



AUTOMOTIVE MANAGEMENT

MASERATI / P22

Why the luxury brand is chasing used car profits



GREEN DEALERS / P28-37

PUT YOUR DEALERSHIPS INTO **ECO MODE**



DEALER ATTITUDE / P15

How well did your franchises do in the latest NFDA poll?

CHOOSE YOUR SUPPLIER / P47

Our annual analysis of service providers to the motor retail sector



RENAULT MEGANE / P110

Fourth-generation hatch aims to steal share from SUVs



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Whether to save money or the environment, 'green' dealerships are coming

Do people really worry as much about ecology as economy? Is there much evidence to show that many motorists would willingly adopt hybrid and pure electric cars if there were no financial and fiscal incentives involved? I'm not so sure.

However, the ecological argument cannot be ignored. When the Paris Agreement comes into force with its global post-2020 climate plans, it will set a pathway for countries to mitigate and adapt the ways their societies produce and consume by 2030.

One way or another, the drive to reduce emissions from road transport will have deeper implications for motor retail. After all, carmakers love grabbing headlines with new technologies that are slowly turning the car a lighter shade of green – Ford has announced plans to have 13 electric vehicles in its model range by 2020, and half of Toyota's sales in the UK are hybrids. Could it reach the point where the brands that position themselves as eco-minded demand their retail networks do the same?

If it becomes less socially acceptable for our children and grandchildren to drive an 'oil-burner' diesel than a low-emission hybrid, it seems likely there will be a decline in the multi-million-pound, heavily glazed 24-car showrooms carmakers currently seem to expect.

As you will discover in the features ahead, only a handful of UK showrooms are currently rated 'excellent' in the BREEAM global sustainability assessment for buildings. I am certain we will soon see them joined by many more.



Tim Rose
Editor

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A STRENGTHENING YEN MAY AGAIN SPELL
SUPPLY TROUBLES FOR JAPANESE FRANCHISES



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**RENAULT
MEGANE**
HOW THE
HATCH AIMS
TO KNOCK
SUVS
OFF THE
C-SEGMENT
TOP SPOT





6 SUPERCHARGE YOUR AFV SALES

TRAINING AND TEST DRIVES CAN HELP YOU TO SELL MORE EVs



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WHY IT WANTS MORE SITES AND USED CAR SALES



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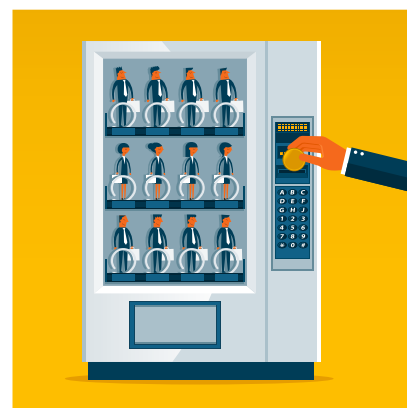
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Strong yen raises spectre of supply restrictions for UK

Japanese brands are watching exchange rates closely amid fears weakened pound will hit import levels

rials imported from Europe to manufacture them will also be more expensive.

During the "perfect storm" of the global financial crash and 2011's tsunami, the yen fell as low as 117 against sterling. At the time, the Bank of Japan injected trillions of yen (£114 billion) into the economy in an attempt to stop the yen rising and boost confidence and exports as Toyota, Honda, Mitsubishi, Suzuki and Subaru suffered.

So far, calls from the manufacturers for similar action this time around have been resisted, but the longer conditions remain the same, the more likely the effects will be felt by UK dealerships.

How does this affect UK retailers?

When the yen sank to its 2011 low, Japanese manufacturers, faced with making little profit on exporting their cars to the UK, simply reduced the supply. The upshot of a stronger yen this time around could again be falling import levels as well as a rise in prices on the forecourts.

Subaru's official UK importer, the IM Group, is monitoring the yen's strength carefully.

Paul Tunnicliffe, managing director of Subaru and Isuzu in the UK, said the situation was still "considerably better" than that after the collapse of Lehman Brothers in 2008.

"Obviously a strong yen relative to sterling increases the price we pay for our cars, and is therefore potentially problematic, however we are able to absorb the current rate with no impact on our competitiveness.

"Vehicle supply has not been affected, and we have no immediate plans to take any action that would affect dealers or customers.

"We take a long-term view on all our franchises, and the position regarding the yen was, until Brexit, very favourable for us, as the Japanese government acted to protect its competitiveness. We hope that this, along with a settling in sentiment post-Brexit, will see a gradual recovery in the rate."

Frost & Sullivan said Japanese manufacturers had placed themselves in a better position to weather the current trading difficulties than in 2008-2011 thanks to increased output at regional production facilities such as Nissan's Sunderland facility and other operations providing components.

By Tom Sharpe

In the weeks after the EU referendum, there was plenty of discussion about the pound's slump against the euro, but many overlooked the potential effects of a stronger yen on a country where 140,000 people work for Japanese companies.

Looking to the euro may have been understandable – Europe is the UK's biggest market and sterling's fall in value, from buying €1.31 on the day before the vote to €1.17 as AM went to press, or a decline of 10.7%, was dramatic.

However, sterling's fall in value against the yen over the same period was even starker – from 152.97 yen to 132.86 yen, or 13.2%. And not all of the woes can be attributed to Brexit fears – between its high of 195 yen in June 2015 and September 19 of this year, the pound has lost almost a third of its value.

Japanese market analysts at **Frost & Sullivan** said the top three Japanese manufacturers (Toyota,

Honda, and Nissan) had based their projected profits on a conversion rate of one US dollar per 120 yen in the 2015 financial year and had predicted a strengthening yen, basing their 2016 figures on a rate of \$1 per 105 Japanese Yen.

However, **senior consultant Takashi Morimoto** told AM that Britain's Brexit vote had seen the yen "become even stronger than expected" in the start of this fiscal year by three to five Japanese Yen against the dollar.

Why does this matter?

The sustained strength of the yen against sterling means falling profits for Japanese manufacturers importing vehicles to the UK and those seeking to repatriate profits from UK sales and manufacturing operations.

While a stronger euro may make it cheaper for UK-built vehicles to be sold abroad, any raw mate-

Morimoto said: "The rate of 'local production for local consumption' among the top three Japanese manufacturers has been increased by 4%, 6.8%, and 6.2% for Toyota, Honda, and Nissan, respectively in FY2015 compared to that of in FY2010.

Globally, he said local production rates were expected to reach 81% (Toyota), 98% (Honda), 95% (Nissan), rates which have been almost stable for two to three years.

"Based on these numbers, Honda and Nissan both have strong strategies for local production as countermeasures for the strength of the yen.

"On the other hand, Toyota leaves some spaces for alternative changes in the currency rate. All top Japanese manufacturers can withstand the current strong yen situation in terms of vehicle supply and financial performances, but it may have a negative impact if there is a sudden weakening of the yen in the future, especially for Nissan and Honda.

"Among these manufacturers, local production strategies are also deeply combined with the respective sourcing partners (Toyota depends on more Japanese suppliers compared with the others), hence we have to see supply chain changes and currency rate changes at the same time for their future businesses."

What are manufacturers doing about it?

Dale Wyatt, director of Suzuki's Automobile Division in the UK, said its production was spread across India, Hungary, Thailand and Japan, enabling the business to balance currency exposure. Only the Jimny is produced in Japan.

Wyatt acknowledged that price pressures had affected the cost of Japan-produced components used elsewhere in the range, but added: "Production commitments continue to be met by our factories and we have had an all-time record first six months of sales in the UK."

He said Suzuki UK was committed to maintaining a "value-for-money product positioning" and, as such, had not implemented any euro- or yen-based price increases, but added: "We will review our pricing position in light of currency pressure and market movements."

Mazda UK has taken strategic measures to account for the effects of the strong yen. **Managing director, Jeremy Thompson**, told AM: "The yen/pound exchange rate is very important to the Mazda UK business, with the majority of our cars being manufactured in Hiroshima, Japan.

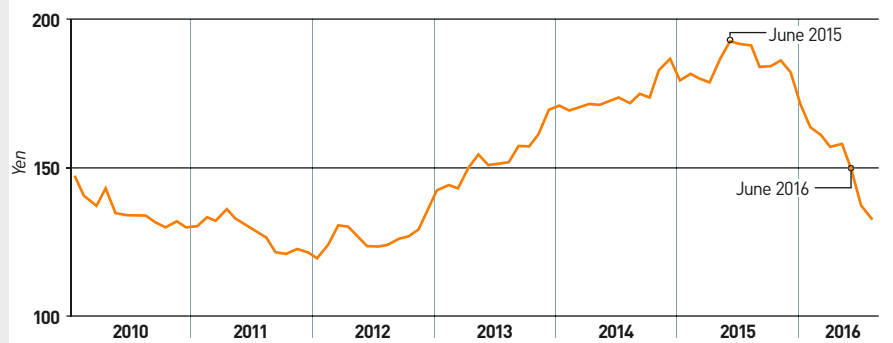
"The recent exchange rate movements have required us to recalibrate the sales channels in which we operate with some movement out of the highest-cost fleet sectors, but we have protected our core fleet and retail volumes that are managed through our dealer network.

"We have not diluted our consumer programmes (offers), reduced dealer margins or our media spend.

"Essentially, our strategy is 'business as usual' to give both our network partners and our customers confidence and trading certainty."

