

AM

AUTOMOTIVE MANAGEMENT

STEVEN EAGELL / P30

MD recruits 'on attitude
rather than experience'



JAGUAR LAND ROVER / P24

SHARING THE SPOILS

JLR's network rethink is bringing its brands together
to help Jaguar catch up with Land Rover's success



BREXIT / P6

WHAT HAPPENS NOW FOR UK CAR DEALERS?



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Franchised dealers should hope for the best, but prepare for the worst

Did you expect the UK to vote to leave the European Union? I must admit I was a little surprised by the accuracy of our own poll, conducted for AM's June issue. Now that the shock has subsided, and we finally have a Government again, the people in this industry can focus on what they do best – tackling any challenges that are thrown at them.

The share prices of the listed dealer groups certainly took a hammering in the immediate aftermath of the referendum, as did sterling's exchange rates. However, as AM went to press, there were signs that both have stabilised at least.

It is perhaps unfortunate that the uncertainty comes at a point when the UK's total industry volume may have already reached its peak. It may be easy for the mainstream media to apportion blame for the downturn in the car market to a dip in post-referendum consumer confidence, but we have already seen an entire quarter of decline in private new car registrations.

The Brexit vote is likely to have some impact on fleet and private car demand nevertheless, especially if the exchange rates deteriorate further and national sales companies ease off their incentives.

Let's hope that newspaper claims that the UK will "skirt" recession won't become self-fulfilling prophecies. We are only now forgetting the pain of the last one, when the same Jaguar Land Rover franchisees now investing for future growth were writing down their luxury 4x4s by four-figure sums each month.

Fingers crossed there's nothing too dramatic in store. In any case, it looks like it's time to revisit that five-year plan.



Tim Rose
Editor

IN THIS ISSUE

"In the short term, fleet budgets are likely to be blown out of the water"

Prof Colin Tourick,
Page 6

"The SMMT's 2.7 million current market prediction for 2016 is looking increasingly difficult to achieve"

Christopher Bosworth, Close Brothers Motor Finance, Page 16

"Brexit would really hand power to manufacturers"

Prof Jim Saker,
Page 51

AM In this issue August 2016

DEALERS AND SUPPLIERS IN THIS ISSUE:

ASE.....	7, 17
BCA.....	21
Birchwood Group.....	38, 43
Brayleys.....	38
Car Care Plan.....	56
Citroën.....	13
CJ Automotive.....	10
Clive Brook Volvo.....	7
Close Brothers Motor Finance.....	16
Coachworks Consulting.....	8
Colin Appleyard.....	6
Cox Motor Group.....	7
Devonshire Motors.....	6
Emac.....	56
Essex Auto Group.....	6
Feefo.....	60
FLA.....	15
G3 Group (UK).....	10
Glass's.....	7
Grant Thornton.....	6
Harwoods Group.....	39, 43
Honda.....	83
Jardine Motors Group.....	44
JCT600.....	8
JudgeService.....	58
Kia.....	61
Loughborough University.....	7
Luscombe Motors.....	44
Manheim.....	21
Mapfre Abraxas.....	56
Marketing Delivery.....	44, 56
Marshall Motor Holdings.....	10, 43
MDF Database Solutions.....	56
Mercedes-Benz.....	10, 81
Motor Codes.....	60
Motorline.....	13
NFDA.....	17
Norfolk Motor Group.....	60
Ocean Automotive.....	13
Pebble Beach.....	44
Pendragon.....	13
Phoenix Car Company.....	39
Purchase Direct.....	44
Reevoo.....	58
Renault.....	54
Revive.....	44
Ridgeway Group.....	60
SMMT.....	6, 16
Steven Eagell.....	30
Suzuki.....	78
Swansway Group.....	8
Sytner.....	10
Thames Motor Group.....	61
University of Buckingham.....	6
Vauxhall.....	16
Volkswagen.....	10
Volvo.....	10
Westlands Motor Group.....	13
Williams Automobiles.....	44
Zeus Capital.....	8

24

JAGUAR LAND ROVER

WILL A NETWORK RESTRUCTURE SEE SOME OF LAND ROVER'S MAGIC RUB OFF ON ITS SMALLER SIBLING?



30

STEVEN EAGELL

WHY HIRING FOR ATTITUDE IS THE KEY TO BUILDING A SALES DREAM TEAM



38

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SUZUKI BALENO
SUZUKI JOINS THE
SUPERMINI SPACE RACE

78



THE SECRET TO OUTSOURCING SUCCESS
TRUST AND SERVICE LEVELS ARE
MORE IMPORTANT THAN SAVINGS

YOUR NEWS

- 6 News insight**
AM correctly predicted the outcome of the EU referendum, but its effects on franchised dealers are less certain.
- 10 News digest**
Sytner acquires 11 dealer sites from CJ Automotive; Volvo launches a sponsored dealer programme; and Citroën chief executive Linda Jackson is named "most influential British woman in the car industry".

MARKET INTELLIGENCE

- 15 Premium brands prop up the market**
Mercedes-Benz and BMW top the Q2 growth charts as Volkswagen, Vauxhall and Ford falter.
- 16 New car registrations**
June's 0.8% year-on-year fall raises doubts over the SMMT's 2.7 million market prediction for 2016.
- 16 PCPs**
Manufacturers are stretching some PCP terms to 48 months over fears of a softening market.
- 17 Dealer profits**
The average UK motor dealership lost £10,315 in May.

INSIGHT

- 24 Jaguar Land Rover**
JLR's network rethink will affect almost every site in its retail network by the time it concludes in 2018.
- 30 Face to Face: Steven Eagell**
Recruitment is one of the top priorities for the managing director as he aims to 'mould' his team to sell the 'Steven Eagell way'.
- 38 The secrets to outsourcing success**
Four dealer groups explain why trust and service levels are more important than cost savings.
- 41 Six steps for successful tenders**
Contract negotiations give you the chance to choose the right supplier to suit your business.

44 How to efficiently manage supplier contracts

Dealers must measure cost and quality to effectively assess outsourced providers.

47 AM Executive Breakfast Club

Only hire staff with the desire to help your customers get what they want or need, says sales guru Steve Clarke.

51 Prof Jim Saker's view from the business school

Brexit will shift the power balance in manufacturers' favour, says Prof Jim Saker.

54 AM Awards winner: Franchise of the year

Renault's dealers rewarded it for boosted market share and profits.

56 AM Dealer Recommended Round Table

Dealers can prevent customers feeling 'sold to' by giving them choice and control.

AM BEST PRACTICE

58 Customer Reviews

Independent customer assessments can alert you to areas of your business that need attention.

SHOWROOM

78 Suzuki Baleno

Suzuki has aimed the spacious Baleno squarely at families that have outgrown the Swift.

81 Mercedes S-Class

The king of the large executive car segment offers dealers huge scope for upsells.

83 Honda HR-V

The 'Joy Machine' is working its magic on dealers, with 6,066 registered since August.

COMING SOON

86 In September's issue – published August 26

Mitsubishi MD Lance Bradley reveals the brand's new approach to training; Industry leaders share their secrets to career progression, and the Volvo S90 and V90 reviewed.

BREXIT

What happens now for UK car dealers?

AM's survey predicted the referendum result exactly, but its effects are much less certain

By Tom Sharpe

A full month before voters flocked to polling stations to decide the fate of the nation's membership of the European Union, AM's poll of the motor retail industry predicted 52% would be in favour of leaving.

While that early indication of the political mood among our online readers was not reflected by the response gleaned in a separate poll of the AM100 – in which 75% expressed a desire to remain in the EU – it ultimately proved accurate on June 23.

However, the consequences of the UK's decision are far less predictable.

At the start of July, **Mike Hawes, SMMT chief executive**, said: "It is far too soon to determine whether the referendum result has had an impact on the new car market.

"The first six months saw strong demand at record levels, but the market undoubtedly cooled over the second quarter."

Although retail registrations in the first quarter of 2016 were up 5.9% year-on-year, performance in Q2 fell 3.4% and June was the third consecutive month

of falls in private retail registrations. At least some of this fall has been attributed to uncertainty over the outcome of the referendum.

Total registrations fell 0.8% in June, only the second month in the past four years that registrations have fallen year-on-year.

Although fleet registrations have been propping up the overall market, they too may be at risk.

Since most business' budgets were set last autumn and most fleet deals are settled three months in advance of completion, many fear a delayed reaction to Britain's vote to leave the EU.

Colin Tourick, Grant Thornton professor of automotive management at the University of Buckingham business school, said the long-term impacts of Brexit were as yet unknown, but added: "In the short term, fleet budgets are likely to be blown out of the water. Fuel costs and new vehicle costs will rise, because sterling will fall."

Analysts at IHS Automotive have cut their UK vehicle sales predictions for 2016 by 220,000-250,000 and substantially reduced GDP growth forecasts to 1.5% (from 2.0%) for 2016, to 0.2% (from 2.4%) for 2017, and to 1.3% (from 2.3%) for 2018.



Grant Thornton also predicted "softening of demand in the short term".

Tarun Mistry, head of financial services corporate finance, said: "It is vital that we see clarity at the earliest opportunity around our future relationship with the EU."

Hawes agreed: "It's important government takes every measure to restore business and economic

Dealer comments



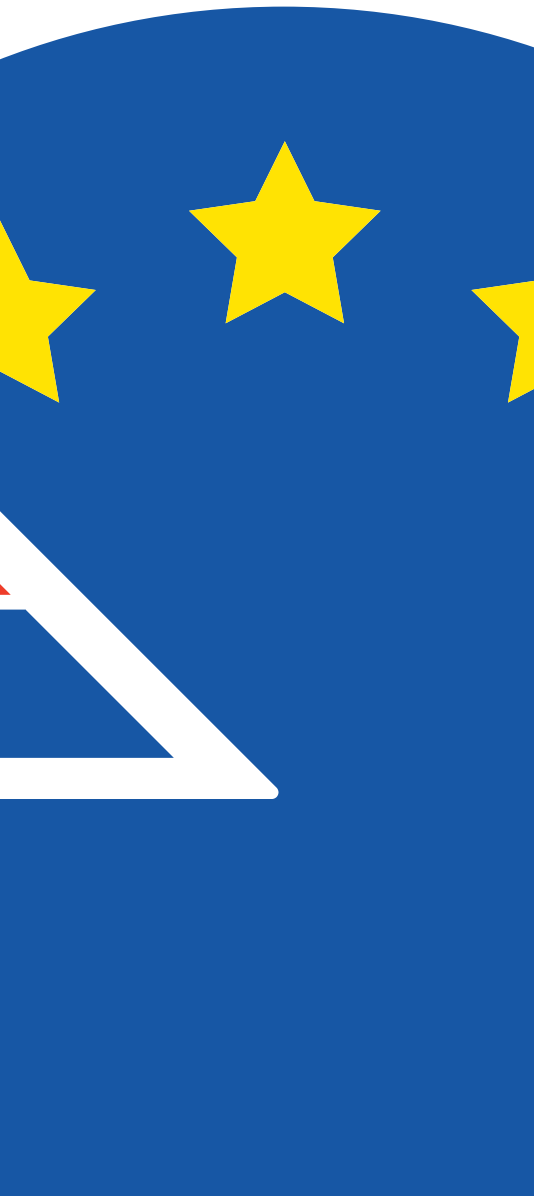
PHILIP MASKELL, CHAIRMAN, ESSEX AUTO GROUP "So far there is no noticeable change, with order take holding up and in line with supply. We are concerned that manufacturers will take action if the pound-to-euro exchange rate hurts imports."



NATHAN TOMLINSON, MD, DEVONSHIRE MOTORS "My focus is on the immediate task of executing an effective Q3 strategy. The next three months of trading are going to be crucial to a profitable 2016."



ROBIN APPELYARD, MD, COLIN APPELYARD "Nothing changed as yet, actually had a pretty strong finish to a pretty flat June. My concern is manufacturers will be hit due to currency fluctuations, which could lead to lesser consumer offers and bonuses."



HOW STERLING'S FALL MAY HIT AUTOMOTIVE RETAIL

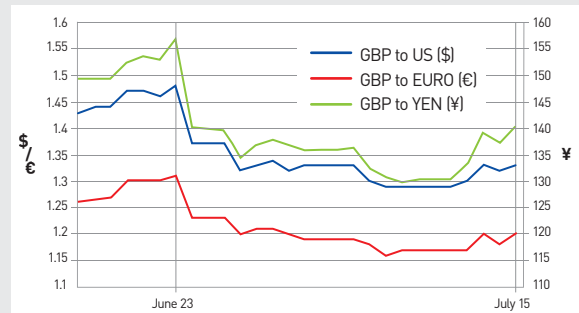
In the immediate aftermath of the Brexit vote, sterling fell to a 31-year low against the dollar. As *AM* went to press, the pound had recovered slightly against the dollar – taking it to \$1.33 – but this was still 11.3% below its June 23 high point of \$1.50.

Mike Jones, chairman of ASE, said sterling's exchange rate against the euro (currently €1.20) was even more critical to the automotive industry. He suggested it could lead to a fall in the number of vehicles coming to the UK, particularly if it dips below €1.10.

Jones said: "In the first instance, this will just reduce some of the froth of pre-registration activity. These are cars the dealers make very little profit on, if any at all, so we may see a rise in the return on sales percentage as a result.

"The danger for dealers would be in a slip into recession, although the business model is inherently robust with the opportunity for used cars and service work when new car sales become more of a challenge."

Tarun Mistry, partner and head of financial services corporate finance at Grant Thornton, said: "As a result of a weakening of the pound we believe that new car subsidies from manufac-



turers will be restricted, leading to an increase in new car prices, which in turn will hold used vehicle prices up. This is dependent upon the overall level of demand and therefore the state of the overall economy.

He said sterling fluctuations also had implications for residual values.

"Reductions in the price of the pound will have a significant impact on sterling commodity prices for raw materials. If manufacturers need to hold prices to remain competitive this will possibly reduce their ability to support residual values."

Asian manufacturers also face currency challenges. Between 2009 and 2012, when the Japanese yen was hovering around ¥128-¥135 to the pound, brands such as Honda, Mitsubishi and Subaru struggled to profitably import new cars from

Japan, with a drop in sales as a result.

Since the referendum, the yen has dropped to ¥140 (down from almost ¥160 at its highest on June 23), leading to fears of a similar situation arising.

In the longer term, the risk of manufacturers withdrawing their manufacturing operations from the UK could also lead to rising vehicle prices and huge job losses.

Fears that Nissan's 500,000 vehicle-per-year facility in Sunderland could be consolidated with the operation of its Renault alliance partner in mainland Europe have already been voiced.

Arnaud Deboeuf, a director of the Renault-Nissan Alliance, told the *Financial Times*: "(The Sunderland plant) is key for Nissan in Europe with the production of the Qashqai and the production of Juke, so in the short term there will be no impact".

confidence to avoid the market contracting in the coming months."

Among the concerns that UK dealer groups are facing are wider market uncertainty – share prices of the listed PLCs have fallen by between 15% and 51% since January 1, suggestions that vehicle prices could increase due to the fall in the value of sterling, and the potential introduction of EU import tariffs.

On the legislative side, Brexit may lead to changes in data protection rules and the General Block Exemption Regulations (BER).

Senior UK industry figures have said removing the UK from the BER could give manufacturers room to change the business model.

Prof Jim Saker, director of the Centre for Automotive Management at Loughborough University's

Business School, said: "Brexit would really hand power to manufacturers in the supply chain relationship. What they choose to do with that power is not known." (Read his full column on page 51.)

Glass's said the effects of the Brexit vote will not be felt by the automotive sector until Q4.

Rupert Pontin, director of valuations, described the current climate as "the calm



CLIVE BROOK, MD, CLIVE BROOK VOLVO "There have been 'effects' for some time in the lead-up to the vote – not to be confused with a normal slowdown in May and June. I don't expect any significant change. The press have hyped the whole situation to a point where the 'man in the street' is getting a little confused."



DAVID COX, MD, COX MOTOR GROUP, & CHAIRMAN OF HONDA DEALER COUNCIL "We're in a positive place business-wise and will not dwell on what might have been in the referendum. What difference does it make? We've got a job to do. And with our PCP finance offers, they're a perfect no-worry product."

before the storm", with larger-scale economic issues to emerge as lenders' willingness to deliver finance into the retail and housing markets becomes apparent later in the year.

As *AM* was going to press, the Bank Of England had announced it would hold interest rates at 0.5%, but minutes from the meeting of the bank's Monetary Policy Committee revealed that most members of the committee expected the rate to fall at the August meeting.

Pontin said: "What is challenging, if not impossible to predict, is how strongly all of these factors will affect the car market."

Many dealers told *AM* they have yet to feel the effects, but did concede that there was an onus on them to maintain a positive outlook for fear of turning Brexit's potential pitfalls into a "self-fulfilling prophecy".

John Smyth, director at Swansway Group, said: "So far, we have seen no huge drop-off [in sales or footfall]. Over 50% of our customers voted to leave the EU and their attitude to buying a car doesn't seem to have been affected."

"It's obvious that the drop in the pound means greater cost for those manufacturers importing cars and we are concerned about the effects of that because for some time our customers have been picking up great deals driven by the exchange rate."

"If we were planning to acquire at the moment, I'm sure we'd be more guarded."

"We have to maintain a positive outlook for our staff and customers though, otherwise all our fears could easily become a self-fulfilling prophecy."

Nigel Shaw, JCT600 group finance director, said: "We were seeing volumes decline in the run-up to the referendum, but there has been no dramatic change since the vote."

"HSBC tells us that, for now at least, it remains business as usual."

"The message from [chief executive] John Tordoff is 'Europe still wants to sell us cars and we have customers wanting to buy them, so let's get on with it.'"

The impact on property

The constraints placed upon retailers' own growth plans might be best indicated by automotive property consultant APC, which has predicted a fall in transactions in 2017.

Its summer statement said the Brexit vote would likely lead to "a period of sales growth erosion", but added: "Compared to the 10-year trend, there is not, though, expected to be any significant fall [in 2016] and indeed this easing in sales push may well enable retailers to reinforce profit margins."

Property prices and rising wages have been blamed for difficult trading conditions for London dealerships in recent years and it seems that those operating in the

READ ON



Our industry needs a plan to survive in a post-Brexit world
– Jim Saker, Page 51

Q1 vs Q2 2016 – new car registrations, Page 15

Economic indicators, Page 21



capital may also be more vulnerable to the effects of Brexit.

Coachworks Consulting canvassed the views of dealers and found a mixed response to the referendum vote to leave the EU.

Managing director Karl Davis said: "Early signs among our contacts are that London and the South East may be feeling the impact of the vote to leave the EU harder than the North."

"In the South East, one client said that in the three weeks leading up to the vote enquiries slowed dramatically in their London dealerships and remain slow still, but further away, they have returned to expected levels."

Listed dealer groups

Zeus Capital head of research, Mike Allen, said PLCs were operating in "uncharted waters" following the Brexit vote.

Allen said those with stocks that have been oversold, with flexible balance sheets, would continue to appeal to investors. He said Cambria and Vertu both fit these criteria. Zeus is a broker for Cambria and Vertu.

Inchcape's overseas exposure against a weak sterling should give it some protection, backed by a strong balance sheet, he said, adding: "We believe that Lookers and Pendragon have also been oversold, but remain nervous on Marshall Motor Holdings, following its recent decision to gear up by purchasing Ridgeway."

Allen said: "In our view, the real uncertainty is on 2017 and 2018, but we believe it is too early to quantify this at this stage."

"We believe that the comparison to 2008 is overdone with most companies having better balance sheets and systems, and also benefitting from shorter buying cycles via PCP, giving greater visibility on earnings."

Manufacturers' shift from 36- to 48-month PCP offers is noted in this month's Market Intelligence section (on page 16) and could be an indicator that brands are moving to longer-term finance solutions to guard against the immediate economic uncertainty and the potential risks to customers' buying power.

For most dealer bosses, however, it seems that dealing with the Brexit effect in the immediate term is their main priority.

Back when *AM* took a poll of readers' views on Brexit, in May, just 18% said that they had discussed the possibility of an EU departure with their manufacturer partner and 5% had sought advice on how to approach the challenges ahead.

None of those questioned after the vote had sought any specialist advice in light of the nation's decision.

Nathan Tomlinson, managing director of Devonshire Motors, said: "At this moment in time, my focus is on the immediate task of executing an effective Q3 strategy. The next three months of trading are going to be crucial to a profitable 2016."

Manufacturers' comments

JAGUAR LAND ROVER

"We remain absolutely committed to our customers in the EU."

BMW GROUP

"There will be no immediate change to our operations in the UK."

TOYOTA "(We) will closely monitor and analyse the impact on our business operations in the UK, and how we can maintain competitiveness and secure sustainable growth."

PSA GROUP "Our teams are looking at different scenarios for price adjustments to models to respond swiftly to the markets' reaction."

GENERAL MOTORS

"We fully support the UK remaining part of the European Economic Area [EEA]."

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13

Motorline Group

Motorline has acquired Westlands Motor Group, increasing its number of dealerships from 36 to 43.

13

Linda Jackson

Linda Jackson, Citroën's global chief executive, has been recognised as "the most influential British woman in the car industry".

SYTNER

Sytner acquires 11 dealer sites from CJ Automotive



Sytner has acquired 11 dealer sites from Clare James Automotive.

The Warrington-based dealer group had franchises including Audi, BMW, Mini, Seat, Škoda and Volkswagen located across the North West and Wales.

In a statement, it said: "CJ Automotive has sold 11 dealerships to Sytner for an undisclosed amount and all of the employees have transferred to Sytner as part of the transaction.

"CJA have retained Škoda

Warrington and our TPS operations and these will continue to trade under the Clare James/Lightcliffe banner."

CJ Automotive, which rebranded its dealerships with its new Lightcliffe trading name back in February 2014, recorded a £220 million turnover but an after-tax loss of £1.6m in 2014, its last published accounts.

In its annual financial statement, managing director Ian Rutter said several factors led to the losses, including manufacturers' focus on volume rather than market share,

a four-month delay in the building of its Volkswagen Group multi-franchise site in Llandudno and a lack of forthcoming new products from manufacturer partner Honda.

Located just off the A55 Expressway, the three-acre Llandudno site has Audi, Volkswagen, Seat and Škoda franchises as well as Volkswagen Commercial Vehicles.

CJ Automotive acquired part of the Pentraeth Group in 2012 and Green Bower BMW and Mini in South West Wales in 2008.

VOLVO

Volvo Car UK has launched a sponsored dealer programme aimed at rebalancing the variety of partners in its franchised network.

It is believed to be the UK's first sponsored dealer programme since the 2008 recession.

The brand is looking to find a handful of ambitious dealer principals, who are typically already running dealerships within a group, and support

them in taking over a Volvo dealership.

Phil Hand, VCUK's network development director, said Volvo had recognised that the owner-businesses score top in its performance league, so was seeking to put the bottom performers in the network – which he declined to identify – under new ownership.

The first appointment to the programme has already been made – Volvo supported existing

franchisee Paul Rigby Volvo, which has an outlet in Birmingham, in taking over the Stourbridge dealership from Brindley Group.

Currently, VCUK has 55 owners across 102 sales sites. Network partners comprise seven PLCs, 16 large multi-franchise regional groups, one large regional group solus to Volvo, 23 owner-driver small multi-franchise groups, and eight solus Volvo owner-driver companies.

PEOPLE NEWS

ALISON JONES



Alison Jones has been appointed brand director of Volkswagen Passenger Cars. She has worked within VW Group for 18 years.

CHRISTOPHER WALKINSHAW

Christopher Walkinshaw has joined the board of Marshall Motor Holdings (MMH). He is group communications director of Marshall of Cambridge, the majority shareholder of MMH.

ROB EAST



Mercedes-Benz UK has made Rob East its new head of fleet for Mercedes-Benz Passenger Cars. He was previously national fleet sales manager.

GRAEME OSWALD

Volvo Car UK has appointed Graeme Oswald as remarketing and total cost of ownership manager and Jonny Miller as southern regional leasing manager. Oswald moves from VCUK's leasing team, while Miller joins from Glass's.

OWEN GREGORY



Ford of Britain has appointed Owen Gregory as its new director of fleet operations, succeeding Nick Themistocleous.

SCOTT COOPER

The G3 Group (UK) has appointed Scott Cooper as a director. His new role will put him in charge of securing new opportunities across the group's remarketing, finance and asset management divisions.

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OCEAN AUTOMOTIVE

Ocean Automotive has unveiled its £14.5 million Poole Audi showroom.

The 65,000sq-ft site has a gym and beauty salon where customers can receive complimentary treatments.

Ocean has projected a £79m annual turnover for the site, which includes a 24-vehicle showroom, a



24-bay workshop, two HD display configuration rooms, 80 spaces for used cars and 325 service vehicle and storage spaces.

Ocean's head of business, Mark Laming, said: "To bring such a significant employment opportunity into Poole in the form of the country's largest Audi centre, one that will serve Audi customers to the very highest standard possible for many years to come, is a significant landmark in Poole Audi's and Ocean Automotive's journey."

Visit am-online.com/audi-poole to view a gallery of images from Poole Audi's opening.



MOTORLINE

Motorline Group has continued its expansion by acquiring Westlands Motor Group – taking its projected annual turnover to £600 million.

It expands Motorline's reach from its heartland in the South East into the South West Midlands and grows its number of dealerships from 36 to 43.

The transaction, for an undisclosed sum, included four Toyota and three Hyundai dealerships in Gloucester, Worcester, Hereford, Bromsgrove and Stourbridge.

Motorline Group chairman Glen Obee said the acquisition allowed Motorline to build on its relationships with Toyota and Hyundai "and to strengthen our group's investment and strategy from Bristol and South Wales up the M5 corridor."

Westlands employs 200 staff and has a turnover of £65 million. The acquisition makes Motorline one of the UK's largest Toyota brand partners, with 13 dealerships in the UK.

PENDRAGON

Pendragon is recruiting for new Jaguar centres in Cheltenham, Doncaster and Nottingham, which it acquired from Inchcape Retail.

The new centres will complement existing Land Rover retailers in Cheltenham, Doncaster and Nottingham, and will create 15 jobs in addition to 60 existing roles.

