

# AM

AUTOMOTIVE MANAGEMENT

NOW MOTOR RETAILING / P34

Bouncing back with  
Vauxhall after a tough 2015



CAREER DEVELOPMENT / P43

## HOW TO REACH THE HEIGHTS

Dealer group leaders share how they progressed to the top echelons of automotive management, and what they're still doing now to continue building on their skillsets

APPRENTICESHIP LEVY / P6

New funding system is looming but dealers fear it is being rushed through

AM AWARDS / P24



We're ready to recognise the best – get your entries in

MITSUBISHI / P28

Are 50,000 annual sales feasible? Yes, with a bit of effort, says its MD



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to use our auction company.**

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competitors do that we don't.**



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Vehicle Remarketing





# The American dream... or a consumer nightmare?

I've just returned from a summer holiday in the USA, where I noticed some of the marketing being done by central Florida's franchised dealers. In fact I couldn't avoid it, given how 'in-your-face' their TV adverts were – on one local news channel a particular Chrysler/Jeep/Dodge/Ram dealer ran fast-paced back-to-back adverts for at least four minutes early one morning, presumably aiming to tempt the commuter into an even larger SUV or pick-up for their daily drive.

As I watched, it struck me that UK dealers' advertising is a touch more sophisticated. Yet what struck me more was the USA's emphasis on the offer and the vast range of new car stock immediately available. Is that a trend that will filter down to the UK?

One dealer promised I could choose any of the five-dozen SUVs on his forecourt for just \$50 down-payment today and then pay nothing more for six months. One Hyundai dealer was hoping to lock in his customers by guaranteeing a 10-year drivetrain warranty and four free services.

Another big surprise was the dealer offering new car finance over 72 low monthly payments. I assume it was hire purchase, as a helpful American auto industry executive informed me via Twitter that some of the brands in the USA are now doing this to reduce their exposure to leasing.

Let's hope that's not a trend coming to the UK. Consumers now used to low-payment PCPs, that let them swap their car every 30 months or so, might find a 72-month deal a bitter pill to swallow.



**Tim Rose**  
Managing editor

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"Customers spending a lot of money have a right to be served by people who know what they're talking about"

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Mitsubishi,  
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"It's no wonder we struggle when competing for talent"

**Steve Nash, IMI,**  
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"We want consistency across all our platforms. That means an end to end sales process"

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### MITSUBISHI

IT COULD DOUBLE ITS CURRENT SALES IF THE ECONOMY HOLDS UP. BUT DEALERS AND CARMAKER MUST RAISE THEIR GAME

### AM/IMI PEOPLE CONFERENCE REPORT THE VIEWS OF THE EXPERTS





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# Industry calls for delay to apprenticeship levy

The Government will introduce its new system of funding apprenticeships in April 2017, but dealers and trade bodies fear it is rushing the changes

By Matt de Prez and Tom Seymour

**T**he automotive retail industry is pushing for a delay to the Government's apprenticeship levy, as businesses rush to implement new rules ahead of the April 2017 introduction date.

Dealer groups in England must register to open an online levy account by January, before having to begin paying into them three months later.

The levy – a tax on all businesses with payroll costs of £3 million or more a year – was the brainchild of former chancellor George Osborne and was intended to raise £3 billion a year to fund his aims of creating three million apprenticeship roles by 2020.

The levy will be calculated at 0.5% of a business's annual payroll bill, minus an allowance of £15,000. Given the average AM100 staff cost was £32.2m (2014), the average AM100 dealer group's annual apprenticeship levy would be £146,000. However, for the biggest groups, the cost could be almost £1.5m.

The National Franchised Dealer Association (NFDA), the Institute of the Motor Industry (IMI), Britain's largest manufacturing association, the EEF, the CBI business lobby group, the Charity Finance Group and the Institute of Directors have all called for a delay.

**Sue Robinson, NFDA director**, said: "It is positive to see the Government has released further details about the apprenticeship levy, but we are still concerned at the short timescale of the implementation.

"Considering the extremely short timescale, we are disappointed to see that this has not been delayed. We will continue to lobby Government to ensure changes are introduced smoothly and businesses can cope."

The first details on the levy were published on

## HOW DOES THE APPRENTICESHIP LEVY WORK?

In January, each levy-paying business in England will register to use a digital account that stores its apprenticeship levy funds. They will begin paying into those funds through their PAYE payroll systems in April.

English businesses will also receive a 10% top-up from the Government. Scotland is currently in consultation over the levy, with responses required by August 26.

The Department for Education has proposed that the new funding system comes into effect on May 1, 2017, so that employers can use funds in their accounts to pay for training from the first month.

This will replace the existing funding model for new apprenticeships, but schemes started before April 2017 will continue to be funded as normal.

There will be 15 funding bands, from £1,500 to £27,000. All new and existing apprenticeship frameworks and standards will be placed within this banding. The upper limit of each funding band will cap the maximum amount of its digital funds an employer who pays the levy can use towards an individual apprenticeship.

Any funds left over expire after 18 months.

If an employer is too small to pay the levy; or pays the levy, but lacks sufficient funds in its digital accounts, the Government proposes that employers co-invest 10% of the costs and it will pay the rest. Extra support – worth £2,000 per trainee – will also be available for employers and training providers that take on 16- to 18-year-old apprentices.

The Government will also pay all the training costs of these apprentices for firms with fewer than 50 employees.

The Government currently funds apprenticeship frameworks at different rates depending on the age of the learner.

However, the new rules will have no restrictions on the age of the apprentice. This could open up the age demographics for apprenticeships across dealer groups.

Companies in a group will be able to collect their funds together into one account.

It has also been confirmed that funds from the levy will be transferable to use to pay for training of a company's suppliers' staff or even other businesses in its sector from April 2018.



Go to [am-online.com/levy](http://am-online.com/levy) for additional resources:

- Download the full briefing from the Department for Education on the apprenticeship levy, including funding bands for apprenticeships.
- How car dealers can send their feedback to the Government on the proposals (until September 5).
- Use the apprenticeship levy calculator to estimate how much your business will have to pay.

## Comments



**SUE ROBINSON, DIRECTOR, NFDA**  
"It is positive to see the Government has released further details

about the apprenticeship levy, but we are still concerned at the short timescale of the implementation"



**DAKSH GUPTA, CHIEF EXECUTIVE, MARSHALL MOTOR HOLDINGS** "The

Government's approach in taking 0.5% of your total payroll is a very blunt instrument. The introduction of the levy should be delayed. There are just too many questioned left unanswered"



**JULIE STEWART, HR MANAGER, JOHN CLARK MOTOR GROUP** "You wouldn't

ask someone to sign a finance agreement without knowing what the terms and conditions were and I think that is exactly what the Government is asking us to do"







#### BLAZING A TRAIL

Jaguar Land Rover's record intake of almost 600 new graduates and apprentices last year. JLR is one of the manufacturers to have formed a 'trail-blazing' group. The group took two years to set up an 'apprenticeship standard' for light vehicle technician, the only standard so far approved for delivery in automotive retail. According to the IMI, there are a number of trailblazer schemes already in operation in the engineering sector, but none in retail

April 22 this year. However, dealers have been waiting on more in-depth guidance to add depth to the initial sketch of proposals. This was promised in June, but was published on August 12.

Government roadshows to discuss the levy were cancelled.

**Robert Halfon, apprenticeships and skills minister**, said: "The apprenticeship levy will help create millions of opportunities for individuals and employers. This will give our young people the chance they deserve in life and to build a highly skilled future workforce that the UK needs."

However, **Steve Nash, Institute of the Motor Industry (IMI) chief executive**, believes businesses should not be rushed into developing their apprenticeship programmes.

He said while automotive apprenticeships have a long history, particularly in technical disciplines, they were not a common entry route for all of the industry's sub-sectors.

Nash said: "There are positives here for smaller dealers that do not have to contribute.

"But we are disappointed that despite many industry bodies calling for a delay, the structure of this levy is being rushed through. The reality is that the Government does not have the money in place to pay for their apprenticeship recruitment goals so they're keen to push it forward.

"The most annoying thing is chasing this arbitrary target of three million apprentices by 2020. What really matters is getting its implementation right. My hope is that common sense will prevail."

Nash said automotive retail is a "time-hungry" business, which will make it difficult for dealers to be ready in time for April 2017.

**Marshall Motor Group chief executive Daksh Gupta** supports a delay, describing the levy in its current form as a "blunt instrument".

Gupta told AM: "We employ around 4,000 people and our payroll is going to be £80m or £90m, which

means our levy is going to be approaching £450,000.

"Most retailers I have spoken to aren't clear on what you can claim back."

Marshall already has its own apprenticeship scheme in place, with 100 apprentices and its own in-house trainers. Gupta said the levy would not necessarily prompt an expansion of that.

The delay in the release of specifics on how dealers will claim and use current training set-ups have also prompted Aberdeen-based **John Clark Motor Group** to call for a delay.

**Group HR manager Julie Stewart** said: "I've attended meetings with the Aberdeen and Grampian Chamber of Commerce and the one thing that stood out was how many unanswered questions remain.

"I went to learn more about the levy and its implications, but there were large accountancy firms there asking the same questions.

"Will our training providers in England – such as the Volkswagen Group at Milton



**STEVE NASH,  
CHIEF EXECUTIVE,  
IMI**

"We are disappointed that despite many industry bodies calling for a delay, the structure of this levy is being rushed through. My hope is that common sense will prevail"



**CHARLOTTE  
POTTER, TALENT  
MANAGER,  
PENDRAGON**

"The Government is hoping that providers and employers use some of the levy to upskill their leaders as well as bringing in new apprentices"



**ROBERT HALFON,  
APPRENTICESHIPS  
AND SKILLS  
MINISTER**

"The apprenticeship levy will help create millions of opportunities for individuals and employers. This will give our young people the chance they deserve in life"



"There's no reason why you couldn't take certain graduate schemes and turn them into graduate apprenticeships"

Steve Nash, chief executive, IMI

## WHAT ABOUT EXISTING APPRENTICESHIP SCHEMES?

Existing apprenticeship frameworks are being phased out in favour of 'apprenticeship standards'. Each standard covers a specific job role and will be developed by groups of employers called "trailblazers".

Four standards have been submitted within automotive retail, but only one has been approved so far – service and maintenance technician. Standards for sales, customer service and parts sales have not been started yet.

Steve Nash, IMI chief executive, said the process of setting up a standard is complex, with the technician standard alone taking two years to develop. There are a

number of trailblazer schemes already in operation in the engineering sector, but none in retail. The bulk of current automotive apprentices are working in technical roles.

Of the 384,000 apprenticeships started last year, just 184 were for vehicle sales. Nash described them as a 'handful' among the 12,000 currently working in the automotive sector. He said dealer groups will need to work together to create new standards to push for more apprentices in sales, customer service and parts.

Charlotte Potter, talent manager at Pendragon, estimates that 80% of the group's 420 apprentices are

in technical roles.

She believes phasing out the old frameworks is counter-productive in light of the Government's target of increasing apprenticeship uptake.

Potter said there could also be resistance from the industry as managers from a competitive environment may need to sit down together and discuss sales training best practices. Pendragon is currently in talks with training providers about writing the vehicle sales apprenticeship standard.

"The biggest challenge is getting people together to form a trailblazer group and that's the piece we have to look at first," she added.

Keynes – be classed among recognised training providers?"

Jamie Hepburn, the Scottish government's Minister for Employability and Training, confirmed that the levy had been announced "without any prior consultation with the Scottish government".

John Clark currently employs 72 apprentices, but Stewart said the uncertainty surrounding the levy may prompt it to postpone its appointment of apprentices in Q3 until budgetary considerations become more clear.

"We need a comprehensive proposal on the practicalities of the scheme and we need that promptly," said Stewart.

"You wouldn't ask someone to sign a finance agreement without knowing what the terms and conditions were and I think that is exactly what the Government is asking us to do.

"With April looming, I cannot see how it can stick to the original timescale. There has to be a delay."

For smaller businesses, such as single-site Mitsubishi dealership Humphries and Parks, the levy offers up a new source of funding to take on new staff.

Marcus Joy, Humphries and Parks' managing director, said: "Our wage bill is below the £3m level, but we definitely want to take advantage of the new levy.

"We have already put an application in and we really want to take on two new apprentice mechanics due to the growth of the business."

Robinson said the UK's decision to leave the EU, economic uncertainty and worries over unemployment rates have left businesses adapting to the current situation.

She said: "Although apprenticeships will positively benefit employers addressing skills shortages through targeted training, with the new levy coming into force in April 2017, businesses might struggle with this additional cost.

"A delay will allow businesses to cope with changes and avoid unintended consequences such as job losses and pay cuts."

### Will dealers get value for their money?

Nash said the bigger dealer groups will be paying a "substantial" levy bill and are likely to have money left over.

"They will need to look at new frameworks (see panel, above) to get money back."

Any unused funds in levy accounts expire after 18 months and will be used to help lower the "co-investment" fees of smaller employers exempt from the levy.

However, Nash thinks that rather than leaving

money unused in their accounts, dealers with larger payrolls should look at other avenues to capitalise on the levy.

"The IMI will engage with the Government in order to help employers in our sector make apprenticeships an integral part of their wider recruitment strategy, covering a greater variety of roles than has traditionally been the case.

"There's no reason why you couldn't take certain graduate schemes and turn them into graduate apprenticeships," he added.

In Scotland, car dealers are among businesses taking part in consultation over elements of the levy – considering Scotland's apprentice quota and who the levy should benefit – which is due to end on August 26.

Charlotte Potter, talent manager at Pendragon, thinks the key to success is to look at upskilling existing staff by developing new "trailblazer" standards for higher-level roles rather than relying on in-house training schemes.

"There's an awareness among businesses that we have a management and leadership skills gap across the UK, so the Government is hoping that providers and employers use some of the levy to upskill their leaders as well as bringing in new apprentices," she said.

Pendragon offers apprenticeships through the Chartered Manager Degree (CMD) programme, which is provided by Nottingham Trent University. It is also looking at developing a motor finance apprenticeship standard.

Potter said: "As a large employer, we have some flexibility in our headcount, so we will be looking to spend any excess levy money where possible because the value of apprentices is undisputable."

Nash added: "I know that there's a lot of training that dealer groups do over and above what is required by the various brands they represent and I think they need to look at what they might do for those things to qualify for the funding that is available."

## HOW MUCH WILL IT COST YOU?

Annual payroll	£2.5m	£5m	£50m
Apprenticeship levy (0.5%)	£12,500	£25,000	£250,000
- Levy allowance	£15,000	£15,000	£15,000
Your liability	0	£10,000	£235,000
+10% top-up (in England)	n/a	£1,000	£23,500
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## Jardine opens Land Rover Wolverhampton

Jardine Motors to run interim site until dual-brand JLR show-room is complete in 18 months.

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## Gupta hits new heights

Marshall chief executive Daksh Gupta raises £142,000 for BEN after he swapped car sales for a sky dive.

### MANUFACTURER PRICE RISES



# Price increases nothing to do with Brexit vote, claims PSA

**PSA Group has insisted that its price rises were not a response to Britain's Brexit vote as it became the third brand to raise prices since the EU referendum.**

The average price of Peugeot, Citroen and DS vehicles rose by 2% on August 1, amid suggestions that manufacturers may push up prices to "claw back" falling margins.

Vauxhall and Ford also increased prices in July.

A Vauxhall spokesman said: "The price increase in July was the result of exchange rate decline increasing our costs. It was a straightforward rise – the dealer

margin is a percentage of list price."

A spokesman for PSA claimed its changes were not a response to recent exchange rate fluctuations, stating that its prices were "continually reviewed to ensure each brand remains well positioned and competitive in the marketplace".

"A price rise at some stage during the summer period has been part of our brands' provisional planning for some months," the spokesman added.

Renault, Fiat and Nissan are among the manufacturers openly speculating that the current weak pound and the prospect of trading

tariffs with Europe could prompt more widespread rises.

A Renault spokesman said it had changed no prices since the referendum and that none was planned at Renault UK.

"Renault UK constantly evaluates its competitive positioning in the marketplace," he added.

**Bob Shanks, Ford's chief financial officer**, said last month that factory closures and price increases were "on the table" as the manufacturer looks to cut costs.

Ford had previously expressed fears that Brexit may cost the brand more than £800 million over the next two years.

### IN BRIEF

#### PSA GROUP

PSA Group will pit its own dealers against independents for repair work following the manufacturer's acquisition of comparison website Autobutler. Customers post their servicing job for free to the website's network of independent and franchised dealer garages. The customer can then choose from three quotes.

#### MAHINDRA

Mahindra has begun online-only sales in the UK with the delivery of its first £12,995 e2o electric city car. Consumers can buy online but can only take a test drive by visiting the Indian manufacturer's UK headquarters in Chiswick, West London.

#### VANTAGE

Vantage Motor Group has invested £900,000 in a new Kia showroom in Bradford. The Canal Road facility has an eight-car showroom and 50 display spaces. It is Vantage's second Kia site and incorporates its new 'Red Cube' design identity.

#### ANTELOPE

Newcore Capital Management has bought Antelope Garages' Nissan showroom on Swan Close Road, Banbury, ahead of its closure in September. The 0.9-acre site will be leased by White Commercial and Rapleys.

#### INCHCAPE

Inchcape is expected to submit a planning application for a £9 million Audi retail site in Bolton. The facility, earmarked for a site off Manchester Road, would replace the group's existing site off the A666. Bolton Council leader, Cllr Cliff Morris, said: "The development will create jobs and could be a real game-changer for this part of the town."

### LOOKERS

**Lookers announced turnover up by 33% to £2.34 billion in H1 as it targeted growth through acquisition activities in the remainder of the year.**

Operating profit increased 20% to £59.1 million (2015: £49.2 million) and profit before tax increased 16% to £50.1 million (2015: £43.1 million) for the half-year ending June 30 as the PLC increased new and used car sales at its 150 franchised dealerships.

The results were announced shortly after Lookers' £120m conditional agreement to sell its parts division, which includes FPS, to Alliance Automotive UK and the £55.4m conditional acquisition of Warwick Holdings, trading as Drayton Group, a Mercedes-Benz and Smart dealership business operating from

seven locations in the West Midlands.

Lookers also subsequently acquired AM Award winner Knights Group in a £27.2m deal. That adds Lookers' first BMW and Mini partnership, through six dealerships in Stafford, Stoke-on-Trent and Crewe.

**Andy Bruce, chief executive of Lookers**, said both acquisitions were excellent businesses which will be of strong financial and cultural benefit to the group.

Lookers' motors division increased its operating profit by 22% to £53.6m in H1, compared to £43.7m last year as new car turnover rose by 12% and used by 7%.

Gross profit increased by 22% to £257.1m (2015: 210.5m) and adjusted profit from operations increased by 20% to £57.2m (2015: £47.8 million).



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**"Castrol's drive to push its product to the limit, both in terms of performance and innovation very much mirrors the ethos shared by Koenigsegg"**

CHRISTIAN VON KOENIGSEGG

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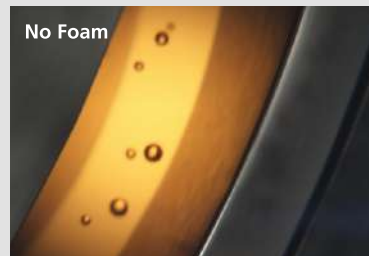
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## PEOPLE NEWS

## STEVE ZANLUNGI



Fiat Chrysler Automobiles UK is recruiting a new managing director following Steve Zanlungi's appointment as president and chief executive of FCA Australia.

## RAY SOMMERVILLE



Ray Sommerville, the former chief executive at Perrys Motor Sales, has joined Cox Automotive UK as non-executive director.

## BIG CARS

Big Cars has appointed Lee Pembroke as sales director and Julie Wallman as head of marketing. The appointments come at a time of expansion for Essex-based Big Cars, which was founded in 2008 and will open its fourth site, in Sudbury, Suffolk, in September.

## COX AUTOMOTIVE

Former Auto Trader directors Darren Sinclair and Jonathan Williams have joined Cox Automotive, the parent company of Manheim and Motors.co.uk. Sinclair will lead Cox's digital marketing business, while Williams will be developing new products for Motors.co.uk.

## GLENN STURLEY

The Vehicle Remarketing Association (VRA) has appointed Glenn Sturley as its new chairman, with Sam Watkins becoming his deputy. The changes follow the retirement of former chairman John Davies.

## IAN DENNY



Cap HPI has appointed Ian Denny head of digital media sales as it focuses on growth in areas that "are transforming the automotive industry". Denny has previously held senior roles at Automotive Marketing Solutions, News UK and Auto Trader.

## SWANSWAY GROUP

Swansway Group's operating profits rose 8% in 2015, from £7.6 million to £8.2m, despite a "very poor year" for its Seat franchises, according to the dealer group's annual results.

Average return on sales reduced slightly from 1.36% to 1.32% and the business said its margins were under pressure as the company "chases increased manufacturer targets".

Turnover for 2015 rose 8%, from £436m to £473m, while profit before tax increased by 5.1%, from £5.9m to £6.2m.

The dealer group sold 11,600 new cars and vans over the 12-month period, up 6%, and used car volumes increased by 7%, to 8,600 units.

Gross profit on sales, at £13m, was 5% ahead of the previous year, driven by the group's finance income and boosted by attractive manufacturer offers. Aftersales gross profit increased by 5%, to £7m.

Swansway's Honda division returned to profitability in 2015 – a year in which it added a fourth franchise – and its Land Rover business produced a "very satisfactory return" in its third year of trading.

Profits at Swansway's Audi and Volkswagen dealerships were down overall on the previous year, despite increased volume, and its financial statements revealed that the business's Seat representation had a "very poor year".

The director's statement from Swansway's annual results said: "The company has made a promising start to 2016, with new car volumes ahead of 2015 although margins are down as the company chases increased manufacturer targets."

## JARDINE MOTORS



Jardine Motors has opened an interim Land Rover dealership in Wolverhampton as it prepares to build a dual-brand JLR showroom in the city over the next 18 months.

The refurbished site will grow Jardine's Land Rover business to six dealerships. It already has a Jaguar dealership in Wolverhampton.

Niall Hooper, Jardine divisional director for Jaguar Land Rover, said: "We are in the process of finalising plans for a new Jaguar Land Rover site in Wolverhampton, which will support the company's retail ambitions. This, however, is not due for approximately 18 months.

"But we wanted to be able to offer customers access to the latest Land Rover range now, which is why we have invested in this temporary site."

JLR worked with Jardine to acquire a dual site in Wolverhampton from JRB Automotive, after legal proceedings by Pendragon blocked JRB's original plans for the project.

JRB's managing director, James Brearley, was managing director of Pendragon's premium Stratstone division and Chatfield's Trucks, until he left the AM100 group at the end of April.

His new business, JRB Automotive, had partnered with JLR on planning the new-build centre in Penn Road.

Pendragon closed its Wolverhampton Land Rover business in 2012.

Jardine is looking to take on 48 new starters for the Wolverhampton Land Rover site alone in addition to a 10% increase in employees who have joined the existing Jaguar Wolverhampton dealership.

## MARSHALL

Marshall Motor Holdings increased its revenue by 30.7% year-on-year to a record £826.4 million in the first half of this year.

Profit before tax in Marshall's retail operation grew 27%, and was up 5.8% in leasing.

Total adjusted PBT was up 33.6% to £14m.

In new cars, H1 unit sales were up 3.2% year-on-year, generating revenue of £363.2m and £23.8m gross profit. PCP finance was used in 81% of sales.

In used cars, unit sales were up by 0.9%, with revenue of £238.1m and gross profit of £16.9m. PCP finance was used in 48% of used cars sales.

Aftersales revenues were up 6.3% year-on-year to £63.1m, with gross profit of £28.3m.

Marshall acquired Ridgeway Garages for £106.9m in May.

Daksh Gupta, Marshall chief executive, said: "The board is pleased to announce another period of strong trading, underpinned by like-for-like organic growth in both revenue and gross profit together with contributions from recent acquisitions."

## DRIVER POWER

Renault dealers topped this year's Driver Power Dealership poll.

Renault, the current holder of AM's Franchise of the Year award, climbed 12 spots to gain first place, with sister brand Dacia placing second, beating last year's champion, Lexus, which finished third.

