.

### What attracted you to this area of expertise?

**ROBERTS:** Having worked for 12 years within West Way Nissan, I was ready for a new venture and the next step in my career. Being presented with the opportunity to take control of Infiniti Retail Group and stay within the Nissan Alliance family was an offer too good to refuse. There are not many people who get an opportunity such as this to take a relatively new company within a fast-growing brand and build from the ground up.

### What's the most important thing you have learned in your career, and how have you made use of it at your company?

**ROBERTS:** I've always taken the view that the car industry is as complicated as you want to make it. If you listen to your customers and staff, stick to the basic principles of economics and retailing, then apply a large dose of common sense you will not go far wrong. Just as important is to be consistent, fair and equitable in all your daily activities. I always try to ensure my staff also have the same fundamental outlook. This is a pillar of how much has been achieved so far at IRG and will also form part of our strategic foundation plans over the coming years.

MATT DE PREZ

## QUICK-FIRE QUESTIONS

### What drives you?

Seeing the month-by-month growth of the company and the positive effect this has on my staff.

### What's your favourite app?

I travel the country a lot, so probably The Train Line app.

### How do you relax?

Relaxation comes from my eight- and five-year-old kids (ahem...), watching the mighty Fulham (ahem...) and by increasingly rare rounds of golf.

AM

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### THIS MONTH'S QUESTION TO THE AM TEAM:

What was the last gift you gave somebody?

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► **A Twix and a Kinder egg**

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► **A Thomas the Tank Engine smartphone and some books for my nephew for Easter**

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