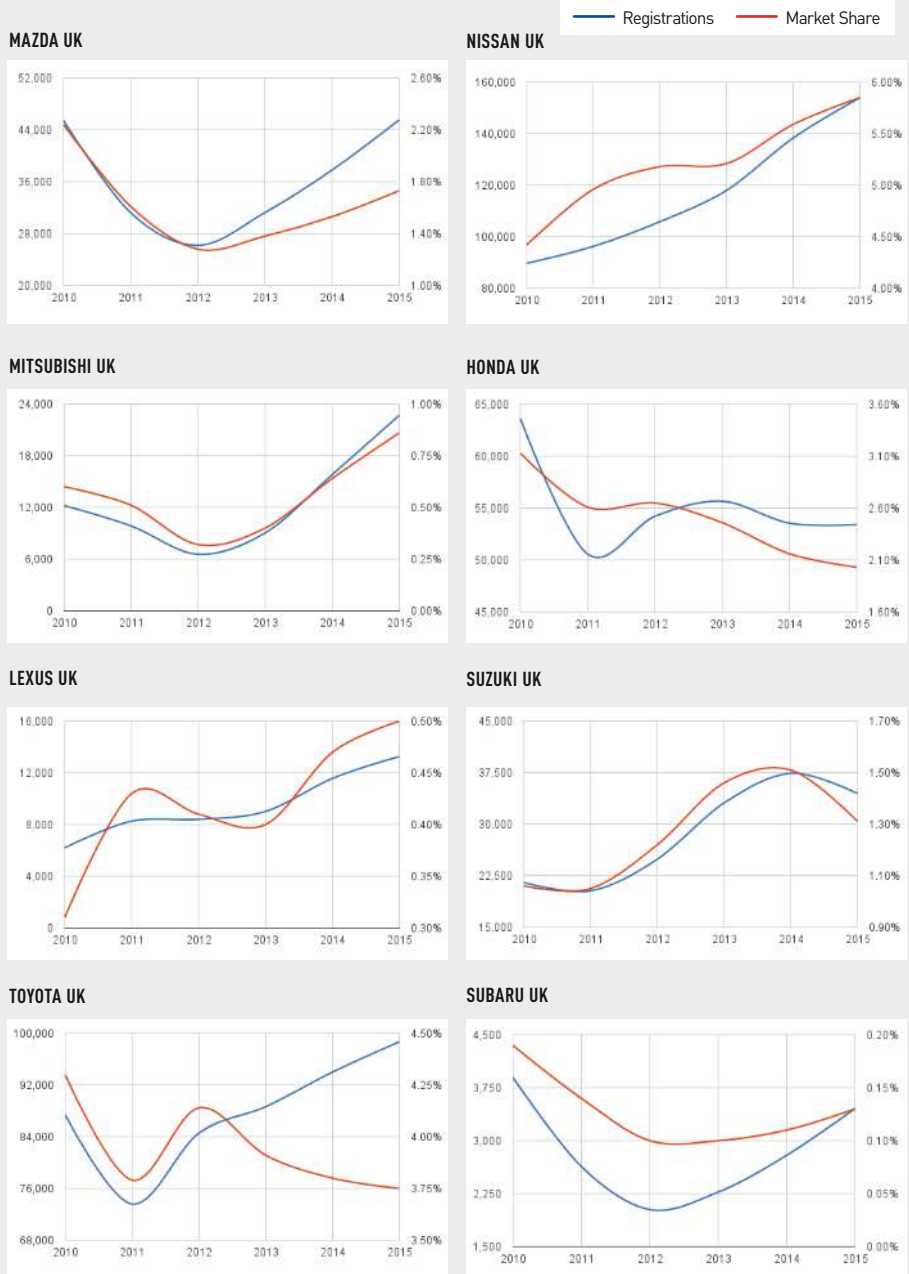
However, uncertainty surrounding the pound, the euro and the yen is likely to continue. Even apart from the possible activation of Article 50 in the first half of 2017, there was speculation as AM went to press that the Bank of Japan would reintroduce negative interest rates, an upcoming Italian referendum has implications for the future of the euro, and the US will elect a new president in November.

STG TO YEN: JAN 2010 - AUG 2016



Source: x-rates.com

REGISTRATIONS AND MARKET SHARE 2010-2015



Source: am-online.com/ami; SMMT

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Shopping with 'Angels'

Jaguar Land Rover links up with Rockar to put advisers called 'angels' into a new type of shopping centre outlet.

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Best practice codes

Motor Codes publishes nine-point guide in response to government consumer rights legislation.

JOHN CLARK MOTOR GROUP

John Clark posts 10th year of turnover rises, but profits fall

John Clark Motor Group's turnover has increased for 10 consecutive years, its newly published 2015 results reveal.

Turnover increased 10% to £667m from £604m. New vehicle sales volumes increased by 6% to a record high of 13,691 units. Retail used volumes grew by 12% to 11,853 units.

However, operating profit fell from £12.3m in 2014 to £11.1m last year. Profit before tax was down from £10.5m to £9.1m for the year to December 31. But both profit performances are higher than had been achieved prior to 2014.

The group said that while market conditions saw pressures on gross margins, increased vehicle stocks and interest costs rises, the group net return on sales stayed above the UK motor trade average at 1.4%.

Chairman John Clark (pictured) said: "The group's primary aim in 2015 was to continue to build on the record results of the previous five years and to maintain positive momentum towards our key strategic objectives despite the expected downturn in the North Sea oil industry and the resultant impact on the Grampian region."

These were to develop the relationships with existing franchise partners in the north, east and central belt of Scotland, and diversify via opportunities with new franchises.

It bought the Frank Ogg Land Rover dealership in Elgin, expanded its Nissan business to three dealerships from a single site in Aberdeen, and added the Renault, Dacia and Peugeot franchises to its portfolio.

"These opportunities have enhanced our portfolio and provide our customers with a greater product offering across a wider geographical footprint," said Clark.

During the course of 2015 the number of people employed by the group rose by 11% to 1,139 from 1,030.



Chris Clark, managing director, said: "Our people are at the heart of our business' success and as a result we continue to invest heavily in their training and development via our in-house management development programme."

"Looking to the future, we will continue to focus on our strategic objectives of maintaining growth by ensuring we deliver customer experiences that people trust and recommend."

CHORLEY GROUP

Chorley Group is challenging the industry-wide norm by rolling out a four-day working week.

Staff at the retailer's Nissan Preston site were "apprehensive" when they became guinea pigs for the new scheme in June but their embrace of the new work pattern has prompted its imminent roll-out to the business's Burnley operation.

The new shift patterns began as a three-month trial. **Chorley Group managing director Pauline Turner** said: "Staff were initially apprehensive but after a month they requested a permanent switch."

Staff work an average of two hours extra per day to free up the three days they spend away from the site each week. The result is an extra 46.5 days off-site each year on average.

Turner said that the group has benefited by being able to offer customers longer opening hours.

She also believes that productivity has increased in the Preston site's workshops with master technicians now able to devote more time to supporting apprentices.

Chorley Group represents Nissan, Hyundai, Kia and Fiat at eight sites across north-west England.

IN BRIEF

MG MOTOR UK

MG Motor UK has appointed Leisure World Group to its national dealer network. Based in Catterick, north Yorkshire, the family-run business has more than 30 years' experience in the sales of cars, motorhomes and caravans.

VERTU HONDA

Vertu Honda has opened its new Morpeth dealership, creating seven new jobs, following a £430,000 investment. The dealership, on Coopies Lane, was previously a servicing centre for adjoining Bristol Street Motors Ford Morpeth.

MONEYPENNY

Call handling firm Moneypenny has moved into a new £15m HQ designed to create "the happiest workplace in the UK". The striking 91,000sq ft building can house up to 1,000 people and includes a treehouse meeting room, its own pub, a sun terrace, a triple height atrium with stadium seating and a restaurant offering free breakfast.

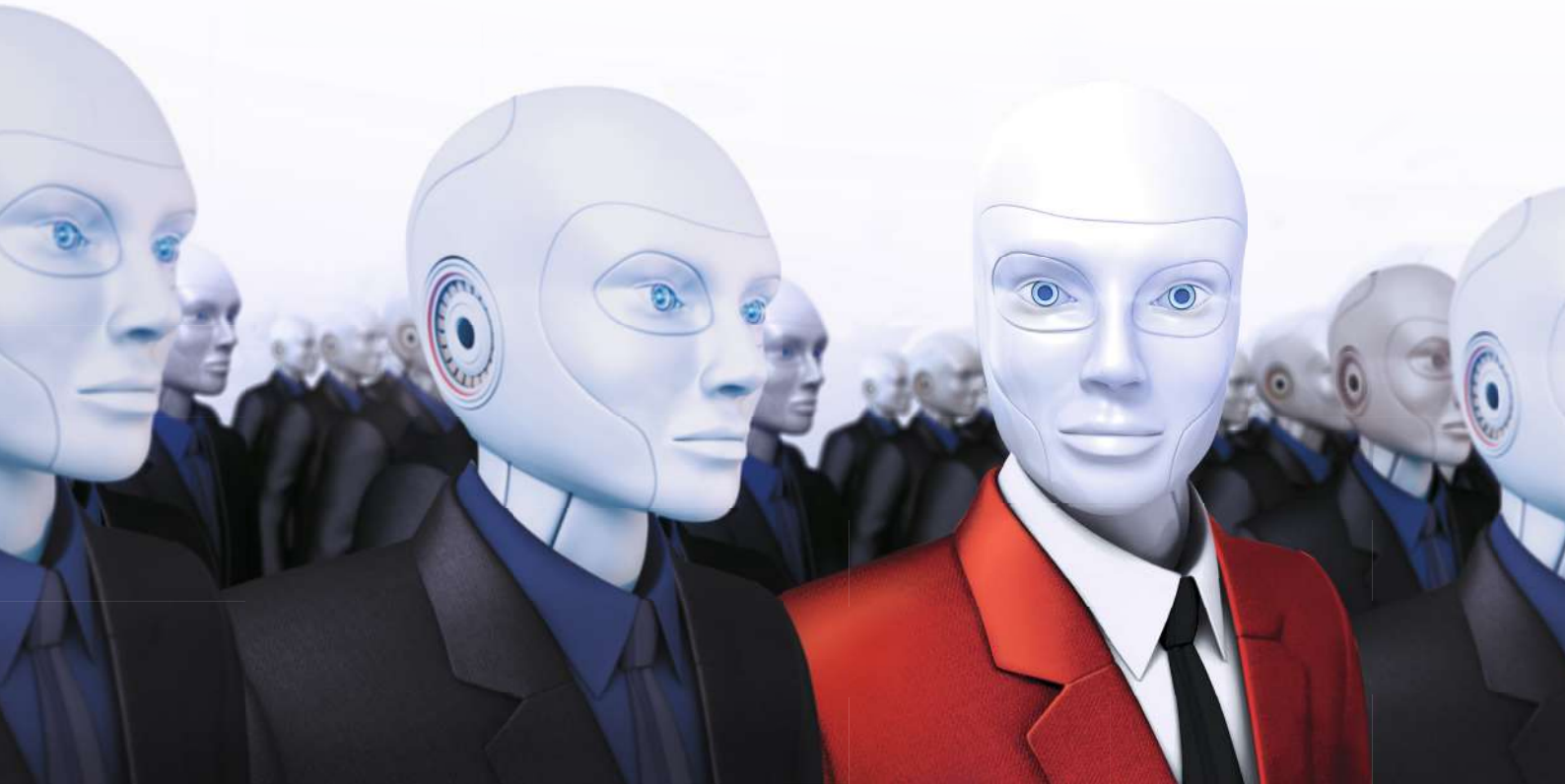
SUBARU ATTACK

A motorist was given a six-month suspended jail sentence and handed a £20,000 court bill after attacking a vehicle with a sledgehammer at his local Subaru dealership. David Smith caused £15,000 worth of damage to a Subaru Impreza at Colin Appleyard Subaru on Lockwood Road, Folly Hall, near Huddersfield, after growing frustrated about issues he experienced with a car bought there.