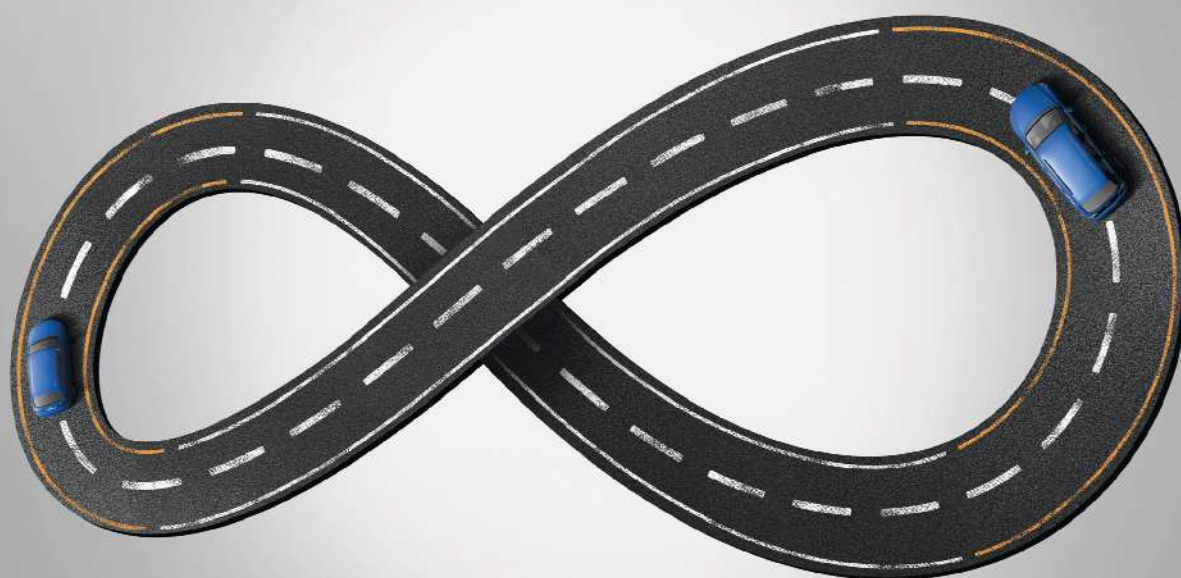
Customers rated dealers representing 31 brands in seven categories, including helpfulness, how clean the showroom appeared and the standard of work. Renault won top rankings for helpfulness and attitude, plus the overall dealer experience and value for money.

The top 10 brands were:

- Renault 94.42%
- Dacia 93.75%
- Lexus 93.71%
- Toyota 91.71%
- Alfa Romeo 91.57%
- Fiat 91.46%
- Suzuki 91.15%
- Honda 90.96%
- Kia 90.94%
- Peugeot 90.87%



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# Commitment

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It's no accident  
most dealers prefer

**accident**  
**eXchange**



## 4,000-METRE DAKSH

**Marshall Motor Holdings chief executive Daksh Gupta raised £142,000 for BEN after he swapped car sales for a sky dive from 13,000ft (almost 4,000m).**

Gupta, who overcame a fear of heights to complete the jump at the Hinton Skydive Centre in Brackley, Northamptonshire, hopes his fund-raising efforts will total £150,000 once the final pledges come in.

Speaking after the tandem jump, Gupta said: "This had to be one of the highlights for me in terms of life experiences. It was amazing, but seriously, I'm never doing it again."

Gupta was the first person to take on BEN's Industry Leader Challenge, which launched this year. BEN will reveal the identity of the next participant, who will attempt to top the amount raised, at the annual BEN Ball at Grosvenor House, London, in December.



## PETER VARDY

**Peter Vardy Group has added a BMWi outlet to its Edinburgh dealership and opened an £8 million Jaguar Land Rover dealership in Aberdeen.**

Adding the 'i' sub-brand to the Seafield Road dealership means the showroom will sell the i3 electric vehicle, i3 range extender and i8 plug-in hybrid. It has an electric vehicle (EV) area, dedicated EV specialists and charging point for customers.

BMW is expected to expand its i-range with its iNext self-driving electric car in 2021.

The new JLR centre in Aberdeen has two floors, ground and mezzanine, linked by escalators, with more than 100 new and approved used vehicles on the site and 26 ramps for servicing vehicles.

There are customer handover bays, two business lounges, with in-house barista and chef, as well as a play area for children.

The development was previously expected to be complete by the end of 2015 and plans for the site were announced in November 2014.

## INCHCAPE

**Inchcape UK's trading profit fell 4.4% year-on-year, from £38.5 million to £36.8m, according to its half-year results ended June 30, 2016.**

The group's global pre-tax profits increased by 7.8%, but its UK trading margins fell from 2.8% to 2.4%.

Overall sales grew by 12% and Inchcape's retail business grew by 10.3% like for like to £1.45 billion.

**Stefan Bomhard, Inchcape group chief executive**, said: "The competitive new vehicle market led to a decline in our new gross margin."

Inchcape is expecting new car sales to slow in the second half of this year, following the result of the EU referendum. However, Bomhard said this would be offset by a "resilient second-half performance for used vehicles and aftersales, albeit there is greater uncertainty on consumer demand following the EU referendum".

## HR OWEN

**HR Owen has reopened its Bugatti London business in Mayfair after developing the UK's first dedicated showroom for the brand.**

It will be the only place in the UK to sell the successor to the Veyron, the

1,479bhp Chiron hypercar, priced at £1.9 million.

The new showroom is on Bruton Street, adjacent to HR Owen's Jack Barclay Bentley dealership. It says the showroom will give customers a private buying experience.

## ADVERTISING FEATURE

VRM,  
NOT CRM

By Andrew Howells, chairman, CitNOW



Most readers will be familiar with 'CRM' – customer relationship marketing. Now, VRM is gathering momentum and it's perfectly suited to every dealership using personal video.

Video relationship marketing (VRM), is based on a customer lifecycle of 12 stages. The three consumer processes of research, decision-making and ownership divide neatly into the 12 activities that the dealership undertakes.

For instance, the customer journey starts with research with real stock video on the website. Browsers convert into prospects with a simple next step 'request' form for a personal presentation. If it's 'smart', the request is sent directly to the video device in the dealership.

CitNOW Trade In is a free and painless way for a sales executive to obtain a video from the customer on their part-exchange. One more barrier removed plus an accurate valuation from the video.

Of course, for finance and PCP renewals, avoid the temptation of customers ever leaving in the first place with an aptly timed personal video of their potential new replacement – sell the car and the deal.

With new car sales, sales executives select a specific model. The customer enjoys their personal video as well as additional 'new car' information delivered in the same email.

Finally, there are all those customer satisfaction opportunities. New vehicles arriving off transporters, the handover, an update or just saying 'thank you'. One manufacturer has 18 different sales opportunities for a personal video presentation.

This is only half the story; ownership means aftersales. Another time.

## Contact details:

Tel: +44 (0)118 997 7740

Email: [reply@citnow.com](mailto:reply@citnow.com)

Twitter: @CitNOW

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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.



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

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.



15.40

## Harnessing data to deliver a personal experience connecting online and in-store

**Martin Shave, technical solutions professional, Microsoft Dynamics**

Data insights and intelligence are essential if businesses are to exceed consumer expectations. To successfully deliver a more personal approach which integrates the many facets of digital with the in-store experience, dealers need to make full use of their data. This session explores how data is driving effective business solutions.



16.05 – Q&A

16.15 – 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.

### 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.

### 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.

### 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.

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20

## Registrations

New car registrations were up a nominal 0.1% in July, but the private market fell by 6.1%.

20

## Finance offers

Dealers hopeful that strong deals can tempt customers into showrooms ahead of the Q4 slowdown

22

## On the rise

Infiniti's Q30 drives 163% year on year rise for manufacturer – but the news is not so good for Lotus and Mitsubishi

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# Dealer profitability slumps as June profits stagnate

Dealers are having to work harder to generate the same return as 2015, says ASE

**R**eturn on sales slumped in June as dealers finished the first half of 2016 working harder to generate profits and manufacturers continued their product push.

That was the opinion of **ASE chairman Mike Jones** after his team's analysis found that the average UK motor retailer made £42,000 profit in June, unchanged from the same month in 2015.

The cooling of the market in Q2 meant earnings for the first half of the year was on a par with the same period in 2015 – £124k in 2015, £126k in 2016.

Jones said: "Over recent quarters, the increased losses suffered in the mid-quarter months have been more than compensated for with very strong closing months as bonuses are banked. This was unfortunately not the case in Q2 (1.0% RoS), with June failing to outperform to the same extent. It is far too early to blame this on the impact of Brexit, as the results contained one week of post-vote trading. We would normally expect a slight performance slowdown with a football tournament and a referendum taking place.

"With profit on a par [with a year earlier] and turnover up, as a result of increased registrations (16m cars registered so far this year, up 2.8%) we therefore see a significant drop in the return on sales percentage compared to the prior year. This reflects the fact that dealers are having to work harder to generate the same return with a larger volume of transactions and this is expected to continue."

Jones said increased stock holding led to a fall in used car return on investment in June, reflecting the impact of unsold self-registered vehicles arriving into stock.

These cars need to be turned quickly to mitigate future losses, he said.

**Philip Nothard, consumer and retail specialist at Cap HPI**, agreed with Jones, blaming pre-registration and manufacturers' continued product push for falling profits.

Nothard said: "It is clear that pre-registration is playing a role in bumper sales figures, supported by some amazing finance deals.

"A number of large dealer groups are reporting PCP penetration as high as 95% on new car sales."

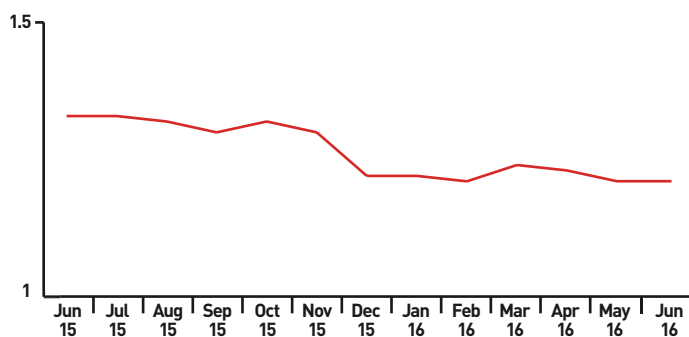
He said in the longer term, this could put pressure on used values as the volume of cars increase and used car demand declines.

"A record first half to the year for new car registrations has given the industry plenty to shout about and made for some eye catching headlines. But behind the top line figures we have a more complex picture," said Nothard. "It's clear that dealers are under pressure on their retained margins, and the annual increases are not wholly due to natural private registrations. The market is becoming more diverse at all levels."

Nothard said franchised dealers were increasingly looking towards manufacturers to provide low-rate finance, generous deposit contributions, and strong new car offers to help the situation.

Increased stock levels could go some way to compensate certain

## AVERAGE DEALER RETURN ON SALES



## DEALER KPIs

Source: ASE

Key ratio	Rolling 12 months Jun 2016	Rolling 12 months Jun 2015	Benchmark
Net profit as % of sales	1.21%	1.33%	3.0%
Overhead absorption	53.5%	54.4%	80%
Used: New sales	0.98:1	0.90:1	1.5:1
Expenses as % of gross	65.0%	63.6%	50%
Sales per salesman	173	188	150
Used vehicle stockturn (days)	54	55	45
Return on used car investment	74.4%	75.8%	100%
Overall labour efficiency	83.0%	82.3%	100%
Service gross profit % on labour	75.7%	75.6%	75%
Service expenses as % gross	60.0%	59.2%	40%
Hours per retail job card	1.57	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

dealers for the loss of per unit profitability, he suggested, adding that well informed stocking decisions are vital.

Nothard added: "The dealer market is becoming ever more

fluid, as independents adopt the latest marketing strategies, super-markets get involved in the nearly new/ex-manufacturer product, and in certain cases, add smaller market brands to their proposition."

# MARKET INTELLIGENCE

## JULY NEW CAR REGISTRATIONS

Low interest rates could come to the rescue of the cooling new car market, which registered a nominal 0.1% increase during July – up to 178,523.

Rising fleet demand propped up the market with a 5% increase in registrations to 99,124 units, while the private market fell by 6.1% year-on-year to 72,727 units, according to the Society of Motor Manufacturers and Traders (SMMT).

Following a strong plate-change performance in Q1, 1,599,159 new cars have been registered so far this year, 2.8% higher than for the same period

in 2015. However, again, most of that growth comes from the fleet end of the market, with fleet registrations up 4.7% to 816,607 units. Private registrations were up 1.1% to 721,991 units.

Registrations growth also depends on geography, with only England registering a rise in sales (1.2%). The Welsh new car market is down 4.7%, Northern Ireland down 7.7% and Scotland down 8.1% against the same seven months in 2015.

**Mike Hawes, SMMT chief executive**, said: "After a healthy start to 2016 and record registrations in

2015, the market is showing signs of cooling. With low interest rates, attractive finance options and exciting new models coming to the showrooms, the market still has lots to offer customers."

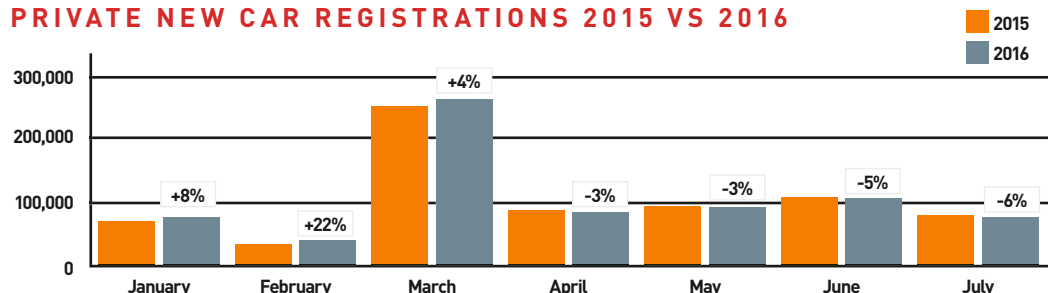
**Jayson Whittington, chief car editor at Glass's**, agreed with Hawes, stating that The Bank of England's quantitative easing measures would ensure new car sales did not fall behind 2015 levels, despite GFK's market research indicating that consumer confidence had dropped by 11 points in July, its sharpest fall in

26 years. Whittington also insisted that the market cooling was not a result of the Brexit vote on June 23. He said: "The drop-off in private sales began well before the EU referendum and is perhaps indicative of natural cooling in the market following the record total set in 2015."

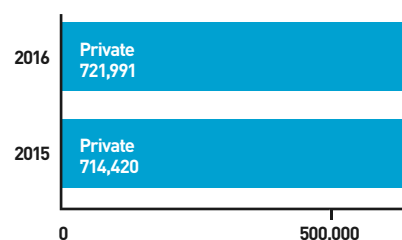
"But it is interesting that the decline has become more pronounced following the Brexit vote."

**Sue Robinson, director of the National Franchised Dealers Association (NFDA)**, said July's registration figures "confirm that overall

## PRIVATE NEW CAR REGISTRATIONS 2015 VS 2016



## REGISTRATIONS BY MARKET



Top finance offers for retail buyers			For a searchable list of manufacturers' finance offers, go to <a href="http://am-online.com/offers">am-online.com/offers</a>				Retail new car finance offers
Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
<b>Land Rover</b>							
Discovery Sport 2.0 TD4 180 SE (manual)	PCP	£9,440	37	£299	£16,749	6.90%	30/09/2016
Discovery Sport 2.0 TD4 180 HSE Black (auto)	PCP	£10,640	37	£399	£22,243	6.90%	30/09/2016
Discovery 3.0 SDV6 Graphite Auto	PCP	£15,620	37	£399	£23,226	7%	30/09/2016
Range Rover Sport 3.0 SDV6 HSE	PCP	£12,750	37	£599	£35,588	6.90%	30/09/2016
Range Rover 2.0 TDV6 Vogue	PCP	£14,370	37	£799	£39,909	6.90%	30/09/2016
<b>Renault</b>							
Twingo Play Sce 70	PCP	£726	37	£149	£3,735	5.9%	30/09/2016
Clio Play 1.2 16V 75	PCP	£947	37	£159	£4,632	3.99%	30/09/2016
Captur Expression + Tce 90	PCP	£1,107	37	£179	£6,111	3.99%	30/09/2016
Kadjar Dynamique Nav dci 110	PCP	£1,760	37	£279	£10,597	3.99%	30/09/2016
Zoe Dynamique Nav	PCP	£1,499	24	£109	£5,735	3.9%	30/09/2016
<b>Mitsubishi</b>							
Mirage Juro	PCP	£3,495	37	£149	£3,750	5.90%	29/09/2016
Mirage Juro	PCH	£2,220	35	£185	N/A	N/A	29/09/2016
Mirage Juro	HP	£3,279	60	£159	N/A	5.90%	29/09/2016
ASX ZC 1.6	PCP	£4,040	37	£169	£5,750	5.90%	29/09/2016
Outlander PHEV GX3h	PCP	£8,964	37	£299	£12,500	5.90%	29/09/2016

## FINANCE OFFERS

This month may be a true indicator of how Brexit has affected consumer confidence, but dealers will be hoping strong finance deals can continue to tempt customers into showrooms before the market starts its seasonal and predicted slowdown in Q4.

Despite statements about a strong start to the year, the Finance and Leasing Association (FLA) admits dealers should expect the market to slow in H2.

**Geraldine Kilkelly, FLA head of research and chief economist**, said: "The double-digit growth in new business volumes reported by the point-of-sale consumer car finance

## JUNE MOTOR FINANCE MARKET: NEW CARS

Point-of-sale new car finance grew 10% by value and 5% by volume in June, according to the Finance & Leasing Association (FLA). New business was up 16% by value and 11% by volume in the first half of 2016.

The percentage of private new car sales financed by FLA members through the point of sale (POS)

reached 84.9% in the 12 months to June, up from 84.3% in the 12 months to May. The used car finance market also reported new business up 9% by value and 7% by volume in June. New business in the first half of 2016 grew 14% by value and 11% by volume.

**Geraldine Kilkelly, FLA head of research and chief economist**, said:

"The POS consumer car finance market reported a strong performance in the first half of 2016, with double-digit growth in both the new and used car finance markets."

"Despite modest contractions in private new car registrations in recent months, FLA members have continued to report growth in new business volumes."

## New cars bought on finance by consumers

	Jun 2016
Value of advances (£m)	1,533
Number of cars	88,531

## New cars bought on finance by businesses

Number of cars	47,163
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retail sales are going through a stabilisation period following a positive second quarter”.

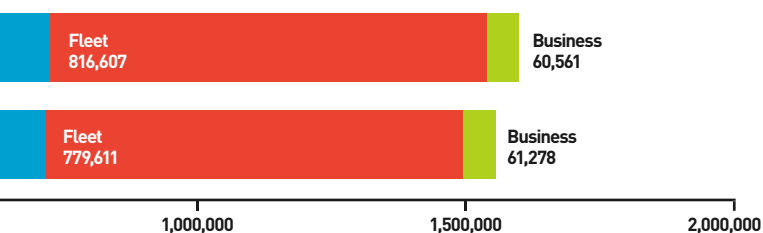
She added: “Many dealers have experienced an improvement on retail demand in July, compared to the immediate post-Brexit situation. The UK remains a large market for the EU and performance for the year ahead is expected to be in line with market expectations.”

She drew positives from an upturn in the EV market, saying: “It’s positive to see alternative fuel vehicles sales remained strong, up 24.7% in July,

prompted by various benefits such as low running costs, lower rates of vehicle excise duty and financial support offered by the Government.”

**Richard Jones, Black Horse managing director**, said: “July’s figures show resilience for the industry against a backdrop of challenging economic conditions. Ongoing uncertainty doesn’t seem to have impacted new car sales, but I would expect the remainder of 2016 to bring further challenges and we might well see this reflected in more modest figures later in the year.”

## KET SEGMENT



market in the first half of 2016 was ahead of expectations. We would therefore expect to see a slower pace of growth in the second half of 2016 in line with our expectations of single-digit new business volumes growth in 2016 as a whole.”

Land Rover’s finance campaign in Q3 is supporting dealer growth, with the brand recording a 73% leap in registrations in July, up to 4,882 units. While Land Rover is asking for high deposits of about £10,000 or more, the monthly repayments are kept to a largely affordable level for a premium SUV brand, such as £299 a month for a Discovery Sport 2.0 TD4 180 SE (manual).

At the other end of the spectrum, Renault and Mitsubishi recorded

huge drops in registrations in July, at about 30% each. The French brand has deals to support monthly payments below the £200 point in September on core models such as Twingo, Clio, Captur and Zoe.

Mitsubishi has been left adjusting to a new level of demand for its Outlander PHEV and dealers will be hoping the success the model has brought isn’t fleeting. Mitsubishi needs to push to beyond 5,000 units in Q3 in order to beat last year’s performance and has given dealers a range of PCP, PCH and HP deals. The SUV is available at under £300 and Mitsubishi is continuing to mitigate the reduction in the plug-in car grant by topping up deposit support with an extra £2,500.

## through dealerships

Source: FLA

Change on previous year	3 months to Jun 2016	Change on previous year	12 months to Jun 2016	Change on previous year
+10%	4,374	+13%	17,518	+17%
+5%	253,643	+8%	1,037,000	+11%
through dealerships				
+0%	138,079	-5%	508,205	-1%

## ADVERTISING FEATURE

# BLACK HORSE COMMENT

By Richard Jones, managing director, Black Horse



Converting footfall into sales, recommending the right vehicles and explaining finance options clearly to customers are, of course, vital skills in our industry. This is particularly crucial during the new registration periods.

Expert training for your staff can be vital to support this. That’s why we’ve placed a great emphasis on providing dealerships with face-to-face and online training to support your needs. We are now launching a new online dealer-training programme to further increase our support for dealerships in this area.

Our updated Premium LetsUlearn programme gives both new starters and experienced staff at dealerships immediate online access to a range of topics, including regulatory guidelines, effective finance product presentations, plus key soft skills for dealer sales and management teams.

Many of the new courses were chosen to help ensure the sector follows the FCA’s focus on putting the customer’s interests at the centre of all its procedures. To further help understand what this means, the courses are supported by a monthly webinar, which gives direct interaction with a sales trainer.

Businesses looking to cut costs or maximise time in the showroom may be tempted to reduce employee training. However, its benefits are felt across the whole business and can far outweigh any cost or resource savings, especially when the courses are hosted online to ensure minimal disruption to your day-to-day operations.

An expertly trained team is more likely to display:


- improved customer service skills
- new talents targeted to the business needs
- increased motivation from the investment and belief placed in them.

Importantly, trained staff will share consistent messages with customers to adhere to a dealership’s quality standards and legal requirements. From a regulatory point of view, this means employees will be better equipped to present finance options within the FCA framework, the benefits of which include increased customer retention and advocacy, but most importantly, an improved customer experience.



## RISERS & FALLERS

TOP 10	
Infiniti	163.27%
Abarth	76.49%
Smart	58.24%
Jaguar	56.77%
SsangYong	50.40%
Jeep	45.28%
Bentley	35.50%
Land Rover	21.69%
Mercedes-Benz	18.04%
Honda	16.46%




Infiniti's Q30 is paying dividends for the Japanese premium marque.

The Sunderland-built hatchback has boosted the fortunes of Nissan's rival to the likes of Audi, BMW and Mercedes and pushed Infiniti to a 163.3% rise year-on-year, with 1,964 registrations by the end of July.

Mitsubishi appears to be feeling the effects of a change to the EV grant scheme, despite making up the 50% fall in the subsidy with its own £2,500 deposit contribution on the Outlander PHEV. To date, the brand has registered 11,730 vehicles in the UK – a 20.8% fall year-on-year.

■ Read our manufacturer profile on Page 30.