LINDA JACKSON



Linda Jackson, Citroën's global chief executive, has been recognised as "the most influential British woman in the car industry" by Autocar magazine.

Autocar worked with the Society of Motor Manufacturers and Traders to identify 100 influential British women working globally in the automotive sector.

Jackson said: "I hope this initiative inspires women to pursue a career in the automotive industry. It is a very exciting industry to be a part of."

ADVERTISING FEATURE

ARE ALL DEALER VIDEOS CREATED EQUAL?

By Andrew Howells, chairman, CitNOW



When you don't understand the complete picture (no pun intended), it's natural to look for cheaper alternatives; free is even better.

In the automotive video world, that may be signing up to a free YouTube account in order to manually start uploading videos

to send links to prospects and customers. (We like YouTube and encourage all dealers to use it).

The devil is always in the detail. Selecting your video provider should never be a tick-box exercise.

Thinking about using video in your dealership? Here are 10 questions you should ask:

- 1:** How easy is it to make and send a video?
- 2:** Does your video provider integrate with other software? Consider other software tools you already use, such as CRM and eVHC.
- 3:** Do they have an academy team with experienced practitioners? Will they help support your managers during the adoption process?
- 4:** Did they mention that change is not easy? Do they have a tried and tested process – a success formula to share?
- 5:** What level of support do they offer – same-hour response, same-day or sometime later?
- 6:** What sort of management information is available to help you measure performance in your dealership or group?
- 7:** Do they have a client services and product expert team whose focus is to keep in touch once you've started?
- 8:** What other products do they sell? Is video just an add-on or is it all that they do?
- 9:** Do they offer free monthly workshops to all UK dealers?
- 10:** Who else is using their service? Ask for names and seek opinion.

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16

Registrations

June's 0.8% year-on-year fall raises doubts over the SMMT's 2.7m market prediction for 2016.

16

Longer PCPs

Manufacturers are stretching some PCP terms to 48 months over fears of a softening market.

17

Dealer profits

The average UK motor dealership lost £10,315 in May, a year-on-year fall of £9,931.

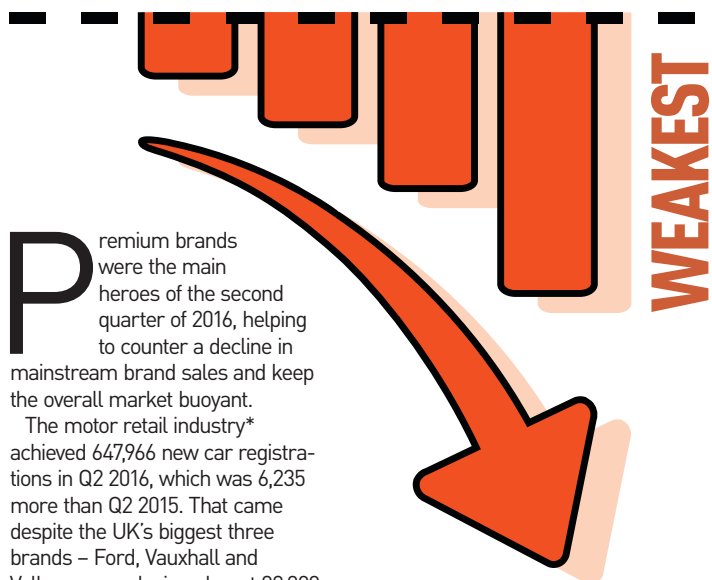
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Premium brands prop up market in Q2

Mercedes and BMW top the growth charts as Ford, Vauxhall and Volkswagen tumble

BRAND	Q2 VOLUME CHANGE	BRAND	Q2 VOLUME CHANGE	BRAND	Q2 VOLUME CHANGE
Mercedes-Benz	6,872	Land Rover	2,882	Jeep	1,222
BMW	4,776	Honda	2,251	Skoda	1,074
Renault	4,364	Kia	2,198	Audi	1,051
Jaguar	2,987	Mini	1,442		



BRAND	Q2 VOLUME CHANGE	BRAND	Q2 VOLUME CHANGE	BRAND	Q2 VOLUME CHANGE
Vauxhall	-9,343	Ford	-5,051	Seat	-1,925
Volkswagen	-7,553	Nissan	-2,437	Mitsubishi	-1,261

Premium brands were the main heroes of the second quarter of 2016, helping to counter a decline in mainstream brand sales and keep the overall market buoyant.

The motor retail industry* achieved 647,966 new car registrations in Q2 2016, which was 6,235 more than Q2 2015. That came despite the UK's biggest three brands – Ford, Vauxhall and Volkswagen – losing almost 22,000 registrations between them.

The top performer for growth in Q2 was Mercedes-Benz. Its registrations rose by 6,872 units year-on-year to, 41,364.

Close behind was BMW, with a 4,776 rise in new car orders to a

45,115 Q2 total. Other premium brands that achieved significant volume growth included Jaguar (up 2,987 to 7,917), Land Rover (up 2,882 to 18,441), Mini (up 1,442 to 17,785) and Audi (up 1,051 to 42,141).

The premium brands have been

supported by fresh core products, such as Mercedes' C-Class and Jaguar's XE, plus strong incentives for new customers and for renewals.

A few mainstream brands were among Q2's strong performers. Renault's resurgence continues, up 4,364 registrations to 20,611. Honda had a strong Q2 too, up 2,251 units to 12,740, while Kia's growth was similar at 2,198 units.

The fortunes were reversed for many of the major mainstream brands, however. Despite reports of considerable pre-registrations, Vauxhall's Q2 registrations dropped 9,343 to 57,915 units, Volkswagen fell by 7,553 units, Ford declined by 5,051 registrations and Nissan's new car demand fell by 2,437 units. And after particularly strong trading in

Q2 2015, significant drops were also suffered by Seat (down 1,925 units) and Mitsubishi (down 1,261 units).

**Excluding the SMMT's 'other British' and 'other imports' categories.*

FINANCE

Finance & Leasing Association (FLA) figures show point-of-sale consumer new car finance grew in May, up 14% by value and 8% by volume.

The percentage of private new car sales financed by FLA members through the POS reached 84.3% in the 12 months to May, up from 83.6% in year to April.

The POS consumer used car finance market saw new business grow 22% by value and 18% by volume in May, compared with the same month last year.

Geraldine Kilkelly, head of research and chief economist at the FLA, said: "The POS consumer car finance market continued to report robust growth in May, as new business volumes overall grew by 14% compared with the same month in 2015. New business volumes in these markets in the first five months of 2016 grew at a similar rate."

MAY MOTOR FINANCE MARKET: NEW CARS

Source: FLA

New cars bought on finance by consumers through dealerships					
	May 2016	Change on previous year	3 months to May 2016	Change on previous year	12 months to May 2016
Value of advances (£m)	1,385	+14%	6,039	+16%	17,385
Number of cars	79,676	+8%	349,658	+10%	1,032,995
New cars bought on finance by businesses through dealerships					
Number of cars	39,631	-13%	150,427	-3%	508,126

MARKET INTELLIGENCE

NEW CAR REGISTRATIONS

There were a record 1,420,636 new car registrations in the first half of 2016. However, the Society of Motor Manufacturers and Traders said the market is now levelling off after a 0.8% year-on-year drop in June.

The turn in the market has been visible in the private market for several weeks. Private registrations dropped 4.5% in June, a 4,842-unit decline, the third consecutive month of falling retail demand.

Fleet registrations were 4.5%, or 6,134, units ahead, but business registrations fell 25%, or 3,343 units.

Some industry figures fear the result of the EU referendum will lead to a slightly steeper decline in the second half of the year, as fleets and consumers pause to understand any immediate impacts.

The SMMT said growth was reported across all fuel types in the year to date, with diesel and petrol registrations growing 2.3% and 3.0%

respectively. Alternatively fuelled vehicles (AFVs), meanwhile, continued the significant gains seen over previous months, up 21.3% compared with the first six months of 2015.

Following an increase in availability of AFVs, such as the Lexus LC, Toyota Prius and Mirai, Volvo XC90 T8 and Nissan Leaf, hybrids and electric vehicles now account for 3.2% of the overall new car market – 45,460 new cars this year.

Mike Hawes, SMMT chief executive, said: "It is far too soon to

determine whether the referendum result has had an impact on the new car market. The first six months saw strong demand at record levels, but the market undoubtedly cooled over the second quarter.

"It's important government takes every measure to restore business and economic confidence to avoid the market contracting in the coming months."

Close Brothers Motor Finance expects new car demand to drop off in the second half of 2016. Its **director of strategy, Christopher**

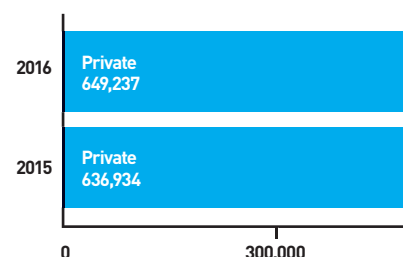
Bosworth, said: "While recent total market figures have seen strong fleet growth compensate for the slowdown in private sales, there is a question mark over the extent to which this can continue in the current environment.

"The SMMT's 2.7 million current market prediction for 2016 is looking increasingly difficult to achieve, and we believe is likely to be revised in the next release. Ultimately, July and

"The SMMT's 2.7 million current market prediction for 2016 is looking increasingly difficult to achieve"

Christopher Bosworth, Close Brothers Motor Finance

REGISTRATIONS BY MARKET



FINANCE OFFERS

Manufacturers have stretched their Q3 offers over longer periods in anticipation of a softening market.

Vauxhall said it has moved from three-year deals to four based on how the market was starting to go in Q2.

Emma Robson, tactical marketing programmes manager, told *AM*: "We think, based on the uncertainty surrounding Brexit, customers were looking to further reduce their monthly payments.

"We took a view that we would look at advertising 48 months for Q3 on the assumption that the competition would be doing the same. Looking at other manufacturers' websites, Ford and VW have gone with 48-month messages for Q3 as well."

Finance product type remains varied for Vauxhall, with PCP, HP and PCH all available.

As a result of this thinking, all of Vauxhall's Q3 PCP offers are 48 months. It puts monthly payments for customers well below £300 and the majority below the £200-a-month mark. However, Vauxhall's deposit contribution support on offers has been widely withdrawn for Q3, with £1,700 maintained on Adam for Q3, but no support on Astra GTC, Zafira Tourer or Cascada for Q3.

While Ford hasn't gone for a blanket 48-month approach, it has increased the number of four-year offers from just one in Q2, to five in Q3, covering the Ka, Mondeo, Mondeo Vignale, S-Max and Galaxy.

By comparison, Volkswagen has taken a blanket approach introducing 48-month deals across the board, further demonstrating how the market leaders are reacting to the potential shift in consumer confidence in Q3. VW is also giving dealers some healthy discount support with a whopping £5,000 deposit contribution on the Touareg, £3,250 on the Tiguan, £2,000 off the Golf and Scirocco and £1,400 on the Polo.

Top finance offers for retail buyers		For a searchable list of manufacturers' finance offers, go to am-online.com/offers					
Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Vauxhall							
VIVA SL 1.0i 75PS	PCH	£2,079	48	£99	N/A	N/A	30/09/2016
ADAM ENERGISED 1.2i 70PS	PCP	£1,999	48	£149	£4,209	4.0%	30/09/2016
Corsa Energy 1.4i 90PS 1a/c 3dr	PCH	£504	48	£168	N/A	N/A	30/09/2016
Corsa VXR 1.6i 205PS Turbo	PCH	£1,170	48	£195	N/A	N/A	30/09/2016
New Astra SRI 1.4i 150PS Turbo	PCH	£2,388	48	£199	N/A	N/A	30/09/2016
Zafira Tourer Exclusiv 1.4i 140PS Turbo	PCH	£2,868	48	£239	N/A	N/A	30/09/2016
Insignia SRI VX-Line 1.6CDTi 136PS Start/Stop ecoFLEX	PCH	£1,554	48	£259	N/A	N/A	30/09/2016
Cascada SE 1.4i 140PS Turbo	PCH	£2,990	48	£299	N/A	N/A	30/09/2016
Mokka Exclusiv 1.4i 140PS Turbo Start/Stop FWD	PCH	£2,388	48	£199	N/A	N/A	30/09/2016
Meriva Tech Line 1.4i 100PS	PCP	£2,499	48	£179	£4,117	6.90%	30/09/2016
Ford							
Ka Zetec Black and Zetec White Editions 3 door 1.2 69 PS petrol	PCP	£2,319.43	48	£109	£2,558.00	2.90%	30/09/2016
Fiesta Zetec 3-door 1.0 EcoBoost 100PS	PCP	£3,527.12	36	£159	£4,555.00	2.90%	30/09/2016
Fiesta Titanium 3-door 1.0 EcoBoost 125PS	PCP	£3,684.95	36	£169	£5,104.00	2.90%	30/09/2016
Fiesta ST 3 door 1.6 182PS petrol	PCP	£4,076.04	36	£189	£6,482	2.90%	30/09/2016
B-MAX Titanium 5-door 1.0L EcoBoost 100 PS	PCP	£4,276.36	36	£199	£5,287	2.90%	30/09/2016
EcoSport Titanium 1.0L EcoBoost 125PS petrol	PCP	£3,790.12	36	£179	£7,066	2.90%	30/09/2016
Focus Zetec 1.0-L EcoBoost 100PS petrol	PCP	£4,453.11	36	£199	£5,890	2.90%	30/09/2016
Focus Titanium 5 door 1.0-litre EcoBoost 100PS petrol	PCP	£5,113.38	36	£219	£6,544	2.90%	30/09/2016
Focus ST-1 2.0 EcoBoost 250PS	PCP	£5,367.11	36	£219	£9,981.00	2.90%	30/09/2016
C-Max Zetec 1.6 (125PS) petrol five-seat	PCP	£4,431.90	36	£209	£6,274	2.90%	30/09/2016
Grand C-MAX Zetec 1.0-L EcoBoost 100PS petrol	PCP	£5,459.21	36	£239	£6,888	2.90%	30/09/2016
Kuga Titanium 5-door 2.0 TDCi 150 PS FWD	PCP	£5,251.43	36	£239	£9,861	2.90%	30/09/2016
Mondeo Titanium 2.0 Duratorq TDCi 150PS	PCP	£5,813.82	48	£269	£6,931	2.90%	30/09/2016
Mondeo Vignale 1.5 Duratorq TDCi 120 PS ECOnetic	PCP	£6,502.35	48	£279	£9,175	2.90%	30/09/2016
Edge Titanium 2.0 Duratorq TDCi 180PS	PCP	£6,987.49	36	£299	£15,047	2.90%	30/09/2016
S-MAX Titanium 1.5 SCTi 160 PS	PCP	£6,478.30	48	£279	£9,440	2.90%	30/09/2016
Galaxy Titanium 1.5 SCTi 160PS	PCP	£7,094.85	48	£309	£9,578	2.90%	30/09/2016
Ranger Double Cab Limited 2.2 TDCi 160PS	PCP	£7,504.88	36	£349	£10,066	2.90%	30/09/2016
Tourneo Connect Zetec 1.5 TDCi 100PS (5 seater)	PCP	£4,888.15	36	£219	£5,684	2.90%	30/09/2016
Volkswagen							
Move up! 1.0 60ps 3 door	PCP	£2,695.01	48	£89	£3,161.26	4.80%	30/09/2016
Polo Match 1.0 3dr	PCP	£2,439.61	48	£139	£4,780.22	6.70%	30/09/2016
Golf Match Edition 1.4 TSI 125ps 3-door	PCP	£4,265	48	£199	£7,702.51	5.40%	30/09/2016
Golf GTI 1.4 TSI DSG 220ps 5 door	PCP	£9,365.05	48	£315	£12,014.60	6.40%	30/09/2016
Beetle Hatch 1.2 TSI	PCP	£3,975.55	48	£139	£4,945.55	6.80%	30/09/2016
Jetta S 1.4 TSI 125ps	PCP	£5,512.28	48	£229	£5,356.39	6.70%	30/09/2016
Volkswagen CC 1.4 TSI	PCP	£7,340.76	48	£295	£7,557.56	6.50%	30/09/2016
Passat Saloon S 1.6 TDI 120ps	PCP	£6,451.64	48	£235	£8,312.85	6.50%	30/09/2016
Passat Estate S 1.6 TDI	PCP	£6,920.07	48	£245	£9,169.27	6.50%	30/09/2016
Tiguan Match Edition 2.0 TDI 150ps	PCP	£4,285.86	48	£239	£9,759.33	4.90%	30/09/2016
Touareg S 1.2 TSI 5 door	PCP	£6,466.59	48	£249	£7,027.78	6.50%	30/09/2016
Sharan S 1.4 TSI 150ps 5 door	PCP	£7,641.66	48	£315	£7,606.37	6.50%	30/09/2016
Touareg 3.0 TDI SE 262 PS	PCP	£8,425.93	48	£479	£15,731.35	6.30%	30/09/2016

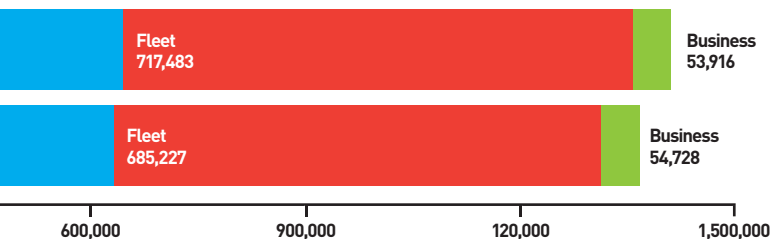
WE'LL HELP YOU GET THERE

August will be critical months to gauge the real effect of the EU referendum on new car sales – with this in mind, flat year-on-year growth overall would be regarded as a good result for 2016.”

Sue Robinson, director of the National Franchised Dealers Association (NFDA), said it had heard mixed messages from dealers, and while physical footfall increased in June year-on-year, online activity

seems to have declined: “With consumer confidence falling post-Brexit, we call upon the Treasury and the Bank of England to do all they can to stimulate consumer demand. We currently import over a million cars a year and associated parts from the EU. We urge our politicians to swiftly negotiate a trade deal with the union in order to safeguard a prosperous future for the motor retail industry.”

MARKET SEGMENT



DEALER KPIS

Source: ASE

Key ratio	Rolling 12 months May 2016	Rolling 12 months May 2015	Benchmark
Net profit as % of sales	1.21%	1.27%	3.0%
Overhead absorption	53.9%	54.1%	80%
Used: New sales	0.91:1	0.90:1	1.5:1
Expenses as % of gross	65.1%	63.9%	50%
Sales per salesman	188	186	150
Used vehicle stockturn (days)	54	55	45
Return on used car investment	74.8%	75.9%	100%
Overall labour efficiency	82.6%	82.2%	100%
Service gross profit % on labour	75.7%	75.6%	75%
Service expenses as % gross	59.6%	59.3%	40%
Hours per retail job card	1.59	1.62	2.5
Parts gross profit	22.5%	22.4%	22%
Parts expenses as % growth	43.6%	44.4%	40%
Parts stockturn	7.6	7.65	8.0

The average UK motor dealership in May lost all the gains achieved in April.

ASE chairman Mike Jones said mid-quarter months have become very tough and May was no different, with the average retailer registering a loss of £10,315. “While this loss is £10,000 greater than the prior year, an average loss of over £10,000 has become the norm in the middle month of a quarter,” he said.

The effect of this is to take the rolling 12-month dealer profit back fractionally under £200,000.

“We will clearly have to wait until the accounts for June have been closed to see the effect on overall profitability for the quarter and it’s certainly too early to call this as the start of a slowdown. Profitability for the year to date remains £2,000 ahead of the first five months of 2015 and, given the level of registrations, I would expect healthy bonuses.”

ADVERTISING FEATURE

BLACK HORSE COMMENT

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



I’ve now been in role for a year and even in that short space of time I’ve seen a lot of change in our industry – with regulation and evolving customer preferences the key themes.

For example, the success of PCP recently has been considerable, with the impact being felt across the industry. It accounted for 76% of all new car sales last year, and 37% within the used car sector*. It’s arguably now at its peak.

The attractiveness of PCP sees Black Horse launch it in our Guernsey, Jersey and Isle of Man markets later this summer – part of our focus on helping dealers increase business by providing them with a range of finance options to match the needs of their customers.

We will also launch PCP in our leisure market this year, for dealers of caravans and motorhomes. The product’s flexibility should help open up caravans and motorhomes to a much wider audience. It corresponds with the National Caravan Council’s ‘Freedom to Go’ campaign, which is targeting a range of new demographics, such as forty-something families with young children and young retirees.

We have provided leisure dealers with a range of support material to highlight PCPs’ benefits to their customers, as part of our ongoing campaign to give dealers a better way of doing business across all our markets.

This ambition includes digital investments and we are launching an enhanced online offering in August. The new dealer and customer websites for the motor sector will be optimised to feature additional tools and demonstration videos, helping you explain finance options clearly to your customers. It is the first stage of further enhancements to our digital and point-of-sale systems.

We’ll continue to provide support that matches your expectations – whether in the products we offer or the guidance we provide.

**figures from the Finance & Leasing Association (FLA)*

RISERS & FALLERS

TOP 10

Infiniti	156.98%
Abarth	85.99%
SsangYong	72.84%
Jaguar	67.95%
Smart	63.15%
Jeep	41.95%
Bentley	31.28%
Renault	20.98%
Mercedes-Benz	18.45%
Land Rover	17.68%



A strong end to Q2 has seen Infiniti regain its position as the fastest-growing car brand, after being overtaken by SsangYong in May. Infiniti's registrations are still small, at 1,565 units in H1, but promotions with the Q50 and new Q30 have helped its 13 franchised dealerships to more than double their volume. They'll expect a further boost with the arrival of the QX30 crossover this month and the addition of the Q60 coupé this autumn. Infiniti UK is still far from the brand's success in the Americas, where it achieved a record 72,100 sales in H1, but it is heading in the right direction.

BOTTOM 10

Peugeot	-4.47%
Nissan	-5.80%
Aston Martin	-5.85%
Vauxhall	-6.66%
Dacia	-7.04%
Maserati	-8.48%
Volkswagen	-8.74%
Seat	-9.85%
Mitsubishi	-20.06%
Lotus	-25.13%



NEW CAR REGISTRATIONS

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

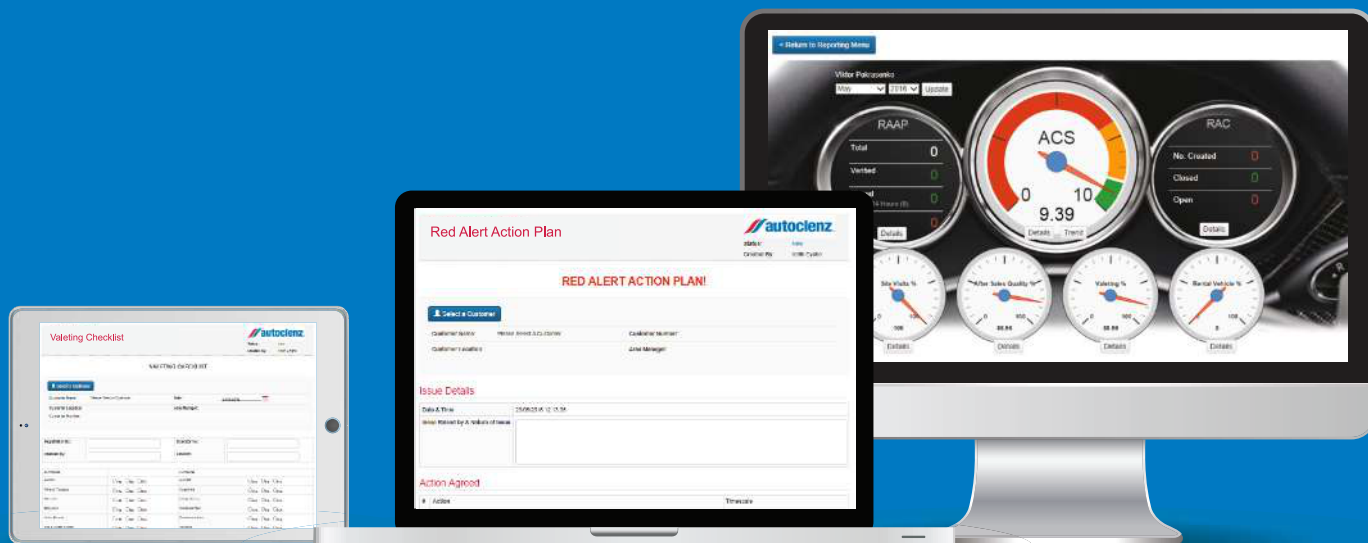


Marque	June						Year-to-date				
	2016	% market share	2015	% market share	% change		2016	% market share	2015	% market share	% change
Ford	30,244	11.82	33,055	12.82	-8.50		171,192	12.05	177,150	12.87	-3.36
Vauxhall	25,578	10.00	30,022	11.64	-14.80		132,947	9.36	142,434	10.34	-6.66
Volkswagen	19,196	7.51	23,670	9.18	-18.90		109,566	7.71	120,064	8.72	-8.74
BMW	18,712	7.32	17,242	6.69	8.53		91,610	6.45	80,363	5.84	14.00
Mercedes-Benz	15,566	6.09	13,055	5.06	19.23		88,603	6.24	74,803	5.43	18.45
Audi	14,503	5.67	14,024	5.44	3.42		89,521	6.30	86,009	6.25	4.08
Nissan	13,785	5.39	15,771	6.12	-12.59		78,582	5.53	83,423	6.06	-5.80
Toyota	9,928	3.88	9,801	3.80	1.30		54,504	3.84	53,945	3.92	1.04
Renault	9,156	3.58	6,654	2.58	37.60		44,570	3.14	36,840	2.68	20.98
Škoda	9,035	3.53	8,135	3.16	11.06		42,233	2.97	39,468	2.87	7.01
Peugeot	8,773	3.43	10,004	3.88	-12.31		54,776	3.86	57,337	4.16	-4.47
Mini	8,718	3.41	7,166	2.78	21.66		33,963	2.39	31,304	2.27	8.49
Kia	8,403	3.29	7,707	2.99	9.03		46,343	3.26	42,248	3.07	9.69
Hyundai	8,294	3.24	8,204	3.18	1.10		48,077	3.38	46,743	3.39	2.85
Fiat	6,442	2.52	6,562	2.55	-1.83		33,324	2.35	32,676	2.37	1.98
Citroën*	6,005	2.35	7,466	2.90	-19.57		37,781	2.66	45,483	3.30	-16.93
Land Rover	5,669	2.22	5,044	1.96	12.39		42,559	3.00	36,164	2.63	17.68
Honda	5,144	2.01	4,394	1.70	17.07		32,449	2.28	27,653	2.01	17.34
Volvo	4,824	1.89	4,317	1.67	11.74		22,629	1.59	21,156	1.54	6.96
Seat	4,245	1.66	5,049	1.96	-15.92		24,634	1.73	27,327	1.98	-9.85
Mazda	4,014	1.57	3,486	1.35	15.15		26,381	1.86	23,548	1.71	12.03
Suzuki	3,358	1.31	3,089	1.20	8.71		19,944	1.40	17,687	1.28	12.76
Jaguar	2,922	1.14	2,200	0.85	32.82		16,597	1.17	9,882	0.72	67.95
Dacia	1,957	0.77	2,568	1.00	-23.79		13,445	0.95	14,463	1.05	-7.04
DS*	1,772	0.69	768	0.30	130.73		9,436	0.66	794	0.06	1,088.41
Jeep	1,473	0.58	918	0.36	60.46		7,600	0.53	5,354	0.39	41.95
Lexus	1,370	0.54	1,240	0.48	10.48		7,416	0.52	6,929	0.50	7.03
Mitsubishi	1,257	0.49	2,142	0.83	-41.32		10,544	0.74	13,190	0.96	-20.06
Smart	1,005	0.39	804	0.31	25.00		5,743	0.40	3,520	0.26	63.15
Porsche	1,002	0.39	1,004	0.39	-0.20		6,712	0.47	6,192	0.45	8.40
Infiniti	569	0.22	104	0.04	447.12		1,565	0.11	609	0.04	156.98
Alfa Romeo	415	0.16	428	0.17	-3.04		2,705	0.19	2,612	0.19	3.56
Abarth	409	0.16	210	0.08	94.76		2,005	0.14	1,078	0.08	85.99
SsangYong	392	0.15	379	0.15	3.43		2,342	0.16	1,355	0.10	72.84
MG	336	0.13	234	0.09	43.59		1,896	0.13	1,670	0.12	13.53
Subaru	325	0.13	245	0.10	32.65		1,828	0.13	1,667	0.12	9.66
Bentley	188	0.07	148	0.06	27.03		961	0.07	732	0.05	31.28
Maserati	162	0.06	133	0.05	21.80		712	0.05	778	0.06	-8.48
Aston Martin	85	0.03	93	0.04	-8.60		467	0.03	496	0.04	-5.85
Lotus	9	0.00	34	0.01	-73.53		140	0.01	187	0.01	-25.13
Other British	76	0.03	56	0.02	35.71		423	0.03	379	0.03	11.61
Other Imports	450	0.18	172	0.07	161.63		1,908	0.13	1,044	0.08	82.76
Total	255,766		257,817		-0.80		1,420,636		1,376,889		3.18

*Registrations for Citroën and DS were combined as Citroën until May 2015. As the Citroën figures for year-to-date 2015 include Citroën and DS registrations, please combine the 2015 registrations for Citroën and DS when comparing year-on-year results.