MAG

Motor Auction Group (MAG) has secured a renewed two-year deal with The Car People after doubling its capacity with a move to a new site in Rotherham.

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*Source: Omniture, a monthly average of 24.7 million unique visitors visited Newsquest's 168 regional newspaper websites between December 2015 and Feb 2016

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2 of the top 3 auction groups own car buying companies which challenge your retail market.

Which of the top 3 doesn't?



NEWS DIGEST

JAGUAR LAND ROVER / ROCKAR



Jaguar Land Rover has struck-up a partnership with Rockar to create a new retailing experience within Westfield shopping complex in Stratford, east London.

An 'end-to-end online retail experience' has pre-empted the launch of the new store, which is expected to open at the beginning of October.

Complementing its network of 201 UK retailers – currently undergoing a major £1bn overhaul – the new Rockar Jaguar Land Rover retail experience has been developed in response to changing demands from its customers, said **Sarah Nelmes, network development manager for Jaguar Land Rover UK.**

Nelmes added: "Customer needs are changing as our lifestyles and the technology available to us evolves. We want to make sure every customer journey is a truly enjoyable and premium experience representative of our two great British brands."

"Jaguar and Land Rover customers can now choose from a suite of buying and servicing options that can be tailored to their individual preferences and requirements so that they can start to enjoy the whole

ownership experience from the very first moment."

Jeremy Hicks, managing director, Jaguar Land Rover UK, said: "We have a range of new models aimed at new customer groups and, as such, we are looking at how we can best serve our expanding customer base. Our retailers are investing £1bn in the UK network, and our partnership with Rockar represents some of the incremental new, innovative solutions that we are introducing to engage and serve our customers."

As with Rockar's Hyundai-partnered store, visitors to JLR Stratford will be greeted by specially-trained 'Angels', product experts paid to serve not to sell.

The 'Angels' can offer advice, show colour samples and interior leathers, help customers use the in-store Rockar system and show them around the six vehicles on display.

Once visitors have gathered all the information they need they can complete their purchase on the Rockar website – either in-store or at home.

Supporting the store and website is a dedicated service centre based a mile away in Bromley-by-Bow.

MODIX AND XTIME

Manheim and Motors.co.uk parent Cox Automotive UK have launched the established Modix and Xtime brands into the UK automotive retail market designed to bring a range of new retail solutions for dealers.

Modix provides manufacturers and dealers with tools, data and services to help them market their cars and their business, using digital solutions customised around customers' businesses.

Xtime is a retail automotive industry retention solution, based around ensuring excellent customer service.

It helps dealerships and OEMs (original equipment manufacturers) to maximise their profitability through "better retention, deeper brand loyalty and increased customer spend".

The combined retail solutions group will be headed by Martin Forbes, managing director of retail and media solutions at Cox Automotive UK.

PEOPLE NEWS

PAUL WILDE

Hampshire-based Picador Group has appointed Paul Wilde as its new group marketing manager.

ASHLEY ANDREW

Ashley Andrew has been appointed managing director of Fiat Chrysler Automobiles UK. He was most recently head of marketing at Skoda UK.

BOB DERBY

Bristol Street Motors has appointed Bob Bean to head its Volvo Derby dealership. Bean has spent the past 13 years running Volvo dealerships for Marshall Motor Group.

TIM DUCKERS

Cambria Automobiles has announced that Tim Duckers, its managing director who has been with the group since 2008, has joined the board in an executive capacity.

SAVILLES GARAGE

Savilles Garage brought Renault and Dacia to its Kidderminster dealership as part of a switch incorporating a £700,000 redevelopment of the site.

The retailer had operated a Skoda franchise ahead of the development, which features a 12-car showroom, seven-bay workshop and 100-strong used car display.

The new dealership also features EV charging points as part of Savilles' efforts to "future-proof" the facility.

Patrick Sword, managing director, Savilles Garage, said: "Moving to the Groupe Renault franchise after 16 years with another brand was a major decision and we wouldn't have invested such an amount and made the change if we didn't have complete faith in Renault and Dacia and that our partnership will be equally long-standing and successful."

VAT SENTENCE

The former owners of a Maidenhead motor dealership who illegally claimed an £86,000 VAT repayment have been jailed.

A VAT fraud investigation by HM Revenue and Customs (HMRC) revealed that Charles Mogford and Julia Smith submitted a false purchase invoice to reclaim more VAT than was due.

Mogford and Smith were company directors of Auto Exporters UK, which traded as independent specialist Berkshire Land Rovers until July 2014. The pair submitted a VAT claim for the purchase of 31 Land Rovers, when in fact the real invoice was only for two vehicles.

MOTOR CODES

Motor Codes has defined best practice for the sale of new and used cars plus the supply of associated finance and warranty products with the launch of its Vehicle Sales Code.

The leading provider of codes of practice and alternative dispute resolution for the automotive industry has added the new code in response to the growing number of enquiries received from car buyers since the arrival of the Consumer Rights Act and Alternative Dispute Resolution (ADR) legislation last October.

Bill Fennell, managing director of Motor Codes, said: "It became apparent that there was an inherent need for a sales code that offers consumers protection when buying a second-hand car, or just as importantly, a new one.

"This gap has been filled, and the code gives motorists the important reassurance that they are dealing with a trusted and reputable trader."

Awarded stage one approval by the Chartered Trading Standards Institute (CTSI), the Vehicle Sales Code covers nine areas.

Among them is the transparent wording of adverts and pricing, clear and transparent invoicing, and the sale of a used car which is supported by a vehicle provenance check to ensure that it has not been stolen, written-off and is free of any outstanding finance payments.

It also highlights that retailers should provide test drives, avoid high-pressure selling techniques, supply accurate advice on warranty and finance products, and deliver a vehicle with a full handover, complete with all documentation, service history and a valid MOT certificate.

SNOWS GROUP



Snows Group is expanding its footprint following the acquisition of Carshop's Yeovil Seat dealership.

The business, in Lynx West Trading Estate, represents the group's expansion into Somerset and will now trade as Snows Seat Yeovil, taking Snows' Seat representation to six.

The deal was done after the showroom's previous owner, Richard Singleton – who established Carshop in 1990 and was awarded the Seat franchise in 1995 – announced his retirement.

Overseeing the new branch will be **Snows Group director Neil McCue** and franchise manager Sam Patterson.

McCue said: "Working in tandem with the group's five other Seat dealerships Snows Seat Yeovil will lead the way for Snows Group in Somerset. We hope this will be the first of many in the county."

CHRISTIAN INGREY & STEVE LEES

F&I systems provider Frontline Solutions has appointed Christian Ingrey and Steve Lees to senior roles. Ingrey joins from AutoProtect as head of insurance, a new post. Lees, previously a partner at a top 50 law firm, joins as operations director.

SIMON BISP



Peugeot UK has promoted Simon Bisp to sales director. Bisp has been head of sales programmes at the company and brings with him 15 years of experience within the PSA Group in various roles.

JON WAKEFIELD



Volvo Car UK has appointed Jon Wakefield as managing director on a permanent basis with immediate effect. He has served as acting MD since July.

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STEVEN EAGELL GROUP

Steven Eagell Group has added Lexus to its portfolio following the acquisition of Lexus Hatfield from Lookers Group.

The acquisition sees the group, which operates 11 Toyota dealerships in the south, take on its first Lexus agreement.

Managing director, Steven Eagell, said: "We are delighted to add the Lexus brand to our group. Lexus Hatfield is a long standing, well established and very successful business with a great team in place.

"Geographically, it is a perfect fit within the group's territories and will complement our existing business. We are looking forward to welcoming the team into our group and working with them to continue the dealership's growth and success.

"I have no doubt we will quickly integrate Lexus Hatfield into our group and I look forward to its contribution over the coming years."

Eagell has grown his business from a one-site operation 14 years ago to the 12 sites now operated by the group.

Last year the business yielded a £144m turnover (2014: £118m), with pre-tax profits of £3.5m representing a 2.4% return on sales.

ASTON MARTIN



Aston Martin has opened its first "brand experience boutique" at a prime location at the heart of London's Mayfair district.

An expression of the British marque's Art of Living by Aston Martin concept, 'Aston Martin at No. 8 Dover Street' is expected to be a destination for design master classes, art exhibitions, dinner series and other exclusive events.

A statement issued by Aston Martin said that the store features "a carefully chosen portfolio of the finest artisan products and truly bespoke experiences that embody the Aston Martin spirit".

GUMTREE MOTORS

Classifieds business Gumtree Motors is relaunching its website and introducing new packages designed to help franchised dealers stand out in its listings. The website is currently used mostly by independent dealers but a few AM100 franchised dealers, such as Perrys, use it.

Vic Barodia, the head of Gumtree Motors, who had previously worked at Glass's, said key developments include all advertised vehicles being displayed with a 'confidence panel' showing results from a mandatory HPI check, and an 'eyecatcher' premium position in the display.

In addition, it is launching an automated call tracking service, with bespoke numbers against every car advertised, which will send dealers a text message when they've missed a call and will also generate data to help them with their stocking and marketing plans.

ADVERTISING FEATURE

ALL
CHANGE

By Andrew Howells, chairman, CitNOW



When I launched CitNOW, I put a lot of store in a conversation with the then UK marketing director of Honda, who said: "I want customers to view vehicles without visiting our showrooms". That's now 12 years ago at least.

Recently, Jaguar Land Rover announced the launch of a retail outlet in partnership with Rockar that will have a physical presence in Westfield Stratford, but will also allow customers to buy entirely online. Tesla often makes headlines for similar reasons – typically described as 'disruptive' or challenging the status quo. (I know there's another point in there too, but I like the idea of being able to shop for a shirt and book a test drive two metres away from the suits!)