BOTTOM 10	
Lotus	-37.61%
Mitsubishi	-20.81%
Aston Martin	-9.38%
Seat	-8.94%
Volkswagen	-8.82%
Nissan	-5.15%
Maserati	-4.53%
Dacia	-4.33%
Peugeot	-4.23%
Vauxhall	-4.18%



## NEW CAR REGISTRATIONS

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



	July						Year-to-date				
Marque	2016	% market share	2015	% market share	% change	2016	% market share	2015	% market share	% change	
Ford	22,247	12.46	24,115	13.52	-7.75	193,439	12.10	201,265	12.94	-3.89	
Vauxhall	19,733	11.05	16,899	9.47	16.77	152,680	9.55	159,333	10.24	-4.18	
Volkswagen	14,038	7.86	15,503	8.69	-9.45	123,604	7.73	135,567	8.72	-8.82	
Mercedes-Benz	11,650	6.53	10,127	5.68	15.04	100,253	6.27	84,930	5.46	18.04	
Audi	11,582	6.49	13,004	7.29	-10.94	101,103	6.32	99,013	6.37	2.11	
Nissan	9,944	5.57	9,912	5.56	0.32	88,526	5.54	93,335	6.00	-5.15	
BMW	9,699	5.43	9,385	5.26	3.35	101,309	6.34	89,748	5.77	12.88	
Kia	7,417	4.15	5,857	3.28	26.63	53,760	3.36	48,105	3.09	11.76	
Peugeot	6,916	3.87	7,077	3.97	-2.27	61,692	3.86	64,414	4.14	-4.23	
Hyundai	6,093	3.41	6,168	3.46	-1.22	54,170	3.39	52,911	3.40	2.38	
Škoda	5,825	3.26	6,576	3.69	-11.42	48,058	3.01	46,044	2.96	4.37	
Toyota	5,333	2.99	6,251	3.50	-14.69	59,837	3.74	60,196	3.87	-0.60	
Land Rover	4,882	2.73	2,822	1.58	73.00	47,441	2.97	38,986	2.51	21.69	
Citroën*	4,311	2.41	5,496	3.08	-21.56	42,092	2.63	50,979	3.28	-17.43	
Honda	3,886	2.18	3,547	1.99	9.56	36,335	2.27	31,200	2.01	16.46	
Renault	3,782	2.12	5,499	3.08	-31.22	48,352	3.02	42,339	2.72	14.20	
Volvo	3,629	2.03	3,016	1.69	20.32	26,258	1.64	24,172	1.55	8.63	
Fiat	3,506	1.96	4,693	2.63	-25.29	36,830	2.30	37,369	2.40	-1.44	
Seat	3,154	1.77	3,190	1.79	-1.13	27,788	1.74	30,517	1.96	-8.94	
Mini	3,026	1.70	3,123	1.75	-3.11	36,989	2.31	34,427	2.21	7.44	
Suzuki	2,885	1.62	2,045	1.15	41.08	22,829	1.43	19,732	1.27	15.70	
Mazda	2,692	1.51	3,008	1.69	-10.51	29,073	1.82	26,556	1.71	9.48	
Jaguar	2,639	1.48	2,388	1.34	10.51	19,236	1.20	12,270	0.79	56.77	
Dacia	1,386	0.78	1,040	0.58	33.27	14,831	0.93	15,503	1.00	-4.33	
DS*	1,211	0.68	782	0.44	54.86	10,647	0.67	1,576	0.10	575.57	
Mitsubishi	1,186	0.66	1,622	0.91	-26.88	11,730	0.73	14,812	0.95	-20.81	
Jeep	1,182	0.66	691	0.39	71.06	8,782	0.55	6,045	0.39	45.28	
Smart	873	0.49	661	0.37	32.07	6,616	0.41	4,181	0.27	58.24	
Lexus	774	0.43	828	0.46	-6.52	8,190	0.51	7,757	0.50	5.58	
Porsche	636	0.36	1,177	0.66	-45.96	7,348	0.46	7,369	0.47	-0.28	
Alfa Romeo	433	0.24	306	0.17	41.50	3,138	0.20	2,918	0.19	7.54	
Infiniti	399	0.22	137	0.08	191.24	1,964	0.12	746	0.05	163.27	
MG	305	0.17	237	0.13	28.69	2,201	0.14	1,907	0.12	15.42	
SsangYong	293	0.16	397	0.22	-26.20	2,635	0.16	1,752	0.11	50.40	
Bentley	188	0.11	116	0.07	62.07	1,149	0.07	848	0.05	35.50	
Abarth	180	0.10	160	0.09	12.50	2,185	0.14	1,238	0.08	76.49	
Subaru	148	0.08	167	0.09	-11.38	1,976	0.12	1,834	0.12	7.74	
Maserati	131	0.07	105	0.06	24.76	843	0.05	883	0.06	-4.53	
Aston Martin	45	0.03	69	0.04	-34.78	512	0.03	565	0.04	-9.38	
Lotus	1	0.00	39	0.02	-97.44	141	0.01	226	0.01	-37.61	
Other British	56	0.03	58	0.03	-3.45	479	0.03	437	0.03	9.61	
Other Imports	227	0.13	122	0.07	86.07	2,135	0.13	1,166	0.07	83.10	
Total	178,523		178,420		0.06	1,599,159		1,555,309		2.82	

\*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 2016 registrations for Citroën and DS when comparing year-on-year results.

# WE'LL HELP YOU GET THERE

# Higher value stock increases market share

Nearly-new and luxury used car prices managed to bolster values at BCA to record a 1.7% overall price rise in July as reports from Manheim show a 3.4% slump during the month.

BCA's Pulse report revealed that the headline average value of a used car rose from £8,198 in June to £8,341 in July, an increase of £143, as Manheim reported a 3.4% drop, largely affected by a decrease in ex-fleet car values.

## Ex-fleet

Pulse revealed that higher value ex-fleet stock increased market share over the month.

On average, stock was around a month newer than in July 2015 (39.08 months versus 40.01) with a mileage over 3,000 lower (43,105 versus 46,309) but prices dropped by just £4 to £9,665.

July's average was the lowest price since February's £9,662 and 3.5% down on May's high of £9,906. Manheim reported ex-fleet cars fell 3.9% in value at its sales, to £9,822.

## Trade-in disposals

Manheim reported that sales of part-exchange stock helped to bolster its overall

average sale with a slight rise of 0.5%, with prices rising to £3,529.

Overall, Manheim's wholesale used car prices fell by 3.4% during July.

Average values for dealer part-exchange cars at BCA were flat, down by just £12 over the month at £4,495.

The figure remains the second highest average value on record for dealer part-exchange stock, however. Year-on-year values were ahead by £217 (5.0%).

Research by Cap HPI showed used car volumes rose by 5.9% per cent in the second quarter of 2016 against the same period last year.

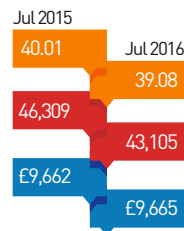
**Philip Nothard, consumer and retail specialist at Cap HPI,** said: "In spite of large volumes of used vehicles available, the market has remained steady through 2016, with the market following seasonal trends.

"And while June saw a sharp decline in activity, it should be noted that total volumes in the month exceeded those of June 2015.

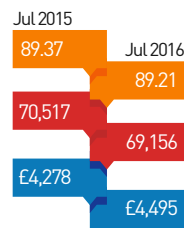
"Additionally, 2016 remains 9.4% ahead of 2015 over the first half of the year, which is significant against a 2015 figure, only 0.54% ahead of 2014 at the same point."

## YEAR-ON-YEAR

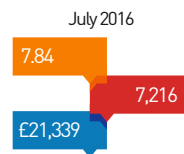
### Fleet/leasing



### Part-exchange



### Nearly new



■ Average age (months)  
■ Average mileage  
■ Average value

Source: BCA

## ECONOMIC INDICATORS

### INFLATION

↑ +0.6%

The CPI rate rose by 0.6% in the year to July 2016, compared with a 0.5% rise in the year to June. The 0.1% increase in the rate takes it to the highest seen since November 2014 but remains relatively low in the historic context.

### UNEMPLOYMENT

↓ 52,000

The unemployment rate for the three months to June was 4.9%. A total of 1.64 million people were out of work, a fall of 52,000 over the quarter and 207,000 down compared with a year ago.

### MORTGAGES

↑ +28%

First-time buyers borrowed £5.5bn in June, up 28% on May and 25% on June last year. This equated to 34,300 loans, up 24% month-on-month and 17% year-on-year.

### CREDIT CARD BORROWING

↓ £392m

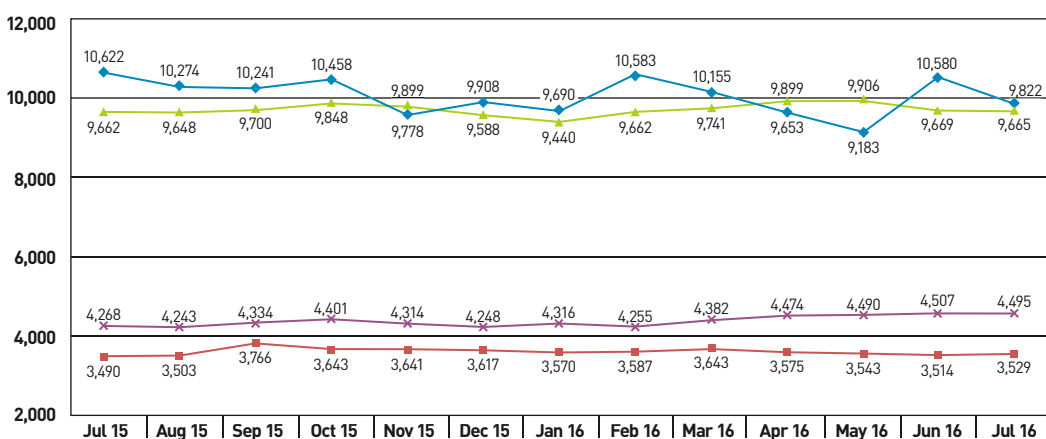
There were 227 million purchases in June, with a total value of £12.7bn – down £392m on May's purchases – said the British Banking Association. About 60 million credit cards are in issue.

### HOUSE PRICES

↑ 8.7%

The average UK house price was £214,000 in June – £17,000 higher than in May 2015. Valuations rose 8.7% compared to 8.5% in May, according to the Office of National Statistics index, which includes both new-build and cash sales in its reckoning.

## USED CAR VALUE TRENDS (£)



Used cars bought on finance by consumers through dealerships						Source: FLA
	Jun 2016	Change on previous year	3 months to Jun 2016	Change on previous year	12 months to Jun 2016	Change on previous year
Value of advances (£m)	1,139	9%	3,491	13%	12,965	14%
Number of cars	105,025	7%	324,877	11%	1,213,337	11%
Used cars bought on finance by businesses through dealerships						
Number of cars	3,129	10%	12,028	28%	40,120	1%

# AM AWARDS: 2017



## AM JUDGING PANEL

Independently audited by BDO



**Christopher Macgowan OBE**, chairman of the judges



**Stephen Briers**, editor-in-chief, *AM*



**Tim Rose**, editor, *AM*



**Jeremy Bennett**, associate editor, *AM*



**Piers Trenear-Thomas**, industry analyst



**Steve Young**, managing director, International Car Distribution Programme



**Steve Nash**, chief executive, Institute of the Motor Industry



**Professor Jim Saker**, director of the Centre of Automotive Management, Loughborough University's Business School



**Ray Sommerville**, industry veteran, former chief executive of Perrys



**Hugh Dickerson**, Google (judging digital categories only)

The AM Awards 2017 gala dinner is barely six months away, so the time has come for you to consider the categories and prepare your entries to demonstrate your pride in your business and its achievements in motor retail.

The AM Awards 2017, to be held at the ICC in Birmingham on February 9, 2017, will acknowledge the high achievers – both companies and individuals – in 23 categories. One is new, to recognise high performance in finance and insurance, a key area for any franchised dealer.

Also new is an online entry system to take the pain out of all that form filling. So please do take the time to put your business and your staff forward.

The judges, plus the auditors BDO and the entire AM team, look forward to reading your entries and to welcoming you at the ICC in Birmingham.

So, are you in it to win it?

## AWARDS TIMELINE

**Today**

Enter your application now

**October 28**

Entry deadline

**November 7 to January 6**

Auditing by BDO





Now  
open for  
entries at:  
[www.am-awards.co.uk](http://www.am-awards.co.uk)

## THE 2017 CATEGORIES

### DIGITAL AWARDS

#### Best Use of Social Media

A well thought-out social media strategy that has the buy-in of all your staff, not just those using social media. The judges will want to see what has inspired your social media campaign, its key elements, how you monitor its effectiveness and the impact it has had on winning and retaining customers.

**2016 winner: Perrys Motor Sales**

*Sponsored By: Marketing Delivery*

#### Best Use of Video

Entrants should explain the thought process involved in coming up with the message, why the use of the video was judged the right approach over more traditional methods, the process by which the creative was made, its content and, of course, the impact on the business – for example in terms of ROI, new business won or business retained.

**2016 winner: Perrys Motor Sales**

#### Best Dealer Website

The judges are looking for a website that is easy to use, fast, functional and attractive, that encourages people to spend time viewing it and returning. It needs to be kept up to date, make good use of images and be informative and be jargon free, and run on mobile devices.

**2016 winner: Arnold Clark Automobiles**

*Sponsored By: CarGurus*

### EXCELLENCE IN BUSINESS

#### Best Training and Development Programme

The judges are looking for a cohesive training and/or development programme incorporating coaching, leadership, skills and competencies, and examples of how it has impacted on staff and business performance.

**2016 winner: John Clark Motor Group**

*Sponsored By: AutoProtect*

#### NEW CATEGORY

##### Best F&I Performance

Entrants will be judged on business done against targets, penetration percentage for customers purchasing a vehicle, compliance and how F&I has contributed to customer retention and satisfaction.

*Sponsored By: DSG Finance*

##### Excellence in Customer Service

Entrants must show a genuine understanding of customers' needs, with a team-based desire to make a difference. Initiatives don't have to transform a business, but they will

have to make a clear difference.

Entries should include case studies proving the initiative's impact.

**2016 winner: Devonshire Motors**

*Sponsored By: EMaC*

##### Excellence in Aftersales

Examples of best practice and outstanding performance are essential in this category. The entry needs to show high levels of customer satisfaction, a keen awareness of marketing and an appreciation of the role of staff.

**2016 winner: Peter Vardy Motherwell Vauxhall**

*Sponsored By: FUCHS Lubricants*

##### Best Sales Team (New or Used)

The judges are looking for evidence of teamwork and motivation, challenges faced and how teamwork overcame them to show a clear improvement in sales, morale, staff retention, motivation and customer satisfaction.

**2016 winner: Hendy Group**

*Sponsored By: Barclays Partner Finance*

**Late January**  
Shortlist announced

**February 9**  
AM Awards takes place in Birmingham

## MANUFACTURER AWARDS

### Used Car of the Year

This category considers used cars aged six months to three years. It is decided by AM's dealer audience through online voting.

**2016 winner: Kia Sportage**

*Sponsored By: Car Care Plan*

### New Car of the Year

Innovation, quality and being a money maker for dealers are the key criteria for this award, which is decided by AM's dealer audience through online voting.

**2016 winner: Honda HR-V**

*Sponsored By: Supagard*

### Franchise Partner of the Year

This award recognises the brand that in the past 12 months has fulfilled the promises that it has made to dealers. Again, this will be decided by AM's dealer audience through the online voting process.

**2016 winner: Renault**

## RETAILER AWARDS

### Best Used Car Performance

The judges will be looking for companies that have a robust used car policy, a good understanding of the issues affecting used car sales and sourcing and sustained business profitability, plus an innovative approach to business.

**2016 winner: Perrys Vauxhall Doncaster**

*Sponsored By: Autoclenz*

### Best Fleet Operation

A fleet focus is providing many dealers with improved profits. This category focuses on the provision of excellent customer service from fleet finance options, through to dedicated fleet sales operations and service departments used to dealing with the multitude of issues that fleet operators and leasing providers have to face.

**2016 winner: Swansway Group**

### Most Improved Dealership

This award recognises the dealership that has put in place a recovery strategy that has borne remarkable results. There must be clear evidence the dealership has been through a significant business improvement over the previous 12 months.

**2016 winner: Sandcliffe of Stapleford**

### Best Dealership

This category recognises the performance of each individual, team and department in a dealership rewarding, where appropriate, sales, marketing, new and used car sales, the workshop and administration. The winner will be a real all-rounder.

**2016 winner: Peter Vardy BMW and Mini Edinburgh**

*Sponsored By: Rhino Events*

### Best Retail Group (up to 10 sites)

The motor retail industry is made up primarily of smaller, regional groups. This award recognises and honours those companies. Entrants will need to meet the AM Awards' original criteria of quality, innovation and service and how they have tracked their performance improvement over the past five years.

**2016 winner: City West Country**

*Sponsored By: Jewellultra Diamondbrite*

### Best Retail Group (more than 10 sites)

This award recognises the complexities that come from co-ordinating a larger retail group. Entrants will be able to show how they meet the criteria of quality, innovation and service, and how they have tracked performance improvement over the past five years.

**2016 winner: Arnold Clark Automobiles**

*Sponsored By: Dealerweb*

# ▶▶ NEW ONLINE ENTRY

Reflecting the spirit of innovation that is a consistent characteristic of the AM Awards each year, AM itself has introduced an important new feature for entrants, judges and the AM team.

New for the 2017 AM Awards is a simple-to-use online submission and management of your entries.

To familiarise yourself with the process go to [www.am-awards.co.uk](http://www.am-awards.co.uk) and click on the mast-head link, 'Award categories and entry process'. Here you'll see the list of categories that are available in 2017.

To begin your entry process, you need to register first by providing some basic information about yourself and your company and then set up your password to create your awards account.

Once this is complete you can move on to making your first entry. Each time you select a category to enter you'll be given a description of the criteria and our entry requirements – everything you'll need to supply so that AM can judge the entry fairly.

Beyond this, the entry form is broken into three parts.

- 1 Firstly you'll put in details such as the company on behalf of which you're entering and, and who will collect the awards should you win (if you know at this stage).



- 2 The second stage is probably the most important as you will be asked to answer the category questions. To ensure fairness we've put word limits on each question.
- 3 Once you've completed the submission stage you can then move on to providing attachments, typically material supporting

your entry. These can be pdfs and images (we'll always want your company logo) from your computer – and you can list web addresses the judges should look at, or perhaps a YouTube-hosted video we should watch to further understand your business.

If you aren't in a position to complete all the steps above in one go, it doesn't matter as at

## HEADLINE AWARDS

### Digital Initiative of the Year

This award is given to the best overall initiative of 2016. The three winners from the digital categories – best use of social media, best use of video & best dealer website – go head-to-head to decide the winner.

**2016 winner: BMW Retail Online**

*Sponsored By: Auto Trader*

### Dealer Principal/General Manager of the Year

This recognises an individual who combines business needs with the demands of managing a dealership team and customer expectations. GMs and dealer principals can put themselves forward for the award or be nominated by dealer group or manufacturer.

**2016 winner: John Vilums, general manager, Perrys Vauxhall Doncaster**

### Manufacturer of the Year

Models on the forecourt must be right for the customers in terms of practicality, cost, style and the

environment, while the manufacturer must also be making a clear statement of intent on the development of new models and supporting technologies that is matched by a track record of delivering on promises to the dealer network.

**2016 winner: Mercedes-Benz**

*Sponsored By: carwow*

### Retailer of the Year

This award is given to the best retailer in the UK. Six winners from the retail categories – the two retail groups, fleet operation, most improved dealership, dealership and used car performance – go head-to-head to decide the winner. Quality, service, profitability, innovation and a robust business plan are essential.

**2016 winner: Arnold Clark Automobiles**

### Business Leader of the Year

This award is presented to the person who has had the biggest impact on the motor industry during the

previous 12 months. Their contribution will have made a significant, positive impact to the way companies do business or to the way the industry is portrayed to the public. The recipient is decided by the editor-in-chief of *AM*, Stephen Briers in consultation with the *AM* Awards' judges.

**2016 winner: Gary Savage, CEO, Mercedes-Benz UK**

*Sponsored By: Santander Consumer Finance*

### AM Hall of Fame

Each year the 'AM Hall of Fame' recognises someone who has made an outstanding contribution to the automotive industry during their career. Not only will they have led a hugely successful business, but they will also have raised professionalism in the industry and helped improve its image. Without them the motor industry would be a poorer place. The recipient is decided by *AM*'s editor-in-chief Stephen Briers.

**2016 winner: Mark Squires**



## BDO Auditors

This will be our third year of involvement and we are pleased to bring our experience of more than 25 years working with motor retailers to support *AM* in its recognition of the stars of the UK motor industry. Each year we have been impressed by the quality of the entries. We look forward to auditing this year's entries and listening to the innovative ideas and success stories.



"Groupe Renault UK is very proud to be recognised

as franchise of the year in 2015. We have achieved unprecedented growth and profitability with our network in the past two years. For this to be recognised within our industry is very special for all of us."

**Jeremy Townsend, Renault**



"KMUK have enjoyed great success

with Sportage and this award comes as we launch the new generation, so it's a boost for the old car and the new. We have put a lot of effort into our Approved Used car scheme so this is recognition of that. Dealers and customers love the fact that for cars up to 18 months old we reinstate the 7-year warranty. This is an endorsement of our commitment to give dealers and customers the best possible service and value."

**Steve Kitson, Kia Motors UK**

# SYSTEM

any stage in the entry process you can save your information to return to it later.

Your entries will be saved in a 'My awards' area accessible when you login using your email address and password.

When you are finally satisfied with your entry, you can submit it for the judges' consideration.

If you decide later that you need to add more information ahead of the entry deadline or you simply want to review your entry after you've submitted it, you can do so via your 'My awards' area.

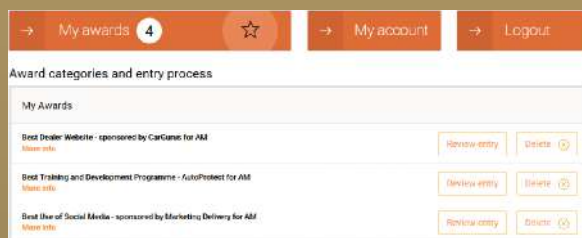
You can also delete an entry – and restore it if you realise you've been too hasty.

And if you're unsure at any point about the process, there are 'help' buttons throughout each step of the process – send us an email with your question.

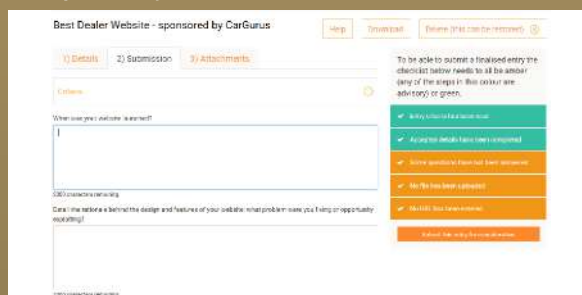
The *AM* Awards judges will have access to the submitted entries where they will be able to view them or download them.

The new online system has been devised to simplify the entry process, doing away with the need to download entry forms, keep them somewhere safe while completing them and then storing copies once submitted.

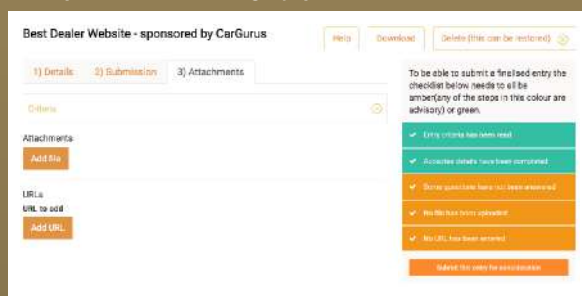
Your 'My awards' area means you have all the information in one place, easily accessible from any internet enabled device.



### Step 1: Enter your details



### Step 2: Answer the category questions



### Step 3: Provide your supporting material



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**Face to face:  
Now Motor Retailing**

The demise of one model hit his solus Vauxhall group hard, says MD Jon Taylor.

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**View from  
the business school**

Dealerships may have a part to play in the war on terrorism, says Jim Saker.

43

**'How I got my  
start in motor retail'**

Five dealer group chiefs talk about their very different origins in the industry.

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**Spot your  
rising stars**

Look beyond the sales department to identify your future leaders.

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**AM & IMI  
People Conference**

Why dealers need to start with much younger potential recruits.

# Can Mitsubishi double its volume in five years?

MD Lance Bradley believes a new SUV a year and a training scheme for dealership staff could take it to 50,000 registrations by 2021

## NEED TO KNOW

- Mitsubishi believes 40,000-50,000 annual registrations possible under ideal conditions
- IMI-accredited training 'guarantees the right experience'

By Tim Rose

**T**he Outlander PHEV has been Mitsubishi's biggest success story in recent years – its 11,786 registrations in 2015 made it the best-selling plug-in vehicle on the UK market – but now the brand has to retain the customers it won and attract more.

To address those challenges, Mitsubishi will take a two-pronged approach – an expanded model range and a revision of how its 125-strong franchised network deals with customers.

Earlier this year, **Lance Bradley, managing director of Mitsubishi Motors in the UK** and his senior team shared their five-year "vision" with the network. Under ideal conditions, they said, this could take the brand's annual new vehicle volume to between 40,000 and 50,000 units.

Bradley acknowledged that that is quite a range, and claimed it is not a target, but rather what he thinks is possible given the Mitsubishi products coming through – it will launch a new SUV every year until 2021 to capitalise on a market that has grown by 214% since 2010.

The model range is already expanding, with a Shogun Sport

coming later this year, followed in 2017 by a new mid-sized model complete with a tax-efficient PHEV (plug-in hybrid electric vehicle) drivetrain and front-wheel drive. That will be positioned slightly above the ASX compact crossover, which will remain in the market until near the end of the decade. Joining it in 2018 will be a B-segment SUV, a first for the brand, followed in subsequent years by replacements for the current full-size Shogun and Outlander.

However, that volume ambition is some way off. In 2015, Mitsubishi's new car registrations totalled 22,693 units, on top of which it achieved 9,006 light commercial vehicle sales – mostly its L200 pick-up. For 2016, its growth target is modest, perhaps 5%, Bradley said.

However, at the half-year point, its car registrations were down 20% on the same six months in 2015, while LCV registrations were up 3%.

Even with a new PHEV in the model line-up, Mitsubishi faces significant challenges. When the Outlander launched, it was ahead of the plug-in game, but now it competes in a far more crowded marketplace against the likes of Volkswagen, BMW and Mercedes-Benz. The Government grant that lowered the price of the Outlander by £5,000 changed in March, and it now qualifies for a grant of only £2,500.

Exchange rates, long an issue for Japanese manufacturers, have also been moving in a less favourable direction, with the yen down almost 12% against sterling since the EU referendum.



The Outlander PHEV has been Mitsubishi's star performer since its launch in 2014

# 22,693

Mitsubishi's 2015 car registrations

# -20.06%

The fall in Mitsubishi's car registrations year-on-year for the first half of 2016

## KEY MITSUBISHI PRODUCTS



### OUTLANDER PHEV

Mitsubishi was first to market with a plug-in hybrid SUV, which won over company car users due to its low benefit-in-kind taxation. While dealers were trained to emphasise its claimed 140mpg, Mitsubishi had to produce videos for leasing companies to show customers how to achieve it.



### L200

The pick-up truck has been a staple of the brand for more than a decade. This new model launched last year, but Mitsubishi kept its predecessor on sale at a lower price point. L200 accounts for about a quarter of UK Mitsubishi sales.