"IF YOU CAN'T MEASURE IT, YOU CAN'T IMPROVE IT."

Peter Drucker



AutoclenzMI gives our clients access to our service delivery across multiple sites summarised in a simple dashboard with the ability to drill down into the detail showing quality checking information on both Sales and Aftersales work, site feedback, exception reports and Action Plan resolution.

Link this with our PVMS (Paperless Vehicle Management System) and you have complete transparency, both financial and operational in all that we do. Alerts and exception reports can be set up bespoke to each site so that service levels and financial controls can be monitored and improved where necessary. It removes the emotion and focusses on the data with a specific improvement Action Plan.

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Mixed fortunes continue for main auction groups

The mixed results in the wholesale used car market continue, according to the data from the two major auction groups, BCA and Manheim.

Ex-fleet stock

Manheim reported that after four months of decline, ex-fleet cars rose in average value since May by £1,397, or 15%, to £10,580 in June. At BCA, in contrast, ex-fleet stock dropped by £237, or 2.3%, to £9,669.

Year-on-year, BCA's average price was down £58, or 0.6%, while Manheim's was up £304, or 2.9%.

Trade-in disposals

BCA's part-exchange cars in June averaged £4,507 in value, a £17, or 0.4%, increase since May, breaking last month's record. Manheim's averaged £3,514, a £29, or 0.8%, drop.

Year-on-year BCA's average was £229, or 5%, ahead, while Manheim's trade-in average was down £45 or 1.3%.

BCA chief operating officer for UK remarketing, Simon Henstock, said: "Supply and demand are reasonably well balanced, with conversion rates remaining relatively stable and buyers are continuing to compete strongly for good retail-quality stock."

"Supply and demand are reasonably well balanced"

Simon Henstock, BCA

YEAR-ON-YEAR

Fleet/leasing

Jun 2015 Jun 2016

40,06 39,02

45,925 43,643

£9,727 £9,669

Part-exchange

Jun 2015 Jun 2016

89,45 89,18

70,000 69,030

£4,278 £4,507

Nearly new

June 2016

8.00 7.346

£20,042

Average age (months)

Average mileage

Average value

Source: BCA

ECONOMIC INDICATORS

INFLATION

↑ +0.2%

The CPI inflation rate rose by 0.2% in the year to June 2016, which is down 0.1% compared with the year to May. The higher cost of fuel accounted for much of the increase.

MORTGAGES

↑ +16%

The Council of Mortgage Lenders said first-time buyers borrowed £4.3 billion in May, up 10% on April and 23% on May last year. This equated to 27,500 loans, up 9% month-on-month and 16% year-on-year.

CREDIT CARD BORROWING

↑ +£6.3BN

New spending on credit cards, on 158.2m purchases, outweighed repayments in May, the British Banking Association said. Borrowing stands at £42.2bn.

FOOTFALL

↓ -1.5%

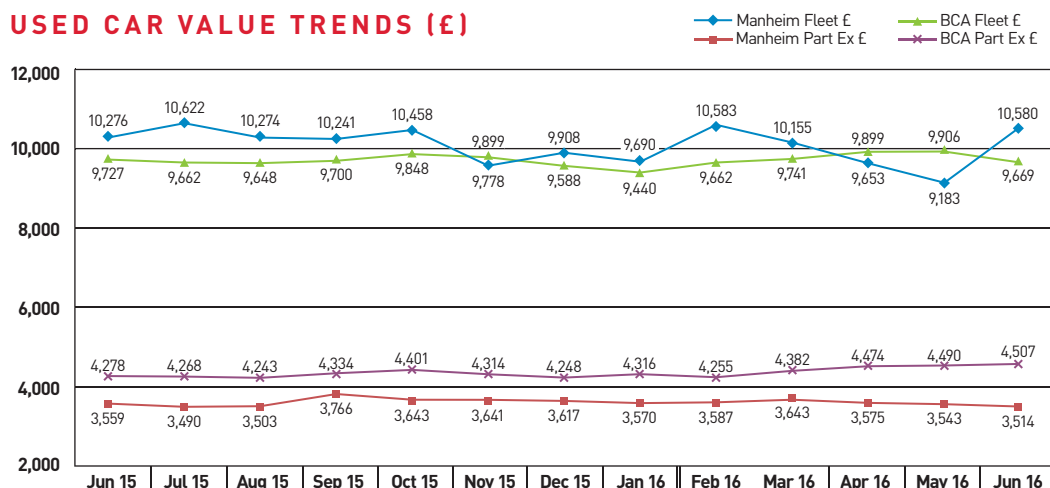
The FootFall National Retail Index reported a 2.6% week-on-week increase in footfall on the high street between July 4th and July 10th and a decrease of 1.5% year-on-year.

BUSINESS OPTIMISM

→ -0.1

BDO's Optimism Index was stable, falling from 99.5 to 99.4 during May, but the manufacturing sector's reading of 86.1 is the poorest since 2012.

USED CAR VALUE TRENDS (£)



Used cars bought on finance by consumers through dealerships						Source: FLA
	May 2016	Change on previous year	3 months to May 2016	Change on previous year	12 months to May 2016	Change on previous year
Value of advances (£m)	1,189	+22%	3,558	+13%	12,874	+14%
Number of cars	110,031	+18%	333,102	+10%	1,206,679	+11%
Used cars bought on finance by businesses through dealerships						
Number of cars	5,875	+73%	12,069	+8%	39,796	-2%

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Conference schedule

08.30 – Registration and networking

09.30 – Conference welcome

09.40

The automotive retail digital revolution

Simon Dixon, chief executive and founder, Rockar

With two successful automotive retail stores at Bluewater, Kent, and Westfield, Stratford shopping centres, Rockar's founder Simon Dixon explores its successful revolutionary approach to retailing cars including employing brand 'angels' and 60% of its customers completing their transactions online.



10.10

The Impact of Digital Dealerships

Francois de Bodinat, CMO, Zerolight

Exploring the rise, impact and future of the virtual car showroom, drawing on insights gleaned from the company's experience with manufacturers including Audi, Pagani and previously JLR, its 3D car configurator has been hailed as a 'game-changer' by analysts Frost & Sullivan.



10.35 – Q&A

10.45 – Refreshments and networking

11.10

Online car sales – the BMW story

Paul Kester, BMW Retail Online project manager, BMW Group

Digital Initiative of the Year and Best Manufacturer Digital Initiative winners at the AM Awards 2016, this session tells the story of BMW's online retail initiative as it approaches its first anniversary. It also explores the BMW vision of internet retailing including the crucial role played by the brand's dealers, customer response and the next stage.



11.40

Insights into new car buying behaviour

John Miele, sales director, carwow

Headline sponsor carwow, which connects new car buyers with dealers, provides consumer insights using data from Experian, Google and its own customers. They will unlock answers surrounding use of its site, including demographic data on new car buyers providing an insight into the consumers opting for such an online method of car buying.



12.05 – Q&A

12.15

Interactive workshops

13.00 – Lunch and networking

14.00

Interactive workshops

14.45 – Refreshments and networking

15.15

The website shop window – online, on-the-go and in-store

Leo Nelson, marketing director, Carshop

One year after winning AM's best website award, five-site used car supermarket and MG franchise holders Carshop is replacing its responsive site with a mobile first website. This session explores why a mobile first strategy is the way forward and understanding the metrics that matter.



15.35

Lessons from other sectors

Speaker invited

High Street retailers in particular have been quicker to adapt to online selling and, more latterly, successfully integrating the virtual and physical worlds using technology which delivers a seamless customer experience. This session highlights the best practice, new initiatives and digital excellence at work elsewhere and asks what dealers can learn.

15.55 – Q&A

16.10 – Summing up and close

Interactive workshops

Website conversion rate optimisation

Martin Dew, head of digital marketing, Autoweb

This session explores the fundamentals of website conversion rate optimisation including an overview of web traffic sources, setting website goals, search and display advertising, linking ads with website experiences, optimising for different visitor types, re-engaging with website visitors and A/B testing.

How to develop your online reputation

Anthony Gaskell, sales director, Reputation.com Inc

Reviews, social media, blogs and forums fuel location-based SEO so a business' representation is responsible for a significant bulk of website traffic and ultimately sways a consumer's decision to visit a dealership.

Data-driven dealerships

Allison Nau, head of data intelligence, Cox Automotive UK

The insight journey is evolving from instinct and intuition through intelligence and prediction to optimisation, driven by analytics. Beyond reporting tools, industry reports and other content, richer data is available which can help to generate powerful insights and suggest how to improve and maximise opportunities.

Understanding online consumer finance behaviour

James Tew, CEO, iVendi

Consumers expect to research their vehicle funding online from valuing their part-exchange to calculating monthly payments, such prequalification has additional benefits including guiding car-buyers further along the purchase journey before they visit a dealership.

Trust is the new competitive advantage

Nick King, Insight Director Auto Trader

Consumer behaviour has changed dramatically, driven by the accelerating pace of change in digital, we now live in a world where trust and transparency is expected. If an experience does not meet expectations, impatient consumers will take their business elsewhere. This session asks whether automotive retailers are keeping up with consumer demand and looks at ways to build trust and boost sales.

Improving the customer experience

Neil Packham, regional vice president, CDK

Utilising the vast amount of customer and vehicle data intelligently and effectively, as well as overcoming 'silos', enables dealers to blend the on and offline experience, increase conversion rates and retain loyalty. Packham will explain how to create a joined up experience and how to combine a helicopter view with granular information.

To book your place, please visit
www.amdigitaldealer.co.uk

or for more details contact

Paige Phillips at paige.phillips@bauermedia.co.uk or on **01733 395133**

30

Face to Face

Recruitment is one of the top priorities for Steven Eagell as he aims to 'mould' his team to sell the 'Steven Eagell way'.

38

The secrets to outsourcing success

Four dealer groups explain why trust and service levels are more important than cost savings.

41

Six steps for successful tenders

Contract negotiations give you the chance to choose the right supplier to suit your business.

44

How to efficiently manage supplier contracts

Dealers must measure cost and quality to effectively assess outsourced providers.

JLR aims for overarching success with network reboot

Restructuring one brand's entire network is hard. Jaguar Land Rover is on track to finish two by 2019

NEED TO KNOW

- JLR will have 223 franchise points on 138 sites by 2018
- 85 will be dual-brand 'Arch' sites, with 40 Land Rover single sites and 13 Jaguar
- Franchise partners will fall from 41 (2014) to 35

By Tom Sharpe

This is the quickest that a total network re-think has been carried out by any manufacturer for the size and scale of what we want to achieve."

Jaguar Land Rover (JLR) is on a journey that will affect almost every site in its retail network by the end of 2018. Now two years into the project, **network development manager Sarah Nelmes** is in no doubt about the scale of the task.

By the end of the process, JLR will have a total network of 138 sites, most of them dual-brand 'Arch' dealerships, with 35 franchised partners (falling from 41 in 2014). JLR said it will have 98 Jaguar franchise points and 125 Land Rover points, an increase of 15 and 10, respectively, over its 2014 network totals.

Each partner will invest between £2 million and £15m implementing JLR's dual-brand 'Arch' concept as part of a network-wide investment of £1 billion.

The plan has seen JLR choose not to renew some franchisees' contracts, in line with its desire to have Jaguar and Land Rover operations owned by the same individual or group in towns and cities across the UK.

The plan's reception among dealers has definitely been softened by impressive growth in registrations by both brands as well as the prospect of new products such as the Jaguar XE, F-Pace and Land Rover Discovery Sport.

Of the two brands, Jaguar has farther to rise. While Land



"It was clear the numbers would have to back up the investment we were asking for from our network partners"

Jeremy Hicks, JLR



Rover has been a highly profitable franchise for at least three years, **JLR managing director Jeremy Hicks** told *AM* that the average Jaguar dealer lost money in 2015.

However, JLR as a whole has enjoyed six consecutive years of registrations growth since its acquisition by Indian conglomerate Tata in 2008. It has invested £12bn in infrastructure and research and development at the same time as expanding its global workforce from about 15,000 to 40,000. In fact, the pace of growth has been so rapid that its £500m Wolverhampton engine manufacturing plant, which opened in 2014, is currently undergoing a £500m extension.

JLR's combined registrations in 2015 reached 100,636 – up 21% year-on-year. Jaguar contributed 23,897 registrations to the total, up 29.8% on the previous year, and Land Rover's 76,739 registrations marked a 19% rise on 2014.

In the first six months of 2016, JLR sold a record 62,314 vehicles in the UK, up 21% on the same period in 2015 – 16,603 Jaguars (up 68%) and 45,711 Land Rovers (up 10%).

Hicks said: "In the first half of 2016, we have already sold more Jaguars than we sold in the entire year of 2013 and Land Rover is growing too, up 10% as well.

He added: "We sat down three years ago and developed our growth plan. It was clear from the start that the numbers would have to back up the investment that we were asking for from our network partners.

"People had to believe in us as a management team, but I can stand in front of the retailers now and say that everything we said we'd deliver we have delivered."

Nelmes said: "We needed to have a corporate identity that was relevant to our brands, that was premium, very distinctive,

47

Why attitude is everything when recruiting

Only employ staff with the right mindset to help your customers get what they want or need.

51

View from the business school

Brexit will shift the power balance in manufacturers' favour, says Prof Jim Saker.



58

Best practice: customer reviews

Independent customer assessments can alert you to areas of your business that need attention.



JLR's planned Oxford 'Arch' dealership, currently being built by Marshall Motor Group



contemporary and corporate, but the strategy was also about bringing common ownership together in the same towns and I'm pleased to say that we are at the end of that phase now."

The Arch concept and its progress

To date, a total of 10 Arch dealerships have been completed, 30 are currently being built, 23 of which will be completed by the end of the year.

Among the key features of an Arch site, as described by Nelmes, is a site sectioned into a 50:50 split of Jaguar and Land Rover, with a central reception desk.

Above: JLR demand has been growing so fast that its £500m Wolverhampton engine manufacturing plant, opened in 2014, is currently undergoing a £500m extension

Indoor service areas allow customers to deliver their cars in an indoor environment and staff use CitNow eVHC to monitor the vehicle on arrival and also film any work carried out.

Nelmes said JLR has not been "dogmatic" about the 'two brands under one roof' approach: "We started with Plymouth at the end of 2014, where we created an Arch Jaguar business and that really allowed us to analyse the initial strengths and weaknesses.

"The first retailer after that was Land Rover in Battersea, where we were comfortable to roll out our new corporate identity. In both those cases, we are talking about separate Jaguar and Land Rover businesses.

"We are comfortable where it's appropriate that they are businesses in their own right. That's where they have enough land for the facility, where they have been represented in the same place for a long time."

The first dealership to fully realise JLR's single-roof Arch concept ideal was Sytner's Guy Salmon facility off the M60 in Stockport in December 2014.

In May, *AM* reported on Caffyns' disposal of its only Lewes Land Rover dealership to Harwoods as part of JLR's plan to partner with a single owner in each market area. The deal completed a month before Caffyns' five-year franchise agreement with JLR expired. TH White also left the network in 2015 when its only Land Rover outlet was taken over by Cambria Automobiles.

Elsewhere, dealer groups have retained their franchises and spent large sums on dealership developments.

Nelmes said: "At the moment, we are in the midst of our network development. We'll end up with a total

of 138 sites, but this does represent 223 franchise points, 85 of those are planned to be joint sites, with 40 Land Rover single sites and 13 Jaguar.”

Nelmes said JLR franchise partners developed a five-year business plan, which was vetted by JLR to ensure site investments were viable, but no guaranteed return on investment was settled upon.

Franchisees’ views on the restructure seem mixed. NFDA Dealer Attitude Survey results for both brands were two points higher in 2013 than today.

Planning ahead for VR and EVs

All new Arch dealerships have been future-proofed to accommodate new products scheduled up to 2020.

Hicks said “huge wiring conduits” had been included in each building in anticipation of the introduction of a new range of hybrids and electric vehicles (EVs).

He also explained that technology was starting to play a key role in both the selling of cars and the tracking of leads within the retail operation.

JLR employed virtual reality (VR) to launch the F-Type and F-Pace and Discovery Sport in showrooms – with reports that orders were placed on the back of 360-degree virtual tours – and recently launched a series of VR videos as part of its sponsorship of Wimbledon with Jaguar ‘ambassador’ and eventual championship winner Andy Murray.

Hicks said VR could be central to a change in the make-up of certain retail sites.

He said the mix of JLR sites could include larger dealerships with greater visibility, “grey box” facilities that offer servicing away from the main dealer, and smaller urban stores.

“Retailers like our showroom on Mayfair could certainly make greater use of technology like virtual reality to give customers a view of the whole range despite their limited scale.”

Where JLR is looking for growth

Hicks said “there are opportunities” for a handful of new Jaguar businesses, but the focus on profitability remains, especially given the tough years that some dealers in the network have had to endure in recent times.

Spelling out his profit expectations for JLR’s retail outlets, Hicks said: “Over a three-year period, we expect the business to be generating satisfactory returns; £750,000 for Land Rover and £500,000 for Jaguar each year. That’s the right zone.”

In addition to growing registrations and adding hybrids and

“Our aim is to draw people into the business earlier, to give training and bring them up to a standard that makes them want to stay”

Sarah Nelmes,
network development
manager, JLR

Below: Guy Salmon’s Stockport site, opened in December 2014, was the first dealership to fully realise JLR’s single-roof Arch concept



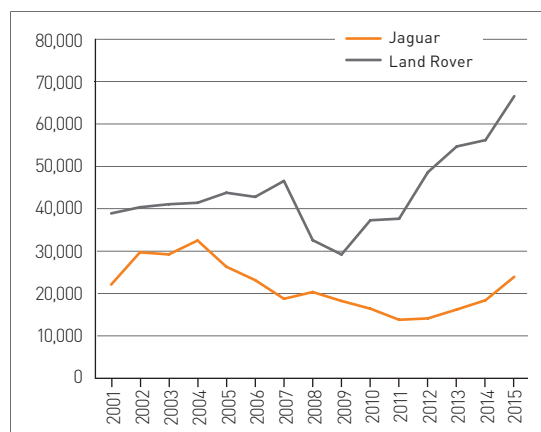
KEY JAGUAR LAND ROVER PRODUCTS



JAGUAR XE

An instant sales success, 100,000 XE saloons were registered in the six months following its launch last April, claiming a 20% share of a segment featuring the BMW 3 Series, Audi A4 and Mercedes-Benz C-Class.

JLR REGISTRATIONS



EVs to its ranges, JLR is also attempting to strengthen its used car and aftersales operations.

It introduced a two-year warranty on used cars last year along with guaranteed multi-point checks for approved used vehicles and roadside assistance.

While used sales are a growing area of opportunity for retailers, record results in the fleet sector have left Hicks in no doubt of the effect of the introduction of the two-litre turbodiesel Ingenium engine.

In the first half of this year, Jaguar total fleet sales grew 68%, to 16,597, against the same period last year, as it benefitted from new models such as the XE saloon and F-Pace SUV and the popularity of the sub-100g/km engine. Land Rover’s H1 fleet sales grew 17.7% year-on-year, to 42,559.

Hicks said the growth was the result of a retail plan that was “set in stone” more than three years ago. He said: “We sat down three years ago and developed our growth plan. That drove the requirement for 50 fleet specialists.”

The Range Rover Evoque took a greater share of the UK fleet sector in Q1 than premium rivals, said Hicks, adding that one-in-six registrations of the new Jaguar F-Pace SUV – the best-selling Jaguar ever – will go to the fleet sector.

Jon Wackett, JLR general manager for fleet and business, said: “We’ve really disrupted a market that has been traditionally dominated by three or four brands.”

‘There’s a lot happening at JLR at the moment’

Because eight out of 10 vehicles produced in the UK by JLR are currently exported, the brand will open a third factory outside its home territory in 2018.

The facility in Slovakia will follow a £1bn factory opened in China in late 2014 and a plant currently being built in Brazil.



JAGUAR F-PACE

Launched earlier this year, Jaguar's first SUV is likely to be its biggest seller globally. Hicks said: "It will be the brand that introduces a lot of markets to the Jaguar brand."



LAND ROVER DISCOVERY SPORT

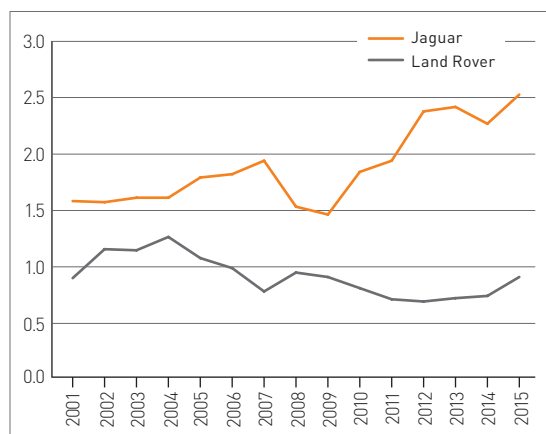
Launched in 2014 as the successor to the Freelander, 1,597 of the seven-seat family SUVs were registered in June.



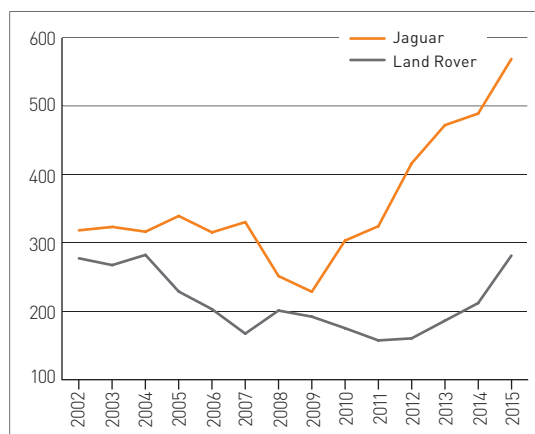
RANGE ROVER EVOQUE

More than half-a-million Evoques have been sold, in more than 180 countries, since 2011. Land Rover's most efficient model, it manages CO₂ emissions of 109g/km and a claimed fuel efficiency of 68mpg.

JLR MARKET SHARE (%)



JLR SALES PER SITE



JLR plans to build more than 100 research vehicles over the next four years, to develop and test connected and autonomous vehicle technologies

Earlier this month, JLR also opened its new £20m Jaguar Land Rover Special Vehicle Operations (SVO) Technical Centre near Coventry as it seeks to expand its range of bespoke and high-performance vehicles.

A £7.5m Jaguar Land Rover Classic centre, developed nearby, will offer sales and support for owners of the brands' vintage vehicles.

JLR also plans to create a fleet of more than 100 research vehicles over the next four years, to develop and test a wide range of connected and autonomous vehicle (CAV) technologies.

The first of these research cars will be driven on a new 41-mile test route around its facilities in Coventry and Solihull later this year.

The initial tests will involve vehicle-to-vehicle and vehicle-to-infrastructure communications technologies, which will allow cars to talk to each other and roadside signs, overhead gantries and traffic lights.