Isn't this just another Daewoo? A new customer-centric retail experience that will ultimately fail? No, not this time. Daewoo entered the market in 1995. Dial-up internet had only been introduced into the UK in 1992. Customer behaviour has changed completely since then because of much faster internet access and the rise and rise of internet search.

There is plenty of other evidence to support Rockar and its new retail experience. BMW introduced product geniuses into the showroom in 2012 and other manufacturers have since followed. It's impossible to ignore this behaviour change. How we now shop for cars is remarkably similar to the way we shop on Amazon.

Take some solace from the fact that the old-fashioned values of convenience and service still prevail.

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For news and tips on selling more cars and parts more profitably subscribe to CitNOW's newsletter at citnow.co.uk



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OF DOING BUSINESS**



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Finance offers

Seat stands out for how much cash the brand is putting against certain models for deposit contributions in Q3.

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Dealer profits

The average UK franchised dealer lost £6,500 in July 2016, down from a near-£4,000 profit in July 2015.

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Used cars

The holiday season has not affected dealers' appetite for fresh stock, according to the big auction houses.

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Citroën falls to last place in NFDA dealer survey

Dealers may be punishing manufacturer for decision to split profitable DS franchise



Half of Citroën's dealer network will lose the DS franchise

HOW WOULD YOU RATE YOUR MANUFACTURER OVERALL?

	Rating out of 10	Response rate
Mercedes	9.5	94%
Kia	9.2	42%
Lexus	9	38%
Suzuki	8.9	36%
BMW	8.1	18%
Mini	7.8	16%
Mazda	7.6	23%
Volvo	7.5	46%
Land Rover	7.4	30%
Toyota	7.1	43%
Subaru	6.7	22%
Ford	6.6	19%
Renault	6.6	79%
Peugeot	6.4	60%
Honda	6.3	48%
Seat	6.2	44%
Jeep	6	61%
Vauxhall	5.9	42%
Škoda	5.9	72%
Hyundai	5.6	74%
Audi	5.5	30%
Nissan	5.3	48%
Fiat	5.1	54%
Mitsubishi	4.6	40%
Volkswagen	4.5	74%
Jaguar	4.2	35%
Alfa Romeo	3.8	32%
Citroën	3.6	47%

Citroën dealers have shamed the brand into last place in the National Franchised Dealers Association's latest survey of franchisees, which could be seen as a backlash the manufacturer's decision to remove the DS brand from half of its network.

The Summer 2016 Dealer Attitude Survey, which asks franchisees to score carmakers out of 10 on various points, attracted responses from 47% of the Citroën network, who gave the French carmaker an overall score of just 3.6.

Dealers seem particularly concerned about low returns. They rated Citroën 3.9 for current profit return – only Alfa Romeo and Volkswagen scored lower – and 3.5 for future profit potential, which was the lowest result.

In May, AM reported that the DS brand, previously sold at all Citroën dealerships, would be split off, and



AM reported on the decision to spin off DS as a separate brand in May

questioned whether Citroën's planned new launch programme would be enough to placate the dealers who would lose the DS business that has boosted their sales and profits. The two networks will be separated in 2018, and

Citroën and Peugeot sites are already bidding for DS franchises.

Perhaps as a result of potentially winning DS franchises, Peugeot dealers' scores for their brand's current profit return leapt from 3.8 in Winter to 5.2 in the latest survey. Future profit potential grew even more, increasing from 3.8 to 6.3.

Respondents also rated Citroën third from bottom for the cost required to meet franchise standards, with a 3.9 score, and bottom for the new car targeting process, at 3.1, amid concerns that its ambitions are unrealistic.

The brand fared better in the competitiveness of its finance offers, with a 6.6 score, and in the earnings potential of its finance programme, with a 6.6 score.

However, Citroën's drop to the bottom will not take the pressure off Volkswagen. The NFDA survey had a 74% response rate from the VW network, which

Source: NFDA Summer 2016 Dealer Attitude Survey

clearly still has things to get off its chest. VW's ranking has been in decline since 2014, before the emissions scandal started, and it has featured in the bottom four for overall value in the past three surveys.

The latest results show the German brand continues to score particularly poorly for current profitability (2.9, joint bottom with Alfa Romeo), return on capital (3.0, down from 3.2), costs of franchise standards (3.8, second from bottom) and for future profit potential (4.4, second from bottom). The few aspects where franchisees rate it highly include frequency of new model launches, product advertising and its strong consumer offers.

Sue Robinson, NFDA director, said: "The issue seems to predate the emissions issue and suggests the problem is as much about the relationship between the dealers and the manufacturer as anything else."

At the opposite end of the scale,

"It is vital that dealers and manufacturers continue to co-operate"

Sue Robinson, NFDA

Mercedes-Benz has topped the overall satisfaction rankings for the fourth consecutive time, with a score of 9.5. Of the 33 Mercedes-Benz market areas, 31 (94%) responded to the survey. Its key rivals show a huge contrast, with 18% of the BMW network and 30% of Audi's dealers taking part, putting the former in fifth place overall, with 8.1, and the latter eighth from bottom with 5.5.

Kia improved by 0.8 points from last winter and is now the second-placed manufacturer with 9.2, while Lexus ranked third with a score of

9.0 and Suzuki was fourth with 8.9.

BMW closed out the top five with a score of 8.1.

Robinson added: "Some manufacturers appear to have found the correct balance and are working successfully with their dealer networks."

"Looking at the current short-term uncertainty and at the possible challenges ahead following the Brexit vote, it is vital that dealers and manufacturers continue to co-operate and try to strengthen their relationship to achieve positive outcomes."

JULY MOTOR FINANCE MARKET: NEW CARS

New cars bought on finance by consumers through dealerships

	July 2016	Change on previous year	3 months to July 2016	Change on previous year	12 months to July 2016	Change on previous year
Value of advances (£m)	1,171	+1%	4,089	+8%	17,529	+16%
Number of cars	71,494	+1%	239,701	+5%	1,038,050	+10%
New cars bought on finance by businesses through dealerships						
Number of cars	48,811	+5%	135,606	-2%	510,681	0%

FINANCE OFFERS

Dealers across the country will be pushing to close out Q3 to secure target bonuses. While September pales in comparison to the importance of the March plate-change, manufacturers are still heavily supporting finance offers to tempt customers into the showroom.

Seat stands out for how much cash the brand is putting against certain models for deposit contributions. A £3,250 contribution on the Toledo hints at its lack of kerb appeal and there is up to £2,500 on core models such as the Ibiza and Leon. That's in addition to £500 extra for anyone that takes a test drive before the end of September and one year's free insurance on selected models. It results in some cracking deals across the range with low deposits and affordable monthly payments spread across 48 months. It's positive to see the new Ateca SUV isn't being discounted, which shows Seat has faith in the product and this will help protect margins for dealers in September.

Richard Harrison, Seat UK managing director, said he won't drive volume "for volume's sake". That strategy is reflected in the brand's performance, down 7.1% to 29,604 units up to August. The latest

NFDA Dealer Attitude Survey shows Seat may need to do more to manage margins as dealers rate it 5.3 out of 10 for how satisfied they are with their current profit return.

Nissan is in a similar position, with a profit return rating of 4.7 and registrations down 4.63% YTD. The brand is fighting back with a number of 0% PCP offers in Q3 and payments all below £300, even for large models such as the X-Trail. A £3,500 deposit contribution on the Leaf and £1,000 drop on the Pulsar, with nothing off the Juke, shows what models are working in terms of customer demand.

Mercedes-Benz is at the other end of the spectrum for growth and profit return. Dealers rated it a 9.1 for profit return and it is currently trumping Audi and BMW for registrations growth.

The German brand has gone for a 36-month strategy, which again shows confidence that it does not need to stretch out payments over a 48 month period to attract customers. A glance at the offers available does not reveal any stand-out deals, with Mercedes asking for £100 more than Audi and £40 more than BMW to get customers into the entry model to the brand.

Top finance offers for retail buyers

For a searchable list of manufacturers' finance offers, go to am-online.com/offers