### ASX

This compact crossover SUV struggled in the early years after its 2010 launch, but a price drop in 2014 and consistent marketing on TV have revived its fortunes.

UBISHI MOTORS

 MITSUBISHI MOTORS



### Changing the customer experience

Mitsubishi's dealerships will need more staff if its volume ambitions are to be realised without damaging the customer experience and Bradley hopes that a new training programme, which includes IMI accreditation, will entice new people to the network.

Sales, aftersales and technical personnel can avail of tailored programmes and more than half of the courses are provided online so as not to take salespeople and aftersales staff out of the showroom all day.

"Customers who are spending a lot of money have a right to be served by people who know what they're talking about. The training course we had didn't guarantee delivering that, and I think we should guarantee the right experience to customers," said Bradley.

He said Mitsubishi had not identified any particular issue with CSI that led to the programme. Customer feedback scores show that 86% would go back to the same dealer.

"The vast majority are providing a great service now, but what constitutes a great service now won't necessarily be what

constitutes a great service in five years' time," he added.

One area that Bradley believes needs work is the physical sale in the showroom.

In the new car market, there are so many different offers on so many different cars that it's harder to demonstrate it's the best deal, he said.

The automotive retail sector has long debated the merits of the 'haggle' and Bradley believes the way customers now choose their cars may finally lead to one of the most awkward points in the car-buying process being jettisoned.

Customers often don't enjoy the car-buying experience, he said: "A car purchase should be fantastic, not just all right, but brilliant and really enjoyable. But in a lot of cases it's not – the customer knows the dealer is better at haggling than they are because the customer does it once every three years and the dealer does it every day.

"If there were a way of getting away from that, it would be a good thing. You can't get into price-fixing, but if you were able to present something to customers that clearly was the best deal, that would make them feel good and they'd enjoy the purchase process more."

### Will Mitsubishi start selling online?

Bradley doesn't believe everyone will buy online, thereby leaving no role for dealers. He thinks people will still want to test drive, to see if they fit in the car and if it fits in their garage, and they'll want regular servicing.

However, he said: "You can't say 'people will always want to buy cars the way they do now', because they won't. It's not a question of if car buying is going to change, it's when will it change. It's not something we or dealers should feel afraid of, but you have to embrace change, and that's a big part of what we're currently looking at.

"I don't see change as a problem, it's an opportunity. If we're first to crack it, we'll have as big a lead as we did with Outlander PHEV."

Bradley said there will certainly be more channels



"It's not a question of if car buying is going to change, it's when will it change"

Lance Bradley,  
Mitsubishi

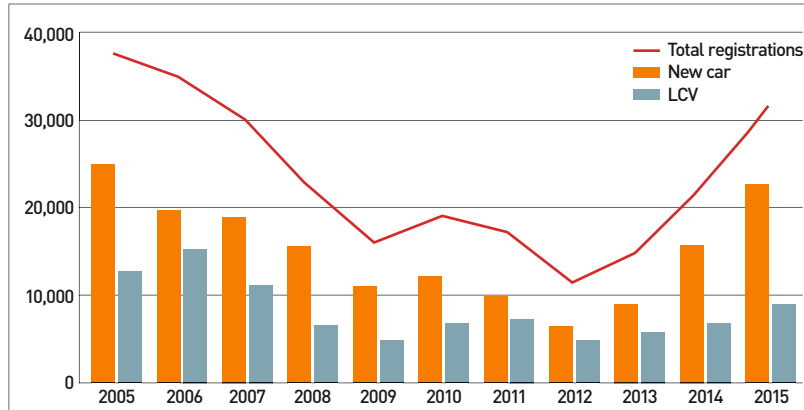


### SHOGUN

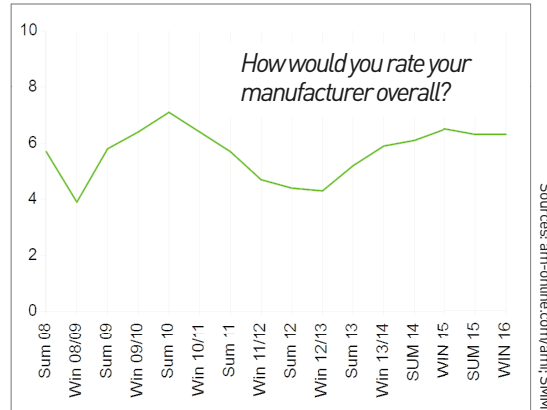
As sponsor of the Badminton Horse Trials and other rural sporting and leisure events, Mitsubishi knows where its customers are. They want towing ability, go-anywhere 4WD and rugged transport that won't embarrass them in the car park at the county show. The full-size Shogun delivers.



# MITSUBISHI NEW VEHICLE REGISTRATIONS 2005-2015



# NFDA DEALER ATTITUDE SURVEY



Sources: am-online.com/ami; SMMT

for the consumer to buy from, and brands and dealers need to ensure they cover those channels.

BMW's Retail Online initiative still involves dealers and Bradley said Mitsubishi would do something similar if it felt there was an opportunity, "because dealers are brilliant at having the local relationship with the customer and the manufacturer can't do that".

If it took that step, Bradley said Mitsubishi would probably try it with used cars first. It ran a promotional programme for used Outlander PHEVs last year, based on an offer of £299 per month on a fixed finance programme, and provided all the advertising for it, to create demand for the network. Bradley said it is not a huge step from that to saying consumers can order on a website and tell Mitsubishi which dealer they want to collect it from.

He said less than 1% of Mitsubishi's sales went through Carwow last year, but added that although it's not a big player, it is a big influence.

He believes operations such as Carwow will provide more professionalism in the online buying market, but there is a risk that it will become a race to the bottom in price terms. Bradley said it's important that doesn't happen because it costs money to run a dealership and to provide a level of service, so there has to be profit in it for dealers. If it is purely who can give away the most margin, that is not a sustainable model for dealers or Carwow, he said.

## Long-term profitability is key

Bradley is disappointed with his network's profitability. In 2015, average return on sales (RoS) was 1.5%, and he expects it to be the same this year. Given the volume the network has been doing, he said he would like dealers to be making more money. The top performers made 5%, and 20% of the network made 3%.

The carmaker may intervene later this year to have more influence on dealer profitability. Mitsubishi franchisees told AM earlier this year that some of their counterparts seemed to be distress-selling, with large discounts on popular



## MPG SCANDAL

An investigation into Mitsubishi's falsification of fuel economy figures laid the blame on a cost-cutting corporate culture.

The scandal, limited to cars in Japan, became public in April. A three-month inquiry found mpg calculations were made on desktop computers to cut costs and, though management was not directly involved in data manipulation, it had "low interest" in the day-to-day work of developing cars, the inquiry found.

models. Bradley said his team has been concerned about the rate of decline in dealers' retained margin, and has assembled a working group of franchisees to consider how to address this.

The solution is likely to be shifting part of the dealer margin into a better consumer offer for the fourth quarter, although the exact details were still being refined.

Mitsubishi has not been in a position to subsidise its PCP and lease offers as strongly as its rival European brands, which have stronger residual values and deeper pockets.

PCP accounts for about 25% of Mitsubishi's sales, far behind the industry average. Bradley wants this to be very different by 2021, and the company now has a manager dedicated to working with the RV setters.

In March, Bradley told dealers how important it is to have that ambition of 5% RoS. A dealer might not get there, but it stretches the business and it might get to 3.5% or 4%, which would be a massive improvement.

"It's a marathon, not a sprint. It doesn't matter what profit they made in a period, but it matters what they make in the long term."

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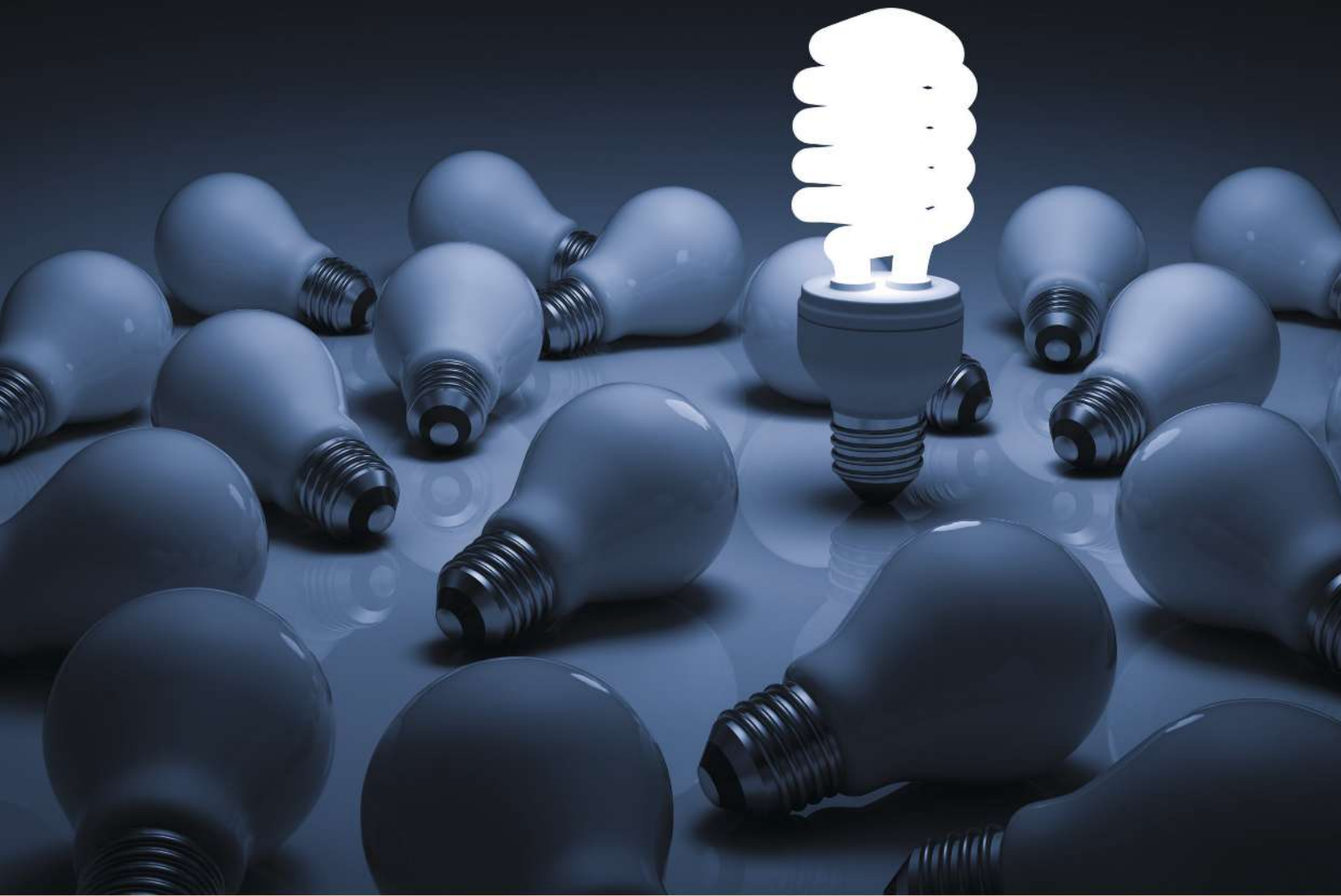
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## JON TAYLOR, MANAGING DIRECTOR NOW MOTOR RETAILING

Interview by Tom Sharpe

# BOUNCING BACK



As many dealer groups attempt to rally their troops and find answers to the questions thrown up by June's Brexit vote, others remain all too aware of the current market forces affecting their business.

After annual financial results that brought nine years of turnover growth

to an end and its lowest net profits since 2008, Now Motor Retailing Limited is one business that has fallen foul of market forces outside its control.

In its annual accounts, the eight site London-based solus Vauxhall business attributed its 44% decrease in profit before tax of £502,431 in the year ended December 31, 2015, to the discontinuation of the Vauxhall Zafira Classic.

The MPV was a popular purchase within the M25, having found favour with taxi drivers and large families alike, and had accounted for 26% of Now's new car sales prior to its loss from the forecourt at the end of 2014. The resulting decrease in sales meant a reduction in the group's volume bonus earnings of £283,487.

**Now Motor Retailing managing director Jon Taylor** conceded: "It was a tough year for us, financially. We're a retail-only business.

"The special edition Zafira was massively popular, so we have a massive hole to fill."

However, Now's 2015 turnover of £81.4 million was just 3% below its best-ever result in 2014 (£82.3m) – itself representing a 14% rise on 2013, and Taylor is confident the

### FACT FILE

**Turnover** £81.4 million (2015)  
**Franchises** Vauxhall  
**Number of sales outlets** 8  
**Locations** Staples Corner, Heathrow, Hayes, Swindon, Marlborough, West Byfleet, Kingston Upon Thames, Richmond Upon Thames  
**Number of staff** 324  
**New car sales** 2,208  
**Used car sales** 3,068  
**Commercial vehicle sales** 300

### NOW LOCATIONS



business is in a good place and will resume its upward trajectory in 2016.

Last year's turnover for new car sales was £32.3m, with a new car profit of £513,416, giving a return on sales of 1.59%.

Taylor has high hopes that Vauxhall's stronger forecourt line-up will increase new car sales in 2016 – it is his first full year with the new Astra and Corsa in stock and a new version of the popular Mokka SUV arrives in October.

Other changes are also afoot at the retailer – a move into new pastures outside the M25 is part of its plan to make the business less reliant on the London market.

### 'It's right that we have a bit of a balance'

In January, Now acquired two former Skurrays Vauxhall sites, in Swindon and Marlborough.

The sale of Skurrays' former Oxford operation to the Eden Group a fortnight later meant the loss of the name behind the UK's oldest car franchise – it was founded by Ernest Clement Skurray in 1899 – but its significance to the Now group was that it diversified its locations (left).

Taylor said: "Trading in London had become a little bit





Vauxhall  
Now

Now Appro

N. w

Jon Taylor, Now Motor Retailing managing director: 'It was a tough year for us'

more difficult. In the last couple of years, property prices have been going up exponentially, staff costs have been rising exponentially and we just felt that it would be better to have a balance of business outside London.

"I love the London market. There's an awful lot of chimney pots, a lot of opportunity, but when the cost of everything is rising it does get a bit tougher. It's right that we have a bit of a balance."

Taylor formed Now Motor Retailing with fellow shareholder and company finance director David Challis in 2006 and acquired five Lance Owen sites with the backing of Vauxhall Motor Holdings. Taylor, a former Drive Vauxhall operations director, had previously worked within the Arriva Group in an automotive career that started at the age of 18.

He said he did not want his own business at the expense of his family life with his wife and two

daughters so stayed near to home in Marlow, Buckinghamshire.

As a result, Now's market has continued to grow in the West London region.

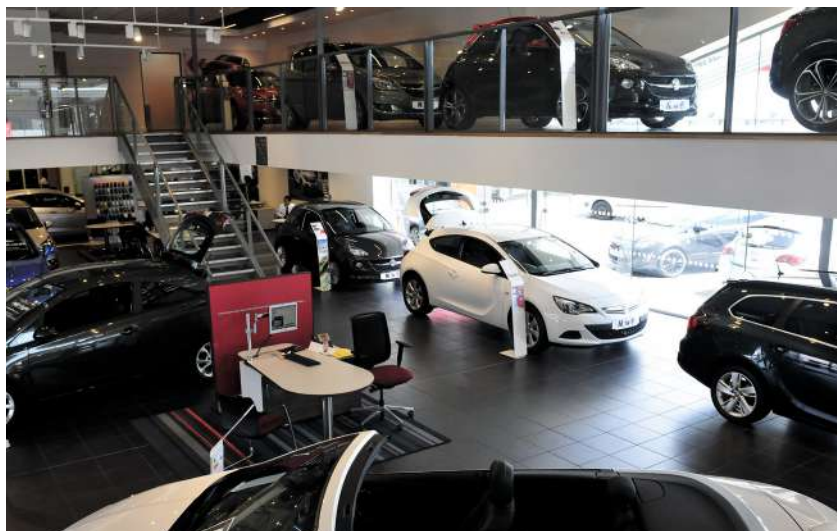
In 2010, Now self-funded the acquisition of the former West End Vauxhall site at Staples Corner, off London's North Circular Road, where AM's interview took place.

Recession-hit Monorep followed in 2012, with Taylor and his team agreeing terms with liquidators after two years of approaches to buy the second-generation, family-run operation.

He said: "It was sad, really. They'd had a fairly tough trading time during the recession and I think the Southall and Hayes businesses were very close together. If we'd have managed to buy from Monorep, we'd have only had one business."

"Being based in this area, we were able to take some central





cost out and it became a more effective business.”

Taylor culled a site from Now's own portfolio in April, closing its sales operation in Addlestone and moving staff into a new facility about a mile away in West Byfleet – previously a standalone service and parts facility.

Following the closure of the Addlestone site and the acquisition of the two former Skurrays sites, Taylor forecast a return to growth for 2016, projecting turnover of almost £102m.

Projected net profit of £689,065 would give the business a return on sales of 0.68%. That would be an increase from 2015's 0.62% figure, behind 2014's 1.1% and well below Taylor's target of 1.5% target, which the business surpassed for the years 2010 to 2013.

#### Integrating new technology

As Taylor's group has grown from five sites to eight, it has embraced technology to make managing the business easier, including using video to present his quarterly business updates to each of his dealerships.

He encourages transparency from his two area managers (in Swindon and Marlborough), who have the autonomy to run their own teams and make their own business decisions.

Taylor said: “We try to let them do their own thing, I think that's when you get the best out of people.”

Elsewhere, video has been adopted to foster new levels of transparency and develop customer advocacy.

Now aims to deliver every service with its own CitNOW video presentation, but Taylor concedes the reality is about 87%, with about 75,000 hours of labour sold by Now's workshops each year.

Taylor said: “It's really transparent – it's definitely helped with customer satisfaction. We are selling more than we were. It's 4% or 5% extra upsell, but it's all upsell and it's self-funding.”

As well as using video in an aftersales capacity, Now aims to upload videos of all their used cars – along with 20 images – within 48 hours of their arrival on site onto a website that is redesigned by 21st Century Internet every two years.

The latest version went live in November and allows greater customer tracking, easier updates and places monthly payment options front and centre.

The new site also promotes market value pricing, using Auto Trader's i-Control tool and other market data to ensure the prices of its 350 used cars are consistent group-wide.

The latest website is the first to be developed primarily with smartphones and tablets in mind, as 64% of its customer enquiries come from such devices, according to Taylor.

It operates in conjunction with a pair of call centres, which regularly deal with a combined 1,100 calls each day.

Taylor said the sales facility in Hayes and aftersales in Swindon accounted for a “big slug of cost” – about £450,000 a

**Above: Taylor's workshops are under pressure to deal with thousands of recalls following the Zafira B fires**

year – but added: “Could we do without it? No we couldn't. Do we handle our enquiries a lot more quickly and effectively than we used to? Yes we do.”

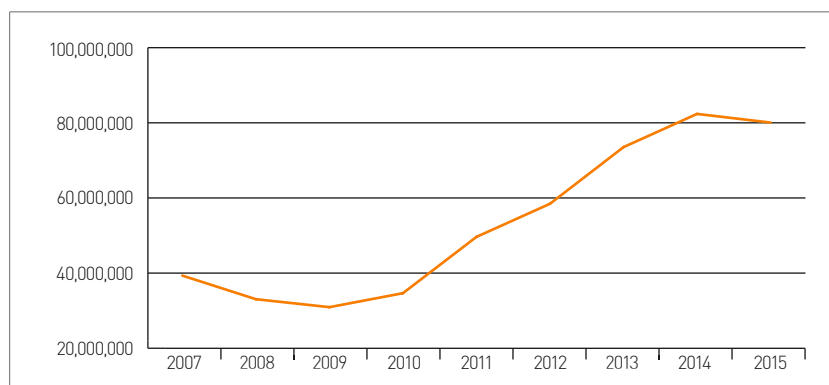
Now's call handlers book customers in for services and take sales enquiries, which are passed on to the sales team, but do not carry out customer satisfaction follow-up calls.

Instead, Now uses JudgeService and Vauxhall's own customer feedback. However, he rates Google reviews as the most accurate barometer of his teams' success.

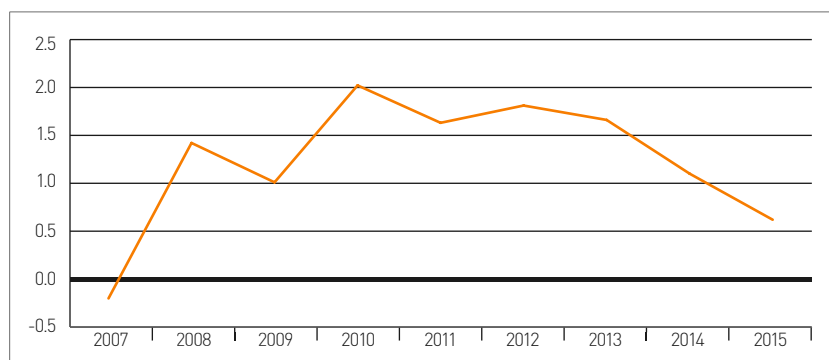
“Go online and people will see that Google score straight away. That's what counts. We aim for four stars. All but one achieves that score, that's Swindon, and we have a plan to make improvements there.”

Now's online and on-screen activity does not end there. As well as a presence on Facebook and Twitter, the group uses Sky's Adsmart TV, allowing targeted TV

#### NOW MOTOR RETAILING TURNOVER (£)



#### NOW MOTOR RETAILING RETURN ON SALES (%)



Source: am-online.com/ami; Companies House

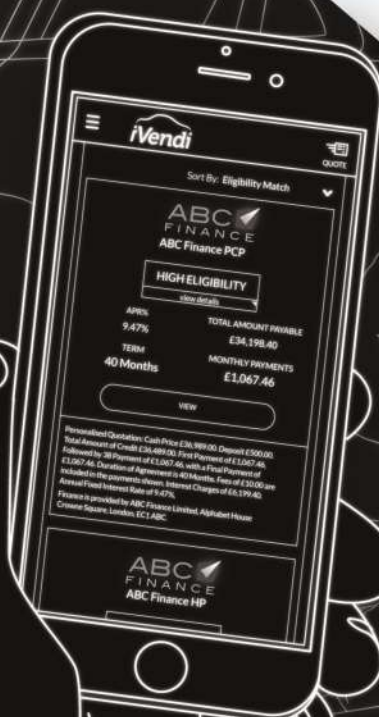


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advertising as part of its marketing strategy.

It buys little press advertising inside the M25, but does use strategic billboards and posters on buses.

#### A new working model for new recruits

As well as utilising new technology, Taylor is clearly keen to experiment with new ways of reaching customers and selling cars.

On January 1, Now began to change the way it recruited sales staff and the way it sold cars at its Richmond business.

In the pilot scheme, the business targeted employees from a retail background by placing job adverts in the same places as those used by John Lewis and Apple stores. It also offered a less commission-led remuneration package, designed to attract a new kind of employee.

A five-day week and a salary of £24,000 a year, plus the potential to earn an additional £6,000 team bonus, is intended to lure a younger, more customer-focused workforce.

Taylor said his team of four new sales staff – the three existing staff were moved to other sales sites still on the old six-day week rota – are a “step ahead” of the rest of the business in terms of customer experience and product knowledge.

The new remuneration packages and rotas were introduced at the same time, to minimise complications with

**Above: Now self-funded the acquisition of the former West End Vauxhall site at Staples Corner, off London's North Circular Road, in 2010**

**-3.3%**

**the fall in total Vauxhall retail registrations in 2015**

**-44%**

**decrease in Now's pre-tax profit in 2015**

sales staff on different contracts. Managers remain on a six-day week.

Taylor said he was not seeing a performance increase yet, but believes that he will and that recruitment and retention are already both easier.

“What we are starting to find is the younger generation want a better work-life balance. It doesn't matter that they might have to work weekends, but they want their time off.

“They're not quite so hungry for money, but they want a better standard of basic living, so I think we have been able to attract a better calibre of candidate.

“From the customers, we've had some really positive feedback because they like what we're doing.”

Now has its own in-house staff trainer and holds monthly recruitment workshops for potential new recruits.

The best candidates from each event are then interviewed at sites where staff are needed before undergoing a month-long “crash course”.

#### Making the leap from solus

Just as the group has moved outside the M25, it seems it may be time to broaden its portfolio after a year where the loss of one vehicle from the Vauxhall range affected it so profoundly. While Taylor believes there is “plenty more to come” from

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Vauxhall, he said he will consider expansion into other franchises.

As a solus dealer, Now is more tied than most groups to the fortunes of its manufacturer partner. Vauxhall's total registrations were flat year-on-year in 2015 (up 0.22%), but that figure hides the fact that its retail registrations fell 3.3% in 2015.