Despite the developments, however, Hicks and Nelmes

remain focused on driving the future success of the core retail business and are encouraging each site to appoint an apprentice a year and employ fairer, less commission-reliant salaries, as part of plans to staff it with the right people.

Nelmes said: "Our aim is to draw people into the business earlier, to give training and bring them up to a standard that makes them want to stay within the business. We want to offer young people a career rather than just a job."

Hicks said: "Getting away from this low basic, high commission structure is something that I really want to drive."

"We had a retailer conference in March and I addressed the network about that, but this is not something that we are going to say 'you will' about. I'd much rather we set them on the road and they arrived at their own conclusion than a 'we're doing what Jeremy said' conclusion."

"There's a lot happening at JLR at the moment, but having the right retail network and the right staff in place lies at the heart of everything we need in order to continue to prosper."

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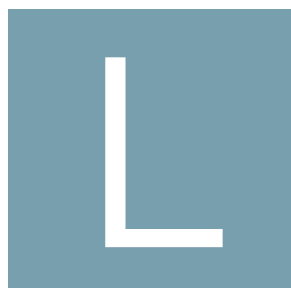
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STEVEN EAGELL, MANAGING DIRECTOR STEVEN EAGELL

Interview by Tom Sharpe

BUILDING A SALES DREAM TEAM



Like a football manager trying to find the right mix in his team, **Steven Eagell** is recruiting a squad of young talent to drive forward his business in a changing automotive retail sector.

Keen to move away from an aging and potentially transient sales staff workforce,

the **managing director** of the Steven Eagell group has earmarked recruitment as one of his top priorities as he aims to "mould" his team to sell the "Steven Eagell way".

"We recruit on attitude and enthusiasm rather than experience," said Eagell. "In fact, we like to recruit people who have not worked in the industry before, so that we can mould them into the Steven Eagell way of doing things."

"Having a young, enthusiastic team has lots of benefits and one of the key factors is low attrition. We have a lot of pride in retaining our customers as an industry, but the same should apply to our workforce. The two things should go hand-in-hand."

After becoming his own boss via Toyota's sponsored dealer scheme, Eagell knows how he wants things to be done and, so far, it has been hard to question his techniques.

Over the course of 14 years, his close relationship with Toyota Financial Services has seen him grow his one-site operation into a total of 11 locations, yielding a £144 million turnover in 2015 (2014: £118m, 2013: £95m), with pre-tax profits of £3.5m representing a 2.4% return on sales (RoS).

Profitability is on the rise, with 2.7% RoS achieved at the group's headquarters in Milton Keynes and the Aylesbury operation leading the march with a 3% score.

Profitability and turnover are key targets for the limited company, with a group average RoS of 3% and £200m turnover within its sights, according to its annual accounts,

FACT FILE

Turnover: £144m (2015)

Franchises: Toyota

Number of sales outlets: 11

Locations: Aylesbury, Bedford, Bishop's Stortford, King's Lynn, Letchworth, Luton, Milton Keynes, Northampton, Peterborough, St Albans, Watford.

Number of staff: 393

New car sales: 5,000 (2015)

Used car sales: 6,000

Retail/fleet split: 74:26

to be achieved through "a combination of organic growth and expansion".

So far in 2016, expansion has come in the form of a move into Peterborough and King's Lynn with the acquisition of Marshall's former Toyota dealerships and the acquisition of Hills Toyota in Bishop's Stortford.

No ivory tower

Despite the growth, Eagell still sees himself as the single site manager of his early career and is keen to keep his feet on the ground and, increasingly, on the road between his 11 sites.

"I only spend a day a week at Milton Keynes because I like to get out and about. I don't want to be sat in an ivory tower. I like to get out and about and meet people," he said.

"We have centralised the business as much as we possibly can, we see ourselves as one dealership with 11 locations rather than 11 separate dealerships."

Eagell began his life in the motor industry in 1986 as a trainee car salesman, selling Nissans for former North London Nissan dealer group Dan Perkins.

"I always wanted to own my own dealership," he said.

After working his way through the ranks, he found himself operating businesses for Camden Motor Holdings before signing up to Toyota's sponsored dealer scheme.

Eagell had just over 15 years' industry experience when he remortgaged his home to contribute to the deal that saw him become owner of the former CD Bramall Toyota dealership in Bletchley.

That initial loan was paid back in seven years, but an ongoing relationship with Toyota Financial Services has led to further financing as the Steven Eagell business grows.

In 2004, the Bletchley operation moved to a new, purpose-built facility in Milton Keynes and a second dealership was bought, this time a long-vacant site in Luton.

Eagell conceded: "My initial intention wasn't to grow it quite as rapidly. It was Toyota's view that I should grow one market area."

"I then bought Aylesbury from Inchcape in 2005

DEALERSHIP SITES



Source: Google Maps

Steven Eagell



Managing director Steven Eagell: 'We recruit on attitude and enthusiasm rather than experience'

and we had to relocate that as well. In 2004/05, we went from one dealership to four quite quickly. There really was a difference between running a dealership and running a business and I had to adapt to that very quickly.

"I brought some good people with me and I was aware that I needed to expand, because in the early days it was quite top-heavy in terms of senior management.

"That was intentional, because I was obviously looking longer term and I really wanted to grow the business with our own people."

Finding and developing the right people

Just as he himself has risen through the ranks, Eagell is keen to see his own team progress within the business.

His philosophy of recruiting young, enthusiastic staff is backed up by training provided both through Toyota and a specialist training provider, Martec Europe. The group wrote its own 10-step sales process, in which Martec trains all new starters.

The group hosts recruitment days where it can select from the brightest applicants, before training new staff in every element of the sales process, from answering initial phone calls and emails to the final handover.

Eagell said that, as well as boosting staff's early chances of success, the process helps to eliminate instances of staff taking on unnecessary tasks. Each knows their role.

Ongoing training and development has also resulted in a level of staff retention above the industry norm.

"Every one of our managers across the group – we have 393 staff, including 42 line managers – has been promoted through the company," said Eagell.

"We have an average length of service among our managers of 10 years.

"We're not a hire-and-fire business. We want people to come here and grow.

"What we've ended up with is a real culture of people who have been with us for a long time, who really do understand our business and our culture."

Eagell said the training processes not only subscribe to FCA compliance rules, but attempt to ensure a clear path to good customer service.



"Every one of our managers has been promoted through the company"

Steven Eagell

While he does not want to see the system "stifle entrepreneurial flair", Eagell hoped it would cut out unnecessary tasks and help to promote an efficient, customer-centric service.

Steven Eagell's training programme also facilitated a move away from business managers, with the group preferring to appoint additional sales staff, as it considers the finance offering an integral part of the sales process.

Sales managers sit among the sales staff, meanwhile, and while an iPad-based DMS system has yet to reach the showroom floor, all back-office processes are now paperless as moves continue towards the streamlining of sales and administration processes.

Farming the database

It is not only staff that Steven Eagell aims to retain. The group is also driving hard at its aim of realising the potential of its "customer for life" philosophy, backed by a robust database, strong PCP sales and a keen eye on customer satisfaction results.

An in-house call centre at Milton Keynes is staffed by a team of 16, who make more than 6,000 service bookings a month and make 3,000 outgoing calls, using DMS data.

Staff are also trained to sell tyres and service packages and Eagell said the results have been positive.



ADVERTISING FEATURE

YOUR CIRCLE OF INFLUENCE

By Neil Addley, managing director
of NFDA Trusted Dealers



No one can deny that we are facing a time of uncertainty and no one is quite sure how it will affect the car market. However, I am pretty much certain that people will still need cars to go about their daily business and that they would prefer to

buy them from people they can trust.

In Stephen Covey's *The 7 Habits of Highly Effective People*, he talks about your circle of influence, spending your time and energy focused on things you can control, rather than flailing about worrying about things beyond your control. By concentrating on your circle of influence, you inevitably have a stronger influence in it and ultimately, it will grow.

It is a bit like segmenting your market and targeting your best customers. At Trusted Dealers, backed by the National Franchised Dealers Association, we have been

"We have been concentrating on our core demographics... this has helped us to reduce the cost per enquiry and increased engagement with our brand on social media"

doing exactly that. For those of you who follow this column, you will know we have been concentrating on our core demographics – a more mature audience with a slight male bias – in our marketing and content strategy. I am pleased to report back that this has helped us to reduce the cost per enquiry and significantly increased the engagement with our brand on social media. In fact, we have had more engagement with our Facebook page than any other classified over the past month.

So if you are looking for more leads guaranteed as we enter the summer months, now is the time to advertise your used car stock on Trusted Dealers.

For a copy of our
latest white paper, call
01423 506272 or email
neil@trusteddealers.co.uk



"It's another thing that helps free up the sales staff to sell cars. Without the call centre, there would be phones ringing in the showroom and that only detracts from the personal service that we aim to offer."

The Access Toyota PCP offer has facilitated 94% of the group's retail sales over the past 12 months and Eagell said the result has been 53% back-to-back retention.

The average turnaround for PCP customers across the group is 20 months.

More than 18,000 live service plans and 12,000 live PCPs should guarantee return business, meanwhile.

Eagell said: "We're really not looking for a quick sale. Every customer that comes to us we want to trap them for life, so every PCP product [we sell], we push service plans and insurance products, everything we can to retain those customers."

"What we really have to focus on is giving excellent service to maximise every opportunity of retaining them."

"We're fairly aggressive in terms of farming our own database, but in a sense we are too reliant on database. We need to be bringing more customers in and grow more conquest customers from the outside."

Keeping things green

Toyota's big car launch of 2017 is likely to be the CH-R, which enters the growing C-segment SUV sector in the summer.

While not yet able to take advantage of customers' appetite for a small crossover vehicle, Eagell is content that Toyota is the market leader when it comes to hybrids.

In 2015, the group sold 5,000 new cars, of which 34% were powered by hybrid drivetrains.

Eagell said: "Hybrid entered the market 20 years ago and



94%

of Steven Eagell's retail sales have been facilitated by the Access Toyota PCP offer over the past 12 months

20

months – the average turnaround for the group's PCP customers



The group's headquarters in Milton Keynes has a return on sales of 2.7%



Steven Eagell has more than 18,000 live service plans across the group

look at it now. Yaris represented 34% of group sales in 2015 and around a third of those were hybrid. Auris was even more. About 80% of our 1,000 Auris sales last year were hybrid."

However, Eagell is eager to see Toyota expand its range of products.

"If you look at last year, 73% of the vehicles we sold on the retail side were one of three vehicles: Aygo, Yaris and Auris. That's great, but it does suggest that we could certainly do better and grow our sales in other areas."

The group has a specialist business centre in each of the five market areas it trades in and fleet accounts for about 26% of the network's total registrations.

A Milton Keynes site that was bursting at the seams with vehicles when *AM* visited is testament to the fact that used cars accounted for about 6,000 sales last year – resulting in a new to used ratio of 1:1.2.

About 100 used vehicles of all makes pack the forecourt and Eagell said he likes a busy site, even if it may mean diluting the Toyota content.

"We see used cars as a great opportunity for conquest sales because it brings different people onto the forecourt and there is always a chance that they might go on to buy a new car."

Asked whether he planned to "dilute" the group's purely Toyota offering with the introduction of another franchise in future, Eagell was a little more apprehensive.

After conceding that he would like to add the premium Lexus brand to his company's portfolio, he added: "If we were to expand with another manufacturer, we would discuss the situation first with Toyota because we wouldn't want to jeopardise the relationship we have with them. It's extremely important to us."

The Toyota Retail Concept corporate identity (CI) has been introduced across all but three of its existing sites and the two new sites acquired from Marshalls, but Eagell said the move amounted to "more of a refresh" and had not demanded large financial resources.

The future

With the consistently brisk pace of the group's growth in recent years, what developments are likely to occur in the coming months and year, then?

As monthly appraisals of every site in the group grow ever more demanding of the managing director's time, it seems his hands-on approach will require a re-think if its market area grows any further in geographic terms.

Eagell is keen to continue playing to his strengths. He said:



"Last year, 73% of the vehicles we sold on the retail side were one of three vehicles: Aygo, Yaris and Auris"

Steven Eagell



"The monthly appraisals were obviously easier when there were five or six sites, not 11. It has become a little more complicated, but I think it's really important because that gives you the discipline to ensure that you regularly visit each location."

"I understand the business, I understand what motivates people and how people operate and I understand how difficult it can be, so I think it's important that we understand the difficulties which everyone is encountering on a daily basis."

"The most important thing about any new acquisitions has to be profitability, but we don't want to lose sight of the quality of service we provide for our customers either."

"We would love to continue to grow, but we are quite focused on growing in a strategic and geographic way. We don't set ourselves growth targets and we don't want to grow just for the sake of growing."



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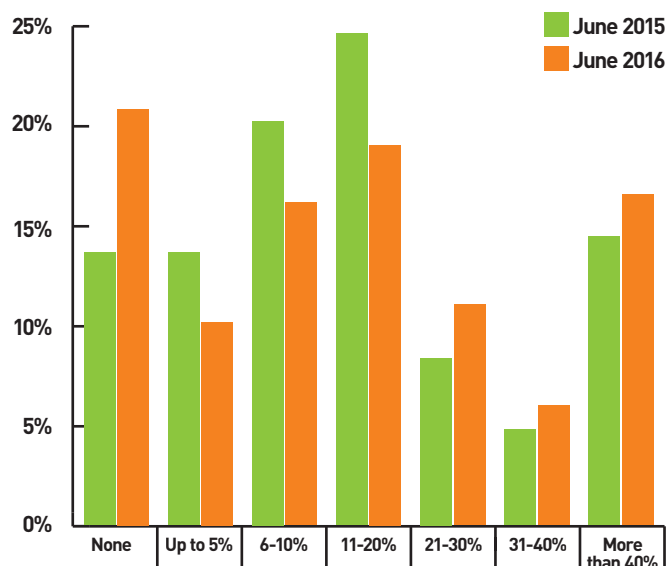
For 15 years we've demonstrated how to build unbeatable partnerships with automotive dealers and how to understand and exceed their expectations and the expectations of their customers

It's no accident
most dealers prefer

accident
eXchange

AM POLL

What percentage of your new car business each month is pre-registrations?



The new car market appears to be slowing down, according to data from the Society of Motor Manufacturers and Traders (SMMT). However, some brands continue to be very aggressive, with preservation of market share in mind. It is still very much a forced market.

The results of the latest AM Poll suggest mixed experiences for dealers. There is a higher proportion of dealers doing zero pre-registration than a year ago, and there has been a drop in dealers pre-registering up to 20% of their new cars. However, the proportion pre-registering 21% or more of their monthly new car volume has increased.

One dealer group boss recently described himself as a "chief pre-registration officer", and others commenting on the poll cited that manufacturer targets were "ridiculous" so they had "no option" but to pre-register cars.

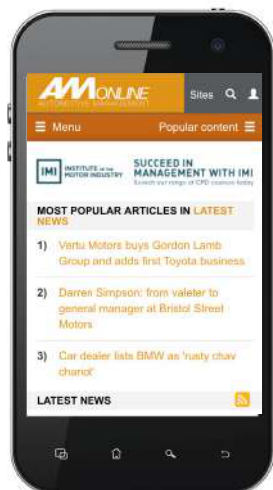
"Pre-registration is destroying profitability for many businesses, and has a knock-on effect on residual values, something that cannot be sustained. Sooner or later someone will have to take the consequences," stated one respondent.

■ **Next month: Where do you believe the impact of the Brexit vote will be most felt in your business? Vote now at am-online.com/polls.**

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ADVERTISING FEATURE

WORDS TO USE AND TO AVOID

Words are so important in your sales presentations, says Simon Bowkett of Symco Training



In last month's article, I discussed a famous UCLA study, which found that only 7% of what we communicate in face-to-face conversations comes from the words we use. The rest comes from how we say it and our body language. However, we still need to be careful about the actual words

we use as well.

Some words and phrases are a real turn-off for customers, and yet I hear them in dealerships all the time.

"Found..." Service advisers and technicians often tell customers "we found something wrong with your car". But that implies we've been actively looking for a problem. Why not use the word 'discovered' instead? "Hey, when Dave, your technician, was servicing your car he discovered that your front brake pads were actually 80% worn." You see, we discover beauty spots. But we find problems.

"Discount..." Yes, you are going to have to give a discount sometimes, but if you use that word it sounds like you are devaluing your product or service. "Listen, I can do a saving on that one for you, a customer saving of £X." Saving is a more positive word for the customer.

"Pounds..." If you tell your customer "that's going to work out at three hundred and eighty-six pounds" or "the payment on that is going to be three hundred and eighty-six pounds", it sounds like a pretty big figure. So change it to "that works out at three eighty-six" instead.

"Cheap..." Avoid words like 'cheap' and 'cheaper' in your sales presentation, because they imply lower quality. Don't say, for example, "let me see if I can get you a cheaper tyre". People don't want a cheaper tyre, they want one that's better value.

"Sign..." We're always being told to not sign anything until we've shopped around, so don't ask your customer to sign something, ask them to 'okay it' instead – or to 'autograph it', if you prefer. Don't put a cross where you want them to sign, either. Put a tick instead. It's more positive.

Watch my new sales training video on the AM website this month (www.am-online.com/symcotraining, or at www.symcotraining.co.uk) for many more examples of words and phrases you ought to avoid, and what to say instead to really connect with your customers.

Improve your selling skills online

Register for the Symco internet channel, www.Symco.TV, and receive some free credits. Follow us on Twitter @SymcoSimon, or call us on 01829 760 679.

'A CUSTOMER MUST FEEL AS IF THEY ARE TALKING TO YOUR BUSINESS'

Archie Harwood, Harwoods Group

Outsourcing can save money, bring in expertise and cut headcount, but dealers tell **Tom Seymour** that trust and service levels are vital for a supplier partnership to succeed

An automotive retailer's decision to outsource invariably comes down to one key area – is the business opportunity big enough to support the dealer group having its own department and full-time staff to support it?

Many large dealer groups have the scale and funds available to establish their own digital marketing, financial compliance or bodyshop operations, while small- to medium-sized groups often look to outsource.

AM spoke to four dealer groups to find out what they choose to outsource and why.

1 BIRCHWOOD GROUP

Birchwood Group is a medium-sized group with eight dealerships in the south of England, and its **operations managing director Pete Parker** outsources digital marketing, FCA compliance, health and safety and dealership security.

Birchwood takes a mixed approach with some areas, such as SMART repair.

The group has two mobile SMART repair vans and a dedicated site that handles about 35% of its minor scratch repairs and alloy scuffs. These teams are dedicated to preparing part-exchanges for sale and will also be used to target retail customers for SMART repair work.

More serious and specialised "bend and dent" work is outsourced to a specialist.

"Loyalty is more important to me than switching suppliers every one or two years and getting a deal just to save me a few extra pounds"

Paul Brayley, Brayleys



1



2

Parker said: "We're spread out across three counties and for us to invest in that sort of specialised equipment and manpower wouldn't make sense for us."

While Birchwood doesn't have rules about contract lengths, Parker said "results speak for themselves", with companies held to account if what they're doing isn't working.

2 BRAYLEYS

Paul Brayley, managing director of Brayleys, a nine-dealership group, outsources digital marketing, FCA compliance, training, legal advice, valeting and cleaning.

One factor for Brayley, beyond just the question of scale, is the difficulty involved in having something in-house. This was the case with valeting.

He said: "We did use to employ our own valeting team, but we found it very tricky to manage, particularly on the staffing side."

"It was difficult to motivate people to get out to work and clean cars and so we found that when we employed a company to manage that, we were never caught short when we had cars waiting to be valeted."

One area Brayley would like to take in-house is training for sales staff. The business currently hires a sales trainer to help bed in new executives.

However, he said while it would be possible to employ someone full-time as part of the company, there is always a potential risk in doing so.

He said: "We could quite easily have in-house training, but the problem you have is that if you set someone up in that capacity to start training sales staff, in my experience they tend to leave and set up on their own and charge you more, so it has stopped us from doing it."

Brayley said outsourcing areas such as FCA compliance allows dealerships to concentrate on retailing vehicles and keeping customers happy, knowing there is an expert making sure the business is compliant.

Brayley switched digital marketing suppliers after growing unhappy with his previous set-up.



"We knew we wanted to outsource our email marketing and social media and liked what another dealer group was doing and so got in touch with their supplier."

While value for money is the top priority for many, loyalty means a lot to Brayley.

He doesn't consistently switch suppliers if a good relationship has been established. The benefits are that the suppliers understand the dealer group and a level of trust is built between the two companies.

Brayley said: "Loyalty is more important to me than switching suppliers every one or two years and getting a deal just to save me a few extra pounds."

"There are some suppliers we work with, like the facilities team at one dealership, that had been there for years before we acquired it. We got to know them and we're still with them to this day."

3 PHOENIX CAR COMPANY

John McGuire, Phoenix Car Company chief executive and chairman, outsourced valeting because the dealer group was experiencing high staff churn.

McGuire said outsourcing valeting also means the business can be more flexible with how many staff are employed during peaks and troughs throughout the year, particularly around busy times such as the plate-change months.

While valeting and dealership cleaning are outsourced, McGuire said dealers should look carefully at the costs involved, as in his experience, quotes from suppliers can be more expensive than keeping things in-house, particularly in areas for which employees already in the business may have an affinity, such as digital marketing.

Phoenix has worked with its valeting company for 14 years and there have only been two "off-book" meetings in that time.

McGuire said: "It's so important to be able to have a long-term relationship with a company you trust and a company that understands your values."

1 Pete Parker, operations managing director, Birchwood Group

Turnover: £68.7m (2014)

Dealerships: 8 (2016)

No of staff: 135 (2014)

2 Paul Brayley, managing director, Brayleys

Turnover: £68.5m (2014)

Dealerships: 9 (2016)

No of staff: 132 (2014)

3 John McGuire, chief executive and chairman, Phoenix Car Company

Turnover: £136m (2014)

Dealerships: 13 (2016)

No of staff: 353 (2014)

4 Archie Harwood, director, Harwoods Group

Turnover: £474.6m (2014)

Dealerships: 18 (2016)

No of staff: 812 (2014)

4 HARWOODS GROUP

Harwoods Group outsourced its service plans to Emac after facing troubles with administering them.

Archie Harwood, Harwoods Group director, said: "The big problem we had with service plans was with dealer management system (DMS) integration with what we had in place, so it became very difficult for us to even work out something as simple as knowing if a customer was on a plan with us or not."

"It got to the point where it was affecting the level of customer service we need to be delivering as a group. There was a trade-off there between cost and customer service and we felt it was better to have it managed by a specialist."

"You really need to look at what's important for your business and what you want to concentrate on and you have to be careful not to stretch the business too far in what it can handle."

FCA compliance is a popular area for dealer groups to outsource as it's a specialised knowledge area and having an expert on call can add a layer of accountability. Harwood said it can help having someone from outside the business to deliver a perspective on a dealer's processes.

Harwoods puts one-year contracts in place as a rule of thumb and closely monitors service levels. If a company isn't delivering, it triggers a review and a potential tender process.

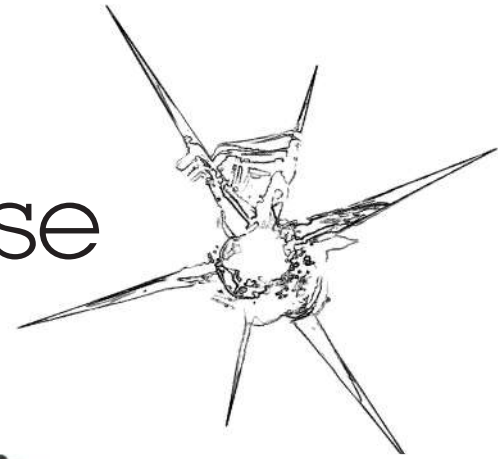
Harwood said dealers must be particularly careful when outsourcing an area that is customer-facing.

He said: "Any supplier speaking directly with your customers has to represent you, it's got to feel like a customer is talking to your own business."

Harwoods holds regular mystery shops and records calls to make sure suppliers are representing the group the right way.

Harwood takes a blended approach to digital marketing and while it is outsourced, he said the dealer group still led strategy and then trusted the supplier to implement those plans: "We are still planning out the strategy and budgets at a high level and we keep control of that."

Save time and money with in-house windscreen repair



Using outside contractors to fix damaged windscreens can eat into your profits

Windscreen stone chips can be annoying and costly little things, especially if you find them on a vehicle you're prepping for resale. We all know a well prepared car sells itself. If left, stone chips can be distracting, potentially unacceptable for MOT, and, of course, a customer may also either expect more discount or push for a replacement windscreen at your cost – all of which can easily eat into any profit you were hoping to make.

Here is your solution: Why not just repair that stone chip yourself and save yourself time and money?

A repair takes about 20 minutes and as the process includes waiting time, the repair can be done alongside other jobs. It also works out at about £2 in consumables to do the repair yourself.

Why pay an outside contractor to do the job when your own paid staff could do it just as easily?

So, why pay an outside contractor to do the job when your own paid staff could do it just as easily? Is it easy, you may well ask. The Esprit system has been designed with ease of use in mind. The kit includes an instruction DVD and a manual, but more importantly we also offer training courses at our training school in Staffordshire FREE OF CHARGE when you purchase an Esprit Windscreen Repair Kit. We can also train on-site for a cost, just ask for details. The training is always very well received, giving the technician confidence, a good understanding of the process and plenty of hands-on practice before they get back to work on your vehicles.

Don't forget, you could also offer

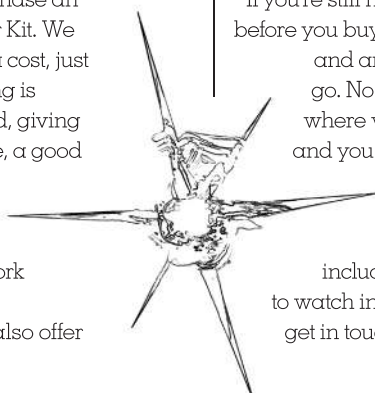
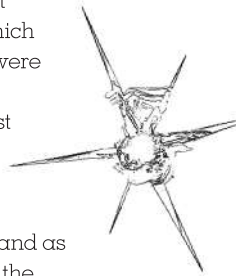
a stone chip repair service for your loyal customers as an additional profit to your business.