Retail new car finance offers

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Mercedes-Benz							
A-Class A180 AMG Line	PCP	£3,205.25	36	£299	£11,775	5.30%	30/09/2016
B-Class B180d SE	PCP	£2,971.71	36	£309	£9,775	5.30%	30/09/2016
C-Class saloon C220d AMG Line	PCP	£5,308.12	36	£359	£15,575	5.3%	30/09/2016
C-Class Estate C220d Sport	PCP	£6,057.49	36	£349	£15,600	5.30%	30/09/2016
C-Class Coupe C200 AMG Line	PCP	£5,036.77	36	£349	£16,350	5.30%	30/09/2016
CLA Coupe 180 AMG Line	PCP	£3,999	36	£309	£14,375	5.30%	30/09/2016
CLA Shooting Brake CLA 220d AMG Line	PCP	£3,999	36	£379	£17,100	5.30%	30/09/2016
CLS Shooting Brake CLS220d AMG Line	PCP	£8,999	36	£449	£20,825	5.30%	30/09/2016
CLS Coupe 220d AMG Line	PCP	£7,999	36	£449	£7,999	5.30%	30/09/2016
E-Class saloon E220d AMG Line	PCP	£5,999	36	£399	£19,100	5.30%	30/09/2016
E-Class Estate E220d Bluetec SE 7G Auto	PCP	£4,999	36	£359	£16,575	6.00%	30/09/2016
E-Class Coupe E220d AMG Line Edition	PCP	£5,499	36	£399	£17,450	6.00%	30/09/2016
E-Class Cabriolet E220d AMG Line Edition	PCP	£5,499	36	£419	£19,450	6.00%	30/09/2016
S-Class S350d AMG Line L 9G Auto	PCP	£9,440.09	36	£619	£30,875	5.30%	30/09/2016
S-Class Coupe S500 AMG Line	PCP	£14,572.18	36	£1,199	£44,100	6.00%	30/09/2016
S-Class Cabriolet S500 AMG Line	PCP	£21,060.02	36	£1,399	£51,075	6.00%	30/09/2016
SLC Roadster SLC 200 AMG Line	PCP	£5,481.73	36	£349	£15,425	6.00%	30/09/2016
SL Roadster SL400 AMG Line	PCP	£7,999	36	£749	£29,075	6.00%	30/09/2016
V-Class V220d SE	PCP	£9,976.11	36	£499	£20,475	6.00%	30/09/2016
GLA 220d 4MATIC AMG Line	PCP	£3,392.89	48	£309	£13,025	5.30%	30/09/2016
GLC 220d 4MATIC AMG Line	PCP	£6,860.23	36	£419	£22,650	6%	30/09/2016
GLE 250d 4MATIC Sport	PCP	£6,999	36	£479	£25,075	5.30%	30/09/2016
GLE Coupe 350d 4MATIC AMG Line	PCP	£6,999	36	£699	£31,300	5.30%	30/09/2016
GLS 350d 4MATIC AMG Line	PCP	£9,999	36	£799	£35,350	5.30%	30/09/2016
G-Class 350d	PCP	£17,999	24	£902.20	£48,250	6%	30/09/2016
Nissan							
Leaf Acenta 24KWH	PCP	£2,232.73	37	£249	£9,800	5.99%	30/09/2016
Micra 1.2 Acenta	PCP	£3,958.50	37	£89	£3,657.50	0.00%	30/09/2016
Note 1.2 Acenta	PCP	£4,626	37	£109	£4,085	0.00%	30/09/2016
Pulsar DIG-T 115 Acenta 2WD	PCP	£4,780.85	37	£149	£6,870.15	0%	30/09/2016
Juke 1.2 DIG-T Acenta	PCP	£4,484.75	37	£149	£5,961.25	0%	30/09/2016
Qashqai DCI 110 Acenta	PCP	£5,323.50	37	£199	£8,972.50	0.00%	30/09/2016
X-Trail Acenta 2WD 5ST	PCP	£5,912.75	37	£299	£10,888.25	0.00%	30/09/2016
Seat							
Mii Design 3dr 1.0 12V 60PS	PCP	£127	48	£127	£3,283.09	6.90%	30/09/2016
Ibiza SC FR 1.2 TSI 90PS	PCP	£199	48	£199	£4,704.26	7.00%	30/09/2016
Ibiza 5DR SOL 1.0 12V 75PS	PCP	£162	48	£162	£3,782.94	7.20%	30/09/2016
Ibiza ST FR 1.2 TSI 110PS	PCP	£229	48	£229	£5,193.25	7.00%	30/09/2016
Ibiza SC Cupra SE 1.0 12V 75PS	PCP	£165	48	£165	£4,012.40	7.10%	30/09/2016
Toledo SE 1.6 TDI 115PS	PCP	£1,948.92	48	£199	£5,283.63	4.90%	30/09/2016
Leon SC FR Titanium 1.4 EcoTSI 150PS	PCP	£2,699	48	£239	£7,418.25	4.90%	30/09/2016
Leon 5dr SE Dynamic Technology 1.2 TSI 110PS	PCP	£2,099	48	£209	£5,919.83	4.90%	30/09/2016
Leon SC FR Titanium 1.4 EcoTSI 150PS	PCP	£2,699	48	£239	£7,418.25	4.90%	30/09/2016
Leon ST FR 1.4 TSI 150PS	PCP	£2,599	48	£239	£7,774.37	4.90%	30/09/2016
Leon X-PERIENCE SE 2.0 150PS	PCP	£3,199	48	£319	£8,014.81	4.90%	30/09/2016
Ateca SE Ecomotive 1.6 115PS	PCP	£3,299	36	£299	£10,855.06	4.90%	30/09/2016
Alhambra SE 2.0 TDI Ecomotive 150PS	PCP	£6,683.44	48	£299	£10,420.83	5.90%	30/09/2016

WE'LL HELP YOU GET THERE



FINANCE

The point-of-sale consumer new car finance market grew 1% by value and 1% by volume in July, compared with the same month last year, according to Finance & Leasing Association (FLA) data.

The percentage of private new car sales financed by FLA members

through the point of sale reached 85.3% in the 12 months to July, up from 84.9% in the 12 months to June.

The point-of-sale consumer used car finance market also reported new business growth in July, of 2% by value and 1% by volume.

DEALER KPIS

Source: ASE

Keyratio	Rolling 12 months May 2016	Rolling 12 months May 2015	Benchmark
Net profit as % of sales	1.15%	1.33%	3.0%
Overhead absorption	52.6%	54.3%	80%
Used: New sales	0.99:1	0.91:1	1.5:1
Expenses as % of gross	65.2%	63.7%	50%
Sales per salesman	169	191	150
Used vehicle stockturn (days)	54	55.1	45
Return on used car investment	75.0%	76.0%	100%
Overall labour efficiency	83.0%	82.3%	100%
Service gross profit % on labour	75.5%	75.6%	75%
Service expenses as % gross	60.6%	59.3%	40%
Hours per retail job card	1.57	1.61	2.5
Parts gross profit	22.5%	22.4%	22%
Parts expenses as % growth	43.8%	44.4%	40%
Parts stockturn	7.8	7.61	8.0

The average UK franchised dealer lost £6,500 in July 2016. It represents a deterioration of £10,000 on July 2015, which was profitable.

"It also is the first time in years when dealers have not made a profit, even a marginal one, in the first trading month of a quarter," said **ASE chairman Mike Jones**.

"Before we jump to any conclusions over a general retail downturn or a dramatic impact of the Brexit vote, we need to wait until the end of the quarter. Inter-month performance can vary as brands change their fast start bonuses and dealers change their internal policies."

He said one trend that cannot be ignored, however, is the fall in the net profit as a percentage of sales ratio year-on-year. "Dealers have seen significant increases in turnover levels and have struggled to make as much money as they did in the prior year."

ADVERTISING FEATURE

BLACK HORSE COMMENT

By Richard Jones, managing director, Black Horse



It is probably too soon to judge what September's new car registrations mean to the sector. However, off the back of sales growth for most of the past five years, it will be interesting to see if the result of the EU referendum and the cut in interest rates

have affected the consumer's confidence to buy a new or used car.

Other events in 2016 will also affect the sector, but these will be felt more in the long term. For example, March's Budget spoke of encouraging the UK's transition to cleaner, more efficient vehicles, while there will be infrastructure investment to support the next generation of motoring.

It means our sector will change. Dealers able to clearly explain new fuel systems and vehicle technologies will be the ones who make the most of the opportunities ahead. Having well trained staff to support that goal is paramount.

Opening up expert staff training in a wide variety of skills has been a key focus for Black Horse this year, and we recently launched our online LetsULearn Premium programme to support that. It allows staff access to a range of training topics, including regulatory guidelines and effective finance presentations.

Many of the updated courses continue to share guidance to support the FCA's focus on putting customers at the heart of every transaction. However, the programme now also shares training in a variety of key soft skills to support dealer sales and management teams. We also host a monthly webinar, which gives direct interaction with a sales trainer as part of the package.

The benefits of a well trained team can be felt across the dealership, with improved customer service, new talents emerging to support more of the business's needs and the increased motivation from staff encouraged by the investment placed in them. These may be vital in increasing the customer experience and encouraging their retention and advocacy. That is why we will continue to invest in our training programmes to ensure they reflect your immediate and long-term needs in this constantly changing sector.

RISERS & FALLERS

TOP 10	
Infiniti	185.86%
Abarth	75.36%
Smart	53.99%
Jaguar	52.28%
SsangYong	52.21%
Jeep	46.61%
Bentley	39.20%
Land Rover	22.32%
Mercedes-Benz	18.00%
MG	17.95%



The declining performance of many of the UK's best-known car brands continues. The carmakers needing a strong September result include Ford, Vauxhall, Nissan and Volkswagen – the latter is down nearly 10% year-on-year, suggesting its period of pushing volume into the market has eased. The decline of its sister brand Seat, although slightly less significant, could be seen as further evidence for this, as it too was pushing hard until Q4 last year.

In contrast, many of the smaller brands still have appetite to grow, thanks to new models. Infiniti, Smart, SsangYong and Jeep are on a rising trajectory. It will remain to be seen whether their registrations will be sustained once their new launches have fully settled in.

BOTTOM 10	
Fiat	-2.16%
Ford	-3.80%
Lotus	-4.15%
Vauxhall	-4.16%
Peugeot	-4.23%
Nissan	-4.63%
Seat	-7.10%
Aston Martin	-8.98%
Volkswagen	-9.69%
Mitsubishi	-21.52%