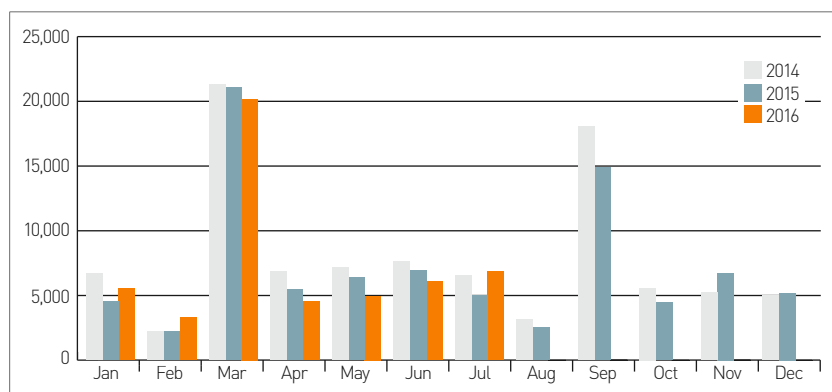
There was some sign of the manufacturer's fortunes picking up in July 2016, when Vauxhall registered a total of 19,733 cars, 16.8% ahead of the July 2015 figure. The only other month this year in which Vauxhall posted a year-on-year volume increase was March, but the brand is still 4.2% behind year-to-date.

Taylor's workshops are under pressure to deal with their share of an estimated 36,000 Zafira B recalls within the M25 following the vehicles' series of well publicised fires.

He said the Zafira B warranty work had compromised the retail capacity of his workshops, which sustained 75,000 hours of sold labour in 2015 and delivered £5m in revenues to support a flourishing parts business that turned over £11m.

"London taxi drivers have recently been told 'if you haven't

#### VAUXHALL PRIVATE REGISTRATIONS 2014-2016



Source: SMMT



"It would be wrong to think that there's not a lot of pre-reg in the market. Not just us, for everybody. It's a false market and it's definitely a forced market"

Jon Taylor, Now Motor Retailing

got your recall done you'll have your licence revoked', which brought us another wave," he added.

Market forces are of equal concern for Taylor, who is concerned about the sustainability of the volume of new car sales and the as-yet-unforeseen effects of the EU referendum vote.

"The market's not sustainable. It's reached a peak point and I definitely think it will soften a little with Brexit," he said.

"It would be wrong to think that there's not a lot of pre-reg in the market. Not just us, for everybody. It's a false market and it's definitely a forced market.

"You have to balance things, don't you? Your manufacturer gives you a target slightly ahead of where your natural runway will be and it then becomes a financial decision whether it's worth filling that gap with pre-registered vehicles."

For Taylor, the uncertainty of Brexit is a bigger headache, especially at a time when he is keen to continue the growth of the group: "My vote was to stay in, 100%. We had a fairly volatile economy anyway, why would you want to rock the status quo?"



# Dealerships may have a part to play in the war on terrorism



By Professor Jim Saker

**T**hey say you should embrace change and that for many it is something which drives them forward. Since I wrote my last column for *AM*, we have a new Prime Minister, the protagonists who argued for Brexit have stabbed each other in the back, there has sadly been repeated incidents of bloodshed on the streets of France and Germany, and somehow Boris Johnson is Foreign Secretary (at time of writing, at least – his capacity to cause a diplomatic incident could make his tenure short-lived).

Of all the events of the past month, the terrorist attack on July 14 in Nice again raised the spectre of a motor vehicle being deliberately used to cause death to innocent people.

Car bombs were widely used during the Troubles in Northern Ireland and car and truck bombs have been used with devastating loss of life in the Middle East more recently. However, apart from a small number of failed bombing attempts, including the Glasgow Airport attack, there has been limited use of cars and lorries as terrorist weapons in Britain over the past decade or so.

There is, however, an impending threat. The rise of the connected car and, in the longer term, autonomous vehicles may see vehicles become a more common terrorist tool.

As Nice showed, the risk does not come just from bombs. In fact, at a conference I attended recently in New York, a scenario was put forward in which it would take just three cars suddenly stopping at high speed in strategic locations to gridlock the city. To bring London to a standstill, it was suggested that it may take only four or five.

## Securing the connected car

Manufacturers are spending large sums to protect their cars' computerised engine management systems.

There have, however, been reports that hackers have successfully compromised security systems on some Jeep models, the Nissan Leaf and the Mitsubishi Outlander. Some of these hacks were less serious, such as hijacking air conditioning and multimedia systems, but in the case of the Jeep breach, brakes, steering and transmission were all capable of being remotely controlled.

The dilemma is that the connected car has many benefits – not only to the driver, but also to the dealer and the manufacturer.

In servicing and maintenance, for example. As publicised in the aftermath of the disappearance of Malaysian Airlines flight MH370, Rolls-Royce uses a remote connection to monitor the performance of its aero engines and to identify faults. This allows the company to predict when an engine needs a service intervention and allows it to have staff and parts ready, keeping downtime to a minimum.

On the other hand, any form of remote connection presents security challenges. If someone can intercept or

alter the signal, then the whole system, as with the Jeep hack, can become compromised.

The whole concept of the connected car is to communicate not only information about the car, but also the individual owner. There is an ongoing debate as to who owns this information and who should have access to it, most of which will be decided by the Data Protection Act.

The manufacturers will continue to try to make their cars as secure as possible and will invest heavily to ensure that there is high customer confidence and acceptance of this type of connection and data sharing. With sufficient time and investment, it is possible to envisage that the integrity of the cars will be secure from outside attack.

## Securing the dealership

However, even if manufacturers manage to perfect their security measures and individuals have all their data protected by law, another vulnerability remains.

In this scenario, the vehicle is at its most vulnerable when it is being serviced. Handing over your connected car is a bit like handing over your laptop to a complete stranger and telling them all of your passwords. Whoever is working on the car will have privileged access to the protocols, so they can upload new software and also make adjustments to the existing car management system.

When I mentioned this to some of our students at Loughborough, they immediately said that with the right type of information they would be able to alter the performance of the car remotely and in fact could put on the emergency braking system or potentially disable the engine.

The problem with this level of access is that, apart from basic criminal records checks, there is no formal vetting or licensing of technicians in the retail automotive sector.

Changes in technology mean our sector needs to change its approach to data and software security. Licensing of technicians is inevitable – the issue is how the industry goes about implementing it without it being imposed.

Someone joked that the motor industry was responsible for the start of the First World War when Archduke Ferdinand's car stalled, giving his assassin a point-blank target.

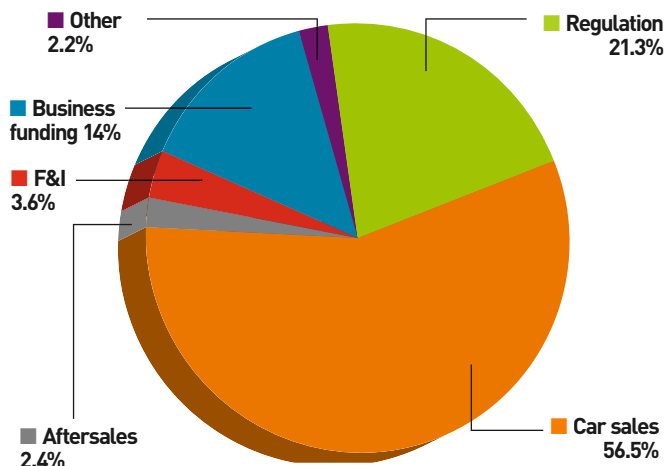
I don't think we will be responsible for the start of World War III, but if greater dealership security can help make our world safer, then maybe it's a route we should take.

**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.**

“The rise of the connected car and, in the longer term, autonomous vehicles may see vehicles become a more common terrorist tool”

## AM POLL

## Where do you believe the impact of the Brexit decision will be most felt in your business?



New and used car sales will take the brunt of the fallout from the Brexit result, according to AM's latest poll results.

Close to 60% of the 329 respondents expect car sales to feel the biggest impact, in line with the Society of Motor Manufacturers and Traders' (SMMT) view that registrations will slow in the second half of this year. Its latest forecast expects 1% growth in new car registrations this year to a market of 2.7 million units.

While there are also worries about regulation (21.3%) and access to funding (14%), the results show dealers think after-sales will be insulated from any drops in consumer confidence, representing just 2.4% of the vote.

However, the outlook from AM-online voters does not tally with the view from the UK's largest dealer group, Pendragon.

**Trevor Finn, Pendragon chief executive**, told investors in the company's recent results statement that the business has not seen a negative impact on consumer confidence due to Brexit.

He said: "The UK's decision to exit the EU has caused some uncertainty, but to date the business has not experienced any noticeable change in our customers' behaviour."

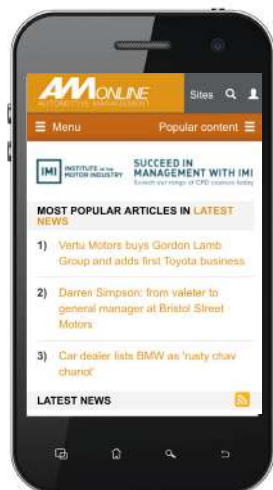
"We anticipate our performance for 2016 will be in line with expectations."

■ **Next month: Should the apprenticeship levy be delayed? Vote now at [am-online.com/polls](http://am-online.com/polls).**

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Visitors can also sign up for our daily newsletter and Saturday news digest to catch up on the most important stories from the week.



## ADVERTISING FEATURE

# USE CREDIBILITY TO SELL SERVICE

What do you think the typical car buyer thinks about car salespeople, asks Simon Bowkett of Symco Training



Every year, *Reader's Digest* publishes a Trust Survey. It ranks 45 professions, in order of public opinion. In the last one I saw, No 1 was firefighters, followed by ambulance drivers and pilots. Car salespeople were listed at No 43. Out of 45!

Vehicle technicians fared better, in 23rd place. So if your dealership is typical, it seems your technicians have more credibility with your customers than your sales team.

Watch my new sales training video on the AM website this month ([am-online.com/symcotraining](http://am-online.com/symcotraining), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)) to find out how you can apply this in practice and improve the profitability of your business.

### Tips for service advisers

Service advisers, for example, can use the credibility of their technicians when trying to upsell a customer.

Instead of saying "I recommend that an air-conditioning service needs to be done", why not try this approach?

Use your technician's name as often as you can: "Mr Customer, when Dave, your technician, was servicing your car he asked me to ask you if you'd had ... done?" Why? Because 'Dave' is the recognised expert. As a service adviser, you still look more like a car salesperson than a technician and it's the technicians that customers trust most.

### Third-party recommendation

Here's my other evidence for all this. I bet every reader has customers at their dealership who always ask for the same technician. Invariably, that's because the customer has met the technician, and often because they solved a particularly tricky problem on the customer's car at some point.

I think we should do this all the time. Introduce our technicians to more customers, and use their credibility to upsell.

"Dave's asked me to ask you, when was the last time you had your air conditioning serviced? It's just that our records show it hasn't been done in the past 12 months. Dave recommends that you get this done because there's a nasty bacteria that builds up in the air conditioning system."

And then you're back onto your upselling word track, but it's not you who is doing the selling and asking for the sale, it's 'Dave'. That's called third-party recommendation, and it's a very powerful tool that successful salespeople consistently use well. Why don't you give it a try?

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# 'CONSTANTLY LEARN NEW THINGS AND LISTEN FOR FRESH IDEAS'

*Darren Guiver, deputy managing director, Group 1 Automotive*

Whether they started out as graduates or in the workshop, industry leaders tell **Tom Seymour** that patience, the right attitude and learning every day are key to their success

**T**he path to leading a dealer group may not always start with a burning desire to work in automotive retail (nearly all dealer bosses interviewed had other careers in mind). However, these interviews with leading figures in the industry show that the next directors of future AM100 groups can be found at all levels of the business.

## Was it always your ambition to work in the motor retail industry?

**Trevor Finn, chief executive, Pendragon:** Not really. I used to mess around with motorbikes and so found a job as an apprentice mechanic locally, in Hull. The career advice given to me at the time was to, "get a trade; you'll always be able to get a job".

**Robert Forrester, chief executive, Vertu Motors:** No. I had originally planned for a career in academia. (Forrester is an Oxford geography graduate).

**Darren Guiver, group deputy managing director, Group 1 Automotive:** Absolutely. I was a petrolhead from an early age and seemed to have some sales skills at school, so marrying the two seemed obvious.

**Nas Khan, managing director, Jennings Group:** My father said I could be a doctor, accountant or engineer. My path to becoming an accountant was interrupted with a year out selling cars at Jennings.

**Keith Kingham, managing director, Kinghams:** I started as an automotive engineer abroad in Paris and Hamburg. I would always help my father in the workshop, but it wasn't until the business took on a forecourt space and I started selling cars at 24 that I knew this would be the industry I would stay in. I loved it.

## What are the key moments of progression during your career?

**Finn:** I progressed in the BMW Hull dealership service team, to a dealer principal role. When our dealership was acquired, joining a large company with experienced people around me really helped me learn and offered progression opportunities.



1



2



3

**1** Trevor Finn, chief executive, Pendragon  
First job in auto retail: Apprentice mechanic  
No of staff: 9,653 (2015)  
No of dealerships: 210 (2016)

**2** Robert Forrester, chief executive, Vertu Motors  
First job in auto retail: Finance director  
No of staff: 4,491 (2016)  
No of dealerships: 154 (2016)

**3** Darren Guiver, deputy managing director, Group 1 Automotive  
First job in auto retail: Sales executive  
No of staff: 1,084 (2014)  
No of dealerships: 42 (2016)



4

"I am still learning every day and I ask other dealers what works for them in any area of the business"

Nas Khan,  
Jennings Group



5

**Forrester:** Entering the automotive retail industry as financial director of Reg Vardy in 2001, progressing to managing director in 2005 and then leaving the group to start Vertu in 2006.

**Guiver:** Making sales manager at Perry's in North London at 23 was a proud moment and really set me on the path to go further. Working at HMG Holdings when they went into receivership also showed me what a team can still achieve in the face of adversity.

**Khan:** Each time I thought it was time for me to move on to my accountancy career, I'd be promoted. When I became group sales and marketing director, I really knew I was in this for the long term. I've been through three management buyouts, but the last one in 2012 was when I bought the whole group.

**Kingham:** I did the MSc in Strategic Automotive Dealership Management at Loughborough University in 2012 and I really enjoyed it. Introducing a profit-share scheme for everyone in the business was a good move in terms of reflecting how important I think it is to be transparent with everything you're doing.

### What formal or informal training have you taken on your journey to leading a business?

**Finn:** I studied business in night classes when I was an apprentice mechanic, but apart from that my experience is definitely on the job. Every day's a school day. I learn a lot and it's what keeps me motivated.

**Forrester:** I think training as a chartered accountant was pretty important on the business side. However, in terms of leadership skills there is a lot of personal development you do on your own.

**Guiver:** I have attended many training programmes and been tested once or twice. However, the course at Loughborough was a fantastic experience, not only in further education terms, but the balancing and discipline required to do this and still perform to a high level back at the dealership.

**Khan:** I've taken every training course offered to me, but I take what I learn and make it work for the way I like to approach things. I rebelled against the Arthur Daley stereotype when I started out in my career when I was told I'd have no success if I didn't follow that formula. Sometimes it's better to trust your own way of doing things.

**Kingham:** If I have a regret, it's not doing something like the management degree earlier on in my career. I'm a great believer in training and it's got to be continuous to stop staff development from hitting a plateau.

### Are you still learning?

**Finn:** Our industry and business is always evolving.

**Forrester:** Too right. The last week I had off I read three

cracking books which everyone in the business is now sick to death of.

**Guiver:** Without question, yes. I am constantly learning new things and listening for fresh ideas and input. The industry is moving at a pace and an open mind for change will ensure that our success continues for the longer term.

**Khan:** I am still learning every day and I ask other dealers what works for them in any area of the business. We want to learn from others and share what we're doing. I'm not afraid of that.

**Kingham:** Having younger staff around you that have a natural affinity for the way new technology is taking off means I'm still learning from people within the business every day.

### What advice would you give to an ambitious young manager looking to lead their own business or group one day?

**Finn:** Don't move jobs chasing the next step. If you are good, you will get noticed if you are with the right company.

**Forrester:** Read up on any work by Tom Peters, John Maxwell and Robin Sharma. They are all worth it for starters.

**Guiver:** Be patient and your time will come. Bouncing from job to job for more money is not always the way to move forwards.

**Khan:** Honesty is so important and that goes for being honest with staff and customers, but also yourself. Don't pretend to be an expert at something you're not.

**Kingham:** You need to learn the basics. I wouldn't ask someone to do something I wouldn't do myself. Don't walk around with an arrogant attitude and don't make people feel like a number. You need to understand people and what motivates them to become a leader.

### What is the most important lesson you have learned?

**Finn:** Concentrate on the stuff that matters.

**Forrester:** You must lead with character and this means understanding that leadership is about serving rather than expecting people to serve you.

**Guiver:** Without the right team around me at all times, my success would not have been as it has. Ensuring that you go through the good and bad times, because we do have them, together in full unison and communicating openly at all times makes for a more successful environment.

**Khan:** Slow down and don't take as much on. It takes time to build a business and you've got to plan ahead as far as you can and expect that you will need to be flexible and that the business will be vulnerable.

**Kingham:** You can't get things right every time. I think this industry can promote big egos – the ability to apologise and say you got it wrong is a strength, not a weakness.

**4** Nas Khan, managing director, Jennings Motor Group

First job in auto retail:

Sales Executive

No of staff: 410 (2014)

No of dealerships: 8 (2016)

**5** Keith Kingham, managing director, Kinghams

First job in auto retail:

Sales executive

No of staff: 16

No of dealerships: 2





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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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# Why Dealer Reviews are good news for sales

Consumer behaviour is changing and the pace of change is getting faster. Car buyers now expect the same service and experience they get when buying any other product. They demand instant and transparent information both online and offline, and the opinions of others seriously impact their purchasing decision. That means car retailers need to behave more like digital retailers and build trust through transparency. This, in turn, will lead to more sales with better margins and improved customer retention.

Nick King, Auto Trader Insight Director, said: "Trust and transparency is essential to building consumer confidence. The market is far more transparent for everyone – it's what consumers expect. Car buyers spend far more time researching online and are far less likely to appear on your forecourts. All the research on choosing the car, finding the right deal and where to buy it from is done online. It changes the game and this is where the big commercial opportunity lies."

Delivering transparency and building trust is standard practice with the likes of Amazon and TripAdvisor, and paves the way forward for automotive retailers. While great progress is being made, there is still a need to catch up with consumer expectations. This was revealed in Auto Trader's Digital Excellence Index that asked 8,000 consumers to give 32,000 reviews, rating 130 websites across ten different business sectors, including automotive.

One of the key measures was how transparent a site was and how much a consumer would trust it – and here the automotive sector ranked only seventh. If we break down the automotive sector further, we see a performance disparity with manufacturers ranked fourth, franchised dealers ninth and supermarkets 12th.

Nick King continues: "Transparency is everywhere and consumers expect it. It's the number one builder of trust, and retailers who can deliver it are going to win in business. There are lots of ways to do this, including offering all the information consumers want online – but just as important is to support your business with customer reviews. Providing reviews from your customers is a great way to build that trust, as potential car buyers value other people's experiences of your dealership."

Customer reviews based on their experience at a dealership are already having a positive effect on retailers' businesses. Auto Trader's Annual Car Buying Research<sup>\*</sup> revealed that 30% of respondents had bought a car based on dealer reviews, or recommendations by family and friends, which as a proportional representation of all cars sold, equates to 2.1 million car sales<sup>\*\*</sup>.

Changes in consumer behaviour may be fast paced, but it's those retailers who provide what consumers are looking for who will win.

**For more information visit [trade.autotrader.co.uk/reviews](https://trade.autotrader.co.uk/reviews)**

<sup>\*</sup> Auto Trader Annual Car Buying Research 2016 conducted with GfK.

<sup>\*\*</sup> The figure of 2.1 million cars sold is based on 30% of the total 7.2 million used cars sold in 2014 according to the BCA Used Car Market Report.



## The Retailer's Opinion



"We're the UK's leading used car supermarket, offering a seven-day money back guarantee; a 114-point safety check and full preparation work, guaranteed for 3 months; and a price match promise on every single vehicle we sell. This market leading offer combined with our teams' dedication to delivering award-winning customer care has helped us to achieve the highest ratings in online reviews.



Great customer service both on our digital and physical forecourts is imperative to our success, and that's why we encourage all our customers to tell us what they think of the service in a public forum. We've already been rated by nearly 8,000 customers across a range of review sites such as Trustpilot and Feefo and we relish the chance to respond to their reviews to show that we not only listen and appreciate their feedback but we want to learn and improve. It has helped us encourage new car buyers to gain confidence and trust in us when they research their car purchase online, prior to visiting the stores.



The whole team works extremely hard to ensure we always deliver the best possible customer experience. Understanding the customer and their needs is key to continuing to build a very successful business. Customer reviews play a vital role in achieving that."

**Leo Nelson, Marketing Director**

## Why your customers are your best advert

Auto Trader Retailer and  
Consumer Product Director,  
**Karolina Edwards-Smajda**



**As consumers, we are all used to reading and valuing consumer reviews. Whether we're searching for a new HD TV on Amazon or looking on TripAdvisor for a great restaurant in London, we all value what other people have to say about the product or service they have bought.**

It gives us confidence in the place we are considering buying from, because reviews provide transparency and build trust; it gives us the reassurance that we know what kind of experience we'll get from the retailer if we buy from them.

Consumer reviews can have a really positive effect on a retailer's business. Our research has already shown that on average, consumers spend 10% more time on retailer profile pages that have Dealer Reviews – which helps deliver more advert views, and, in turn, more forecourt visits.

That's because reviews matter to your potential car buyers and they are more likely to do business with a dealership that provides reviews from its customers. Research conducted recently for our Market Report revealed that 61% of car buyers rated car testimonials and reviews as one of the most important factors in the car buying process; 65% for new car buyers and 60% for used car buyers.

This is why we are working with our retailers to make the most of consumers posting reviews about their experience. Our Dealer Review service is free and easy to use, and is designed to help you attract more buyers to your forecourt.

Retailers are able to reply and should not worry if they don't always get a full five-star review. Customer feedback, even when mixed, provides valuable insights into your service and a great opportunity to put things right if needs be.

Consumers know that life is not perfect and will appreciate a dealership that demonstrates its commitment to customer service by resolving any complaint. It means your reviews will be more credible too in the eyes of potential car buyers.

So what makes a good review? You do. If you provide great service and care about your customers, then this will be reflected in the feedback you receive. And there is no better advert for your dealership than a happy, satisfied customer telling other potential buyers all about it.

# How to pick a future leader

Dealers need to look beyond the sales department to identify their rising stars

## NEED TO KNOW

- Experience of aftersales and sales helps managers
- One-to-one coaching allows targeted development
- Try employees in positions of authority before promotion

By Tom Seymour

A dealer group's future leader may already be working within the business, but it's up to the current managers and directors to identify those with the potential to go further.

Part of that process is looking beyond the traditional route to management the industry tends to follow.

**Carl Gregory, RTS Group account director**, believes most dealers are locked in to a career path weighted towards the sales department, with sales executives moving up to sales manager and then to dealer principal.

He said: "Dealers need to be casting their net much wider than just looking at the sales department. There can be future leaders at all levels of the business."

"I think a lot of dealers can get hung up on length of service or promoting people because it's expected. I've seen some staff at very different stages of their career that could become great leaders of the future, but it's often the sheep that play the politics game, that don't speak out or challenge that get promoted."

Both Gregory and **Gordon Roscoe, Blue Water Partnership senior partner**, believe it can be difficult to pick out future leaders because the line between management (of individuals) and leadership (managing a team of managers) is often blurred.

Roscoe said: "For some managers, that step up to dealer principal can be a big shock. We find that the last thing a lot of DPs will do is put their hand up after that sort of promotion and ask for help in areas where they are lacking."

Roscoe believes ego may play a part, but there may also be the worry that in a competitive industry driven by targets, someone else will step in if it appears skills are lacking.

**Nas Khan, Jennings Motor Group managing director**, said: "We always want to promote from within. Each of my managers will track people they think have got that spark. That might be someone that's been working at the business for a while or someone that's started as a technician and has only done three weeks."

Khan acknowledged that his promotion decisions are always based in part on a gut feeling.

"You build from that initial spark to add more responsibility for that person to prepare them for that step up. Don't discount anyone from any department because there could be a future star there," he said.

Roscoe and Gregory agreed that the industry lacks leaders who have worked in aftersales. Understanding both sides of the business will help future leaders to communicate and empathise with employees.

Gregory said: "You can have some very good operational managers, but they might not be a great leader. Leaders are very people-focused, rather than just being operationally focused."



"The last thing a lot of DPs will do is put their hand up after promotion and ask for help"

Gordon Roscoe

Gregory said individual coaching, rather than a classroom training approach, can also help in developing future stars.

"One-to-one training means you can be much more targeted with how you develop people to take a person's natural strengths and help them in areas they are lacking."

"I think there are some leadership courses that are available out there and it can be a bit of a 'sheep dip' situation where dealers think they can put a group of managers on a course and they will be spat out as natural born leaders."

Gregory said another way to test future leaders is to ask staff that will be working for them what they think and to find out what they want them to deliver.

Companies have been using 360-degree feedback for years with a structured process for gaining feedback from employee's subordinates, peers and supervisors, as well as a self-evaluation by the employee.

Personality tests can be used as an "interesting indicator", but Roscoe said it only forms one piece of the puzzle.