Do you do MOTs? Why not offer the repair at the time of inspection. It's a great potential add-on business, providing another service to your customers.

Esprit has been in business for over 30 years and in that time has worked with motor manufacturers including Ford, Volvo, Mercedes, BMW and Peugeot.

Our system has been tested and passed BS AU251, which means repairs are structurally sound once the process is complete. Our kit is used by the best people in the windscreen industry and we supply worldwide. We are proud of our customer service ethic, we offer a freephone technical support line plus staff dedicated to looking after you.

If you're still not convinced and want to try before you buy, then contact Tracy at Esprit and arrange to come in and have a go. No pressure, just a relaxed visit where we will answer your questions and you can try the equipment out for yourself. If you would just like to receive our information pack, which includes a copy of our training DVD to watch in your own time, then please get in touch.



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6 steps to successful supplier tenders

Contract tenders give you the chance to choose the right supplier to suit your business – just remember it's not all about price

NEED TO KNOW

- Pitching suppliers must make sure they can meet KPIs
- 'Go with a business you believe in and trust'
- Review supplier performance regularly

By Tom Seymour

Stepping into the dragon's den may be intimidating, but for the suppliers that secure a contract with a dealer group, it can mean a long-term relationship based on mutual trust and commercial benefit.

Some of the dealers interviewed for this feature have supplier relationships that have lasted for more than 10 years, which gives them particular insight into the finer details of negotiating a partnership.

It is fairly easy for dealers to review who the key suppliers in the industry are, from looking in the national trade press, to searching online or looking at who competitors are using day-to-day. The bad news for suppliers starting out or that may not yet have a proven track record, is that dealers don't like to gamble on a start-up.

Jon Head, Marshall Motor Group commercial director, helps to run 103 businesses across the UK and a supplier coming in to pitch needs to be ready to show what it can deliver.

He said: "We don't gamble when it comes to suppliers. We need to see a good track record of results."

Dealers want to see that suppliers can back up what they say with evidence – statistics, quotes from clients, awards and accreditations.

Marshall usually gathers a shortlist of about seven key suppliers to consider, before the board and procurement team whittles down pitches to the best three. Best practice dictates it gets quotes from at least three prospective suppliers.

Suppliers coming in to pitch need to make sure they meet the minimum requirements for the opportunity and these will usually be laid out as a set of key performance indicators (KPI) from the dealer group.

Harwoods Group's policy is to get three quotes for any deal and then review pitches based on customer service, cost, how they conduct themselves as a business, their processes and how the contractor trains its staff and works with subcontractors.

Archie Harwood, Harwoods director, said: "Ultimately you want to go with a business you believe in and trust. Their core values need to line up with your own."

Generally, "as a rule of thumb", Harwood won't agree to an outsourcing deal of more than a year.

He said: "We have quite a close and small management team

and the minute something isn't right with one of our suppliers we can discuss the situation and look at a review."

Birchwood Group uses GForces for its digital marketing. **Pete Parker, Birchwood's operations managing director**, said it is a long-term relationship that is "ever-evolving". However, he said, as with any supplier, it makes sense to review performance and invite other suppliers to the tender process.

Marshall has a team of procurement managers that go through the initial courting phase with suppliers. The size of the executive team brought in to judge pitches depends on the size of the contract and its impact on the business.

Head said: "Sometimes it is important to get buy-in from brand managers across the business. If you're making a decision that could affect how they operate, you need to involve them and I wouldn't put a supplier in front of them that I didn't think would work."

Parker said Birchwood outsources FCA compliance, digital marketing, body repair, security, glass repair and health and safety.

When the business is looking for a new supplier, he will receive approaches or will contact potential partners to formally present.

He said: "Depending on how big the part of the business is, will determine whether we get the board of directors involved in that meeting, or just leave that up to the relevant department."

"If you're looking at a body repair supplier, it makes sense to get the head of service or parts involved in that meeting."

"We try to be as democratic as possible and judge the presentations on service and cost. We'll get together afterwards and make a selection."

While Marshall lets suppliers know if there are key areas it wants to see in presentations, Head said there is a lot to be learnt from the way a company presents itself during a pitch.

He said: "I find it's better not to dictate or be too exacting with what you want to see. The content and style of the presentation can say a lot about a business."

"The winning pitch should never just be about what is the cheapest either. There have been plenty of tender pitches that have been walked away from even though they were the cheapest – we just felt they couldn't deliver the service level we deserve."

Head said depending on the scale of the contract, it can be prudent to insist on exit or break clauses. However, Head said he couldn't remember the last time he cancelled a contract due to poor performance.

He said: "You need a direct line to the key stakeholders of the supplier at the top. If anything does go wrong, it can be discussed quickly with the person in charge and necessary change can be effected quickly."

1



Choose

Look in the trade press, search online and look at who your competitors are using day-to-day.

2



Don't gamble

Check that suppliers can back up what they say with evidence such as statistics, quotes from clients, awards and accreditations.

3



Shortlist

Whittle down pitches to best three and obtain a quote from each of them.

4



The pitch

Make sure suppliers meet the minimum requirements set out which could be a set of key performance indicators (KPI).

5



Pitch reviews

Base reviews on the customer service, cost, how they conduct themselves as a business and how they train their staff and work with subcontractors.

6



Decision

Involve other members of staff if the decision will affect how they operate.

Remember: It's not about choosing the cheapest pitch, it's about who is best to deliver the right level of service for you.

'It's no longer about valeting -

When people used to ask me what I did for a living, I'd say 'I work in valeting', which always returned a puzzled response. Now I say 'we manage people and processes'."

According to Autoclenz Group sales director Martin Peters, the automotive retail industry and customer demands have both changed massively over the past decade.

Peters said valeting's role within the industry has changed alongside it: "Our business has evolved too."

While he states that a high-quality car valeting service should be "a given" in any dealership, one of the most significant changes has been in the growth of the Derbyshire-based business beyond simply cleaning and presenting cars.

Autoclenz, which has over 40 years' experience in valeting, delivers a range of outsourcing solutions to dealers and dealer groups, which includes vehicle delivery, showroom cleaning, photo and video creation for retailers' online adverts, and concierge-style customer services.

This expansion in its capabilities followed a management buyout of Autoclenz Group four years ago. The business now has an annual turnover of £36 million (2015) and shows consistent annual growth of 8%-10%.

Autoclenz has about 1,800 operators on its books and delivers its services to 340 businesses, including auction houses, import centres, daily rental businesses and retailers.

Eight of the AM100's top 10 retail groups are customers of Autoclenz, according to Peters, with



"The idea that the person you are allowing to drive a £100,000 Porsche or £60,000 Audi around might be doing so illegally is a scary thought"

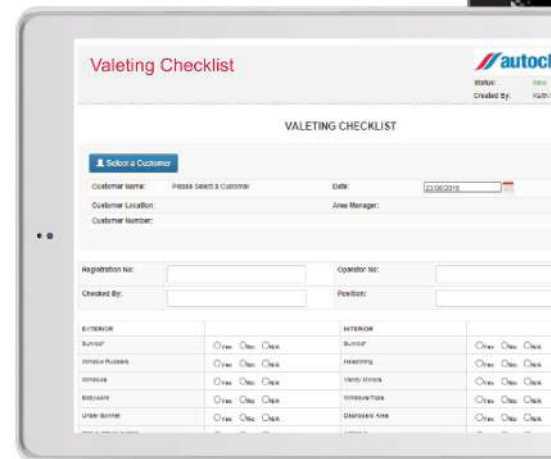
Martin Peters, sales director, Autoclenz Group

new business being added all the time and £4.5m delivered in the first six months of this year.

Peters said: "We knew four years ago that our area of the market was growing increasingly congested with competitors and we needed to broaden our appeal and clearly distinguish ourselves as the market leaders in terms of quality."

"The breadth and quality of service that we offer has all been an evolution of what customers have asked us to do – there was no growth strategy as such – but we have evolved to meet the demands of the market and things are going really well."

In January, Autoclenz introduced a new management information system called AutoclenzMI as part of a drive towards increased transparency,



more open communication and constant quality and performance monitoring for its customers.

The dashboard-style system runs alongside an existing Paperless Vehicle Management System (PVMS), which allows its customers to log all work carried out in its valet bays and monitor progress and expenditure in minute detail.

The new system logs regular inspection reports carried out by site operators and Autoclenz's own account managers – complete with feedback comments – to give both parties an up-to-date record of the standards it achieves.

Peters said: "Any area rated below six-out-of-10 is issued with a 'red alert' which is flagged up to both us and the customer."

"Once that happens, we have charged ourselves with the task of both responding to and either solving or putting an agreed Action Plan in place within 24 hours."

"The Red Alert can only be removed by the originator once the issue has been resolved."

For more information, call 01283 554 682, email sales@autoclenz.co.uk

it's about people and process'



"Since January, the effect has been that our 'red alerts' have been dealt with more quickly, with the average time until their withdrawal falling from an average of 4.2 days to 3.5."

Peters said identifying any potential weak links in such a transparent way means issues can be resolved quickly and high standards maintained.

It also maintains an open line of communication, backed up by the business' own customer service helpline.

Peters said: "I suppose scrutinising the service in such a way is like starting to market yourself on Facebook and Twitter, you know you're opening yourself up to negatives, but we want those red alerts. If we know about them, we can resolve them and keep customers happy."

"It's far better than customers who might just keep quiet about a problem and not be fully satisfied with the service."

At one Audi dealer, which was missing out on a six-figure annual bonus due to customers'

disappointment with the servicing process, Autoclenz was brought in to introduce a range of 'memorable moments' to improve matters.

These 'moments' included a pre-service damage inspection and sealing customer belongings in plastic bags and placing them on the passenger seat, which both raised the perception of accountability. On collection of their car, customers would find a complimentary bottle of cold water and their floor mats vacuumed in a striped pattern and then marked with the four-ringed Audi logo. The dealer won back its bonus.

Peters said: "Those are the sorts of things we do. We might not be the Easyjet or Ryanair of the valeting world, but we win our customers sales and manufacturer bonuses with our high standards, so the small added cost becomes insignificant."

Autoclenz also aims to set those standards in recruitment and compliance.

With about 1,800 contractors, Peters said a key concern was the "supply and management of labour".

Increasingly, in the valeting sector, Peters said this has seen compliance become a key component.

Due to the abundance of foreign and casual labour in the field, Peters said Autoclenz rejected 33% of applicants for not passing its checks, which include passport, driving licence and right-to-work checks.

More worrying, however, was his claim that 37% of valeting contractors working with many of the UK's retailer networks may also fail such checks.

Peters said: "The idea that the person you are allowing to drive a £100,000 Porsche or £60,000 Audi around might be doing so illegally is a scary thought, but it is something that I have become increasingly aware of."

"Our business has changed and taking all the stress and the headaches away from our customers in the services we provide is central to that. If we can guarantee the right people and the right processes to allow them to realise the potential of the business, then we are fulfilling our brief."

or visit www.autoclenz.co.uk

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How to efficiently manage your supplier contracts

Dealers must measure cost and quality to effectively assess outsourced providers

By Debbie Kirlew

With so many suppliers needed for the smooth running of a single dealership, let alone a multi-franchise group, managing contracts to ensure efficiencies and value for money can be a challenge for time-poor dealers.

Robin Luscombe, managing director of Leeds-based Suzuki and Mitsubishi dealership Luscombe Motors, said: "We try very hard to do most things in-house, so we don't subcontract important roles out. AutoTrader is a unique case, and while we do have a monthly meeting with our local rep, we have to discover new things and ways to make our adverts more appealing ourselves. But this does have advantages, as we discover unique and different ways to present our cars.

"Depending on which supplier and how crucial or expensive it is dictates the time and resource we spend analysing the results. AutoTrader, which is a very large expense, is monitored daily and compared against our competition to ensure we get the best possible results, but many other suppliers are measured more on customer service, and quality, as results from all can be very difficult to measure against sales or ROI."

Alongside **Williams Automobiles'** speciality business in Morgan, Lotus and Caterham vehicles, **managing director Henry Williams** has developed an accessories business that sources products from about 10 niche companies.

He said: "Often they have never dealt with the motor trade, so we are their sole client in the sector. The products we sell are bespoke and I manage the relationship on a one-to-one basis. We have a good relationship with them and it works very well."

Digital agency **Marketing Delivery** has created its own reporting mechanisms to keep clients informed on account performance and ROI. **Managing director Jeremy Evans** said: "Stats and reports generated from the activity we carry out for our clients are reviewed by an experienced account manager who can give insight and advice based on the data we see."

Revive, which has the largest network of accredited SMART repairers in the UK, has developed systems to keep track of spend, volume and quality across multiple sites.

Managing director Mark Llewellyn said: "When we asked what sort of volume of repairs were carried out, we were quite shocked to

"Stats and reports generated from the activity we carry out for our clients are reviewed by an experienced account manager who can give insight and advice based on the data we see"

**Jeremy Evans,
Marketing Delivery**

understand that most dealer groups had very little idea and certainly no control on volumes, prices, process (including health and safety) and quality."

Jardine Motors Group's updated website perhaps shows a new way of contract management and service delivery. Online finance tool provider iVendi worked in partnership with the group's website provider, GForces, to develop an enhanced web presence by integrating finance tools.

While most dealers recognise the difficulty of effectively managing its myriad contracts, others turn to a management and procurement company for help.

Dom Threlfall, dealer principal at Hyundai and Suzuki dealership Pebley Beach, said: "We utilise 'Purchase Direct', which is basically a cooperative buying group. They have negotiated a costs matrix for all the usual utilities, but it is extended through to valeting, coffee supplies, etc.

"When I add up the amount of time I would spend monitoring, analysing and negotiating the costs, it's cost-effective for me to pay the subscription fee, which frees up my time to concentrate on other areas of my business."

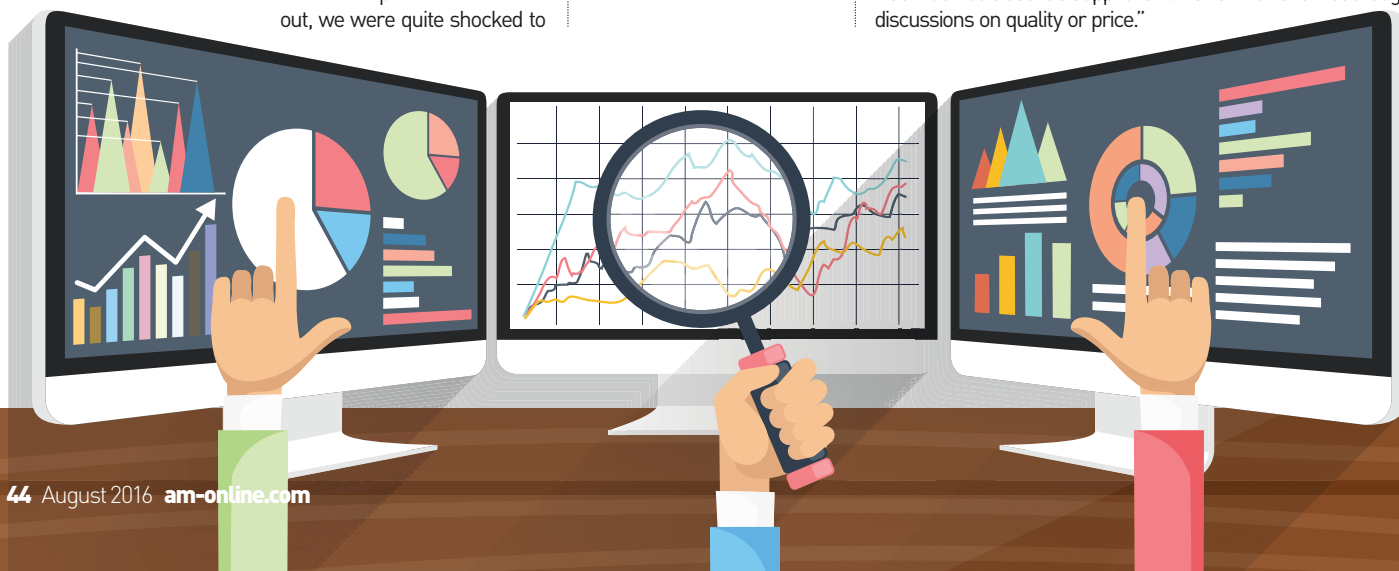
Purchase Direct proprietor Rupert Ashley identified two types of suppliers, mission-critical and commodity, and believes dealers have a variety of opinions on the way they rank their suppliers on this scale.

He said: "Often this is down to the skill of the supplier in elevating their service from commodity to mission-critical. Clearly a dealer will pay more of a premium for a service they view as mission-critical.

"Our experience is that our customers are happy to move suppliers where they view the service as a commodity, but once the device is viewed as mission-critical, we're much more likely to be re-negotiating."

Ashley said commodity services, such as utilities, stationery and waste, are relatively simple to manage, as long as suppliers are dependable and reputable. However, mission-critical suppliers are more complex, especially where services are provided and measurement of the quality of service is subjective.

"These suppliers are typically managed by one key dealer contact and 'distance' is essential to keeping the contract on track. Get too close to a supplier and it's hard to have those tough discussions on quality or price."



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Source: GForces NetDirector® LeadBeast BI.

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AVERAGE
OF



VISITS BEFORE A
PURCHASE IS MADE

Source: Google Research

NetDirector® Auto embraces user-first, not just mobile design principles to ensure that both the 55%* of mobile visitors and 45%* of desktop users are provided optimum browsing experiences. Optimised browsing means higher performance. Conversion is at the heart of the platform. The CMS provides central control to deliver content fast and efficiently across all devices. From its core code to sophisticated front-end features, NetDirector® Auto is designed to revolutionise your online business.

Our websites track an average of 20 million interactions every week*. That translates into real-word data that can revolutionise how your business performs. We can tell you not just what's trending, but why and how you should respond. That might mean making the business case for investing in Google Paid Search, or prioritising one social media channel over the others (Facebook has more interactions than Twitter and YouTube combined*). We'll even determine which day of the week your stock and special offers should be refreshed (8pm on Monday is a prime time for interactions for example*).

This automotive consumer insight allows you to exercise intelligent stock control putting the right vehicles in front of the right audience. From prioritising a certain fuel type (64% of visitors have a preference towards diesel*), to colour choice (white being the most popular*), you'll be able to deliver on market demand and improve your stocking policies.

Having increased your reach and expanded your audience, we can help guide your brand to closer reflect customer expectations, gauging the tone of voice that resonates best and tailoring your image to match your target demographics.

With nearly 4 million users filtering their search by vehicle age, we'll enable you to make intelligence led buying choices that should result in faster processing and a reduction in vehicles more than 60 days old.

NEARLY **4 million** USERS FILTER
THEIR SEARCH BY VEHICLE AGE

Source: GForces NetDirector® LeadBeast BI. Figure relates to statistics collected between March 2015 and June 2016

And when you embark on your own marketing activity, we'll show you how far people are willing to travel and where your core customers can be found (over 14 million users show a preference for a 20 mile radius or less*).

It might seem like magic, but that's just an illusion. Our solutions are driven by data and powered by a revolutionary platform engine. That means exemplary performance as standard, and a trick we're proud to pull off every time without fail.

*Source: GForces NetDirector® LeadBeast BI.

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Dealerships should ensure they employ staff with the correct mindset – focused, positive and ready to help their customers get what they want or need

NEED TO KNOW

- Dealers should define their expectations and values
- Sales is everyone's job – CEO, chairman or delivery driver
- Change the 'upsell' to the 'upserve'

By Tim Rose

Mindset can hold back a business from success, according to **entrepreneur and sales guru Steve Clarke**.

Clarke told franchised dealer group bosses at the recent AM Executive Breakfast Club meeting that they were lucky devils: "Nobody needs what you sell. But people want what you sell, and it's so much nicer to buy what you want rather than what you need, because we buy based on emotion and we justify with logic."

However, if dealer bosses allow their businesses to employ people with the wrong mindset, sales will be lost. The problem is, Clarke said, that your people make certain assumptions that it's too good to be true. Your people have to be prepared to do something to make more money.

"Do you inspect what you expect," he asked. Dealers should define their expectations and values, those things they truly stand for and are non-negotiable.

"Consider what you'd fire people for if you could, because that's what you start to value. You'll find that you have people working for you that don't fit with your values. They can't be in your business, they're holding everybody else back."

"If you think you're beaten, you are. If you think you aren't, you don't. If you'd like to win, but think you can't, you almost certainly won't. Throughout this world, success begins with a person's will – it's all in a state of mind." The right people you hire will be fully aligned to those values.

Businesses cannot blame anyone else for a lack of sales. In an exercise, he asked delegates to write down the names of three people they should have called by now but hadn't. He then questioned the reasons why.

"It doesn't matter if you're the CEO, chairman or the delivery driver, we are all in sales today. Sales is no longer someone's job, it's everybody's job in the business," he said.

Some people get more done than others, because they have a reason to do so. If people make those three calls a day, every working day, they'll win more business, he said.

Clarke advocates getting people in the discipline of 'the power hour', where they make those three calls first thing, before they've opened their emails or settled down with a coffee. But to change behaviour, it must be done consistently for at least a week.



"Throughout this world, success begins with a person's will – it's all in a state of mind"

Steve Clarke

Clarke talked about there being three sales teams in businesses – the regular, the reluctant, and the referrals – and said each needs a bespoke one-page basic plan which shows them how they'll achieve success. Too many companies have a plan focused on the goals, but not how to get there. Each department's bespoke plan must dovetail into the company's overall strategy. "It can absolutely change things when people are all pulling in the same direction."

The regular sales team has a quota to meet, but their focus needs to be not on the numbers, but on helping their customers get what they want in order to feel good and enjoy their life.

The reluctant sales team may include accounts, aftersales, reception and administration staff who have a poor perception of salespeople. These are the trusted advisers, and when dealing with a customer these could make or break the sale, so these need their plan.

The referral team maintains the relationship with customers, foster trust, and propagate sales.

Clarke said there is a problem with the perception of what being in sales looks like, and companies need to change people's thoughts. You're helping consumers get what they want or need, and all your staff need to believe that, he said. Change the 'upsell' to the 'upserve' and ensure staff feel a duty to serve their customers better. "How can we do the best we possibly can for our customers," he asked.



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CLARKE'S CHALLENGES TO BUSINESS LEADERS:

- Look ahead, see what other sectors are doing. Adapt so you won't be another Kodak or Blockbuster.
- Run away from pessimists, who'll drag you down.
- Determine your attitude. Change is down to you, so be positive for seven days, with no complaining, and you will see your world change.

Putting hi-tech customer contact in dealers' hands

The struggle for dealers to maintain a good contact strategy with every customer has led to an opportunity for automotive telemarketing company Direct Affinity Events.

In the past 12 months, the 1.7 million customers it has contacted for 600 dealership clients have led to between 16,000 and 18,000 car sales, said director Phil Williams, at a cost per acquisition of between £130 and £160 per unit.

That success has been largely driven by tactical events. However, the business has launched a subscription service tailor-made for dealers who seek longer-term support. Williams said: "We're now working with the dealer, not for the dealer."

Williams, who previously ran sub-prime finance brokerage Choice Finance, founded the business in 2012 together with former UK Car Group executive Sam Gildert.

"What the trade doesn't do very well is have a really good contact strategy with customers. That's where we saw a gap in the market, to offer that for dealers," Williams said.

Having started with fewer than 10 people on the phones – supporting dealerships at Vertu Motors and JCT600 that knew Williams from his Choice Finance days – word spread. Direct Affinity Events, which is accredited with the Direct Marketing Association, has worked with 17 of the top 20 AM100 groups over the past year, including a group-wide relationship with Jardine Motors Group and significant work with Ridgeway and Lookers dealerships.

"One of our major strengths is repeat business.

Of those who've used us, just under 85% use us again. When someone moves from one dealer group to another, that's where we're getting introductions to the new employer."

Since its launch, Direct Affinity Events' Cheshire-based call centre, which has 62 seats, has been used primarily as a tactical support centre. Dealers use it for planned quarterly events, providing Direct Affinity Events with several thousand pieces of customer data. Direct Affinity then calls those potential customers, to invite them in for appointments, whether for test-drives, plate-change campaigns or used car promotions.

In-dealership experience

Direct Affinity's systems enable it to make a high volume of calls quickly and automatically, with those calls that are answered connected immediately to an operative.

"More than 90% of our work in the past four years has been linked to dealer events. Where that is changing in the last few months, is through our new service, Direct Affinity Experience. That's where we take our software into the dealers, so that the dealerships get the benefit of all our technology, but with their own people making the phone calls."

Williams said this is a first for the industry. The Direct Affinity Experience includes two days of training staff in how to make the calls, the tonality to be used, and how to close appointments. It also includes two evenings of coaching while the sales team is prospecting using its call centre technology within the dealerships.



"They get fantastic staff buy-in, much improved efficiency because they can get through many more calls using our technology, and we then leave them the software for four or five days over the duration of the event."

Subscription service

Feedback from dealers following the Direct Affinity Experience has now led to a third development from the company: a subscription-based service. It uses cloud-based technology and means that the software can be downloaded to the dealership's computers, then Direct Affinity Events remotely switches the service on.

The dealer informs Direct Affinity Events what it wants to achieve and what the offers are, and Direct Affinity Events creates a script that provides a structure of how the call should go.

It's a 'power-dialler' system, which automates all the dialing and in essence means sales executives using headsets get connected to an answered call. Williams said the software learns how long the average call lasts and how many calls it needs to dial to put the right number of people through, so that no answered calls are lost.

"They can speak to five or six times as many customers as they could ever do if they were doing



"One of our major strengths is repeat business. Of those who've used us just under 85% use us again"

Sam Gildert, Direct Affinity Events

Office number
03455 197 922

Phil Williams, director
Email: pwd@directaffinityevents.co.uk M: 07595 594 211



CASE STUDY

Harratts Motor Group has used Direct Affinity for three years to outsource telephone prospecting. After Direct Affinity introduced two new Experience products, Harratts took the opportunity to make on-site prospect calls. As a result, the dealer group said sales increased by 15%.

Craig Fraser, operations director, said: "I was able to see exactly what prospecting activity the sales team were carrying out on the Direct Affinity Experience evenings, it made prospecting so much easier."