NEW CAR REGISTRATIONS

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

August						Year-to-date				
Marque	2016	% market share	2015	% market share	% change	2016	% market share	2015	% market share	% change
Ford	11,703	14.33	11,980	15.15	-2.31	205,142	12.21	213,245	13.05	-3.80
Vauxhall	8,579	10.51	8,919	11.28	-3.81	161,259	9.59	168,252	10.29	-4.16
Audi	6,195	7.59	5,850	7.40	5.90	107,298	6.38	104,863	6.42	2.32
Volkswagen	5,694	6.97	7,611	9.63	-25.19	129,298	7.69	143,178	8.76	-9.69
BMW	4,752	5.82	4,848	6.13	-1.98	106,061	6.31	94,596	5.79	12.12
Mercedes-Benz	4,651	5.70	3,969	5.02	17.18	104,904	6.24	88,899	5.44	18.00
Kia	3,849	4.71	2,123	2.69	81.30	57,609	3.43	50,228	3.07	14.69
Nissan	3,503	4.29	3,159	4.00	10.89	92,029	5.48	96,494	5.90	-4.63
Peugeot	3,164	3.88	3,304	4.18	-4.24	64,856	3.86	67,718	4.14	-4.23
Škoda	2,687	3.29	2,716	3.44	-1.07	50,745	3.02	48,760	2.98	4.07
Citroën*	2,593	3.18	2,863	3.62	-9.43	44,685	2.66	53,842	3.29	-17.01
Renault	2,485	3.04	1,734	2.19	43.31	50,837	3.02	44,073	2.70	15.35
Hyundai	2,440	2.99	2,208	2.79	10.51	56,610	3.37	55,119	3.37	2.71
Toyota	2,193	2.69	2,313	2.93	-5.19	62,030	3.69	62,509	3.82	-0.77
Honda	1,826	2.24	1,629	2.06	12.09	38,161	2.27	32,829	2.01	16.24
Seat	1,816	2.22	1,348	1.71	34.72	29,604	1.76	31,865	1.95	-7.10
Fiat	1,719	2.11	2,031	2.57	-15.36	38,549	2.29	39,400	2.41	-2.16
Mini	1,608	1.97	1,660	2.10	-3.13	38,597	2.30	36,087	2.21	6.96
Land Rover	1,574	1.93	1,086	1.37	44.94	49,015	2.92	40,072	2.45	22.32
Suzuki	1,384	1.70	1,273	1.61	8.72	24,213	1.44	21,005	1.29	15.27
Mazda	1,269	1.55	1,450	1.83	-12.48	30,342	1.81	28,006	1.71	8.34
Dacia	845	1.04	428	0.54	97.43	15,676	0.93	15,931	0.97	-1.60
Volvo	776	0.95	831	1.05	-6.62	27,034	1.61	25,003	1.53	8.12
Jaguar	722	0.88	836	1.06	-13.64	19,958	1.19	13,106	0.80	52.28
DS*	504	0.62	389	0.49	29.56	11,151	0.66	1,965	0.12	467.48
Jeep	488	0.60	278	0.35	75.54	9,270	0.55	6,323	0.39	46.61
Mitsubishi	367	0.45	602	0.76	-39.04	12,097	0.72	15,414	0.94	-21.52
Smart	352	0.43	344	0.44	2.33	6,968	0.41	4,525	0.28	53.99
Porsche	299	0.37	280	0.35	6.79	7,647	0.45	7,649	0.47	-0.03
Infiniti	280	0.34	39	0.05	617.95	2,244	0.13	785	0.05	185.86
Lexus	234	0.29	283	0.36	-17.31	8,424	0.50	8,040	0.49	4.78
SsangYong	219	0.27	123	0.16	78.05	2,854	0.17	1,875	0.11	52.21
Alfa Romeo	148	0.18	128	0.16	15.63	3,286	0.20	3,046	0.19	7.88
Abarth	135	0.17	85	0.11	58.82	2,320	0.14	1,323	0.08	75.36
MG	99	0.12	43	0.05	130.23	2,300	0.14	1,950	0.12	17.95
Lotus	90	0.11	15	0.02	500.00	231	0.01	241	0.01	-4.15
Maserati	70	0.09	46	0.06	52.17	913	0.05	929	0.06	-1.72
Bentley	69	0.08	27	0.03	155.56	1,218	0.07	875	0.05	39.20
Subaru	69	0.08	79	0.10	-12.66	2,045	0.12	1,913	0.12	6.90
Aston Martin	15	0.02	14	0.02	7.14	527	0.03	579	0.04	-8.98
Other British	43	0.05	32	0.04	34.38	522	0.03	469	0.03	11.30
Other Imports	132	0.16	80	0.10	65.00	2,267	0.13	1,246	0.08	81.94
Total	81,640		79,060		3.26	1,680,799		1,634,369		2.84

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

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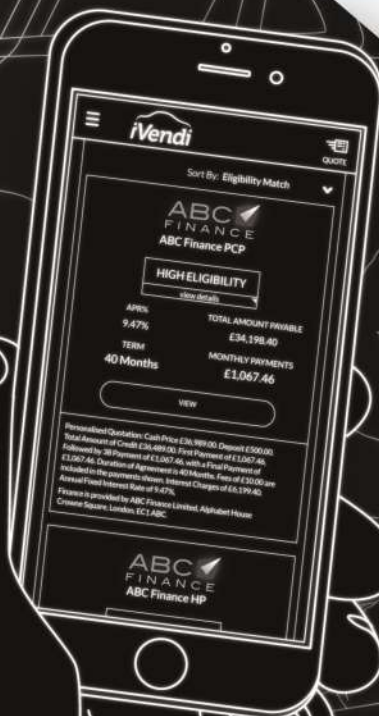
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Holiday period fails to dent stock demand

The holiday season hasn't affected dealers' appetite for fresh stock, according to the data from the two major auction groups, BCA and Manheim.

Ex-fleet stock

Manheim reported that ex-fleet cars rose in average value since July by £202, or 2.1%, to £10,024 in August. At BCA, ex-fleet stock rose by £225, or 2.3%, to £9,890.

Year-on-year, BCA's average price was up £242, or 2.5%, while Manheim's was down £250, or 2.5%.

Trade-in disposals

BCA's part-exchange cars in August averaged £4,489 in value, a £6, or 0.1%, drop since July. Manheim's averaged £3,603, a £74, or 2.1%, rise.

Year-on-year, BCA's average was

£246, or 5.8%, ahead, while Manheim's trade-in average was £100, or 2.8%, up.

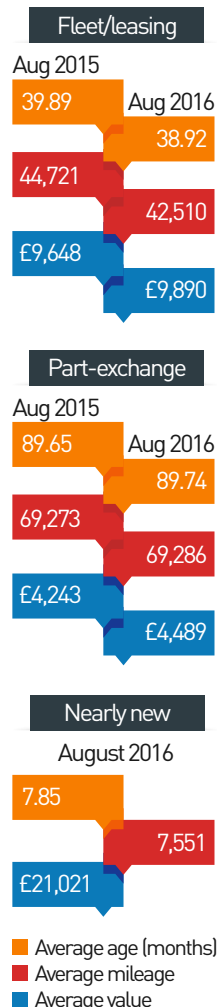
BCA chief operating officer for UK remarketing, Simon Henstock, said: "August was a strong month in the used wholesale markets. Prices have improved as inventory has dropped and conversion rates have risen." He added that current performance suggests vendors are in tune with market expectations as prices have strengthened and the churn of vehicles being re-entered for sale has improved.

In the retail market, the fastest-selling car in August was the BMW 1 Series, according to analysis from Auto Trader, with an average retail price of £12,999. In second place was the Toyota Aygo, at an average £6,713, and in third the Fiat 500L, at an average price of £8,024. All three sold, on average, within three weeks of being marketed.

"August was a strong month in the used wholesale markets. Prices have improved as inventory has dropped"

Simon Henstock, BCA

YEAR-ON-YEAR



ECONOMIC INDICATORS

PAY

↑ +2.3%

The average weekly wage, including bonuses, for July, was £505, a rise of 2.3% over the same period a year earlier. Excluding bonuses, wages were up by 2.1%, to £472.

INFLATION

→ 0.6%

The CPI annual inflation rate stayed flat in August at 0.6%, the same as in July. The Office for National Statistics (ONS) said rises in food prices, air fares and motor fuel were offset by falls in alcohol, clothing and hotel costs.

UNEMPLOYMENT

↓ -0.1PPTS

The unemployment rate for the three months ending July 2016 was 4.9%, down 0.1ppt from the prior three months, and down from 5.5% a year earlier, according to the ONS.

MORTGAGES

↓ -17%

The number of loans to first-time buyers in July was 17% down on June, at 28,200, and down 6% year-on-year, said the Council of Mortgage Lenders.

CREDIT CARD BORROWING

→ £9.4bn

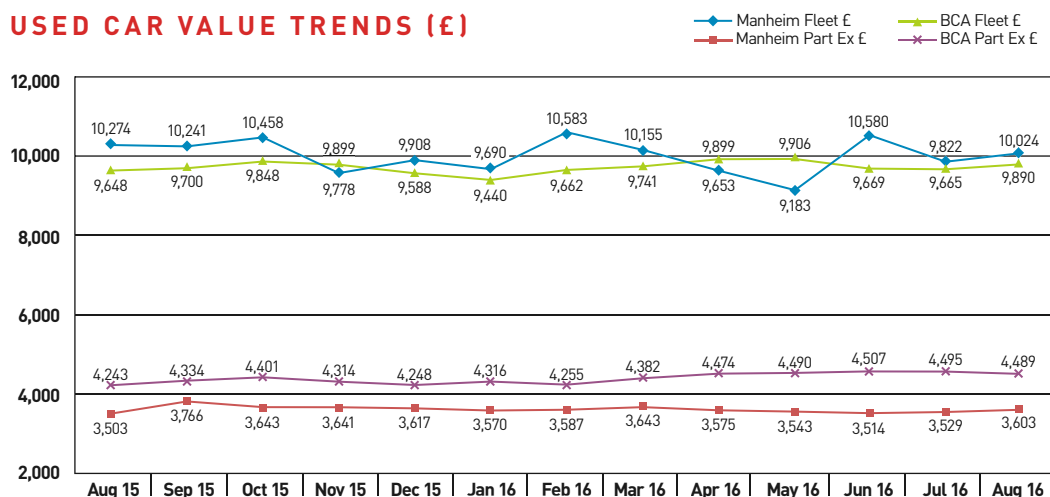
There were 162.5m purchases in July's credit card market, down from June's 162.1m, with a total value of £9.4 billion, flat on the prior month, said the British Banking Association.

HOUSE PRICES

↑ +8.3%

House prices in July were 8.3% higher than the same month in 2015, according to data from the Land Registry. The average value of houses in England and Wales was £232,885.

USED CAR VALUE TRENDS (£)



Used cars bought on finance by consumers through dealerships						Source: FLA
	July 2016	Change on previous year	3 months to July 2016	Change on previous year	12 months to July 2016	Change on previous year
Value of advances (£m)	1,110	+2%	3,438	+10%	12,984	+13%
Number of cars	103,554	+1%	318,610	+8%	1,213,908	+10%
Used cars bought on finance by businesses through dealerships						
Number of cars	4,134	+39%	13,122	+43%	41,286	+6%

26

View from the business school

Prof Jim Saker on why walking over hot coals will not make your staff a team.

28

Build green and save

New showrooms can help dealers to significantly cut emissions – and costs.

33

Five ways to be greener

Low-cost, daily changes to make your dealership more environmentally friendly.

36

Supercharge your AFV sales

Training and test drives can help to move more alternative fuel vehicles.

Motorline opened a new Maserati showroom in Cardiff in March

A three-pronged plan for success

Peter Denton believes a bigger network, more used sales and better service will help Maserati emerge from its big brother's shadow

NEED TO KNOW

- Maserati recorded 1,424 registrations last year
- Profitability remains an issue, with current RoS of -1.6%
- New dealerships will not be shared with sibling Ferrari

By Tom Sharpe

Ask the man on the street which car brand holds the greatest allure, the most magnetic draw for enthusiasts and the general public alike, and the answer is likely to be Ferrari. Few businesses in any sector provoke such an emotional reaction and boast such a strong identity.

Consider then that, for Maserati, the power of its big brother's brand brings with it something of a headache.

As the Trident-badged Italian manufacturer looks to lock horns with Audi, BMW, Jaguar and Mercedes-Benz – this year doing so with the help of its first SUV, the Levante – it seems Maserati's close ties with Ferrari are becoming almost as much of a hindrance as a help.