Gregory said dealers interested in behavioural testing need to put a profile together of the sort of traits they are looking for from individuals and also from teams to try and match the two.

Roscoe said the motor retail industry does not tend to give employees trials in positions of increased responsibility – such as "acting dealer principal" – but it's something that should happen more often.

He said dealer groups can give employees more responsibility in the form of a specific project and then judge the results to determine how they rise to the challenge.

Gregory said: "Giving staff more specific projects to work on could be a good way of testing their leadership skills before fully promoting someone."



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**MANHEIM**

# “We will reach 10m people, including 200,000 students”

To solve motor retail's recruitment crisis, dealers need to start with much younger potential recruits

By Tim Rose, Tom Sharpe and Jeremy Bennett

**M**otor retail's three principal trade bodies are working together to address the “crisis” in attracting fresh talent to franchised dealer networks.

The “tripartite approach” will involve the Institute of the Motor Industry (IMI), the RMI's National Franchised Dealers Association (NFDA) and will have the full support and endorsement of the Society of Motor Manufacturers and Traders (SMMT).

A permanent team will be responsible for engaging and driving talent in the automotive sector. Its activities will include attending key careers events (such as WorldSkills at the NEC), creating its own industry showcase events, and engaging with schools, colleges and universities, as well as parents, to educate them on the career opportunities in the industry.

The team will launch media campaigns and draw on IMI resources already available, such as interactive workshops, careers resources mapped to the national curriculum and more than 150 video profiles of people working in the sector. It will also be able to promote more than 200 regulated qualifications, 20 accreditations and quality assured programmes.

“The initiative will complement and connect the existing activities of individual brands and employers to create a single shop window to our industry,” said **IMI chief executive Steve Nash**. “Together we will reach 10 million people through our campaigns, including 200,000 students.”

Nash said the problem currently is that there is no single body representing the sector to graduates and school leavers: “If you leave our store and look at our shopfront, it's in a back street, it doesn't have a single shop window and has about 25 doors, so it's no wonder we struggle when competing for talent.”

The complexity leads to a lack of appreciation of the jobs and career progression opportunities available, he said.

“People think we only employ sales people and technicians.”

There are 770,000 people working in the motor industry, 570,000 of those in automotive retail. Yet of the latest 425,000

university graduates, only 1,000 joined dealer groups, half of them in sales. In comparison, in food and services the number was 15,000; construction 6,500 and automotive manufacturing 1,100.

Nash said 47% of dealers currently report skills gaps, 35% say this is impacting on business and 40% say it's affecting operating costs.

Members of a discussion panel came to the conclusion that the seven-day working week in motor retail was not to blame for the difficulties in attracting young talent and female workers into dealerships.

The panel agreed that action must start at school level. **Shirley Young of CarShop** said motor retail isn't sufficiently promoted as a career choice, particularly for young women.

**Diana Mackinnon**, who rose through the sales ranks at HR Owen before becoming **general manager of Jemca Group's Lexus Edgware Road** in 2007, said she gets applications from women, but only for administration jobs, not sales. However, she is one of three female general managers in the 46-strong Lexus network.

Teenage children still see it as male-dominated and think they need to have an interest in cars, she said.

“Girls only start to consider cars when they're learning to drive. At that point, their career path is probably already

“If you leave our store and look at our shopfront, it's in a back street, it doesn't have a single shop window and has about 25 doors, so it's no wonder we struggle when competing for talent.”

**Steve Nash, chief executive, IMI**







mapped, so I don't think we're becoming an option. We need to take it back to a much earlier stage."

Nash raised the issue of positive discrimination, and said while he worked at BMW it had a graduate scheme that deliberately selected 75% women to rebalance the workforce.

**Jane Russell of Russell Automotive Centre**, a single-site independent repairer, argued that gender shouldn't come into it, that it should be the best person for the role.

**John O'Hanlon, former chief executive of Ridgeway Group**, said Ridgeway had about 20% females in its workforce, which he felt was disappointing. While heading the business, O'Hanlon found it difficult to spread the net to find fresh talent and looked at other ways of recruiting and finding people it didn't normally get to.

He attended every induction, to express what was really important to Ridgeway. "Management must invest their time," said O'Hanlon.

The panel said the industry still needs to fight poor perceptions of the industry, both to improve the customer experience and employees' satisfaction. Mackinnon believes that as long as performance measurement, league tables and targets remain, she doesn't see how anything will change drastically. "If you took that competitiveness away, the industry could look at its customer service and everything else would fall in line," she said.

Russell said staff should recognise they are professionals in this industry, and feel proud. Develop them, she said, but it's important that people are developing themselves too, inside and outside the workplace.

O'Hanlon said for more than a decade he has used the line "customers first, employees first". Ridgeway welcomed feedback from its employees, he said, and directors and general managers examined each staff survey in depth, determining action points, and then presenting back to staff what was going to happen.

"It's got to be that serious. If you're going to ask the question of your teams, then make sure you take the feedback seriously. And be consistent," he said.

"Girls only start to consider cars when they're learning to drive. We need to take it back to a much earlier stage"

**Diana Mackinnon,**  
general manager,  
Lexus Edgware Road

## STAFF RETENTION

**More flexible working and a benefits structure that promotes a positive work-life balance has to be at the heart of retailers' thinking as they target improved staff retention.**

Steve Le Bas, partner at accountants and business advisers BDO, believes fringe perks and higher basic wages will prove a greater lure to a new breed of staff than the potential of large sales incentives.

He said: "The Millennial wants different things to those of previous generations and the industry is going to have to change to keep up.

"Effective remuneration packages are key to ensuring that leadership goals are achieved."

The fifth annual BDO salary survey of more than 285 retailers showed that one third of earnings in the industry remain commission-driven, with average remuneration packages increasing 2.5%, from £38,000 in 2014 to £39,000 in 2015.

Le Bas said: "It is always good to see a rise, but for staff wanting to get a mortgage it's their basic wage that counts."

Le Bas said the raising of the national minimum wage to £7.20 (from £6.75) on April 1 and £9.30 by 2020 could have a significant effect on the automotive retail sector.

He said: "A number of our clients said that they have to give their lowest paid staff a pay rise so they have to deliver that to everybody else. Even when times are good, that represents a large consideration for a business."

On average, current staff retention in automotive retail stands at seven years – much lower in sales roles – but Le Bas suggested a number of benefits that could leverage an improvement.

Among these were a higher basic wage, like the £25,000 recently guaranteed to new starters by Marshalls, as well as more flexible hours, health packages, childcare vouchers and 'smart' pension schemes, which can benefit employers by reducing National Insurance contributions.

Le Bas also warned retailers about their understanding of the new apprenticeship levy (see our news insight on pages 6-8).



BDO's Steve Le Bas believes higher basic wages will be more attractive to new staff than large bonuses





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

### IN BRIEF



**All good leaders must first know themselves, realising their own strengths and weaknesses before being able to fully fulfil their own potential, according to Phil Ferrar, director of The People Academy, who has worked alongside coaches to the US Olympic Team and coached BMW managers.**

**"The ultimate goal is self-management, a point where you can see what you are and modify what you are, turning down the gas in certain situations."**

**Ferrar said: "People want to be managed and led differently. Too often we are seeing that managers try to follow a process and the people working under that manager will feel processed as a result."**



**Dr Bernd Vogel, associate professor of leadership and organisational behaviour, Henley Business School,**

**warned that there are three negative types of energy, and businesses need to identify which type is most prevalent, and take action to transform it into productive energy.**

**'Comfortable energy' starts with success and profits, but over time the organisation becomes over-confident and a little lazy. Vogel cited Nokia as an example.**

**'Resigned inertia' stems from the over-use of the resources at hand, and from too long implementing too many changes and challenges.**

**The last, 'corrosive energy', is most harmful, because the departments spend their energy fighting and back-stabbing.**



**Neil Patterson, a former McLaren Automotive chief engineer and the principal of Silverstone University Technical College (UTC) believes dealers must work with local schools to inspire**

**potential recruits.**

**Silverstone is one of 39 UTCs in the UK, which is tackling the shortage of engineers. It has industry partnerships with McLaren, Aston Martin and Silverstone.**

**Patterson said: "I think schools know very well how to do the academic side but they need industry to help them do the rest."**

### MANAGEMENT TRAINING



JCT600 created its Wired programme in 2012, to prepare people in a range of core roles for management.

**Katie Saunders, group human resources director,** said the programme was part of a permanent ambition to be a "best place to work for", while creating an environment for success that sees staff enjoy their work and stay with the AM100 group.

She said the process began about six years ago, when JCT600 first participated in *The Sunday Times* Best 100 Companies To Work For programme.

"Our scores weren't great, but we did something about it," she said.

At the time, the company looked externally for nearly every management position and promoted sales people and technicians to management roles without ensuring they could manage and inspire their teams.

JCT600 takes part each year in the newspaper's survey, seeking feedback from every member of staff. In 2016, it had an 87% response rate.

"It means there's no getting away from what your staff think," said Saunders.

"And you need to respond." In addition, the company carries out another staff survey to "test the temperature".

As a result of learning employees' feelings were not wholly positive, the Wired programme was initiated. Currently, 7% of 2,300 staff are on the programme, with a target of 10% by 2018. The promotion rate from the programme is 40% – and it is common for senior JCT600 staff to make Wired programme participants the first option to fill management positions.

Saunders explained that entry to Wired was via nomination only by a line manager and signed off by the head of business or brand director, plus the

HR representative for the respective division. Then once on the programme there are core principles to work to: JCT600 doesn't "spoon-feed" participants: "We provide the tools and support, but it's down to the individual to drive themselves."

JCT600 uses a quote by George Bernard Shaw to reinforce this: "The people who get on in this world are the people that get up and look for the circumstances they want and if they can't find them, they make them."

On the practical front, the nominated individual has a one-to-one meeting with **group talent manager Sarah Aspinall** to build a picture of their development areas, focusing on their areas of strength, to maximise and enhance them.

Aspinall will then discuss the findings with the person's line manager and head of business to share their views. This leads to an individually tailored personal development plan.

JCT600 provides short seminars every few months addressing the needs in the development plan, but much of the emphasis is on on-the-job learning: "There is nothing that can be learned in the classroom that is as effective as sitting in the seat of the person whose position the Wired participant aspires to. We teach skills and then they are practised."

Saunders stressed the importance of an "over-dose of feedback". "In my experience, it has a massive impact on where they go and how they are viewed in their career."

She concluded: "Training a group of people who want to progress, tackle their weaknesses and build on their strengths is the most amazing experience, it is like a drug. They add such value – and then they talk about it so the impact is widespread in JCT600."



**"We provide the tools and support, but it's down to the individual to drive themselves"**

**Katie Saunders, group human resources director, JCT600**



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## BEST PRACTICE: Finance in the showroom

# Learn to finance the car of the future with Alphaera

Spencer Halil, director of Alphaera in the UK, explains why the finance provider never stops learning, as well as sharing three top tips for dealers

Following the successful launch of its thought-provoking 'Financing the Car of the Future' industry research project in May 2016, ALPHERA Financial Services is now focused on delivering its findings.

Spencer Halil, director of Alphaera in the UK, said: "The automotive sector is moving at pace, with autonomous vehicles, electric and hybrid technology and vehicle tracking all making headlines. Within finance, e-signatures, pay by phone and fingerprint authorisation show that the industry is not standing still.

"Within such a dynamic and fast-paced environment, it is essential that we continue to challenge ourselves as an industry. It is not enough to react to customer demands, we need to be anticipating what consumers will want in six months, 12 months and even 10 years' time. By acting proactively, dealers, brokers and lenders will find themselves in a much stronger position to manage consumer expectations.

"However, no one has all of the answers. That's why we have developed the 'Financing the Car of the Future' project. Bringing together diverse voices from across academia, trade bodies, dealer networks, brokers and automotive suppliers, we intend to collaborate to bring about positive change. Being one step ahead of the market means having the capacity and the intelligence to deeply understand customer trends and put in place the solutions to meet the opportunities head-on."

Learning from the thought leadership process to date, Alphaera has identified three top tips for dealers positioning themselves for the consumer of the future:

## 1. Avoid the risk of doing nothing

One of the biggest risks facing the automotive industry is standing still or moving too slowly while consumer buying habits evolve at a faster rate. With competing demands on consumers'



**"It is essential that we continue to challenge ourselves as an industry"**



attention, it is important that dealers are engaging across multiple platforms to stay in the front of consumers' minds.

The move online is inevitable, and interacting with customers on their own terms will be crucial if we are going to have an integrated digital sales process that keeps the dealer at its heart.

## 2. Look outward and manage 'Group Think'

We must all stay up-to-date with developments in the wider market, especially around finance, regulation and channel innovation. It's not enough to add a few buzzwords to our presentations; we need to allow those ideas to filter into the

way we develop our business strategies.

Be critical of inertia, challenge the status quo and don't miss internal threats and opportunities, as well as the external ones. Established teams can be guilty of 'group think' and 'when everyone thinks the same, no one is thinking at all', so allow diverse voices and be prepared to take risks!

## 3. Be prepared for disruptions

Many disruptors are well known and every bit as hungry, nimble and innovative as we are led to believe. However, we must recognise that the established finance industry has the potential to be a strong force for positive change too, and the best dealers will be factoring that into their long-range strategies.

The completed 'Financing the Car of the Future' report will be launched at Alphaera's 10th anniversary celebrations in December, with individual chapters shared in the preceding months. For more information, visit: [alphaera.co.uk/10-years-alphaera](http://alphaera.co.uk/10-years-alphaera).

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## BEST PRACTICE: Auctions &amp; appraisals

# Improving costs, profits and efficiencies

Switching from paper-based appraisal processes to electronic systems will make you more efficient and allow you to focus on the big picture

**F**our key areas help drive a retailer's profitability – reducing costs, increasing turnover, increasing productivity and increasing efficiency.

Implementing IT systems should be on retailers' 'to do' lists to increase efficiency.

Relying on manual, paper-based systems to manage appraisal processes can be a major source of inefficiency. Vehicles being described incorrectly produces incorrect valuations and subsequent losses.

Moving to a system such as Cooper Solutions' FullAppraisal, where the appraisal is completed at the vehicle side using an iPad or tablet, can vastly improve efficiency and customer perception.

If you still use paper, you should consider moving.

Paper appraisals cannot report on anything other than the individual car appraised. Cloud-based solutions uniformly capture current activity as well as providing analysis of both orders taken and lost sales. Measuring and monitoring activity enables managers to add value to the process, sales rates go up, appraisal quality is better, sales executives improve, the business sells more cars and makes more money.

A platform such as FullAppraisal ensures accuracy of the data as it is entered. Features such as VRM look-up allow automatic population of vehicle details and a comprehensive checklist of points means information is captured in a slick and coherent way.

Being able to demonstrate this to a customer creates a more professional and engaging experience – managing it in an efficient, transparent way.

Avoiding duplication of data input is another goal we have set ourselves, and to start with we have enabled an interface with Automotive Systems (UK), part of Treating Customers Fairly (TCF), which is one of a number of such systems dealers use for FCA compliance.

Combining your appraisal process with



**“Paper-based processes are a thing of the past, and negatively impact upon customer perception and thus a retailer's reputation”**

an e-auction site, such as FullAuction, produces an end-to-end trade management solution.

#### Why use online or e-auction?

The benefits of electronic appraisals allow you to 'round out' your process. Auction pages include detailed appraisals, photographs, service history and other relevant descriptions. DMS data extraction can pre-load cars, saving valuable administration time.

Retailers are increasingly making use of e-auction sites to maximise profits made from trade vehicles, while streamlining efficiencies in the process. Selling a car in an online auction results in higher returns for retailers. A transaction fee compared to physical auction means that buyers are

likely to spend far more on a vehicle than at physical auction.

Crucially, listing a vehicle with FullAuction results in a faster turnaround – and can sell your car before the physical auction house has even collected it. Online auctions can expand your buying radius, our interactive vehicle collection facility guarantees a swift, hassle-free purchase and disposal process.

Barry Cooper, of Cooper Solutions, said: “Paper-based processes are a thing of the past, and negatively impact upon customer perception and thus a retailer's reputation. To be a step ahead of the competition, while improving efficiencies and cost savings, it is important to consider a move to software solutions that are the future, available now, allowing you to focus on the big picture.”

**For more information, please contact  
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## BEST PRACTICE: Aftersales

# Are you ready to connect?

Linking the disparate data sources in your dealership improves efficiency, employee morale, and profitability

Using several different systems from several different suppliers in aftersales departments can lead to issues such as reduced efficiency, falling profitability, problems with software support and a slowdown in the fulfilment of customer expectations.

Monthly bills from different suppliers for their licences and support can quickly mount into potentially large and unnecessary costs, with the burden of reconciling and paying multiple invoices placed with an accounts team. Using one supplier for all of the core aftersales processes, with one login to connect them together, and one support channel and one invoice provides a more efficient and cost-effective solution for dealers.

A connected solution helps to improve productivity and staff engagement, but it also increases staff morale, system use and profitability. It makes training new and existing employees more effective, while at the same time helping to reduce staff turnover, with users feeling more confident in their day-to-day job role because they have a greater understanding of one connected system rather than a mediocre appreciation of multiple disparate systems.

Data from various dealer management systems, the DVLA and DVSA, tyre distributors, and finance and insurance companies can all be connected into one portal. This can help to reduce errors, through seamless transfer of data between systems. This then removes customer blindspots that arise because information – such as addresses, mobile telephone numbers or customer email addresses – held in one system is not updated and, therefore, does not match data held in another.

eDynamix offers dealers a connected aftersales solution; encompassing (and embedded within) the service core process, with the aim of improving productivities, efficiencies and customer retention.



**“A connected solution helps to improve productivity and staff engagement”**

eDynamix Connect provides dealers with all of the core aftersales functions outside of their DMS; service plans, electronic vehicle health check, proactive follow-up, repairs and finance plans, online bookings, MOT cleansing, VIDEO1st, aftersales surveys and automated confirmations and reminders.

Through one portal, dealers can receive centralised, data-rich management reporting using our scheduled push reports, or use our eDynamix Connect app to get an overview of daily, weekly and monthly performance.

Not only do dealers' systems, staff, management and third-party applications become connected, but eDynamix Connect offers multiple online channels to keep

customers connected to dealers through the web and smart devices too:

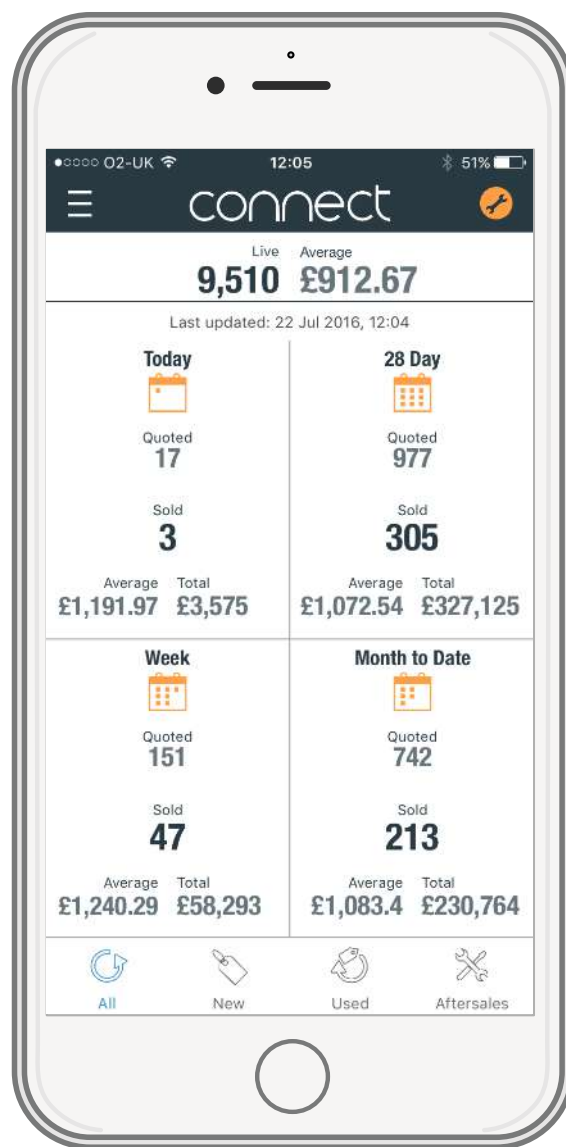
■ Online bookings – giving customers the ability to book their service 24 hours a day, seven days a week.

■ Online service plan quote – allowing customers to create a quote for all of their future servicing requirements at their convenience.

■ iVHC online authorisation – letting customers view and authorise work needed on their vehicle, anytime, anywhere.

■ VIDEO1st online media and interactive comments – delivering the excitement of the showroom experience to the customer in the comfort of their own home.

It's time to get connected!



For more information on eDynamix and to discuss our products, go to [edynamix.com](http://edynamix.com) or call 0845 413 0000





## BEST PRACTICE: Websites &amp; digital

# Give your online presence the right digital platform

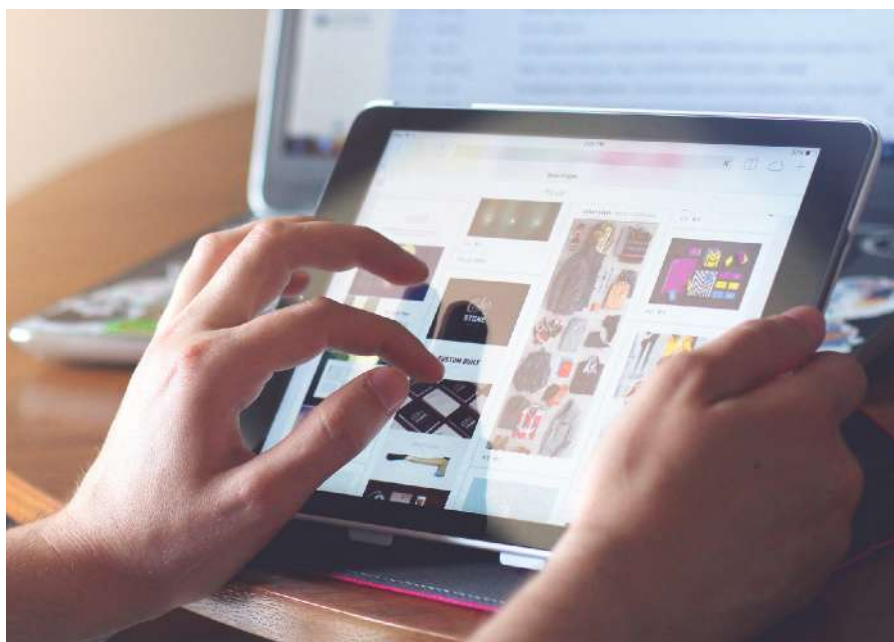
Engage connected consumers with a website capable of powerful performance

Choosing the right platform for your website can mean the difference between a flexible, dynamic, responsive digital shop window that showcases your business 24/7, or a lacklustre, generic one that will be outshone and out-performed by your competitors day and night.

With many promised quick fixes and off-the-shelf solutions out there, it can be easy to think that going to the trouble of reinventing the wheel is a time-consuming hassle you can do without. The problem is, when you know that every business is unique in both culture and character, how can that be conveyed by an out-of-the-box product?

The answer is simple – it can't! You need a framework and platform that is adaptable for one simple reason – technology is constantly evolving. Without ongoing creative innovation behind your website, you can quickly fall short of the expectations of today's connected consumer. With an average of just 1.3 visits to a showroom prior to purchase, the modern market demands that virtually every aspect of the car-buying journey can now be experienced online.

If you're wondering if there's a real-world pay-off to investing in the best digital presence possible, perhaps consider this: vehicle retailers who prioritise online presence over the physical forecourt are undoubtedly going to have an advantage over those who don't in the coming years. If you had inside knowledge on your potential buyer's preferences, from budget to colour choice, would using that



**“With the right tools built into your platform, you can harvest customer details and preferences with every interaction”**

information to reduce your stock (and turnover time) be valuable to your business?

With the right tools built into your platform, you can harvest customer details and preferences with every interaction and even from the moment they step into your showroom with a smartphone. That data is what will allow you to tailor your stock choices to suit demand and create bespoke offers your clients will respond to. But if your website can't accommodate those tools, you'll be at a disadvantage and less competitive against dealers with the most up-to-date consumer intelligence.

A dynamic, client-focused web presence also doesn't mean less emphasis on you. People still buy from people, as the cliché goes, and that is something you

can embrace through the right platform.

Video, for instance, can provide consumers with a safe gateway to viewing a vehicle, while a short clip made specifically as a follow-up to an enquiry can bring the personality and professionalism of the sales executive back into play, helping to provide emotional engagement.

Being able to meet the demands of the present and adapting to those of the future, effectively evolving alongside the consumer, is going to prove vital to vehicle retailers over the next few years. Proving yourself relevant, transparent and accessible will all take place online. The right platform can do all these things, and provide your business's most reliable revenue stream at the same time. Choose wisely!



For more information, call 0844 846 4767, email [info@gforces.co.uk](mailto:info@gforces.co.uk), or visit [www.gforces.co.uk](http://www.gforces.co.uk)

**GFORCES**  
driving the digital dealership

## BEST PRACTICE: Online finance

# Three best practice ideas that deliver results

Early finance checks, an end-to-end view of the customer's buying journey and the coming of age of online motor finance will all benefit dealers



## ONE: Have you considered the cost of not making a sale?

In the past couple of weeks, we've been doing some maths – and we calculate that the cost of failing to pre-check customers for motor finance is almost £8,000 per sales person per year in an average dealership.