"During a recent sales event, we ran an internal challenge between our customer contact centre and the sales teams to see who would make the most calls and appointments. Both teams used the Direct Affinity Experience software and the results were fantastic with the ladies in our contact centre making over 500 contacted calls in three hours."

Fraser said the experience included two days of on-site training and three prospecting evenings, which resulted in:

- 898 calls made from the dealership
- 57 confirmed appointments
- 70 flexible appointments were generated
- A minimum of 20 sales were directly attributed to the calls.

"They can speak to five or six times as many customers as they could ever do if they were doing manual dials"

Phil Williams, Direct Affinity Events

manual dials. Sales staff don't normally like carrying out prospecting calls, but we get feedback from them that they find it surprisingly enjoyable," he said.

"Car sales people are good at selling cars face to face. The downside of that when they're on the telephone is sometimes they're trying to sell the car when they should be selling the appointment and then leave selling the car for when the customer is in front of them."

Williams said a typical event starting with 2,000 pieces of customer data would lead to 80-100 appointments agreed. Of those, about 50% will

turn up, and about one in two or one in three of those will buy a car.

Direct Affinity Events has been focused on the sales side, but with the cloud-based technology, dealers can put whatever workflows they want through the system, such as finance renewals, lost sales, service reminders. Direct Affinity Events will then build an appropriate script for them.

Line managers, general managers and directors in the dealer group can see through the system what volume of calls has been made and what appointments have been generated. They can also pull up call recordings to listen to.

"There's always going to be a need for a contact centre that can do high-volume quality calls to support the dealer's own marketing activity. Where the growth will come from is where they can be supported on a daily basis. Manufacturers are placing more and more pressure and demands, and with regulatory pressures, if they can ensure the calls are scripted and recorded then can monitor that they are complying."

As part of the service, Direct Affinity Events does a courtesy follow-up call to a sample of the customers at the end of a campaign, to find out how many attended their appointments, what they thought of it, and if they bought. It can also support dealers with lost sales analysis, and feed back any positive or negative comments that may highlight training needs.

Williams said one client, following Net Promoter Score feedback, tweaked its sales processes and increased its conversions by 25% as a result.

Direct Affinity claims its services would be equally as effective within any dealer group.



Sam Gildert, director

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- ▶ Dealership Inbound answering service
- ▶ Data Enhancement & Cleansing

*Calculated within 35 days of contact using Call It Automotive process with dealership data



ne **finance** email **lost sales** sms **warranty** live chat **service plan** m

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Our industry needs a plan to survive in a post-Brexit world



By Professor Jim Saker

Health and sanity warning: I am writing this column two days after the result of the European referendum was declared. By the time you read this, you will either be bored to death of the subject, worried sick about your financial future or bemused by politicians falling out with each other.

Figures from Google showed that immediately after the UK voted in favour of Brexit, a vast part of the population went online to find out what it was they had actually voted to leave.

One of the most interesting aspects of the whole debate was the demographic data behind the Leave and Remain voters. It appears that young people and educated people mostly wanted to stay. Geographically, so did Scotland, Northern Ireland and London. Those who wanted to leave were generally the old, the uneducated and those not living in London. Although this is a generalisation, the data does seem to divide the nation into these types of age- and education-related groups.

Motor retail bucks the Brexit demographic trends

What is fascinating is that, as usual, our sector does not appear to reflect attitudes in the general public.

In a pre-referendum survey by Dealerweb, the majority of sales staff and managers were looking to vote leave. By the nature of the sample, their average age would have been fairly young. By comparison, an *AM* poll of senior managers, who we can assume were older, found they were in favour of staying in the EU.

There may be a number of reasons behind this, but an obvious one is that younger dealership staff have only worked under the European Block Exemption rules (BER). Some older members of staff can remember a world of postcode-based market areas and manufacturers' restrictions.

As I have said many times, Brexit would really hand power to the manufacturers in the supply chain relationship. What they choose to do with that power is not known. Nor is it known how any future government will legislate within our sector.

One thing is sure – the industry needs to agree what it wants in this new environment. It would be unwise for us to sit back and allow politicians to make the decision for us. What industry structure do we want to have? Do we want to keep within the frameworks that already exist or do we want to radically change the business model?

Currently, the BER means manufacturers are obliged to offer technical information to the independent sector. Is this something the manufacturers will lobby to stop so more business can be driven through their franchised network?

The industry needs to get its act together and attempt to

map out its own future. Do we want to go back to market areas? If so, organisations such as carwow would have to radically change their offering or go out of business.

Like the political parties, there is a need for leadership from the likes of the SMMT and the IMI. For the future of our sector, they need to put a coherent plan forward to whatever Government is in power. We need to have this in place before Article 50 is invoked.

Perhaps the thing that saddened me most about the EU referendum was the quality of the debate that we in the UK seem capable of having.

Even when talking to business people, the issue seemed to come down to economics versus immigration. I didn't, and don't, see them as opposites.

There's no EU in team

I live in Leicester and when Eden Hazard scored for Chelsea against Tottenham, giving Leicester City the premiership title, a loud noise could be heard outside our house. Cars were starting up and people were leaving their homes to head to the King Power Stadium in their thousands.

Leicester is a truly multicultural city that took in a large proportion of Asian immigrants removed by Idi Amin from Uganda in the 1960s. The city has done well despite the loss of much of the hosiery and knitwear industry. Its football club is made up of a multinational group of misfits, who came together as a team and succeeded against all the odds.

The Leicester Tigers Rugby Club is well known and the Leicester Riders Basketball Club won the League and Trophy this year. Working together and embracing diversity has been a major strength for the city. Leicester was one of the few English cities that voted to remain in Europe – how long the football team will last there next season is a different question.

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.

“Brexit would really hand power to manufacturers in the supply chain relationship. What they choose to do with that power is not known”

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Expand your industry knowledge
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AM has teamed up with eight commercial partners to deliver best practice sessions throughout the day at its new trade expo, Automotive Management Live. Automotive Management Live, which takes place at the ArenaMK on November 16, is hosted in conjunction with the National Franchised Dealer Association (NFDA) and is the only event of its kind in the motor trade calendar.

A host of exhibitors will make for a productive day out for dealers wanting to understand the range of products and services available. The event will also deliver industry insights, with seminars taking place throughout the day and an F&I theatre focused specifically on one of the most vital areas for dealer profitability, performance and customer care.

Automotive Management Live's series of best practice masterclasses, delivered by some of the sector's leading suppliers, have been designed to help delegates expand their knowledge, understand the issues facing the industry, identify the challenges and consider some potential solutions.

Demand is strong, so visit automotivemanagementlive.co.uk now to register. We look forward to seeing you on November 16.

Find out more and register (dealers go FREE) at: automotivemanagementlive.co.uk


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Best-practice masterclasses

As part of AM's Best Practice Programme, industry experts will share their most effective working methods and crucial advice in a dedicated masterclass area throughout the day.


CitNOW

How video is forging customer relationships, sales and retention

 The opportunity to use video throughout the customer lifecycle is huge. CitNOW will explain Video Relationship Marketing (VRM) and show how manufacturers and dealers have adopted this. CitNOW is used in a multitude of business purposes. These include maintaining brand loyalty through PCP deals, capturing an initial enquiry on the used car locator, 'how to' guides to explain features and identifying work on a routine service.


Cooper Solutions

The modern auction as part of the new and used car strategy

 Vehicle disposal has become even more of a focal point for automotive retailers following record new car registrations and the accompanying part-exchanges, particularly vehicles that do not fit the forecourt portfolio. This session explores the role of both physical and online auctions and the appraisal process as vital elements of the dealership's new and used car strategy.


eDynamix

Boosting customer loyalty via aftersales

 This session discusses how aftersales can maximise the dealership's customer retention capability, confronts issues such as migration to the independent sector and explores wider opportunities including service plans, the interactive vehicle health check, online and other digital applications. From upselling to delivering the best customer service, this session identifies ways to future-proof your business and craft a profitable future.


GForces

The continually evolving digital landscape

 Using real-life examples and case studies, this workshop will show how dealers are already using their websites and digital presence to drive results and sales. Drawing on its wealth of experience working with some of the UK's top dealer groups, GForces will highlight how the fast-paced digital environment continually develops and evolves and outlines some of the best practices currently in operation.


iVendi

Understanding consumer online finance behaviour

 Funding new and used car vehicles is an essential element of the car-buying process with much of the research and even final choices undertaken online. In this session, iVendi draws on its data and detailed analysis to show how finance and the availability of information online can sway the car-buyer's decision to visit a dealership, and other insights into the car-buyer's online behaviour.

JudgeService

From purchase to retention, the customer review cycle

 Independent customer reviews have fast become one of the deciding factors for car-buyers. This session underlines the hugely influential role fellow consumers play in a customer's decision to buy. It will encourage dealers to think holistically about the entire purchase journey, including how consumers research their next vehicle, the purchase experience, customer reviews, retention and repurchase.

Marketing Delivery

The maturing of social media

 Social media has established itself as a multi-channel means of keeping in touch, engaging with a business's community and as a customer service benchmark. Tackling issues such as balancing organic and paid-for reach, local content, the dominance of mobile and relevant analytics, this session promises to bring you up-to-date with the latest thinking, trends and influences.

Supagard

Developing a sustainable new car strategy

 With March 2016 a record plate-change month for new car registrations since the introduction of the dual plate system in 1999 and the first quarter of this year already up by 5.1% for new car registrations compared with last year, can the market sustain continual growth? This session explores the new car market and areas which require the dealer's focus in order to maximise profitability and best prepare for the future.

Exhibitors

So far, 61 exhibitors from 38 industry sectors – including website designers, legal experts, finance providers and remarketing firms – have signed up to appear.

AA Garage Guide
Alphera Financial Services
ASE
Automotive Compliance
Autos on show
AutoWeb Design
Autovolo
BCA

Buyacar
Call it Automotive
Car Care Plan
carwow
CBW Design
CitNOW
Codeweavers
Cooper Solutions

Dealer Management Services
Diamondbrite
Drive Development Solutions
DSG Group
Dura
EDT Automotive
EMaC
eDynamix
GardX International
Gemini Computer Systems
GForces
Hitachi Capital Consumer Finance
Howes Percival
In-Automotive
Insurethat

iVendi
JudgeService
Lawdata
Manheim Remarketing
Marketing Delivery
Moneypenny
Motors.co.uk
Movex
Nextgear Capital
NFDA
Nick Stone Media
Pentana Solutions
Perfect Channel
Premia Solutions
Product Partnerships

Quid Car Ads
RDS Global
Reef Business Systems
Reynolds & Reynolds
Rhino Events
Rotary Lift
Search Optics
Spidersnet
Supagard
T Cards Direct
Titan Dealer
Management Solutions
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AM

AWARDS: 2016

'We delivered on our promises to the network'

Renault's dealers rewarded it for a plan that boosted market share and profits, says former sales director Darren Payne

By Tim Rose

Dealers voted Renault UK as winner of the 2016 AM Award for Manufacturer of the Year in recognition of the brand's resurgence after a torrid few years.

Claiming the accolade as the UK's fastest growing franchise, Renault enjoyed its third consecutive year of sales growth in 2015, together with a continued increase in dealer representation.

Nineteen new dealerships opened, 13 new investor partners signed up and the 26-strong Renaultsport specialist dealer network was established. By the end of 2016, it expects 15 more sales points to be established – latest recruits to the franchise range from AM100 member John Clark Motor Group in Aberdeen to Right Car in Hull, a used car specialist taking on its first franchise.

Renault's share of the 2015 new car market, at 2.9%, was the highest it has been for three years and new car registrations are the best they have been since 2010. That was with three core cars: Clio, Captur and, from the middle of the year, the Kadjar SUV. By the end of 2016, the brand will have launched two more core cars, the new Megane hatchback and Scenic MPV, and the company believes its dealers can expect sales growth to continue through 2017.

Combined market share for its Renault cars, vans and Dacia cars, which are sold by all its dealers, reached 4.2% share in 2015. The manufacturer has an aim for 4.8% share this year and to surpass 5% in 2017, in line with the objectives it shared with dealers in its mid-term plan.

In April, shortly before he was poached by Renault's alliance partner Nissan, then **Renault sales director Darren Payne** told AM: "We have consistently delivered on what we promised with our network. In 2013, we presented our Go5+ five-year plan, with a vision and a full manifesto signed by us, the dealer network and our bank, RCI.

"The success of 2015 was based on the foundations that were put in place then, and I'm sure the award recognises the consistency we've had in achieving sustainable and profitable growth for them."

Dealers are also falling back in love with the brand: the most recent National Franchised Dealers Association Dealer Attitude Survey saw Renault firmly above average, with some emphatic improvement in scores, particularly in profitability and brand recommendation.

Return on sales (RoS) was 1.5% in 2015, up from 1.2% the year before, and bucking the declining trend of the industry. That's come from a breakeven position in 2012. Dealers in the upper half of the

Bob O'Reilly, head of franchising and network development, Renault (left), accepts the award for Franchise of the Year from John Miele, sales director, carwow

network are now at 2.2%, and the top quartile achieve 2.7%.

The carmaker has set ambitious objectives for its franchise, Payne said, but it has confidence that the network has the ability to grow.

The Go5+ plan runs to the end of 2017. "For our market share, then at 5%+, the network we'll have will be adequate for that level of share, but obviously we would review that as we develop our plans beyond that."

When Renault rationalised its dealer network in 2012, it aimed for a minimum throughput of 400 new units per location. Now that has been achieved, it will not be abandoned.

Payne said: "One of our key aims is to ensure that we have a high throughput per outlet, which is why the growth in share and the growth in network size is running in parallel, so that we do maintain the throughput per outlet."

"One of our key aims is to ensure that we have a high throughput per outlet, which is why the growth in share and the growth in network size is running in parallel"

Darren Payne, former Renault sales director



That means individual targets are significant. But that throughput per outlet and controlling of costs brings profitability to the network.

Dealers have to achieve in all the areas of the business. With strong Renault car, van and Dacia portfolios, the carmaker expects its dealers to perform successfully with all of them.

"That gives us a strong foundation, but it does mean the network has to perform with all the weapons available to them," said Payne.

In early 2016, Renault appointed Mark Crockett director of total customer experience (TCE), in charge of a new TCE department, aimed at eliminating the silos between sales and aftersales, and across retail, fleet and van customers. It works in conjunction with sales and aftersales departments.

The quality of the customer experience has been brought into focus now that the carmaker is moving from a sales conquest phase to one that blends the need to win new business with the desire to renew those existing customers on its four-year PCPs.

The carmaker's national marketing activity is naturally geared towards generating showroom traffic, including arranging test drives. It has addressed concerns with the Renault Dealer Association about demonstrators, so they are of a specification that matches the marketing activity. Renault's systems now know exactly which demonstrators in which specification the dealers are running, and customers can request a test drive

through Renault's website, which is relayed to dealers for their appointment to be confirmed. That appointment needs to deliver the best experience possible, said Payne.

"Our belief is that a customer who asks for a test drive is clearly intending to purchase. Those demonstrators have to be clean, be free of personal possessions, so that they are immediately available for prospective customers to test drive. We believe that test drive element is critical in the sales process."

The network is also part way through a showroom update to the Renault Store format. By the end of 2016, 133 dealerships will conform to the format, which includes a new reception area with a brand wall and large screen, displaying engaging content. There are themed zones – the 'Headline Zone' shows the latest model, the 'Passion Zone' displays recent models, the 'ZE Zone' displays Renault's fully-electric range of vehicles and the 'Sport Zone' showcases the Renaultsport range.

There is also a 'Brand Bar' area where customers can use a digital configurator to create their personalised Renault or Dacia.

"We want the customer to feel delighted with their purchase, and with their experience, and happy to recommend the brand to their family and friends. But this is not one hit for us, we want to make sure we put the right ingredients in place for sustained excellence in service, which is why we have a board director focused on this."

AWARDS SPONSOR

CARWOW COMMENT

By John Miele, sales director, carwow

It was a pleasure for us at carwow to present Renault with the award for Franchise of the Year at the 2016 AM Awards ceremony.

It has been a great year for all of the Renault dealers who are active on carwow.co.uk, which is testament to the excellent customer service they continue to provide our users. Customers of carwow consistently leave glowing reviews of their experience with the brand's dealers, particularly in relation to the quick response times and friendly salespeople they encounter.

Interest in new models, including the Kadjar and Captur, has been strong, driven by great reviews across the motoring industry, and we expect the impressive sales figures we've already seen to continue throughout the year. Upcoming models, such as the new Megane, will only serve to strengthen Renault's reputation in the market.

We look forward to another successful year as we continue to work together to improve the UK's car-buying experience.

carwow

Dealers must offer car customers 'choice and control'



To avoid consumers feeling 'sold to' as a result of heightened legislation, dealers should just present information and let them decide

NEED TO KNOW

- Smaller players at risk of being squeezed out
- Concerns that legislation stifling 'entrepreneurial spirit'
- Dealers need to communicate early in buying journey

By Tom Sharpe

AM's Dealer Recommended Round Table heard that "25% of people buy on price, 75% buy on experience" as they considered how great customer service aligns with the 21st-century challenges faced by retailers.

PR and marketing expert Graham Filmer, from Rocket Performance, gave the panel his take on the importance of a positive customer experience.

The need to sell large volumes, a requirement to comply with FCA regulations and the demands of an online customer base were all high on the list of topics for discussion.

Car Care Plan chief executive Paul Newton said: "Franchised dealers are facing more change than ever before. They have manufacturers putting more controls on them and that gives them less flexibility and less entrepreneurial capacity, there's legislation dictating a new level of control and these things are pushing down on them."

"On the other side, there's online retailers coming in who exist largely because of the oversupply of product at the moment."

"They are squeezed between needing to be true to their entrepreneurial spirit, being controlled and needing to compete. There are people asking what am I meant to be?"

He added: "The big boys are doing well through controlled processes and economies of scale, but then there are the smaller players who really risk being squeezed out because they are neither fish nor fowl."

While the panel agreed that franchised dealers have a tough time in satisfying the varied demands placed upon them, most agreed that the sales structure ushered in by FCA regulations was a positive thing.

Newton said: "It can be a win-win situation because when you bring in a new process it can see penetration improve. There's a leadership structure now, which needs to be there to ensure that dealers are compliant. I think that has helped sales as well."

There were concerns among the group, however, that heightened legislation was stifling "entrepreneurial spirit" and leading to a situation where customers felt 'sold-to'.

A softer approach to the sale of add-ons such as GAP, service packages and warranties could be found online, according to Filmer. He said: "On AO.com, the added warranty pops up on the side as you are making a purchase. It is there to buy if you

DELEGATES

Damian Tyler
Mapfre
Abraxas
partnership
and
distribution
manager,
UK North



Paul Newton
Chief
executive,
Car Care
Plan

Chris Poulson
Director,
MDF
Database
Solutions



Jeremy Evans
Managing
director,
Marketing
Delivery

Mike Foster
Regional
manager,
Emac



want it. It's your choice. All too often there is a stigma surrounding the sale of these things because the customer has to be sat down and talked through it, rather than just being presented with information and given a choice."

Chris Poulson, director at MDF Database Solutions, said the key to add-on sales was the approach taken by sales staff. "There needs to be the approach that there is a need for it. Not 'right, now I am going to tell you about...'

"If you have sales personnel saying 'I have to tell you this' how does that make you feel?"

Asked whether there was a growing need to spend time selling add-on products to customers, many of the panel suggested that continued record new car registrations dictated that this was not the case.

Newton said: "I think dealers are so focused on selling cars that they simply want to strip the cost of the vehicle and sell as little in terms of add-ons as they can to help them shift the volume."

Mike Foster, Emac regional manager, said: "Customers just don't want to be sold to anymore. They need to know that they need what they are being sold so that they buy it, rather than having things sold to them."

In the climate of closely managed sales processes, **Jeremy Evans, Marketing Delivery managing director**, said retailers could preserve their identity and explore new opportunities on the internet.

"When people walk into a BMW dealership in Peterborough, they will see the same suits, same displays, same iPads in the hands of the sales staff, but by that time they will be quite a way along their buying journey and the character of that retailer could have been communicated to them online."

"I think the communication that happens before the customer arrives is really where they have the opportunity to communicate their personality."

Evans was keen to emphasise the benefits of tracking potential customers through a retailers' website to identify preferences for products that could be offered to them once in the showroom.

He said online customers ultimately desire "choice and control", a point Filmer agreed with.

Damian Tyler, Mapfre Abraxas partnership and distribution manager, UK North, said a move to introduce the choice and control of the online car buying experience into the dealership must be embraced. He said: "Manufacturers are increasingly talking to dealers about people such as product geniuses where that person is focused on that customer's needs."

"It might strip away some of that entrepreneurial spirit, but that person is really focused on what a customer wants and isn't commission-driven. They aren't typical sales people; they are there purely to help."

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Services

Accentuate the positive, learn from the negative

Online reviews give your business the opportunity to promote its areas of excellence and to fix any areas where customers find it lacking

NEED TO KNOW

- Publishing bad reviews can add credibility
- Big groups 'should use dedicated social media teams'
- Fast responses to negative comments are vital

By Chris Phillips

Traditional British reluctance to complain about poor service is being swept away as multiple internet channels enable consumers to become more 'opinionated'.

But how do you ensure that online reviews give a fair reflection of business performance and are not skewed in favour of negative comments?

John Gray, head of automotive at Reevo, said dealers should learn to see the value in negative comments: "It's not realistic to expect everyone to be happy and bad reviews lend credibility. It's also an opportunity to identify what's going wrong and to put it right. So, handled properly, the negative can be turned into a positive, with the customer later reporting that they were satisfied with the outcome. Each happy customer passes on that benefit to a wider audience."

No matter how trivial the complaint, Gray said it was important to bear in mind that "perception is truth" to the complainant and should be handled with the same consideration as more serious criticism – "even if it's through gritted teeth".

JudgeService managing director Neil Addley, said: "Praise/criticism tends to focus on an individual within the company, rather than the company itself and those viewing the ratings are interested in that because it's a people business."

"Typically, if there is criticism, it's because someone is not conforming to standards – not returning the promised call, failing to stamp the service book, or the car is returned from the workshop and not valeted to customer expectations, to give some examples."

Addley believes that larger dealer groups responses should use dedicated social media teams to handle responses. These teams should be trained to use "appropriate language" and empowered to ensure that any problem is rectified offline.

"It is better to have this co-ordinated, rather than different individuals of different levels of seniority using their own language, with different timings of response," he said.

Through a data feed from its dealer subscribers, JudgeService issues a 12-point questionnaire to customers, mainly covering sales, to assess overall experience and whether they would recommend friends and family.

Addley said positive ratings should be publicised through all marketing media, with both positive and negative feedback used for performance appraisals and key performance indicators for customer satisfaction. "It's an integral part of the overall business vision," he added.





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ReAct[©]

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Digitally driven **technology**

Seamless sales **process integration**

CSI measurement **and improvement tool**

Enhanced website, online **reputation and increased sales**

Supplying more than **1,000** car dealers **with over 500,000 reviews**

Your route to raving fans

Gray believes it can be counter-productive for dealers to actively encourage customers to take part in surveys: "There's nothing worse than picking up the car and being told with a nod and wink 'Expect an email asking how you rate us – you will give us good marks, won't you?'"

He said this has the stamp of desperation, especially in cases where bonuses may be influenced by survey results.

"If customers are put under any kind of pressure, the chances are it will backfire. So don't mention the email – leave it up to them when they get it."

Gray explained how reviews can be used to close a deal: "If an experienced salesperson senses that a customer is really interested in a particular model, they don't need to clinch it with a free tank of fuel, free mats, or whatever, thrown in. Instead, refer them to the review site, with views of that particular model and that particular dealership. It offers reassurance and confidence to go ahead."

Reevoo has operated for just over 10 years and, although based in London, has clients in 60 countries. It follows a broadly similar process irrespective of sector, sending alerts to subscribers in cases of negative responses so that prompt action can be taken.

Gray said survey results were of interest not just to the consumer, but also to dealers who wanted to know how their ratings compared with rivals and the major groups monitoring the performance of different marques and/or locations.

Reevoo has some 'top tips' for handling complaints, the most important being: Politeness at all times ("It's tempting for an owner or dealer principal to take it personally and let this influence his behaviour," said Gray); avoidance of jargon; a response at least within 24 hours; and a solution rather than "we're sorry and hope to hear from you again".

Like Reevoo, **Feefo** is London-based with an overseas presence and describes among its benefits "providing tools to drive footfall" both for sales and service. Those with consistently high ratings become 'trusted merchants'.

"The key is to keep it [the survey] simple and relevant," said **chief marketing officer Matt West**. "Don't flag it as only taking five minutes and 15 minutes later you are still being asked questions."

West said research showed about 90% of consumers are influenced by reviews.

"It is part of the purchasing journey, finding out who is out there, who is local and what their reputation is like".

West also pointed to the benefits of negative reviews – "identifying, for instance, poor staff interaction with customers can be used for training".

Feefo's charges depend on the size of the business and the support services offered. With fewer than 50 reviews, it's a free "plug-in", but typically it's about £100 a month.

Though supporting reviews in principle, **Ridgeway Motor Group** is not yet a subscriber because of what **group marketing manager Philip Deacon** describes as "questionnaire fatigue".

It already receives feedback from customers before, during

"Bad reviews lend credibility. It's also an opportunity to identify what's going wrong"

John Gray, Reevoo

and after transactions through its own customer satisfaction systems, and from social media platforms.

"However, we have been talking to JudgeService and Feefo to see how it could work across all our brands and align with our processes," said Deacon.

To help increase consumer awareness of its own review programme, the motor industry's self-regulatory body **Motor Codes** holds a monthly draw for those taking part, with £500 for the winner.

Managing director Bill Fennell reports that last year's survey attracted 185,000 responses and he is looking to achieve 200,000 this year.

"Consumers mostly access the survey ratings through our Garage Finder service or the dealer website," said Fennell, "along with links to Facebook, Twitter and YouTube."

Motor Codes has 7,600 franchised and independent garages and 39 manufacturers signed up, covering 99% of vehicle registrations. Referral partners in the case of disputes include Citizens Advice and Trading Standards.

Fennell said grievances tended to be about invoicing, staff attitude and failure to rectify vehicle faults.