Peter Denton, general manager at Maserati North Europe, said the introduction of diesel engines, reduced servicing times and costs and a focus on leasing and contract hire are helping to transform the brand.

Sales of the Ghibli saloon helped Maserati from 309 sales in 2012 to 1,424 last year, with 843 registrations by the end of July this year taking it to 0.06% market share – albeit down 40 registrations (4.53%) on the same period in 2015 after a shaky start to the year.

However, as Maserati welcomes the potentially volume-doubling Levante SUV into its showrooms, Denton said it remains hard to uncouple the Maserati and Ferrari brands in the eyes of a new, more price-conscious customer base.

"For a long time, Maserati existed in the UK because of the profitability of Ferrari. We were able to sit alongside without the requirement to be very contributing, but it gave them another opportunity to attract customers to the showroom," said Denton.

"Now, Maserati has its own ambitions and we are presented with a new challenge – getting people who might normally be interested in an Audi, BMW or Mercedes to pluck up the courage to visit a dealership that normally trades in £200,000 supercars.

"People are intimidated, pure and simple. Our main problem

is people are highly aware of the brand, but are not aware of our product or our price and we need to work very hard to change perceptions."

Growing the dealer network

In 2012, Maserati had 12 UK showrooms, all of which were paired with a Ferrari sales operation.

These 12 sites are still shared, but new recruits such as Bowker, Marshall Motor Group, Motorline and Parks Motor Group and expansion by existing partners have taken the network to 19, with an additional site expected imminently.

Denton believes 26 retail locations would see Maserati fulfil its aim of being accessible to customers within a 45- to 50-minute drive, but believes his target of achieving that figure within two years could prove tough.

He said: "We need a showroom with around 200 square metres in order to provide the right showroom capacity and there aren't many outlets of that kind of size and structure with partners that have a premium brand experience in terms of their training. We're after a lot of stars to align."

Maserati has already turned to its current operators to open new facilities, with Motorline's move into Cardiff following the opening of a Maidstone site in June 2015, and HR Owen's new facility adding to sites at St Albans and South Kensington.

Denton describes the brand's CI requirements as "modest", with a £100-per-square metre cost and no demand to be a solus brand.

Used car sales key to growing profits

The brand's retail network is operating at -1.6% RoS, with profits made from aftersales, but there is potential for growing used car sales.

Denton said: "From a sales perspective, historically, it's been a bit of a struggle for our retailers to be profitable, particularly where Maserati and Ferrari were under one roof because the overheads were a factor."

He added: "Our network is yet to benefit from the larger volumes we are now starting to achieve."

Currently, 46% of Maserati sales are made through corporate channels and the brand is awaiting an influx of affordable used Ghibli models to kick-start an approved used operation.

Denton said: "Many of the cars have been sold on contract hire, so there will be an opportunity very soon for greater used proposition.

"We have tried to create a structure within contract hire and

Six

the number of open points Maserati has targeted to fill within two years, taking its network size to 26

MASERATI MARKET SHARE

2011	0.02%
2012	0.02%
2013	0.01%
2014	0.05%
2015	0.05%
2016 (to date)	0.06%

Source: SMMT



KEY MASERATI PRODUCTS



LEVANTE

Maserati's first SUV arrives in October and is expected to lift the brand's UK registrations from about 1,400 to 3,000 from 2017. Prices start at £54,335 for the 271bhp turbodiesel.



GHIBLI

Taking Maserati head-to-head with manufacturers such as Audi, BMW and Mercedes-Benz, the Ghibli (from £49,165) brought fleet appeal to the brand with a 271bhp turbodiesel engine offering claims of 47.9mpg fuel economy and 158g/km CO2 emissions.



QUATTROPORTE

Originally launched in 2013, the current Quattroporte underwent a styling make-over in June this year. The curvy large saloon tops out with the Maserati's current flagship, the £115,980, 523bhp GTS.



ALFIERI

The car that made its public debut at the 2014 Geneva Motor Show looks like a rival to the F-Type and Porsche Cayman but could take on Tesla with an EV drivetrain, according to Maserati chief executive Sergio Marchionne.

MASERATI LOCATIONS



Source: am-online.com/amc; Google Maps

Catering for a more mainstream clientele

Convincing premium customers to walk into the showroom of a brand that has previously aligned itself with Italian supercar exotica is the biggest challenge Maserati faces.

Denton said a new model range starting at £49,165 – about the same as a BMW 535d M Sport – since the introduction of the Ghibli was backed up by affordable running costs (the Ghibli has a 12,000-mile/two-year service interval), and a customer experience that reflects the expectations of a more mainstream clientele.

He said: "Our joint Ferrari/Maserati sites are used to delivering a very premium experience. People ring up for a service and they might start checking the availability of their car transporter to see when they can go and pick it up."

"A Ghibli is likely to be a customer's only car. They'll expect to bring the car, get it serviced and drive away in a little over an hour. I'm not sure our network has adapted itself yet. It's a cultural change, taking an excellent level of service and adapting that same level to the demands of our new customer."

Service times of up to six hours for certain models have been cut to an hour and fifteen minutes, with an overnight parts shipping facility from the brand's Modena headquarters and a prescribed stock of regularly turned parts in dealerships.

Maserati has also worked to offer customers affordability, with a three-year, three-service package available for about £1,200 and the option of spreading the cost of expensive consumables, such as brakes.

Stricter monitoring of its finance offers has also been prompted by increased competition in its sector over the past year. Slow sales in December, January and February – when just 182 vehicles were registered, with only 31 in February – were sparked by established brands' stellar finance offers, according to Denton.

He said: "We found that the likes of BMW were sharpening their pencils on finance offers so much that people were having their heads turned long before they even considered Maserati. Now we're sharpening our pencils too."

leasing and our finance house where we could channel cars back to our retail partners so they have the first chance to buy.

"We also tried to foster an early relationship with the purchaser so that when that car does come off contract the retailer is in a good position to bid to own it."

Denton describes Maserati as an "easy-going manufacturer", stating that they "don't have the clout" to tell their retail partners what to do when it comes to the sale of add-ons such as insurance and warranties. Most offer their own solutions in the absence of manufacturer-branded products.

Where we were perhaps checking our offer once a quarter, it's now once a month. I'm talking about the ability to shift from £469 a month to £399. That can really awaken customers to the possibility of owning a Maserati."

Denton acknowledges that the line between exclusivity and affordability is a fine one: "I was walking through Belfast Airport the other day and there was an Audi A7 with a sticker on the side saying '£10,000 off'. Is that supporting the brand, does that reflect well on the product? I don't think it does."

Betting big on success in the SUV sector

October brings the most significant addition to the Maserati range since the Ghibli's introduction in 2013.

Maserati expects the £54,335 Levante SUV to double annual UK volumes to about 3,000, by taking a slice of a segment sustaining about 40,000 sales.

It will increase Maserati's number of owner-drivers, with vehicles bought on PCP and PCH deals, according to Denton.

Powered by the same 271bhp three-litre turbodiesel as the Ghibli, its shared mechanicals should see cost efficiencies included in a product plan that Maserati hopes will make it a 75,000-car brand, globally, by 2018. Its global sales are currently about 35,000 a year.

The larger Quattroporte saloon underwent a styling refresh in June and next year will bring new versions of the Gran Turismo coupé and GranCabrio, to be followed by the more compact Alfieri – a small coupé that debuted in concept form at the 2014 Geneva Motor Show.

Denton said: "We'll see high-performing, but smaller, engines and lighter, more compact chassis. We need to be aware of emissions and respond to that."

Maserati wrote off £75m in costs when it decided to change the direction of the Levante's development from an American-built SUV to an all-Italian project.

Denton believes the move was the right one, despite delaying the vehicle's launch by a year, and said Maserati

needs to get its product planning right first time: "We have to get things right at Maserati. We simply don't have the resources to go back and redevelop and redevelop if we get things wrong."

While chief executive Sergio Marchionne indicated last month that the Alfieri may come with an EV drivetrain, Denton said: "All our vehicles are developed with hybrid technology in mind, but I think the brand has yet to determine what the consumer really wants to that end."

Making a name for Maserati

Maintaining the emotional draw, personal premium service and exclusivity of the brand while pioneering new levels of affordability, accessibility and reliability may weigh heavily on the 19 dealerships in the current network.

Denton expects retailers to double their staff headcount rather than compromise on service, but to drive the changes, growing sales and profits must be realised.

He also expects retailers to get out and spread the brand message. Asked whether Maserati's drive for growth would see a more mainstream approach to marketing, Denton said: "There will be no TV ads. Our online offering is developing all the time, but we still operate on a very personal basis for the most part and we really have to put in the effort to make our marketing budget work for us."

"Taking our vehicles out to the places where they can be seen and our retailers can interact is one of our main priorities."

Maserati is currently the title sponsor of the Tour de Yorkshire and the annual Eroica Britannia vintage cycling festival in Bakewell, Derbyshire, and also sponsors the global Maserati Polo Tour 2016.

"We'll support them in creating a premium space that they can take into a retail environment or a public event."

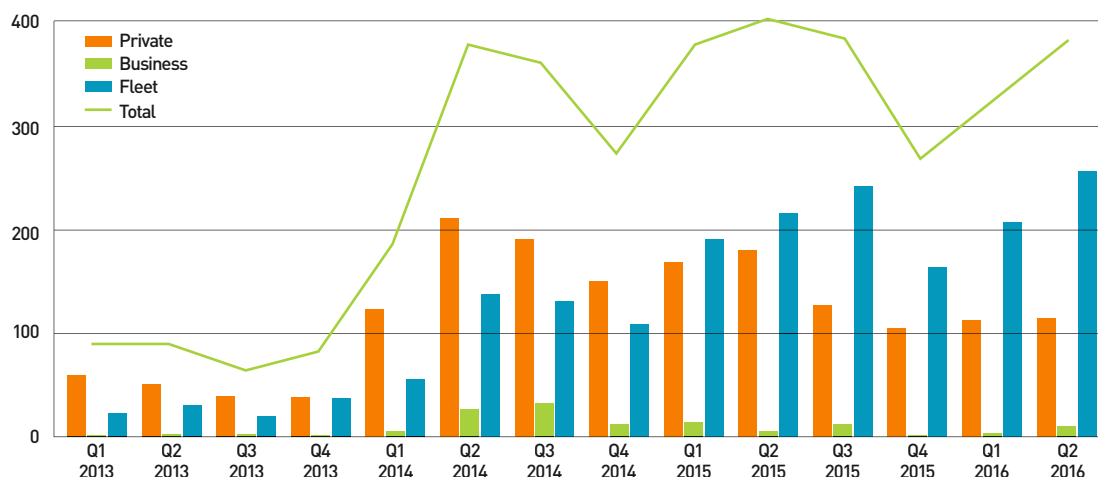
Denton added: "There is an onus on our retailer partners to perform, but that's why we've been very careful to pick the right ones."