Our figures are, we believe, quite conservative. They assume a rejection rate from your lender of 25% and an average package per employee of £40,000 including bonuses and dealership costs.

What is the solution? Simple – check the customer for finance early on. This sounds as though it may spoil the flow of the sales journey, but it is actually quite logical.

Our recently introduced online Showroom Eligibility tool allows dealers to do this easily, sitting with the customer and looking at whether they are likely to be approved by the dealer's panel of lenders.

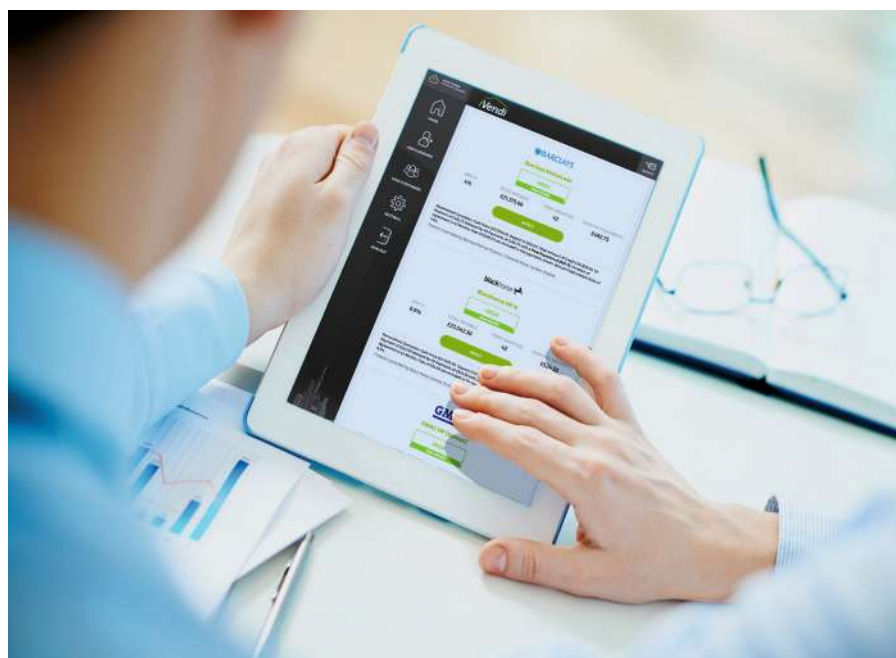
If no solution is available to meet the customer's needs, then this saves time for both the customer and the dealer – with the latter saving perhaps tens of thousands of pounds every year in the average dealership.

## TWO: Use new technology for complete visibility over online leads

Imagine that you could track the entire customer journey online, providing complete visibility over web leads?

Well, now you can. Tools have become available from iVendi that can monitor the customer from first website visit all the way through to their motor finance application being finally approved and the car delivered.

This development provides a hitherto unavailable view of the ways in which customers behaved both individually and as a group. Within one screen, dealers can look at all the key points in the customer journey and use this intelligence to move much closer to completing a sale and driving their profitability forward.



## “The number one lesson is that online motor finance is just another part of your business”

It is quite an advance and something that has definite value, turning anonymous leads into real people with identifiable patterns of behaviour.

## THREE: It's time to take advantage of online motor finance

We are at the moment where online motor finance is coming of age. How do we know? One single statistic: more than 65% of the UK's 200 largest dealer groups now offer some kind of fully interactive motor finance option on their website.

■ Why is this so significant? Simply, it means that offering online motor finance has become the norm for motor dealers, rather than an exception. It is no longer seen as an experimental part of the online dealer offering, but is instead an essential element of their customer proposition.

■ In a sense, the number one lesson that should be learnt at this moment is that online motor finance is just another part of your business – a new part that has exciting possibilities, but one that works best when it is integrated into your everyday activities.

■ And for the 35% of the top 200 dealers who have no online motor finance presence so far, the message is simple: you're being left behind and are probably losing sales.

Times have changed – and you need to change with them.

iVendi is the UK's market leader in digital motor finance, providing solutions used by the leading car portals, thousands of dealers and many major finance providers. Visit [www.ivendi.com](http://www.ivendi.com), mail [info@ivendi.com](mailto:info@ivendi.com) or call 0845 226 0503





## BEST PRACTICE: Customer reviews

# Why hiring outside experts can save you money

Specialists' technical knowledge frees you to focus on core business areas



Probably the most fundamental aspect of seeking reviews is that the devices people choose to use to dictate them are ever-changing. For example, when we launched JudgeService, iPhones were really the only smartphone in town and were used only by a sort of early adoptive elite. Now, more than 30% of our fully responsive surveys are completed on smartphones and a further 20% on tablets.

So while 'anyone' could build a survey, using a specialist means you are taking advantage of an investment that is funded across multiple clients and therefore much more cost-effective. In other words, if you want to keep ahead of the game, you are better off concentrating your investment on your core business and outsourcing other activity to independent specialists.

Other cost benefits associated with using an independent review provider can be enjoyed, as star rankings on Google AdWords are expected to reduce your cost-per-click advertising bill by 17% as a result of increased click-throughs, reducing the bids you need to make.

Again, when it comes to efficiency, a specialist is more likely to 'wake up in the

**"A specialist is more likely to 'wake up in the morning' worrying about response rate and survey completions"**

morning' worrying about response rate and survey completions and therefore optimise your response to surveys. We work with our clients to maximise the data quality that they provide and, in many cases, have helped them to double the amount of email addresses they collate.

Using a responsive website, we are also able to maximise response from smartphones and tablets, meaning that more customers complete reviews than if you ran a desktop survey.

When it comes to reporting, because it is what we do, we are able to provide granular detail of how each individual sales executive is performing, which enables the sales management to coach people

on offering finance, test drives and better explanation of part-exchange values, for example. This brings the opportunity for process improvement by fixing individual performances much closer to the business, which will immediately enable you to increase performance, sales and profitability. This is the first step in building loyalty and repeat business.

We know for the average dealer, 14% of their customers bought from them last time. Yet some dealers are able to achieve double this.

Using an independent service also gives you accurate data about the trends in your source of enquiry, enabling you to determine whether it is your print, radio or web advertising that is delivering enquiries, or whether it is your offers, franchise or even location.

In summary, using an independent specialist is more credible for consumers who are looking to see who to trust – much of the time, when your dealership is shut. The specialists will be focused on this to maximise response and it is in their interests to invest in this and keep your costs low, response high and ultimately maximise your profitability.

For more information, call 01423 225 166, email [sales@judgeservice.com](mailto:sales@judgeservice.com), or visit [business.judgeservice.com](http://business.judgeservice.com)

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## BEST PRACTICE: Social media

# Keeping in touch with customers – on their terms

Modern dealerships need to use social media to protect and enhance their reputations and benefit from the explosion in consumer-led marketing

Customers are now mass-marketing broadcast machines in their own right – consuming and broadcasting messages across multiple media, influencing friends, relatives and followers.

Their outlet is social media; in its strict and wider forms. The modern dealership needs to use this channel to protect and enhance its reputation and earn the benefits that are available.

Twitter is now, arguably, the world's No.1 customer complaint channel, and reviews on Facebook and Google+ form an ever-growing influence on today's consumer.

In its wider form, social media can be said to include review sites, as these are powered by "real-life" customers – notwithstanding the potential for "industrial espionage" and exploitation.

■ 88% of consumers trust online reviews as much as personal recommendations.

■ 72% say positive reviews make them trust a local business more.

■ 87% of clicks on Google are to businesses with three or more stars.

The opportunity for dealerships to benefit from this explosion in consumer-led marketing is huge. By engaging with consumers at regular intervals and encouraging commentary and conversation online, the socially connected dealership can keep up to date with consumer opinions and pick up quickly on any negative issues as they arise.

**"In a recent study of the response time to complaints on Twitter, the company that was ranked the poorest also experienced a sales decline of 8%"**



In a recent study of the response time to complaints on Twitter, the company that was ranked the poorest also experienced a sales decline of 8% during the year the study was carried out. It's true there is no direct correlation here, but a clear inference that social media has a role to play in maintaining brand loyalty and interest.

We recently met a potential new client who, when we showed him some Twitter comments about his dealership, said "Twitter isn't for us, we aren't on it". He failed to grasp that consumers were talking about his business whether he was present or not. Being able to get involved in these conversations – re-tweeting and thanking where it's positive and publicly looking to resolve negative issues – means a business is far better placed to manage any negativity and benefit from positive comments.

Did you know there are more than

30 million local business pages on Facebook? Engagement on these pages is far better than for national – or international – brand pages. We always recommend a local page per dealership, with a robust process in place for regular updates and monitoring. It's a real opportunity to provide a local personality to the business in the social media environment that 50% of the UK population are using.

The investment required is minimal – a trained and interested person and a tool to monitor and post replies and other content. There are many of these tools available, such as Hootsuite or Crowd Control HQ.

Both Facebook and Twitter have alerts that tell an administrator when comments are being made or reviews left so, with a bit of time and thought, many dealerships will not need to pay extra for one of these tools.

What you can't afford to do, however, is ignore social media, as it's not going away!

If you'd like to join us on a customer journey, visit [www.marketingdelivery.co.uk](http://www.marketingdelivery.co.uk) or call 01892 599 913

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## BEST PRACTICE: Customer service

# Two small changes will set your customer service apart

Go beyond the smile and handshake and listen to your customers, says Ben Stevens, automotive business development manager at Moneyppenny

**W**inning over customers isn't always an easy task. With ever smaller margins in the quality and performance

of vehicles, making sales in today's automotive world has never been more challenging.

This is where the customer service you offer can really set you apart. People already have an idea of what to expect when they step onto a forecourt. But if you go beyond the friendly smile and handshake, you're already on your way to being ahead of the competition.

The best part is you don't have to go to great lengths or expense to see quick improvements. Even the smallest changes will be noticed. Here are two really easy ways you can develop the service you give.

## Be an active listener

This sounds so simple, but it really is one of the most effective things you can do to stand out from the crowd. It's only by really listening and interacting with your customers, that you will get a clear understanding of what they actually want.

Regardless of what we're buying, we tend to make up our minds before looking at all of our options – we just can't help it when we see something we want, especially cars. However, it might not always be the best option for us. So dig a little deeper. Ask your customer to talk to you, and tell you exactly what their situation is. What is it that's driving their purchase? You'll soon get a clear idea of what it is they need.

In turn, this will allow you to match their requirements to the right vehicle. It could be something that they hadn't even thought about – but if it's a perfect fit, they'll thank you for taking the time to find out. By engaging customers in conversation and not only meeting, but exceeding, their expectations, they'll almost certainly remember you when they come to buy their next car or when friends and family ask for a recommendation.



**“By engaging customers in conversation and not only meeting, but exceeding, their expectations, they'll almost certainly remember you”**

## Be available at all times

We all know how frustrating it is when we can't get through and speak to a shop or department. It's even more annoying when this happens more than once. We can't help but take it personally – 'don't they want our custom?' we ask ourselves. Of course they do, but the chances are that they're busy with customers on the shop floor.

Of course it is impossible to man all stations at once. So if you can't be available to take a customer's call, it helps to find someone who can be. At

Moneyppenny, we've seen an increase in the number of dealerships looking for additional help in answering their calls while they take care of customers, not only in the showroom, but in all departments.

During the first half of this year alone, we have taken care of thousands of calls to aftersales, parts and bodyshop departments, as well as sales – customers' calls that might have otherwise gone unanswered. This highlights the fact that great customer service is required long after the car is driven off the forecourt.

To discuss your needs and find out about Moneyppenny's no-obligation trial, please contact: 0333 202 1005 / [hello@moneyppenny.co.uk](mailto:hello@moneyppenny.co.uk) / [moneyppenny.co.uk](http://moneyppenny.co.uk)



## BEST PRACTICE: New cars

# The business world is changing – learn to adapt

Creating new products and ways of working is essential if you want to be part of a business that thrives

Supagard was founded in 1988 and has grown to be the UK's market leader in paint and interior protection. From those humble beginnings until the present day, we've seen many companies come and go. At one end of the business spectrum, about one third of Fortune 500 companies vanish every 15 years. At the opposite end, nine out of 10 start-ups fail within three years. A failure to learn and a failure to adapt are probably major contributing factors.

No matter how well educated you are in a traditional sense, you have to be prepared to continue learning if you want to be part of a business that thrives, not dies. You can't enter into business believing that because you've obtained qualifications you are set for life, because what you learned at college or university may not be all that relevant just a few years down the road. The world is changing at a rapidly accelerating pace and what you learn



**“By looking at every aspect of our organisation and asking how we can do things better, we are likely to see changes coming before others do”**

today can quickly become outdated.

Supagard has continued to grow and prosper by identifying the best ways of working to achieve our business objectives and by changing to adapt to new circumstances. By keeping up to date with the ways that successful businesses operate – in your business sector and in others – and measuring your way of working against them, you can learn from and through the experience of others and use their most successful elements in your own business.

At Supagard, we foster a culture of innovation and creativity, which helps us to stay several steps ahead of our competitors by ensuring that our products and services are cutting-edge and in line with our customers' requirements. This allows us to react quickly to changing markets, customer expectations and their needs. By constantly looking at every aspect of our organisation and asking how we can do things better, we are likely to see changes coming before others do – a recent example being the growth in leather

interiors, not just in luxury cars, but in all car sectors.

Although we had an existing range of leather-cleaning products, we identified a need for a product that would provide protection against staining caused by dye transfer from denims and other clothing, food oils such as curry and everyday liquids. This led us to develop Supagard Leather Preserver – a completely new product guaranteed to protect the leather for at least three years (a UK first), while allowing it to breathe and keep its natural finish and flexibility.

Supagard's reputation has been built, in part, through continuous focus on ensuring our products are the best in an ever changing market. There are always new challenges, but fortunately every experience (whether good or bad) ends up teaching you something – and that's what learning is all about.

As Charles Darwin said: “It is not the strongest of the species that survives, nor the most intelligent that survives. it is the one most adaptable to change.”



To discover how Supagard can support your paint protection objectives, call 0141 633 5933 or email: [info@supagard.com](mailto:info@supagard.com)





## BEST PRACTICE: Video

# How CitNOW can improve your profits and efficiencies

Video relationships increase sales, create greater trust and provide more repeat business

**H**ow can you engage with today's internet-savvy customer? Customers love search and use it extensively to research their next purchase. They demand product knowledge and technical know-how. They use every available avenue to help them with a purchasing decision before visiting a dealership.

## Video relationship marketing (VRM)

At CitNOW, we have coined a phrase – VRM. It's all about the customer journey and highlights the 12 key areas (right) where video can have an immediate impact.

Using video in these areas is proven to increase sales, trust and repeat business. Personal video takes less time than writing an email and is more likely to be opened.

**Top tip: Switch on SMS (as well as email) – videos are watched sooner, and open rates double.**

**Top tip: Each sales executive needs to make at least three videos a day. This will ensure that personal video is part of the process and you'll sell more.**

**Top tip: Managers must review videos often – they get better the more you do!**

## Video across the dealership

Whether you start with sales, workshop or both, you will immediately see the benefits. Red work conversion can increase by 50% when using personal video, while the stock days for cars with video can halve over vehicles advertised without video.

## How does VRM assist sales?

From an introduction, through to a 'thank you for your business' sign-off, using timely personal videos in your sales process helps to sell vehicles, increases CSI scores and improves customer retention.

**Top tip: Make sure email notification is on – the best time to phone a customer is**



when they have just watched a video.

**Top tip: Use dashboard reporting to measure performance.**

## How does VRM assist workshops

By showing customers exactly what a technician sees through a personal video, you immediately begin to build trust and transparency and naturally see an increase in converted work. While 'red' videos always increase the conversion of red work, green videos are also important. Good news and transparency build trust. Customers are more likely to return for their next service and more likely to agree to work in the future when it is needed.

**Top tip: Use visual aids, such as digital tyre**

depth gauges, to show a measurement. This increases trust and transparency and leaves no room for misinterpretation.

**Top tip: Be clear on how you want to use video within your workshop and don't set targets too high to start with.**

VRM will improve sales and profit across a dealership while improving the customer journey. By bringing the human touch back, personal video lets you build a genuine relationship with your customers. This is highlighted with 'Rate This Video', where customer feedback has been superb, with 96.5% leaving positive feedback:

"Never had this before; impressed";  
"How to follow-up a sale and make the customer feel appreciated";  
"Absolutely delighted. Creates a really personal follow-up to my visit yesterday."

These examples show personal video pays for itself and so much more.

Find out more about how video is changing the face of the automotive industry forever. Download the CitNOW white paper at: [www.citnow.co.uk/white-paper](http://www.citnow.co.uk/white-paper)



## AWARDS SPONSOR

AUTO TRADER  
COMMENT

BMW Retail Online is a very clever innovation that breaks new ground and taps into the very best online retail practices to make buying a new BMW a very engaging and seamless affair.

The six steps take consumers through a logical, easy-to-follow process where consumers can configure a car, search available stock in dealerships, set up finance, arrange delivery and finalise a deal with their chosen retailer.

The company even provides full support, including information videos and online chat with BMW Genius, plus there is a facility to arrange a test drive, secure an insurance quote and an independent trade-in on a consumer's own car should it be required.

BMW Retail Online is a tremendous digital innovation that brings together the very best in online retail practices. It enables a consumer to configure their dream BMW and buy it, wherever and whenever they are online. The simple process with key support ensures it is not only very easy, but delivers a thoroughly engaging process for consumers. It's why BMW Retail Online is a very worthy winner of the AM Digital Initiative of the Year 2016.



# BMW's Retail Online 'depends on our forward-thinking retailers'

It is expanding its digital sales platform to Mini and its used cars, but BMW says dealers will always be at its heart

By Tom Sharpe

**A**s BMW UK prepares to expand its Retail Online platform to incorporate Mini and its used car sales, the German brand said its "committed" franchised network was a key part of its end-to-end digital service.

BMW Retail Online won Digital Initiative of the Year and Best Manufacturer Digital Initiative at February's AM Awards, just three months after it launched its web-based sales platform.

Trialled in the UK, the platform allows customers of the German brand to configure their chosen vehicle, arrange a test drive and part-exchange, and even secure a finance offer and pay for a vehicle in full without setting foot inside a dealership.

Unsurprisingly, some in the franchised dealer network met the development with trepidation.

In an interview with AM, **BMW UK's retailer development director, Kevin Davidson**, claimed retailers were on board from day one and were now reaping the rewards of ready-made leads, with online customers even willing to part with more cash than showroom visitors.

"In many ways, it was our retailers that pushed us to provide the full end-to-end service," he said.

"From a very early stage, we discussed with a

panel of six retailers what we were going to do and they said 'well, if you're going to do it, you might as well offer it all'.

"We're very lucky that we have a group of committed retailers who are very forward-thinking and have faith in our strategy."

BMW UK's panel of dealerships was made up of representative from Sytner Group, Cooper, Specialist Cars, Halliwell Jones, Westerly, Arden and Williams Group.

**BMW Retail Online project manager Paul Kester** added: "From day one, we were really transparent with them and made it clear that this was something we wanted to introduce to the existing platform and they really got on board. They were instrumental in shaping it as an end-to-end sales solution."

Davidson said the idea of an online sales platform was introduced as part of BMW UK's Future Retail strategy, which was launched in 2010/11 and introduced the BMW Genius concept.

Today there are more than 300 BMW 'geniuses' – individuals trained to guide customers around the vehicle range – in BMW retailers and available online via live chat and email.

Online service booking has also been available for more than two years.

When BMW Retail Online launched in November



Kevin Davidson, retailer development director, BMW Group UK, accepts the award for Digital Initiative of the Year from Sharon Randall, UK sales director, Auto Trader



2015, 95% of the brand's retailers had already signed up and Davidson said about 99% of the brand's volume is currently represented through its participating retailers, with 97% signed up.

Dealers benefit from ready-made leads as online customers can select a preferred dealer for the hand-over of their vehicle.

Davidson said: "These are ready-made leads in every sense of the word. Customers might choose to contact the dealer at any point in their buying journey but, regardless, the retailer that completes the handover gets a full sales commission."

Customers can also choose to view currently available vehicles close to their configured choice to side-step lead times. One in five customers takes that route, according to Kester.

To date, BMW UK has completed 300 sales through Retail Online, with customers only visiting a dealership for the hand-over of their vehicle.

About 14,000 live chats, 75,000 needs analysis questionnaires – a series of four questions to determine the BMW that best suits a customer – and 41,000 'click to purchase' transactions, which have

seen customers log in to a showroom section of the platform, have also been processed.

Davidson said 13% of those showroom visitors have been converted into sales, with an average finance penetration of 70%.

Kester said the finance calculator – provided through BMW Financial Services – is a real strength of the Retail Online offering, with customers keen to determine their potential monthly payments.

He said BMW is currently exploring giving consumers the opportunity to access financial options earlier in the process.

Davidson said that, on average, BMW Retail Online users spend £39,000 on their vehicle, 20.5% more than the retailer average of £31,000.

He added: "For whatever reason, we have seen people go for more options, bigger engines and higher-price vehicles."

BMW UK is preparing to extend Retail Online to new Mini sales and used cars for both BMW and Mini brands.

Davidson said the used element was currently "in the planning stage", but he hoped to see a pilot

scheme launched by the end of this year.

He said: "A lot of the used car journey is already there at the front end. There is provision for a CitNOW video of the vehicle and you can call the dealer, but we want consistency across all our platforms and that means a full end-to-end sales process."

The Mini side of Retail Online is currently under development and is expected to be launched in 2017.

The expansion will coincide with a promotional push, on top of BMW Retail Online's already high-profile presence at the BMW PGA Championship at Wentworth in May and at the Goodwood Festival of Speed in June.

Davidson insisted that BMW UK's main objective remains the driving of sales through its retail network.

He said: "We don't have any plans to develop retail business with end-user customers. That is not part of our plan."

"A car is most people's second-largest purchase and for that reason alone I think there will always be a place for a local touchpoint for our customers."

"What that retailer looks like and the range of services it provides might change, but I cannot see dealerships disappearing."

"We employ 12,000 people in our network; we have 450 people in our apprenticeship programme."

"We employ exceptional people who touch the lives of customers every day and retailers that have been with us for 40 years. All those things are hard won and we won't be turning our back on that."

"In many ways, it was our retailers that pushed us to provide the full end-to-end service"

Kevin Davidson, retailer development director, BMW UK

# INDUSTRY PROFESSIONALS SHARE THE BEST ADVICE ON MOTOR RETAIL ISSUES

## Taking client records is a criminal offence

By Graham Jones, director, Lawdata



Clients are often concerned about departing employees taking confidential information.

The first line of protection should be the contract of employment. Restrictive covenants can limit the ability of former employees to solicit customers, employees or suppliers on

behalf of a new employer or prevent them from operating in direct competition within a reasonable period after their employment has ended. They must, however, only go so far as is necessary to protect legitimate business interests, or they run the risk of being invalid as a restraint of trade.

A confidentiality clause can help define what is "confidential information" within the business, and make it clear that it must not be disclosed without appropriate authority.

A reminder of the existence of such terms is often sufficient to avert potential breaches, failing which they can be enforced, at some cost, by means of an injunction.

A recent prosecution by the Information Commissioner at Telford Magistrates Court will also help strengthen the employer's position. Mr Lloyd was prosecuted under Section 55 of the Data Protection Act for unlawfully obtaining or accessing personal data. He had sent details of 957 existing clients to his personal email address shortly before taking up a role at rival company. The details included contact details, purchase history and commercially sensitive information.

The prospect of a criminal conviction, particularly for roles involving FCA regulation, should help deter such action and help protect your business.

■ For 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.



## Are your people your greatest asset?

By Nigel Banister, director, GMD People



For the past 15 years, GMD People has been supporting automotive businesses in developing their leaders. Over the next few months, within AM's Executive Panel, we will be focusing upon how you can get the most out of your people as a leader.

We are all familiar with the expression 'people are our greatest asset'. Leaders have a fundamental role in ensuring that they maximise all their resources – we all have stories about how the good people, and the not-so-good people, impact on bottom-line profitability. Behind all the key business KPIs are people – they all have a role to play in achieving and exceeding these.

Many leaders we speak to talk about the ever growing complexity of running a retail motor business and the frustration of operational 'distractions' that take them away from focusing on longer-term thinking. This includes consideration of their people – even having an informal chat with a team member can be seen as a luxury for many!

Considering the activities and time needed to recruit, induct, manage and develop people properly, the role of leader is crucial to ensure all the elements of the 'employee journey' are managed in the most efficient and effective way. For example, the cost of recruiting the wrong person can cost a business up to £30,000 (according to ACAS) – this is a direct hit on the profitability of the business, but one that can sometimes be overlooked. So, do you get the best from your greatest assets?

■ GMD People will be at AMLive 2016 on November 16 in Milton Keynes. In the meantime, visit [gmdpeople.com](http://gmdpeople.com).