About a third of garages affected "really take on board the comments, positive and negative – they are driven by customer satisfaction and realise the importance of reviews", said Fennell.

"One third take a more considered approach and the remaining third are more reluctant, more defensive before making any change – a 'We think it's unfair, we will look into it and take a view' attitude."

Kia and Suzuki dealer **Norfolk Motor Group** has been using JudgeService since 2011 and has so far received 1,084 reviews – "good and bad, but mostly good", according to **managing director**

Grant Long.

NMG also gets reviews via Kia/Reevoo and Suzuki/Motor Codes "so that's quite a lot of feedback, but ultimately this sort of thing is good for the industry because it shows transparency, and people want to deal with someone they feel can be trusted".

Long reads every review and ensures that either he or a member of his management team responds to any problems by phone or email the same day. "Every significant complaint is logged, controlled and closed by me," he added.

Long said the company motto – 'Nobody tries harder than NMG, nobody' – compels it to do well "because if you don't it's easy to get that thrown back at you".

Comments, both favourable and unfavourable, are printed for distribution to staff and testimonials are displayed in the reception TV area. For online browsers, a 'widget' on the company website will connect them with JudgeService.

Citing a there's-no-pleasing-some-people episode, Long contacted one customer about a problem, who assured him it had been resolved to his satisfaction. "We paid a small amount



of compensation for his wasted time and then he went back to post another review saying he would never use us again!"

Thames Motor Group uses Motor Codes for workshop feedback and Feefo for new and used car sales. "In the case of vehicle sales, the customer is contacted six months after purchase," said **digital marketing manager Nick England**. "We think that's a reasonable time for the customer to have assessed the purchasing journey, the sales experience and the vehicle itself."

Feefo's fees came to about £200 a month, with England adding that digital communication had given a "new dimension" to word-of-mouth.

Kia UK's CSI programme has a 'hot alerts' process that notifies the dealer management team of outstanding customer issues in real time, both on a PC and a smartphone. "The best dealers respond [to the customer] as soon as they are received," said **customer quality manager Stephen Dorman**.

"Some dealers may have dedicated customer care managers; others will include this role within existing management. The size of the dealership and whether it's part of a group or an independent could also influence the approach taken."

Customer responses to the CSI surveys – undertaken by customer experience management company Medallia – are 40%-50% for new car sales and about 30% for servicing and repair work.

"We are always looking at the structure and content of survey questions to maximise customer engagement and, where appropriate, we encourage dealer responses through our website," said Dorman.

Kia has partnered with Reevoov since 2012 and the reviews are incorporated into the dealer's own Kia microsite/website, including key scores and customer comments. Dealers average a Reevoov score of 97% 'buy again' and 95% 'service again'.

"Surveys should have a 'light touch' (be easy to complete) and we certainly wouldn't advocate asking customers to submit a review," said Dorman. "Both Reevoov and our own surveys are now undertaken only by email and around half are completed on a mobile device, so this approach does seem to be working for us."

Gray said motor retail could learn from other sectors, such as travel, which has based almost its whole booking system around reviews. He also cited domestic appliance company Beko for its use of review content on social channels like Facebook, in email campaigns and outdoor advertising.

97%

Kia dealers' average 'buy again' score, according to Reevoov

95%

Kia dealers' average 'service again' score from Reevoov



ADVERTISING FEATURE

UNLOCK THE POWER OF ONLINE REVIEWS

By Neil Addley, managing director, JudgeService



Consumer reviews have become an essential for automotive retailers.

According to Mintel, 81% of consumers seek online reviews before purchasing any product and 88% of people trust

online reviews as much as reviews from personal contact (source: Bright Local).

It has also been established that negative reviews can be neutralised by a timely, friendly and helpful response. The majority of consumers now visit only one dealership and a lot of the time, they are searching outside of dealership hours, often on their tablet or mobile.

So what steps does a retailer need to take?

1: Source an independent review provider. Independent reviews give much more credibility than ones that look contrived or selected by the retailer. At JudgeService, we have conducted more than half a million surveys. As well as the benefit of the review, we are able to provide really valuable data to help improve customer satisfaction and performance management.

2: Send across regular customer data. Whether it is from your DMS or showroom system provider, it is important that you provide the data to keep a constant flow of new reviews and information about your business.

3: Act on any negative reviews. These are an opportunity to turn a disgruntled customer into an advocate.

4: Publish your reviews online. By publishing your reviews and review scores online, you give the consumer the opportunity to find out about your business. In the search for a car, checking out dealer reviews is one of the last things they do before making a physical enquiry.

Most of the time, we do a really good job with our customers. Online reviews allow you to share that with your prospects – bingo!

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"Premia leads the charge in 'treating customers fairly' "

Conrad Gamble,
managing
director,
Premia
Solutions



The image shows two screenshots of the Premia Solutions website. The top screenshot is the 'Welcome to our Policy Holder Website' page, which includes a login form with fields for 'Registration Number' or 'Policy Reference' and a 'Login' button. The bottom screenshot is the 'My Claims' page, which shows a progress bar for a claim and a table of claim details.

Claim Date	Reference	Claim For	1	2	3	4	5	6	7	
23 May 2015	CL/	Alloy Wheel Damage	✓	●	○	○	○	○	○	Awaiting assessment

process, while at work, home, or on the move.

Our dealer-specific systems also allow the dealer group the option to automatically return the customer to the selling dealer for repair. This provides an excellent opportunity to ensure the customer is provided with a seamless experience between making a claim in the online world, to having the repair done at the dealership.

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place since October, Premia Solutions developed and implemented system changes to support dealers in providing the prescribed regulation and recording the deferred opt-in period.

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The franchised dealership is recognised to be a complex workplace. Every dealership is required to be proficient at retailing at the same time as providing high levels of service and ensuring the industry's often thin margins can be maintained.

However, there are points any dealership manager can consider to provide new opportunities for sales, to increase profit per unit, to get to grips with marketing in the age of social media or simply to ensure you are attracting and retaining the highest calibre of employees.

Over these 12 pages, *AM* shares its top tips for running a professional dealership, alongside the views of suppliers who are eager to share their expertise on the subject.

We hope this is of benefit to your business, both operationally and strategically.

“Every dealership is required to be proficient at retailing at the same time as providing high levels of service”

CONTENTS

Aftersales	64
Car Care	66
Customer Experience	67
Digital	69
Finance	71
Insurance	72
People	74
Used Car	75

AFTERSALES TIP: OILS AND LUBES

SPONSOR'S COMMENT

Katie Rugen, sales team lead manager, Shell UK Oil Products

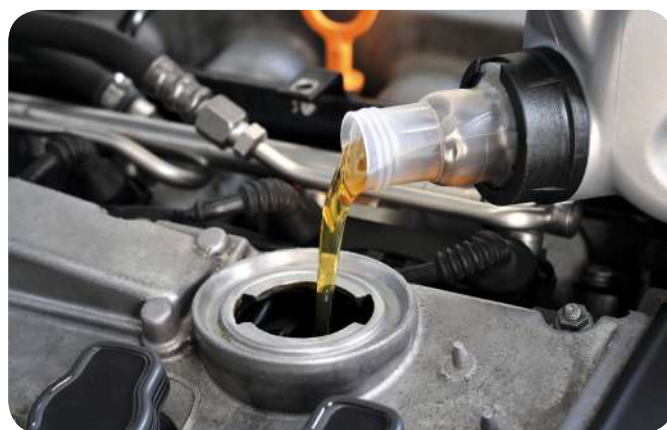


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To find out more, please contact the Shell team by calling 020 7934 5104 or email ask-lubs-uk@shell.co.uk

AFTERSALES TIP: FINANCE



AM says: "If the customer is facing significant repairs, have a finance partner available to help them cover the cost"

SPONSOR'S COMMENT

Jack Allman, chief executive officer, Auto Service Finance



For many motorists, upfront payments for repairs just aren't possible. Often, they are forced to keep cars off the road, or resort to driving unroadworthy vehicles. Even higher earners can struggle to manage their finances, with recent studies showing many would not be able to pay an immediate bill of £500 without borrowing money. At the same time, the rapid fit sector continues to threaten franchised dealers' ability to retain customers by offering increasing flexibility and an often misconceived perception of greater affordability.

By engaging with a finance partner, dealerships can offer customers an interest-free payment solution to spread repair costs. The motorist can drive away, safe in the knowledge that everything is in working order. The dealer, meanwhile, is able to sell more work thanks to offering greater flexibility, while also demonstrating a duty of care.



If you want to find out more, call 0800 612 0946, email jack.allman@autoservicefinance.com or visit www.autoservicefinance.com

AFTERSALES TIP: VIDEO

SPONSOR'S COMMENT

Adam Price, managing director, AutosOnShow.TV



The best advertisement for any product is the people who use it. Cambria Automobiles has been using our video imaging solutions for over two years. Stephen Baker, aftersales training manager at the Cambria Academy, said of AutosOnShow.TV:

"Sending a vehicle health check video allows the customer to become engaged with the technician working on their vehicle. Most customers will never see the underside of their car, so the video provides a clearer understanding of any repair requirements or confirms that the components and systems checked are in good working order. Either way, the video adds value to the customer experience. Calling a customer to discuss a necessary repair requires a lot of skill on the part of the service adviser as they need to paint a clear picture of the repairs required. Sending the AutosOnShow.TV video, and annotated images linked to each amber and red work line, allows the customer to see the repairs needed and to make a more informed decision."



AM says: "A short video of the vehicle health check, sent directly to the customer's smartphone, can reassure them the car is fine or can point out additional work due"

If you want to find out more, call 02920 894 731, email info@autosonshow.tv or visit www.autosonshow.tv

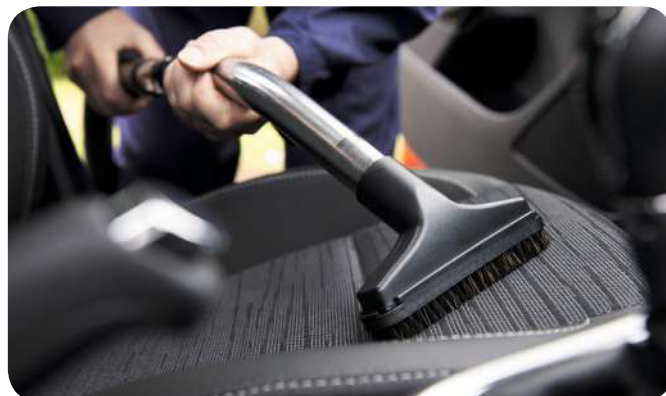
CAR CARE TIP: VALETING

SPONSOR'S COMMENT

Martin Peters, sales director, Autoclenz



Outsourcing to a valeting specialist has lots of benefits. Many business KPIs now focus on profit per employee. Therefore, the ability to reduce headcount and see the cost of your valeting as a flexible supplier invoice is attractive. The valeting specialist enjoys economies of scale in buying the latest equipment, chemicals and consumables, as well as in best-practice training. This delivers operational and financial efficiencies – an outsourced valet bay will typically be more productive and financially transparent than the in-house alternative. You also outsource the potential minefield of HR, health & safety, insurance and legality of operators. The compliance required to run a successful valeting operation is reason enough to outsource to a specialist. Add in a specialist management team, bespoke IT/MI, flexible workforce and a flexible pay-as-you-go invoice and the case for outsourcing wins hands down.



AM says: “Reduce your staffing and equipment costs group-wide by outsourcing valeting to a specialist third party”

If you want to find out more, call 01283 554 682, email sales@autoclenz.co.uk or visit www.autoclenz.co.uk

CAR CARE TIP: PAINT PROTECTION



AM says: “Use videos or treated panels to demonstrate to customers the benefits of paint protection”

SPONSOR'S COMMENT

Victor Coutin, managing director, GardX



Paint protection products have become an important part of a dealers' upsell opportunity. In most cases, they are unregulated and invariably deliver greater profit margins than F&I products and provide a great deal of customer satisfaction. However, having a product to sell and actually selling it are two very different scenarios. It is vital that the features and benefits are clearly explained to the customer at point of sale and a sale process implemented.

Pictures speak a thousand words and video plays an important part in the GardX sales process. The paint protection scenes highlight the potential threat to your car's paintwork and demonstrate the protection, power and value of the GardX product. Graphic scenes show how the exterior protection works and the level of protection that is provided. All assist the salesman in overcoming objections and closing the deal.



If you want to find out more, call 01243 376 426, email information@gardx.co.uk or visit www.gardx.co.uk

CAR CARE TIP: FABRIC PROTECTION

SPONSOR'S COMMENT

Victor Coutin, managing director, GardX



Interior protection is just as important as exterior – most people have experienced situations where drinks are spilt on seats and all mothers know how children can be a particular hazard to a car's interior. Our video illustrates everyday events that most drivers will recognise, such as, children spilling drinks or ice cream and shopping baskets dispensing their contents onto the seat. The resultant demonstration proves how easy it is to wipe clean the after-effects.

Leather interiors require not only protection, but also a product that moisturises as well as protects to retain the supple feel of the leather.

Any sales process is designed to reduce customer objections and influence the purchase. The GardX fabric test patches clearly show the positive difference between treated and untreated fabric. All of the GardX disciplines add value to the salesman's sales pitch and inspire confidence in selling the product.



AM says: "Use demonstration videos or treated seats in the sales process to demonstrate to customers the benefits of fabric protection"

If you want to find out more, call 01243 376 426, email information@gardx.co.uk or visit www.gardx.co.uk

CUSTOMER EXPERIENCE TIP: VIDEO



AM says: "Bring a little theatre to the customer's journey with the use of video, both in the showroom and online, to increase their engagement with your offers, services and your business overall"

SPONSOR'S COMMENT

Adam Price, managing director, AutosOnShow.TV



It is widely accepted that video enables a much better presentation of a vehicle and its features. We are seeing the market increasingly shifting towards videos with adaptive, rather than static, published content. Our solution and analytics tool helps to extend video dwell times and keep viewers engaged longer, to ensure the best possible conversion rates for our clients.

Our solution supports retailers in enhancing the customer experience, providing up-to-the-minute offers and marketing campaigns for specific or wide-ranging criteria, alongside the pre-owned product offer itself. Users have seen significant reductions in stock days and a marked increase in the purchasing of ancillary services and products. Our aftersales eVHC solution can also be used in conjunction with on-screen adverts and clickable links to relevant offers, sustaining customer engagement from end to end. Go to www.aos.to/xjvqt to see it in action.



If you want to find out more, call 02920 894 731, email info@autosonshow.tv or visit www.autosonshow.tv

CUSTOMER EXPERIENCE TIP: LIVE CHAT

SPONSOR'S COMMENT

Nicholas Reisinger, managing director, Call-It Automotive



Live chat is fast becoming the single most important channel for digital engagement, able to provide immediate conversion from web enquiry to dealership visit. There are, however, a few rules to follow and a few pitfalls to avoid:

- Positioning of chat button on webpages is key to volumes.
- Pre-filled chat forms will reduce prospect engagement. Chatters like to remain anonymous!
- You will need to "earn the right" to ask for prospect details by supplying information freely.
- Your response time needs to be less than 10 seconds.
- You should provide live chat cover at the weekends, when 23% of chats are made.
- Evening chats, between 5pm and 11pm, represent 36% of chat volumes.

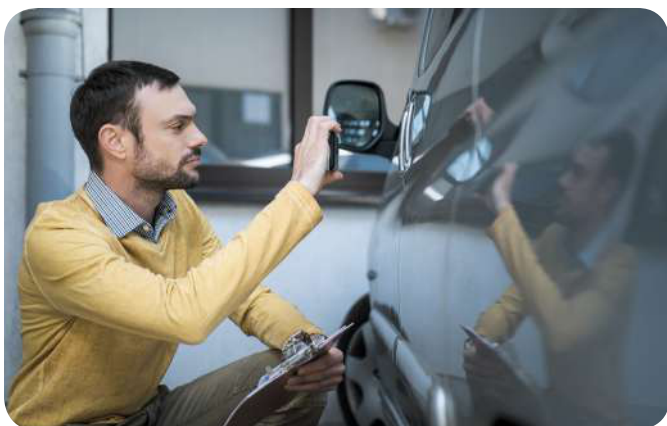
With more than 25,000 chats a month managed on behalf of dealers, Call It Automotive provides a wealth of expertise to support your operation.



AM says: "Extend the showroom's operating hours with online live chat and answer the prospective buyer's queries in real time"

If you want to find out more, call 01296 440 000 or for sales call 01296 440 003 or visit callitautomotive.com

CUSTOMER EXPERIENCE TIP: APPRAISALS



AM says: "Appraise and value the part-exchange with the customer present by doing a walkaround using a tablet computer"

SPONSOR'S COMMENT

Barry Cooper, managing director, Cooper Solutions



Technology continues to advance our businesses in many ways. Paper-based appraisal processes are outdated, unprofessional and time-consuming.

Cooper Solutions' FullAppraisal application uses mobile technology to complete appraisals at the vehicle side, using an iPad or tablet. Using technology customers are familiar with helps build rapport and encourages a feeling of honesty and approachability with the sales team.

A comprehensive checklist of appraisal points and hand-over focus creates a duty of care with the customer. The time saved on data entry allows salespeople to engage better with the customer as the process is completed, cementing the relationship between the two. Moving away from the traditional pen-and-paper process means the experience for the tech-savvy customer is polished.



If you want to find out more, call 01926 855 055, email sales@coopersolutions.co.uk or visit www.coopersolutions.co.uk

CUSTOMER EXPERIENCE TIP: REVIEWS

SPONSOR'S COMMENT

By Neil Addley, managing director, JudgeService



The most effective way to get reviews onto your website and across the internet and social media is to work with an independent third party to solicit reviews on your behalf. Independent surveys get better response rates and are more credible to consumers. With 88% of consumers actively seeking reviews, according to Mintel, you should provide the majority of your satisfied customers the opportunity to feed back, as well as your disgruntled customers the chance to feed back and have their concerns addressed. Any credible review provider will publish all the reviews and once they have been published, the public can share them on social media as they see fit. As well as providing reviews or testimonials, you should consider what reporting is available to help you improve your customer service, thus generating even more positive reviews in future.

JudgeService®



AM says: "Encourage your customers to leave public reviews on independent websites and invite them to share testimonials for your own online presence"

If you want to find out more, call 01423 225 166, email sales@judgeservice.com or visit business.judgeservice.com

DIGITAL TIP: SOCIAL MEDIA



AM says: "Consumers increasingly voice their complaints on social media. React quickly and take the conversation off-line"

SPONSOR'S COMMENT

Jeremy Evans, managing director, Marketing Delivery



Consumers are mass-marketing broadcasters in their own right now. They don't simply absorb marketing messages and quietly make decisions – they express opinions, respond to messages and share experiences. Simply staying away from social media, as a business, is not an option. Quick responses, public resolution and, if necessary, apologies are essential to protect online reputations. A poor social media experience can quickly turn into a bad online review, immortalised forever for the world to see.

While taking the complaint off-line to resolve is preferable – to avoid a "soap opera" unfolding – the end resolution should be public on the social media channel on which it originated, even if it is to say "sorry, we didn't live up to expectations this time". This shows humility, personality, and a willingness to put things right or clarify confusion.

Marketing Delivery
EMAIL | MOBILE | SOCIAL

If you want to find out more, call 01892 599 913 or visit www.marketingdelivery.co.uk

DIGITAL TIP: VIDEO

SPONSOR'S COMMENT

Adam Price, managing director, AutosOnShow.TV



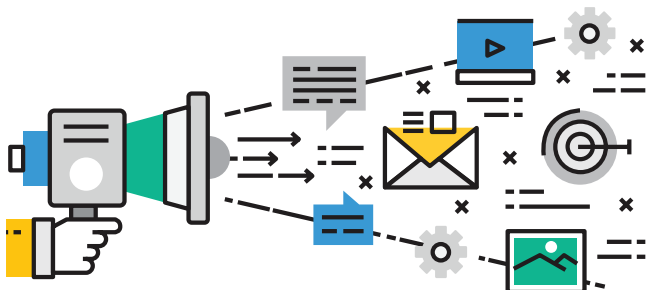
Personalised videos of used car stock create a high level of customer service. Cambria Automobiles has been using our solution for over two years and has seen fantastic results. David Webb, Cambria Academy general manager, said of AutosOnShow.TV: "The ability to engage, add value and provide consumers with confidence at the earliest opportunity has become critical. Today we have a deep understanding of how the consumer's route to purchase has changed. The AutosOnShow.TV personalised video has enabled us to change how we interact with them. It allows us to extend our customer experience beyond the showroom and our good vehicle preparation standards beyond the forecourt. By providing links to these personalised films, we increase our chances of engaging customers in a relevant and timely way. This is how consumers will judge us. When responding to enquiries, it is no longer good enough to just be first or fast, we also have to be effective. This technology enables us to do that."



AM says: "Short films of used car stock and personalised video responses to enquiries can help you stand out and convert prospects into buyers"

If you want to find out more, call 02920 894731, email info@autosonshow.tv or visit www.autosonshow.tv

DIGITAL TIP: EMAIL/SMS MARKETING



AM says: "Scheduled automatic emails or text messages can keep the customer informed of looming services due and seasonal health checks"

SPONSOR'S COMMENT

Jeremy Evans, managing director, Marketing Delivery



The good news is that customers welcome contact from their dealerships. Communication is seen as a key driver of loyalty, as long as the communication is relevant.

Email is the preferred channel for messages, and that means mobile-friendly. If it passes the "thumb test" it stands a good chance of being viewed and acted upon.

Carefully targeted messages at times relevant to the customer stand a good chance of being engaged with. We regularly see email open rates of more than 60% and click-through rates in the 20s – retail industry averages are in the low 20s for opens and less than 1% for clicks.

In the 2015 Capgemini "Cars online" report, it was found that "Around 80% of all car owners contacted regularly (1-6 times a year) feel satisfied or very satisfied. Provided the contacts are of the right kind, the more contacts, the better."

Marketing Delivery
EMAIL | MOBILE | SOCIAL

If you want to find out more, call 01892 599 913 or visit www.marketingdelivery.co.uk

DIGITAL TIP: LISTINGS



AM says: "Formulaic car adverts won't stand out. Win the attention of used car hunters by liberal use of photographs, including of any damage, service history and fitted options"

SPONSOR'S COMMENT

Albert Naudé, chief information officer, Go.ViewIt



The digital revolution is changing everything. It's everywhere – transforming how we work and play. Are you reacting to the disruption each day or are you leading the way as a digital disrupter?

Go View It is the software division of the Assured Group, the UK's largest privately owned vehicle preparation company, which recently celebrated 20 years within the motor trade.

This experience and know-how is helping us drive these exciting changes, putting us at the forefront of digital development. Go View It's native imaging application, AUTOVIEW, allows dealers to accomplish achievable image ratio targets and our bespoke background replacement capabilities can make your online presence more consistent and therefore more competitive. By better serving connected customers and promoting an always-on enterprise philosophy, dealers will see an increase in sales per visit.



If you want to find out more, email a.nauded@assuredgroup.org, phone 01926 887 988, or visit goviewit.net

FINANCE TIP: PORTFOLIO

SPONSOR'S COMMENT

Mark Gow, sales director, DSG Finance



By having the ability to cater for every possible customer funding requirement, dealerships can ensure they are taking full advantage of each sales opportunity.

This requires having access to finance products with more flexible parameters (such as solutions for negative equity, or PCP on older used cars) than those currently available from the mainstream lenders, as well as accessing other lenders who are able to cover a much wider range of customer credit statuses.

It is also important that the right level of specialist expertise is employed in managing the entire process. This ensures the right lender is selected for the right customer and that finance approvals are converted efficiently into completed, paid out transactions.

By appointing a specialist finance broker, dealership senior management can also benefit from reducing the compliance burden on their business.



AM says: "Have a panel of lenders, including sub-prime specialists, so you can be most effective at facilitating the customer's purchase and avoid the risk of turning them away"

If you want to find out more, email mark.gow@dsdfs.com

FINANCE TIP: POINT OF SALE

SPONSOR'S COMMENT

Tim Smith, head of motor finance, Black Horse



The importance of successfully marketing finance deals cannot be underestimated. How deals are advertised online, introduced in conversations or highlighted in the showroom will do much to help customers make informed decisions to use them.

Achieved effectively, promotional activity will showcase your financial expertise, building trust in your business. However, misleading activity will not only affect your reputation, but leave you open to prosecution from regulators.

Changes brought in by the Financial Conduct Authority re-emphasise the requirement that customers must clearly understand any finance being offered, to allow them to make a suitable choice. Promotional activity must also reflect this.

To support that, make additional information – such as our online finance product guides – available to customers. Trained staff who can clearly explain finance deals will, of course, do much to build customer advocacy and help boost sales.



AM says: “Marketing materials inside the showroom and on your website should promote the convenience of point-of-sale finance to every customer and highlight the expertise of your staff”

To find out more visit www.blackhorse.co.uk/dealerportal or email finance.enquiries@blackhorse.co.uk

INSURANCE TIP: SMART REPAIR



AM says: “Highlight the convenience of having SMART repair insurance if a customer is buying on PCP or PCH and may face end-of-contract charges for damage”

SPONSOR'S COMMENT

Richard Hage, head of insurance, GardX



With affordability rather than ‘outright ownership’ becoming a higher priority in today’s car-buying market, there may also come a sense that the resale value becomes somebody else’s worry. As we know, it’s quite the reverse, as the cosmetic appearance at the end of the contract comes under even closer scrutiny by the lender, with clear guidelines defined by the BVRLA on what is deemed acceptable damage.

Considering PCP and PCH should increase customer retention, an unexpected charge for cosmetic damage typically taints your customer’s ownership experience at the final hurdle. With up to 18 repairs across a 36-month period, GardX Assure Cosmetic Accident Repair Solutions (C.A.R.S. Plus) provides the ultimate antidote to relieve your customer’s dissatisfaction by rectifying unsightly cosmetic damage during ‘ownership’. No claims forms, no photos – just one call ensures a bodyshop standard repair anywhere in the UK. That’s why it’s SMART!