**K**nowledge is power, and businesses need as much expert advice and insight as possible to succeed. For senior managers in franchised dealerships, who are ultimately responsible for a multi-faceted service, retail and business-to-business operation, that need is even more pronounced. This is where *AM*'s Executive Panel can be of real help. The Executive Panel is made up of *AM* commercial partners who are all experts in their key industry segment – segments that can have a major influence on a motor retail business's bottom-line profitability and customer experience.

## Improve your used car performance

By Martin Peters, sales director, Autoclenz Group



From part-exchange appraisal to personal video presentations on retail vehicles, there are many opportunities where Autoclenz can help you eke out every pound of profit through the used car process.

If you have p/x vehicles going to the trade or auction, invest a little through the valeting department to maximise the sale price. It has been proven that vehicles that have received a decent valet, machine polish or clay bar realise better prices under the hammer. For £50 investment, you can easily convert that into an extra £250 profit at auction.

The same can be said with your own retail stock. Look at each vehicle as a separate unit. What does that vehicle need to realise the maximum return? If it is a base non-metallic colour, a machine polish at £25 will make an amazing difference, particularly with the current trend of white and red cars on the roads. If a vehicle has fallout and paint contamination, ask for a clay bar to remove these contaminants during the wash process, at a similar charge to a machine polish.

The point is by appraising each vehicle and using the full scope of the valet's skills, you really can see and maximise the return you get on your investment.

Add SMART Repair into this process, and video imaging when the vehicle is freshly valeted, and you have the complete solution.

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



## Take time back this September with BCA

By Simon Henstock, BCA chief operating officer, UK remarketing



The September plate change is a highly anticipated event and the 66-registration plate will undoubtedly generate a superb selection of vehicles into the used market. At this busy time for dealers, BCA has everything in place to ensure great results.

For buyers, BCA will offer the widest choice of stock, both online and through our 23 auction centres nationwide, with every vehicle appraised, graded, imaged and catalogued online via our Auction View service. BCA will run an enhanced sale programme for dealer part-exchange vehicles, and fleet, lease and contract hire vehicles, meaning our buyers can access the very best selection of retail quality stock anywhere in the UK.

To make the most of all the opportunities this September plate change, BCA Partner Finance – the vehicle-stocking service – will help customers to buy more, stock more and sell more used vehicles.

BCA also helps dealers with their part-exchange programme. As well as standardising vehicle appraisals in a professional and customer-friendly manner, BCA Dealer Pro provides accurate market valuations, captures retail-quality photographs to be used across various sales channels and manages a dealership's part-exchange inventory and vehicle disposals.

There is no quicker or more profitable route to market for your part-exchanges than auction and, more importantly, it frees up the cash tied up in the metal to invest in retail-ready stock that will really attract attention from your customers.





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**MG GS**

New SUV is not a silver bullet for registrations growth, says MG.

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**Honda HR-V**

Crossover is a 'middle-order player' in consumer appetite, says Carwow.

**FIRST DRIVE: VOLVO S90/V90**

Volvo says the second and third models in its renewed line-up will conquest 5,000 annual sales

**By Tom Sharpe**

**F**ollowing the success of the XC90 SUV was never going to be a small feat, but the new S90 and V90 could see Volvo's winning streak continue.

In 2010, Volvo's acquisition by Chinese multinational Geely followed an uneasy few years for the Swedish manufacturer as it trimmed resources after former owner Ford announced its desire to sell.

Six years later and Volvo's swagger, if it ever had one, is back.

In 2015, it recorded 43,432 registrations (up 5.8% on the 2014 total) and in the first six months of 2016 it recorded 22,629 (up 7% year-on-year).

At least some of that success is down to the XC90, with 2,853 registered in H1 2016. Starting from £46,850, the SUV yielded high-margin sales for the 55 owners of Volvo's 102 UK sales sites.

Now, the '90' range has expanded with the S90 saloon and V90 estate as Volvo sets its sights on a target of 60,000 UK registrations by 2020.

**Volvo UK's head of product and pricing, Iain Howat**, said: "Five or six years ago, people were writing us off. Now we are a manufacturer on the move and the franchised dealers have a lot to look forward to."

Available from launch with a choice of 187bhp D4 and 232bhp D5 versions of Volvo's Drive-E two-litre twin-turbodiesel engines – with front- (D4) or all-wheel-drive (D5) – and Momentum or Inscription specifications, prices for the S90 run from £32,555–£42,055 and the V90 will cost £34,555–£44,055.

Volvo has projected sales of 5,000 for the pair and, after just 500 registrations in 2015 of the outgoing S80 saloon, Howat said sales would be considered "100% conquest".

With about 75% of those registrations expected to come from fleet, a T8 hybrid drivetrain will be warmly received early next year. Combining a 316bhp petrol engine and 86bhp electric motor, the hybrid will have CO<sub>2</sub> emissions as low as 44g/km.

Howat projected that 45% of S90/V90 sales would be in



Crisp, Swedish interior design mirrors that found in the XC90

# Volvo's executive dealers a lot to lo



"Volvo was once the market leaders in the D/E estate segment and our hopes are that this is the car that will put us right up there"

Iain Howat, Volvo UK

Momentum specification, 55% Inscription specification with an eventual engine split of 70% D4, 20% D5 and 10% T8 Hybrid.

The D4 engine available from launch claims fuel consumption of 64mpg and 116g/km CO<sub>2</sub> emissions in the S90 and 63mpg and 119g/km CO<sub>2</sub> in the V90.

The more powerful D5 should deliver 59mpg and 127g/km CO<sub>2</sub> in the S90 alongside 58mpg and 129g/km in the V90.

The new S90 and V90 sit on a new Scalable Model Architecture, a platform that allows Volvo to tailor the dimensions on a range of future products.

At 4,963mm, the S90 and V90 are the longest vehicles in their class, but boot space of 500 litres (S90) or 560 (V90) is bettered by the Audi A6, the BMW 5 Series and the Mercedes-Benz E-Class.

Both Volvos score points for their interior accommodation, however, and Volvo justifies that near five-metre length with impressive rear leg room.

Crisp, Swedish interior design mirrors that found in the XC90, and the nine-inch portrait Sensus Connect touchscreen is the most dominant familiar feature in a cabin swathed in leather and other high-quality materials.

Sensus Connect brings access to a range of web apps and connected service booking, enabling the car to pre-book itself into a chosen Volvo dealership.

Satnav and dual-zone climate control are also among the standard equipment.

Outside, the newcomers feature the 'Thor's Hammer' LED headlight design featured on the XC90, with automatic high beam, and an electric boot lid.

As part of Volvo's '2020 vision' – that no one should be killed

# contenders 'give ok forward to'



or seriously injured in a new Volvo car by 2020 – the S90 and V90 also include a broad range of safety technology.

Pedestrian, cyclist and large animal detection will deploy a front collision warning and fully automatic emergency braking if necessary, while run-off road protection will automatically tighten the front seatbelts should the car inadvertently leave the road. The front seat frames also feature a collapsible section to help prevent spinal injuries.

Meanwhile, Volvo has taken a further step towards autonomous driving with the introduction of Pilot Assist and adaptive cruise control. Together, the systems will maintain the cars' course within a marked lane at speeds of up to 80mph.

Inscription specification adds Nappa leather; a 12.3-inch TFT instrument cluster, which adapts its style in accordance

with a drive select system offering normal, comfort and sport settings; keyless entry and engine starting; and hands-free boot lid opening and closing.

In terms of sheer interior space and comfort, Volvo's newcomers are standard-setting and the styling of the V90, in particular, gained the favour of various motoring journalists on its recent launch.

Howat said: "Volvo was once the market leader in the D/E estate segment and our hopes are that this is the car that will put us right up there with the most popular premium contenders in the class.

"We had a fairly chequered history with Ford but everyone is delighted about the direction the new cars are taking us."

## VOLVO S90/V90 R DESIGN

Volvo Cars has revealed performance-inspired R-Design models of the new S90 saloon and V90 estate.

While the new models are not scheduled to receive a makeover from Volvo's performance arm, Polestar, any time soon, R-Design models will feature a sport chassis, unique grille and piano black trim. A new five-spoke matt black diamond-cut wheel also adds to the performance feel.

Volvo said "sporty contour seats and special steering wheel" would be part of the interior highlights.

Order books are now open for the S90 and V90 R-Design models, with UK delivery dates to be announced in Q3.



## SPECIFICATION

<b>Price</b>	£32,555 to £44,055
<b>Engine</b>	two-litre, four-cylinder, turbodiesel; 187/232bhp
<b>Performance</b>	0 to 62mph 7/8.5 seconds; top speed 140/149mph
<b>Transmission</b>	8sp automatic
<b>Efficiency</b>	58mpg to 64mpg
<b>RV 3yr/30k</b>	40% to 41%
<b>Rivals</b>	Audi A6, BMW 5 Series, Lexus GS, Mercedes-Benz E-Class

# 60,000

Volvo's annual registrations target for 2020

## WHAT YOUR CUSTOMERS WILL READ ABOUT THE VOLVO S90/V90

### WHAT CAR?

You should certainly have the S90 on your test drive list. The version we tried has the pace, quality, equipment, comfort and quiet, spacious cabin to worry the best large executives.

### TELEGRAPH MOTORING

Up there with the great riding cars of our age, slightly below the Rolls-Royce Phantom and Mercedes S-class, but above the Škoda Superb, sits this fantastic-looking estate.

### AUTOCAR

There's little to criticise in the S90's cabin. The driving position from the broad, cushy seat is very good and offers decent breadth of adjustment, visibility all-round is good, the dash is mostly easy to fathom, the screen easy to see and one of the easier systems to get used to.



MG GS

# SUV is not a silver bullet, says MG



The MG GS comes in petrol only, which may harm fleet registrations

## SPECIFICATION

<b>Price</b>	£14,995 to £20,995
<b>Engines</b>	1.5-litre turbocharged petrol, 164bhp
<b>Performance</b>	0-62mph 9.6 secs, 118mph
<b>Transmission</b>	6sp manual, 7sp automatic
<b>Efficiency</b>	46.3mpg, 139g/km CO <sub>2</sub>
<b>RV 3yr/30k</b>	41%-42%
<b>Rivals</b>	Ford Kuga, Nissan Qashqai, Kia Sportage, Mazda CX-5

## WHAT YOUR CUSTOMERS WILL READ ABOUT THE MG GS

### AUTO EXPRESS

The MG GS will mainly be bought on value for money, and that's definitely its strongest point. If you're desperate for a good value crossover, the SsangYong Tivoli will probably be a better choice, though.

### WHAT CAR?

While the cheap price, punchy engine and spacious interior may tempt you, the overly firm ride, cheap-feeling interior and merely adequate emissions and economy far outweigh any positives.

### By Tom Sharpe

If MG Motors UK was ever to have a hope of hitting its target of 20,000 registrations within five years, an SUV was a must. Enter the MG GS, which appeared in UK showrooms in mid-June.

Because of MG retailers' relative lack of footfall – there will be 90 outlets by the end of 2016 (up from 58 at the end of 2015) and 110 a year later, according to **MG Motors UK sales and marketing director Matthew Cheyne** – the brand decided to embark on a campaign of face-to-face marketing activity to build a database of 5,000 potential customers, with data-gathering at public events such as the British Touring Car Championships.

At the GS's recent press launch, Cheyne told *AM* that "the GS does move things on a long way from the MG3 and MG6.

"This is not a silver bullet, though. We

are careful to appoint retailers who are not unduly distracted by other high-volume brands because they need to go out and sell the MG brand and that is the case here, too. If they get it out there and in front of potential customers, this is a vehicle that really could transform a business."

Three specifications are available from launch (Explore, Excite and Exclusive), with the value-led line-up priced from £14,995, £17,495 and £19,495, respectively.

The GS comes with a five-year 80,000-mile manufacturer warranty as standard.

The turbocharged, 1.5-litre petrol unit delivers a claimed 46.3mpg fuel economy on the combined cycle and 139g/km CO<sub>2</sub> emissions.

The GS will be competing with the likes of the Ford Kuga, Kia Sportage and Nissan Qashqai in the SUV C-segment. However, without a diesel

engine option, the MG GS will lose out in fleet terms to the likes of the Qashqai and Sportage.

Cheyne seems fairly relaxed about a retail-focused strategy – which sees just 10% of MG's sales accounted for by fleet sales – as he looks to build on 2015's 3,152 registrations with a 2016 tally of about 5,000.

He believes the low ownership costs presented by the GS, backed up by CAP residuals of between 41% and 42%, along with a new B-segment SUV and updated MG3 due in 2017, will help the brand realise its growth ambitions.

Cheyne said: "In five years' time, if we were at 20,000 sales, I think that would be a good place for us to be.

"We are realistic about where we are going and where we need to be, but we have to aim for growth and allow our retailers to be entrepreneurial and make the profits which the products have the potential to achieve."

## Guess the car competition



Steve Bayley, commercial manager at GMAC UK, correctly identified the Hummer H3 in last month's issue of *AM*.

Have a go at identifying this month's mystery model to be in with a chance of winning a £20 John Lewis voucher. Email

am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, September 9, 2016.





KIA NIRO - ON SALE NOW

# Kia's first hybrid for UK market



The 'First Edition' is top of the four-strong Niro range

## SPECIFICATION

<b>Price</b>	£21,295-£26,995
<b>Engines</b>	1.6-litre petrol engine plus 32kw electric motor: 139bhp
<b>Performance</b>	0-62mph 11.1secs, top speed 101mph
<b>Transmission</b>	6sp auto
<b>Efficiency</b>	64.2-74.3mpg, 88-101g/km CO <sub>2</sub>
<b>RV 3yr/30k</b>	35-36%
<b>Rivals</b>	Toyota Prius, Hyundai Ioniq, Toyota RAV4 Hybrid

# 74.3mpg

Combined fuel economy of the Kia Niro

WHAT YOUR CUSTOMERS WILL READ ABOUT THE KIA NIRO

## CAR MAGAZINE

The Niro presents as an entirely companionable proposition. It's quiet, practical, undeniably spacious, drives smoothly and handles reasonably tidily.

## TOP GEAR

Pick 16-inch rims and you get 74.3mpg and 88g/km emissions. Step up to the optional 18s and those figures alter to 64.2mpg and 101g/km, meaning you're no longer free from VED. Which is kind of the Niro's USP. So stick with the 16s and you'll have a perfectly pleasant, worthy hybrid crossover.

## CARBUYER

While it may not be quite as efficient as a Toyota Prius, the Kia Niro is an impressive first stab at a hybrid car.

By Tim Rose

Kia dealerships have just begun customer deliveries of the South Korean brand's first petrol-electric hybrid car to come to the UK.

Niro has been launched as a mild hybrid, with a battery-fuelled electric motor boosting its petrol engine. But it will have greater potential to tap into a growing customer base when a plug-in hybrid follows in 2017.

Niro, with combined fuel economy of up to 74.3mpg and CO<sub>2</sub> emissions starting at just 88g/km, joins the pure-electric Soul EV in Kia's green-car line-up and will soon be followed by the Optima plug-in hybrid.

Given the demand for compact cars with SUV styling and driving positions, Kia's design teams in Korea and the USA have come up with a sleek crossover SUV bodystyle which will boost the chances of the car's success.

It'll comfortably seat five people and comes well equipped, so despite its £21,295 starting price dealers could persuade some existing top-spec Cee'd owners to trade up to the Niro.

Based on an all-new platform which will only ever be used for electrified vehicles, Niro has a newly-developed powertrain featuring a 1.6-litre, 104bhp internal combustion engine and a 43bhp electric motor driving through a six-speed dual-clutch automatic transmission. Although there is not a

selectable pure electric mode, when driven extremely gently it can travel up to two miles under battery power alone, says Kia. And while it is not quite as green and efficient as the market-leading Toyota Prius, which claims 70g/km CO<sub>2</sub> and 94mpg, it is about 10% cheaper.

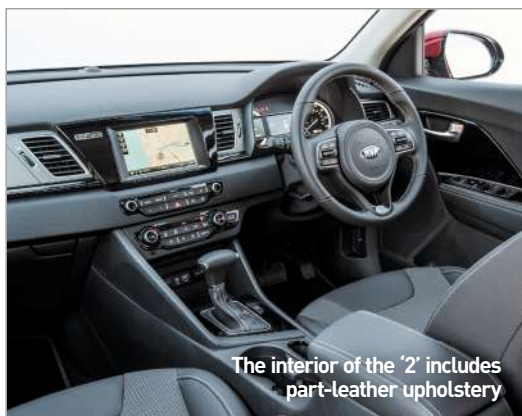
There are four models in the UK range – the '1', '2', '3' and 'First Edition'. Standard kit includes 16in alloy wheels, dual zone aircon and a DAB radio with Bluetooth and music streaming capabilities, plus every version has lane keeping and hill start assistance systems plus cruise control and a speed limiter. For £22,795, grade '2' adds reversing sensors, part-leather upholstery, a 7-inch touchscreen navigation system with European mapping, and seven years free Kia Connected Services featuring TomTom, which provides information on traffic hold-ups, weather, speed camera locations and local points of interest.

Upgrades on the £24,695 grade '3' are full leather upholstery, front parking sensors, an 8-inch touchscreen navigation system with European mapping, a wireless mobile phone charger and an eight-speaker JBL Premium sound system with a 320-watt external amplifier. Its 18in wheels mean the CO<sub>2</sub> emissions and fuel economy worsen, however. The top-of-the-range First Edition version also has standard autonomous emergency braking and adaptive cruise control, both extra cost options on lower grades, plus a sunroof, heated seats and keyless entry and start.

Niro is also the first Kia with Android Auto, which works with Android smartphones running 5.0 or higher. The smartphone is connected to the car's infotainment system and, through pre-downloaded apps, gives access to a variety of services such as Google Maps navigation, Google Play music, hands-free calls and texts and voice recognition.

Unlike the Soul EV, which was sold through a small number of Kia dealers, the Niro and Kia's other forthcoming hybrids and EVs will be part of the portfolio for the whole retail network.

Commercial director Simon Hetherington told AM he has a conservative ambition of 3,000 to 5,000 full year sales. Fleet customers, expected to take 60% of supplies, are likely to prefer the tax-efficient grade 2 Niro, with retail buyers mostly attracted to grade 3.



The interior of the '2' includes part-leather upholstery

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HONDA HR-V EX 1.6I-DTEC

# HR-V a 'middle-order player' in demand stakes



The HR-V enquiry rate is a little below the average for its competitors

By Jeremy Bennett

**A**fter last month's assurances from **Honda dealer council chairman David Cox** that the focus in Honda showrooms was on 'business as usual', never mind what is happening in the wider world between the UK and the EU, I thought I'd take a look at consumer appetite for the HR-V.

I called on **Alex Rose, head of trading** at new car buying website **Carwow**, to discover the number of HR-Vs configured by buyers compared with its competitors, the number of enquiries compared with configurations and the proportion of those that went on to buy.

Popularity-wise, the HR-V is something of a niche player, said Rose.

"It attracts around 50% more configurations than, for example, a Mitsubishi ASX, and is comparable in popularity to a Mazda CX-5, CX-3 or Toyota RAV4.

"However, models such as the Suzuki Vitara, Renault Kadjar, Audi Q3 and Ford Kuga receive almost double the number

of configurations." The 'big names' (Nissan Qashqai, Kia Sportage, and to a lesser extent the Hyundai Tucson) attract up to six times as many configurations as the HR-V.

The HR-V enquiry rate is a little below average.

While this is affected by how far a potential buyer has to travel in order to visit a dealer, and therefore varies by brand, even taking this into account, the HR-V sees a lower likelihood of enquiry.

While it's comparable to models such as the Kadjar, ASX, Sportage and Tucson (and a little ahead of the Vitara), a number of others are about 20% more likely to be enquired about, including Kuga, RAV4, CX-3 and even its Honda stablemate, the CR-V.

"This will be driven by a range of factors, not least of which will be the attractiveness of a particular brand's finance," said Rose.

When looking at overall conversion from configuration to sale, HR-V is a "middle-order player". It's significantly more likely to result in a purchase than Vitara, Kadjar or Ford Edge, and comparable to CX-3, CX-5, Kuga, Tucson and Q3, Rose concluded.

Sportage, CR-V and, above all, RAV4, are most likely to be bought, said Rose.

"Clearly, finance will play a part in closing the sale (as well as dealer involvement in lead management) so the fact that the CR-V scores strongly would suggest the overall package offered by Honda is competitive, albeit that we're unable to split finance from the overall dealer experience in understanding what determines a sale," he said.

## ADVERTISING FEATURE

## FAILING TO PRE-CHECK FINANCE COSTS £8,000 PER SALESPERSON

By James Tew, director, iVendi



Have you ever stopped to consider the cost of not making a sale?

In the past couple of weeks, we've been doing some maths – and we reckon that the cost of failing to pre-check customers for motor finance is almost £8,000 per sales person per year in an average

dealership.

Our figures are, we believe, quite conservative. They assume a rejection rate from your lender of 25% and an average package per employee of £40,000, including bonuses. We also incorporate a range of other normal dealership costs.

The fact is that, for some businesses, failing to pre-check is a significant expense. One dealer group we spoke to calculated it at nearly £200,000 per year. If you wait until the end of the sale, then hours will have been wasted. Fully costed, this could run into hundreds of pounds for each potential customer.

The answer is simple and is already being carried out by some dealers – check the customer for finance early on. This sounds as though it might spoil the flow of the sales journey, but it is actually quite logical. Talking to the customer about their budget and the kind of price range in which they will be looking is commonplace.

Our recently introduced online Showroom Eligibility tool allows dealers to do this easily, sitting with the customer and looking at whether they are likely to be approved by the dealer's panel of lenders. When it appears that an applicant may be turned down, the product provides guidance about the rejection factors, so that they can be potentially corrected or other products tried instead.

If no solution is available to meet the customer's needs, then this saves time for both the customer and the dealer – with the latter saving perhaps tens of thousands of pounds every year in the average dealership.

**■ James Tew will be speaking at the AM Digital Dealer conference on September 6.**

## Contact details:

www.ivendi.com

E-mail: enquiries@ivendi.com

Phone: 0845 226 0503



## 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 CO<sub>2</sub>

**RV 3yr/30k** 45%

**Start mileage** 8,098

**Current mileage** 10,191

**Rivals** Hyundai Tucson, Kia Sportage,  
Jeep Renegade, Nissan Qashqai



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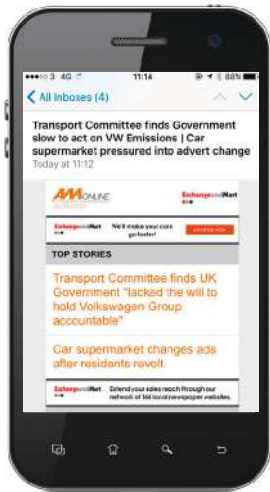
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Impacare: Motorists expect to buy on first dealer visit, says Auto Trader
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Peugeot Citroen Retail Group Citroen sites to become Robins and Day
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**TOP STORIES**

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Sylvan Group acquires 11 CJ Automotive sites  
Sylvan has completed the acquisition of 11 dealer sites from Clare James Automotive
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Average dealer slips into loss in May, but healthy bonuses still likely - ASE  
The average UK motor dealership registered a tough May, giving up all of the gains over 2015 registered in April, says ASE.
- EXCLUSIVE** 19.01  
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The quieter months of summer will put the effects of Brexit on service prices in 2016, until the fourth quarter of 2016, says experts.
- EXCLUSIVE** 19.01  
National diesel scrappage scheme features in London Mayor's plans  
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You'll carry out a programme of audits throughout the organisation, including financial and operational as part of a risk based audit approach and produce detailed audit reports and recommendations for improvement. You'll provide advice and guidance to our sites and businesses on risk management, control governance and related topics and also contribute to the on-going development of the audit programme and risk based audit methodology.

You'll be a qualified or part qualified Accountant with motor industry experience, however applications will be considered from individuals within the retail automotive sector, who may be qualified by experience (but strong Accounting knowledge is essential). You will have great interpersonal skills with the ability to communicate and build relationships with our site and business leaders. You'll also need a full EU driving licence as this role involves significant travel.

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# Maserati

North Europe general manager Peter Denton explains how franchisees' investments will be rewarded now it has Levante SUV and a clutch of performance diesels.

## Going green

Dealers aren't just selling more environmentally-friendly vehicles – their properties and technology can get greener too.

## Choosing the right supplier

Key supplier sectors reviewed in depth.



## First drive: Audi Q2

Space, quality and plenty of personalisation options mean this premium small SUV looks set to please Audi dealers.

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# SHOULD YOU BE IN THE AM EXECUTIVE BREAKFAST CLUB?

Open exclusively to senior franchised dealer group executives, the AM Executive Breakfast Club meets quarterly for networking and inspiration from a guest speaker



**Next meeting:** Friday, September 9, London

**Guest speaker:** Lucy Adams, former HR director of the BBC

Adams was responsible for all aspects of employee relations, reward, training and development. She reduced the BBC's management numbers by more than 30%, saving the organisation £25 million a year, and was at the BBC during some of its most turbulent times, including the Jimmy Savile investigation, and through four changes of director-general.

**AM** EXECUTIVE  
BREAKFAST  
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To apply for a place, email [nicola.baxter@bauermedia.co.uk](mailto:nicola.baxter@bauermedia.co.uk) or call 01733 468289



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