If you want to find out more, call 0330 010 1205, email assureservices@gardx.co.uk or visit www.gardx.co.uk

INSURANCE TIP: WARRANTY

SPONSOR'S COMMENT

Mike Cowling, head of Car Care Plan Products



The key to selling any product is to ensure that your sales employees have expert product knowledge. Sales staff are always more confident selling a product they understand and good product knowledge will also allow them to overcome any customer objections.

Offering your customers an extended warranty carries a range of benefits for both you and them. They will benefit from the protection provided for their vehicle during the warranty period – this promotes a greater level of customer satisfaction, knowing any problems that occur will be swiftly resolved. As a dealership, you will benefit from repeat visits from your customers, promoting longer relationships between you and your customers. Your dealership will also gain additional parts and labour work through the repairs administered by the warranty programme.



AM says: "Offer the customer an opportunity to buy an extended warranty that would cover their used car for the duration of their finance agreement"

If you want to find out more, call 07801 203407 email mike.cowling@carcareplan.co.uk or visit carcareplan.co.uk

INSURANCE TIP: GAP



AM says: "Ensure sales staff are mindful of the deferred sale period and present GAP at the earliest opportunity"

SPONSOR'S COMMENT

Mike Cowling, head of Car Care Plan Products



Introducing the product to the customer at the earliest possible stage allows your team the maximum window available in which to conclude a sale.

Think about the importance of the quality of the product your dealership is selling, how is this conveyed to the customers? Defaqto ratings offer an independent and easy-to-follow star rating system that allows you to easily communicate the quality of your products. Think about the literature you are providing to the customer to take away during the referral period – does it reinforce the key messages?

If the deferral period is causing your team to lose out on sales opportunities as you are handing cars over to customers prior to the deferral period being completed, think how you can open up additional sales opportunities post-handover. Direct marketing maintains communication with the customer post-handover and keeps the door open to complete the sale.



If you want to find out more, call 07801 203407 email mike.cowling@carcareplan.co.uk or visit carcareplan.co.uk

INSURANCE TIP: WHEELS

SPONSOR'S COMMENT

Richard Hage, head of insurance, GardX



Offering alloy wheel insurance to drivers doesn't indicate that they are poor judges of where their wheels are in relation to the road perimeters. Drive-through restaurants and car park exit barriers are just two everyday examples where drivers are inevitably focusing on aligning their vehicle with something other than an unseen kerb.

Throw potholes and speed ramps into the mix and it's a wonder that sales penetrations aren't higher, especially with the highly decorative diamond-cut wheels having become the ultimate fashion accessory.

With these risks being part of everyday driving life, alloy wheel insurance should be a natural choice for motorists looking to protect their vehicle and a natural product for you to sell. With up to 12 repairs over three years, GardX Assure Alloy Wheel Protection takes care of any misfortune that befalls careless, fearless and even conscientious drivers. All you need to do is offer it...



AM says: "Buyers of cars with large alloy wheels on low-profile tyres are particularly vulnerable to kerb damage and should be offered alloy wheel insurance"

If you want to find out more, call 0330 010 1205, email assureservices@gardx.co.uk or visit www.gardx.co.uk

PEOPLE TIP: STAFF RETENTION

SPONSOR'S COMMENT

Nigel Banister, director, GMD People



Over the past 10 years or so, it has become difficult to attract good candidates for most roles in a typical motor business. We will see the baby boomers retire over the next five to 10 years, compounding the problem. Here are some top

tips to consider to retain your staff:

- Allow your staff to achieve and have their achievements recognised – empower them.
- Ensure a healthy team environment and good working atmosphere, with great physical working conditions.
- Make sure all staff have varied and interesting work to do.
- Ensure they are trained and have regular personal development planning meetings.
- Ask your staff what they would like from you as an employer – this can be done via staff surveys or by working groups.
- Reward them well.
- Most of all, communicate with them regularly.



AM says: "Keep all staff informed of the company's progress and enable them to play a part in making improvements through open feedback channels"

If you want to find out more, call 01327 831 371 or visit gmdpeople.com

USED CAR TIP: VALUATIONS

SPONSOR'S COMMENT

Guy Thomas, head of product, BCA



Whatever the business conditions, it is important to identify the profit opportunities in part-exchange stock and accurate valuation is key to this. Overvalue a P/X and profitability is affected; undervalue and the retail customer – who is better informed than ever – may just decide to walk away.

This is where BCA's Dealer Pro tool can help. This iPad-based tool is designed to help dealerships control and manage appraisals, provide accurate valuations and profitably manage part-ex inventory and vehicle disposals – and as a result, sell more vehicles relative to the market conditions.

Using BCA Dealer Pro, sales staff can efficiently appraise incoming part-ex vehicles, creating a packet of data that can be shared within the dealership or wider group. BCA Dealer Pro generates condition-adjusted market values for the vehicle, allowing the sales team to relay accurate and dependable prices back to the customer. Accurate valuation with BCA Dealer Pro unlocks the P/X profit opportunities.



AM says: "An electronic process ensures the appraisal can't miss any aspect of the part-exchange and can help the sales executive determine if it's desired stock"

If you want to find out more, call 0344 875 3480, email customerservices@bca.com or visit www.bca.co.uk

USED CAR TIP: AUCTIONS



AM says: "Register with the auction house to receive alerts for particular stock you desire and on sale day take time before the sale begins to appraise the vehicle's condition"

SPONSOR'S COMMENT

Barry Cooper, managing director, Cooper Solutions



Why restrict yourself to a single remarketing policy?

Physical auctions are not the only way to remarket vehicles. Our experience has shown that the best-performing trade dealers have embraced an e-auction system, such as FullAuction, as part of their remarketing strategy, providing a more cost-effective and profitable alternative to traditional methods.

Dealers are attracted by the larger national market, plus zero fees for buyers, influencing them to ultimately bid higher.

Inevitable delays in vehicle collections for physical auctions offer dealers a window of opportunity to maximise their trade profit by adopting an e-auction remarketing channel first.

Dealers can use our mobile appraisal application, FullAppraisal, to streamline the listing process on the FullAuction platform while delivering high-quality appraisals, the end result being an increased trade bottom line.



If you want to find out more, call 01926 855 055, email sales@coopersolutions.co.uk or visit www.coopersolutions.co.uk

INDUSTRY PROFESSIONALS SHARE THE BEST ADVICE ON MOTOR RETAIL ISSUES

Keep workshops safe and clean with a scrubber drier

By Jeff Hilton, automotive target market manager, Kärcher



As workshop presentation grows in importance, so does the need for a higher standard of floor cleaning. To keep a workshop floor clean and safe, you need the right equipment and process to suit your staffing levels, time constraints and workshop specs, whether you self-clean or use a contractor for routine cleaning.

Workshop floors are subjected to brake dust, tyre marks, engine oil, ATF, brake fluid, coolant, mud and much more every day, but using the wrong kind of equipment can be counter-productive. Mops and some types of scrubber drier only skim over the surface rather than deep clean the floor.

One successful process is to use a compact roller-brush scrubber drier, which technicians use to thoroughly clean and dry their bay in a couple of minutes after each job, leaving cleaning staff to take care of the rest of the floor during their shift. Processes like this make sound financial sense and the machine quickly becomes cost-neutral: impact on technicians' time is negligible, the floor is constantly maintained to a high standard (and its value protected), water and detergent use are minimised, and routine cleaning time is reduced. Not to mention the reduced accident risk and better CSI ratings. And with our Just Add Water known-cost offer, you can ensure your workshop floor is kept immaculate for a known monthly cost.

■ **For an appraisal of your current routine, a no-obligation demonstration, and a bespoke cleaning protocol for your workshop, just email jeff.hilton@karcher.co.uk. Contract-cleaned? No problem, we work with contract cleaners to advise purchasers and train cleaning staff.**

KÄRCHER

IT and efficient valeting in the digital age

By Martin Peters, sales director, Autoclenz Group



IT doesn't clean cars – preparing vehicles to the highest retail standards will always be a highly labour-intensive activity. However, IT does play an important part in creating efficient workflows and processes.

The Autoclenz PVMS (Paperless Vehicle Management System) is the ultimate tool in controlling the movement of your stock through the valet, preparation and imaging process, while controlling the spend. As PVMS has been designed by Autoclenz, we can configure the system on a site-by-site basis with approved users, departments and sign-offs. We can also set spending limits, via the "Gatekeeper" platform, by valet code, vehicle, department or site. Operationally, PVMS gives live information on what work is waiting, progressing and completed through the valet bay. This is very important in account management and resourcing the valet bay through busy times.

Our additional services of SMART repair and imaging also progress through PVMS, giving complete transparency to the full process of refurbishment through to ready-to-retail and live for sale on your website at a controlled spend.

Link PVMS with AutoclenzMI, which launched earlier this year, to evidence our service delivery and account management and you have the best IT to manage efficient vehicle preparation on budget, on time and to the right quality. Who said IT doesn't clean cars?

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

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

Don't let part-exchange profit slip away

By Simon Henstock, BCA chief operating officer, UK remarketing



Having good quality data and using it effectively is key to making sound business decisions and nowhere is this more apparent in the part-exchange process.

With car buyers having access to better information than ever before, woe betide the sales person who doesn't get their sums right at the part exchange stage.

Undervalue the part-exchange and you run the risk of the buyer walking away because they will hope to get a better value elsewhere. Good reputations are rarely built from customers feeling undervalued and these days instant retribution on social media is just a click away.

Overvalue the PX and profit is eaten away, potentially leading to more problems later if the car is then remarketed with an unrealistic reserve value in an attempt to balance the books.

This is why BCA has worked closely with dealer groups to develop the BCA Dealer Pro tools. A key element is helping dealer groups identify and retain retail-quality vehicles within the group, maximising profit opportunities.

Dealer groups can tailor the process to meet their needs, specifying that any P/X franchise vehicle within certain age and mileage parameters should automatically be seen by the group buyers. Data suggests that dealers might retain an additional 7% to 10% of PX vehicles using BCA Dealer Pro, keeping valuable retail quality stock within the group.

No one can afford to let profit slip through their fingers, so make the most of those PX opportunities.



Brexit vote will have little short-term legal effect

By Graham Jones, director, Lawdata



A number of clients have been asking about the likely impact of the European Union referendum result on their business.

While my recent trip to the Le Mans Classic was made considerably more expensive by the falling value of the pound (£8 for a beer didn't help), from a legal point of view the answer is that, certainly in the short term, very little will change. Article 50 of the Lisbon Treaty makes it quite clear that European law will continue to apply to the UK for two years after formal notification to withdraw from the EU has been given.

Much of the current consumer protection and employment law affecting the motor trade has its origins in European law, but it generally applies by virtue of the European law being incorporated into UK legislation, such as the Consumer Rights Act and the Working Time Regulations. That legislation will continue to apply unless it is specifically repealed or amended by Parliament, and it seems unlikely that any political party will have an appetite to start a post-Brexit era by reducing protection for consumers and/or employees.

The recent decision of the Employment Appeal Tribunal in the case of *Lock v British Gas* – that commission must be paid as part of holiday – did follow a ruling by the European Court of Justice, but that decision is currently being considered by the Court of Appeal, which will be unaffected by the referendum result.

■ For further information or legal advice that's relevant to your business, please contact the Lawdata Legal Helpline on 01767 310000.

■ Lawdata is hosting the Legal Clinic at Automotive Management Live 2016 on November 16 in Milton Keynes.



81

Mercedes-Benz

S-Class

The king of the large executive car segment offers dealers huge scope for upsells.

83

Honda HR-V

The 'Joy Machine' is working its magic on dealers, with 6,066 sold since August.

FIRST DRIVE: SUZUKI BALENO – ON SALE NOW



Suzuki joins the supermini space race

Suzuki sees the Baleno as a conquest opportunity for customers whose growing families have squeezed them out of the Swift



The Baleno, at 3.99m, is 14cm longer than the Swift



Standard equipment for all Baleno models is comprehensive

By Tim Rose

Suzuki has had phenomenal success in the UK with its Swift supermini over the past 12 years, with annual sales volumes passing 10,000 units.

However, the Japanese brand recognises that some previous owners have outgrown the diminutive runabout as they've started a family, leading to them abandoning the brand in their search for more space and practicality.

To address this, Suzuki introduced the Baleno into UK showrooms last month. At 3.99 metres long, it's a larger car than the Swift, which measures 3.85m bumper to bumper. It's cleverer inside too, as Suzuki claims it offers 30cm more interior space than the Swift. In its class, the Indian-built Baleno offers the best tandem distance – the measurement between the front and rear seats. On the media drive, Baleno indeed felt spacious for a supermini-class car and will provide competition for the similarly spacious Hyundai i20, Honda Jazz and Vauxhall Corsa.

Suzuki GB's sales and marketing director Dale Wyatt said it offers a more rational choice for buyers looking for extra interior space and larger boot capacity who may not be looking to move up significantly in size and price to a Vitara or S-Cross.

"I'm really proud of Baleno, it gives us an opportunity to target a new customer base," he said. Launch marketing is including TV and billboards, and Wyatt has a "conservative expectation" to sell 3,500 units in its first year.

Product manager Ed Norman added: "We have a good conquest opportunity with this car, for downsizers and people who used to own Swift, but have left the brand. This gives us an opportunity to talk to those people again and try to win them back into the brand."

Baleno is host to several firsts for Suzuki. One is a 1.0-litre Boosterjet turbocharged three-cylinder petrol engine, which produces the sort of power seen last decade in a 1.8-litre unit. Another is the addition to its 1.2-litre Dualjet petrol unit of a mild hybrid system, branded SHVS. It incorporates an integrated starter generator, which acts as both a starter motor and generator. It also generates electricity through regenerative braking, which it stores in a compact lithium-ion battery placed under the front passenger seat.

This is used to assist the engine during moving off and acceleration, and also when under stop-start conditions. The SHVS system only uses its conventional engine starter motor when first started from cold. Under all other conditions, it uses the higher-voltage ISG unit to allow smooth and quiet engine restarts.

The result is CO₂ emissions as low as 94g/km, so the buyer will pay nothing for VED initially. However, changes to the VED system from April 2017 mean customers buying from then will save little road tax compared with the sportier Boosterjet. The SHVS requires a service less frequently – every 12,500 miles compared with every 9,000 miles for the Boosterjet – nevertheless, Suzuki expects 85-90% of Baleno sales to be Boosterjet models.

Standard equipment for all Baleno models is comprehensive. The £12,999 entry model from launch, badged SZ-T, (available with 1.0-litre Boosterjet only), includes six airbags, alloy wheels, air conditioning, and cruise control with speed limiter. It also has a standard infotainment system with satellite navigation, DAB radio with USB and Bluetooth connectivity, plus functions to use certain smartphone apps through MirrorLink and Apple CarPlay.

"I'm really proud of Baleno, it gives us an opportunity to target a new customer base"

Dale Wyatt, Suzuki GB

The top-grade model, badged SZ5, is available with either engine and gains automatic climate control, rear electric windows, a 4.2-inch colour trip display, LED rear lights and adaptive cruise control. It also has a Radar Brake Support system, which alerts the driver if a collision is likely and can apply the brakes automatically if it becomes inevitable.

For customers with a lazy left arm, a six-speed automatic transmission is available as an option with Boosterjet SZ5 trim, which also includes a hill-hold function and paddle shifters behind the steering wheel in case the driver wishes to change gear manually.

The new Baleno is available from launch with an incentivised PCP finance plan at 5.9% APR. Taking the SZ-T model as an example, the offer comprises of zero customer deposit, £1,000 deposit contribution from Suzuki followed by 48 monthly payments of £199. Payments can also be reduced to just £159 over the same period if a deposit of £1,679 is made.

"We're aware that, for a B-segment car, £13,000 is not the cheapest price, but the equipment is far superior to any other," said Norman.

WHAT YOUR CUSTOMERS WILL READ ABOUT THE SUZUKI BALENO

AUTO EXPRESS

The Suzuki Baleno is a bit of a hidden gem in the supermini class – especially fitted with this excellent 1.0-litre three-cylinder petrol engine. If you can see beyond its rather dull styling inside and out, the Suzuki could be a great choice and capable of fulfilling all of your needs. It's fun to drive, practical, comfortable and reasonably cheap to run. This SZ5 model comes loaded with standard equipment, too, and all for less than £14,000.

WHAT CAR?

The Baleno is certainly a very sensible choice should you be looking for a spacious small car. There's loads of space inside, the engine feels peppery and the level of standard equipment is impressive for a car costing less than £13,000.

SPECIFICATION

Price	£12,999-£15,349
Engine	1.0-litre Boosterjet: 110bhp; 1.2-litre SHVS: 89bhp
Performance	0-62mph 11-12.3secs, top speed 111-124mph
Transmission	5sp man, 6sp auto
Efficiency	57.6-70.6mpg, 94-115g/km CO ₂
RV 3yr/30k	37%
Rivals	Honda Jazz, Hyundai i20, Skoda Fabia



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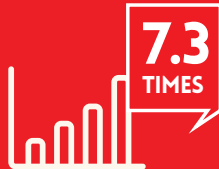
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MERCEDES-BENZ S350D L AMG LINE

A plethora of upsell opportunities



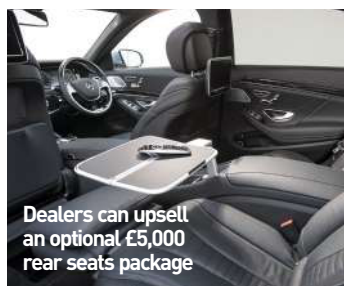
S-Class registrations were 12.2% ahead in the first half of this year

By Tim Rose

The Mercedes-Benz S-Class dominates the large executive car segment. It accounts for one in every two cars sold in the segment in the UK and has been applauded as luxury car of the year by numerous sections of the motoring media.

Although this model is coming up to three years old, demand is still growing. Registrations in the first half of 2016 were 12.2% ahead year-on-year, at 1,855 units. Of those, 872 were in the fleet market, and 983 were retail registrations.

There are few more relaxing ways to travel than in an S-Class. Its on-board technology does its best to make journeys stress-free for the driver – massaging seats, heated steering wheel and armrests and a night-vision display that picks out pedestrians in the road ahead. The driver can even cycle the interior soft lighting through a choice of colours, and the car is so well built and insulated that the powerful turbodiesel under the bonnet is barely audible.



Dealers can upsell an optional £5,000 rear seats package

Air suspension with adaptive damping smooths out any bumps in the road, too.

For passengers, it is even more cossetting. It's unsurprising that the S-Class is a favoured choice of chauffeur companies and top-end hotels. The long wheelbase car we tested had an optional £5,000 individual rear seats package. These were fully adjustable, ventilated and offered enough space to seat a professional rugby player, who, if they desired, could work out their game plan using the fold-out table or stream matches on the rear passenger entertainment system through the car's Wi-Fi.

In all, the optional technology and luxuries boosted this car's £71,990 standard price up to £112,500.

While some private buyers may rather put that money towards an E-Class Cabriolet as a second car of the household, it does at least illustrate the plethora of upsell opportunities that are available to the sales executive when an S-Class customer makes an appointment.

ADVERTISING FEATURE

QUALITY OF ONLINE MOTOR FINANCE APPLICANTS 'GOOD AND IMPROVING'

By James Tew, director, iVendi



One of the common criticisms of online motor finance has been that the quality of applicants is nowhere near as good as that seen in the showroom. However, we have just completed new research that shows this to be largely untrue.

Our study shows 39% of online applicants are approved by prime lenders. This is better than most other online prime financial services channels and is only slightly below the industry average for showroom visitors of about 50% from a dealer's principal lender.

The figures were compiled from usage of our Quoteware finance calculator and Car Finance Checker eligibility tools, which process more than a billion financial quotations online every day.

Drilling down into the detail, it is interesting to note that the picture varies widely from dealer to dealer. Using Equifax's Risk Navigator RN04 credit score, 77% of online applicants to all dealers score more than 200 – the usual minimum level for non-prime – and 36% more than 350 – seen as the prime benchmark – where an average APR of 10.8% is being quoted.

However, this improves considerably for a prestige dealer group quoting an APR of 7.9%, with 92.5% being scored at more than 200 and 70% at more than 350.

The high scoring for applicants to prestige dealerships offering attractive finance means any business in that sector not currently providing online finance is missing an important opportunity.

We are also seeing some evidence that the quality of applicant is improving over time as consumers become more comfortable with the concept of online motor finance and being pre-approved for their preferred vehicle. They also appear to be gaining aptitude in using the online tools now available to help them find the finance product that best fits their needs.

On top of our finding last month that 65% of the top 200 dealer groups now offer online motor finance, these figures show how quickly it is becoming a crucial feature of the market.

Contact details:

www.ivendi.com

E-mail: enquiries@ivendi.com

Phone: 0845 226 0503



SPECIFICATION

Price £71,990 (as tested £112,500)

Engines 3.0-litre diesel: 255bhp

Performance 0-62mph 6.8secs, top speed 155mph

Transmission 7sp auto

Efficiency 50.4mpg, 157g/km CO₂

RV 3yr/30k 39.5%

Rivals Audi A8, BMW 7 Series, Lexus LS



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HONDA HR-V EX 1.6I-DTEC

HR-V brings joy to Honda dealers



Since August, 6,066 HR-Vs have left showrooms

By Jeremy Bennett

It was there in 1999 when Honda revealed the original European HR-V – named the Joy Machine – to the press (in Spain, I think). How we hacks snickered at the name, conjuring up images of a wheeled version of Woody Allen's orgasmatron from his movie, *Sleeper*.

However, I didn't laugh too loudly nine years ago as I nearly bought a used purple one, having been won over by its otherworldly looks, practicality and the reassurance of the Honda name. A used one was my only option, as in 2006 the HR-V was removed from the model line-up.

It has been sorely missed as David Cox, managing director of Cox Motor Group and Honda dealer council chairman, explained: "It was a common issue mentioned by dealers, the lack of a model, which meant the larger CR-V had

to fill more segments than we wanted it to. Dealers have worked hard to achieve this cross-over, but we always felt the HR-V needed to return to the line-up."

"Dealers always felt the HR-V needed to return to the line-up"

The new model (introduced in August 2015) is meeting dealer and customer requirements. "We had a considerable order bank when the car arrived on the market and, most importantly, demand still outstrips supply," said Cox.

Sales figures reflect the popularity of the new car, some of it from pent-up demand for its return and equally, appreciation of the build quality, performance, and roominess – particularly for back-seat passengers – that is winning conquest business from competitors' small SUVs and other segments.

Honda sold 17,195 of the 1999-2006 HR-V. Since August, 6,066 of the latest model have left showrooms.

Cox said he has seen the Ford C-Max and Volkswagen Tiguan come in as part-exchanges in his business.

Honda reported the average return on sale for its network in April (the latest data available) was 1.4%. Six months ago, in October 2015, it was 1.1%, unchanged from six months before that. Three years ago, it was 1.2%. With the help of the HR-V, the joy is returning to the network and paying real dividends, said Honda.

SPECIFICATION

Price £27,265

Engines 1.6-litre turbodiesel: 118bhp

Performance 0-62mph 10.5secs; top speed 121mph

Transmission 6sp man

Efficiency 68.9mpg; 108g/km CO₂

RV 3yr/30k 45%

Start mileage 8,098

Current mileage 10,014

Rivals Hyundai Tucson, Kia Sportage, Jeep Renegade, Nissan Qashqai

WHAT'S BEING SAID ABOUT THE HONDA HR-V

AUTO EXPRESS

Unless you do very few miles, the diesel is the better option – while it's noisy and not tremendously powerful (118bhp), it does reward your wallet. Claimed figures are 68.9mpg (on the top EX model) and road tax is just £20.

AUTOCAR

Practical, spacious and well-engineered the HR-V may be, but too little work has been done to make this part of a wider, imaginative and appealing product. For the Jazz, this hardly mattered. In the world of Joy Machines, Honda might just be reminded again that it does.

Guess the car competition



No-one correctly identified the Chevrolet Impala Super Sport Coupé in our last issue. Perhaps American classics are a step too far, so we're back to a relatively modern car this time.

See if you can identify this month's model for your chance to win a

£20 John Lewis voucher. Email amf@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, August 5.





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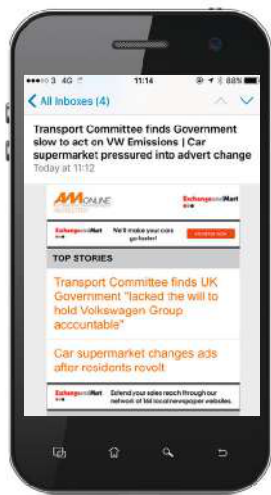


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The screenshot shows the AM ONLINE website interface. At the top, there's a navigation bar with 'AM ONLINE' and various menu items. Below the navigation bar, there's a banner for 'Good for the Customer Good for You Northridge FINANCE'. The main content area is divided into sections: 'LATEST FROM AM-ONLINE' with a list of news items, 'TOP STORIES' with featured articles, and a 'CODEWEAVERS' advertisement. At the bottom, there's a newsletter sign-up form with the text 'SELL CARS THE SMART WAY AT MOTORS.CO.UK' and a 'Sign up' button.



Mitsubishi

Managing director Lance Bradley reveals the brand's new approach to training as he concedes that its rapid growth couldn't go on forever.

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First drive: Volvo S90 and V90

The brand aims to win more fans with its new executive expresses.



ADVERTISERS' INDEX

Accident Exchange	36
Aston Barclay	50
Autoclenz	19, 42-43, 76
Autoglym Polish	9
Autotech Recruit	80
Autoweb Design	82
Barclaycard Loans	28-29
Barnetts Motor Group	84
British Car Auctions	76
Call It Automotive	50

Chandlers Brighton	85
Chris Eastwood Automotive	84
Codeweavers	80
Dealer Management Services	27
Direct Affinity Events	48-49
Edynamix UK	2
Esprit Windscreen Systems	40
GardX International	85
Gforces	45, 57
IMI	35
Ivendi	20, 81
Judge Service Research	59, 60
Karcher (UK)	77

Lawdata	77
Lloyds Banking Group	14
Manheim Auctions	46
Mapfre Abraxas	12
Mercedes-Benz UK	84
Money Penny	11
Nextgear Capital UK	82
Premia Solutions	62
Startline Motor Finance	21
Steele-Dixon & Associates	84
Symco Training	37
Trusted Dealers	33
Zype TV	13

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