"We are presented with a new challenge – getting people who might normally be interested in an Audi, BMW or Mercedes to pluck up the courage to visit a dealership that normally trades in £200,000 supercars"

Peter Denton, Maserati North Europe

MASERATI REGISTRATIONS BREAKDOWN Q1 2013 – Q2 2016



Sources: am-online.com/amt; SMMT

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A tale of two cleaners – but who's in the team?



By Professor Jim Saker

So in the space of just over two weeks, Great Britain became a global sporting power. The success at the Rio Olympics, coupled with the different time zone, meant millions of people learned the intricacies of the keirin, the omnium and team pursuit. Never has there been so much interest in women's hockey, kayaking and other random sports in which we as a nation are now leading the world.

Working at Loughborough, I am embedded in an organisation that is fanatical about sport. Having won the Universities Championship for the past 36 years, inevitably top athletes and their coaches have been drawn to train at the world-class facilities available on campus. Adam Peaty, the world record holder for the 100 metres breast-stroke and the winner of GB's first gold at Rio, trains alongside many other swimmers at the pool in Loughborough.

You don't have to walk over hot coals

One of the themes that came through in the Olympics was the impact that can be achieved when people work together as a committed team. The problem in many businesses is that this concept of the sports team has been taken on board but has simply spawned a whole range of dreaded team-building courses. These often involve people building rafts or even walking on hot coals – two skills that I have yet to find transfer particularly well into a business context (unless one feels that when a business is sinking some form of makeshift raft might help). The problem is that we see the power of teams but struggle to see them work in hierarchically-based businesses.

Some years ago, I asked the director of sport at Loughborough who could make the most impact on the performance of the GB swimmers. I was expecting him to say the coaches, the sports psychologists or medical staff.

He simply replied: "The swimming pool cleaner." If the cleaner didn't do their job properly, an infection could get into the water, which could have a dramatic effect on the swimmer's ability to perform. The impact of a viral infection would be far greater than any marginal gain that a coach could produce.

I looked shocked at his response, but he went on to say that is why everyone knows the cleaner; he is well known to the swimmers and the coaches, he is part of the team and without him they know they can't perform. He knows it and they know it too.

Some are more equal than others

In business, our teams are often made up of people working in some form of hierarchical structure. This often makes it more difficult to function smoothly as there is a pecking order for decision-making, and people are aware that although they have been told everyone is equal, some are

definitely more equal than others. This leads to a slightly odd level of interaction. The group may have bonded when their raft sank on the team-building exercise, but to a large extent that is the limit to which they want to engage.

A classic example of this came some years ago and involved another cleaner. A large motor manufacturer had set a number of dealer training standards based on courses that the dealership had to attend. The whole basis of this was that if a number of course attendances was achieved, the dealership was then in line for a series of bonuses based on the performance in other areas of the organisation.

This pattern of dealer training courses happened every year and there was usually a rush at the end to ensure that the business had met its quota. One year I had occasion to observe some of these manufacturer modules and spotted one of the delegates looking slightly bemused at the back of the room. A couple of days later, I spotted the same delegate now sitting in on the next module which appeared to be on customer handling. I thought nothing of this until the following week when this same character suddenly appeared studying human resource management. After some casual questioning, I ascertained that he was in fact the dealership's cleaner, who had been sent to Loughborough on behalf of the dealership for two weeks to attend sufficient modules to meet the manufacturer training requirements. He said he had found it interesting but had struggled a bit on the finance module!

At the end of the two weeks, a very educated dealership cleaner left Loughborough about two stones heavier, wondering who had been doing his job for the past fortnight. He said: "It's been good and I've enjoyed being here, but I do think that I have taken one for the team – though I don't think that I am actually in the team..."

For the sake of our hopes at the Tokyo Olympics, let's hope that the pool cleaner remains a key part of the team.

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.

"Team-building courses often involve building rafts or walking on hot coals – two skills I have yet to find transfer well into a business context"

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Build Green and save

Automotive retailers face ever stricter regulations on the energy-saving ability of their showrooms, but it is not all about emissions – it can cut costs by thousands

NEED TO KNOW

- Franchised dealerships emit 1m tonnes of CO₂ a year
- Dealers keen on 'easy wins' such as LED lighting, but still reluctant to make bigger investments in energy-saving

By Jonathan Kearney

The automotive business has never been synonymous with 'being green' – making and driving cars uses a lot of energy, and produces a lot of carbon.

Manufacturers have done a lot in recent years to counter this – the numbers of electric or hybrid cars are growing, brands have enshrined sustainability principles enshrined in their corporate and social responsibility (CSR) strategies and the use of recyclable raw materials and efficiency measures in factories is becoming commonplace. But what about the process of selling the cars?

There are 4,900 franchised dealerships in the UK producing about a million tonnes of carbon dioxide a year between them.

Showrooms, with their great expanses of glass and steel, are not always the most environmentally friendly buildings and

£4,000

a year – the amount dealers can save through cost-free energy-saving measures, according to The Dealer Energy Efficiency Guide 2010

£10,000

a year – the saving possible with modest investment in energy-efficient lighting, heating, ventilation and cooling

inside, expensive lighting and heating/cooling systems use large amounts of energy.

However, dealerships are moving to make this part of the car's journey as eco-friendly as possible. Showrooms are beginning to incorporate LED lights, photovoltaic roof tiles, heat recovery ventilation systems and more, even harvesting rainwater to wash the cars and burning waste oil from workshops for heating.

But as the auto industry seeks to shift perceptions of the sector, can dealerships balance the value of 'being green' with the financial investment involved?

More effective energy management and 'easy wins' such as LED lighting are simple to implement and the payback is quick, but for more costly green technology, it seems dealerships still need some convincing on the financial benefits.

Darrel Smallman of MDG Architects, who works predominantly with BMW, said: "BMW is massively pushing the eco side of things. We have to achieve a minimum 'Very Good' BREEAM (the benchmarking system for 'green' building) in every project we do for them. However, I think there is some reluctance in its retail network to fully embrace this agenda.

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energy usage remotely, such as turning off fridges at night, and intelligent lighting that automatically dims when there is strong sunlight.

"Attitudes are changing, but having that holistic green approach for the whole building is the next step that needs to be taken."

Lorna Griffiths, from Taylor Design Architects, agrees that take-up of green tech is still limited: "It is still an area which has not been embraced by the industry."

"We are mainly seeing photovoltaics and water recycling for valet bays. Many of our clients will install such features when required under BREEAM."

"Water recycling has a major cost advantage, but for photovoltaics the pay-back is still quite long. The main area where there is a shift is the use of building management systems for running buildings more economically."

"I think there will be an increase in the use of green tech in the future, but it will be driven by planning and Building Control rather than volunteering to utilise such technologies."

Some planning authorities require new-build showrooms to achieve Very Good or Excellent under BREEAM. A high BREEAM rating is seen as adding to a property's sell-on value and provides increased comfort for staff and visitors.

There are currently more than 200 UK retail buildings rated BREEAM Excellent. Of those, only three are motor retailers; Kia Coulsdon, Volkswagen Coulsdon and Volkswagen West London.

Of the 675 Very Good retail buildings, 12 are motor retailers including Audi, BMW and Mini, Honda, Jaguar Land Rover and Volkswagen.

Beadles Kia in Coulsdon achieved an Excellent rating in 2011 by using 181 photovoltaic panels, a combined heat and power plant, air source heat pumps and a heat recovery system. It is expected to save more than 45 tonnes of carbon and generate 119,000 kWh of electrical energy a year.

The Inchcape Honda showroom in Romford, Essex, gained its BREEAM Very Good rating using recycled rainwater, ground source heat pumps and solar power. The measures are estimated to reduce the showroom's energy bill by 30% compared with standard showrooms.

Lighting is where franchises can make a big difference with minimal effort. It can account for up to 40% of a site's electricity costs, so a switch to LED bulbs can have a big impact.

According to the Carbon Trust, new LED lighting can pay for itself in just one to three years, with ongoing maintenance savings throughout the longer lifespan of the lamps.

In fact, dealers can save up to £4,000 a year through energy-saving measures that don't cost a penny, according to The Dealer Energy Efficiency Guide 2010, produced by The Society of Motor Manufacturers & Traders (SMMT) and the Carbon Trust.

The guide, based on a survey of 30 dealerships, estimates that retail sites could save up to 10% on energy costs with no investment, simply by reducing and managing usage more effectively. It claims savings of 25%, or £10,000 a year for an average-sized dealership, are possible with modest investment in new energy-efficient lighting, heating, ventilation and cooling.

TH White Fiat in Swindon was heralded as one of the most eco-friendly car showrooms in the country when it was built in 2012. It is heated by burning used engine oil drained from vehicles during servicing, solar panels provide much of the electric power, rainwater is harvested, and water used for cleaning vehicles is recycled.

After three years, the waste oil burner, installed at a cost of more than £17,000, has produced savings of about £9,500. The photovoltaic panels are on track to have paid for themselves after 12 years, two years earlier than expected, while the rain water harvesting has saved an estimated £4,600 from an initial £20,000 installation cost. Payback is estimated at 13 years.

Alex Scott, managing director of TH White Group, said: "The company feels it has both a moral and economic duty to embrace renewables on its premises. The philosophy of the company is to build and develop long-term relationships and sustainable



"Green tech is being implemented in the sector, but is not mainstream yet. I think greater take-up is going to be forced by regulations"

Wayne Jones, Jones Architecture and Design

businesses. So when we invest in new sites, we do so with a long-term view.

"Generally, our sites are owned and operated by us for a long time and so it is likely that we are able to justify renewable investments to our governance board."

Wayne Jones, of Jones Architecture and Design, the company responsible for its build, said: "TH White wanted to promote the use of these technologies in motor retail and promote themselves as a company that cares about the environment by showcasing it on their buildings, even though they were not aware at the time what the real cost savings would be."

"Green tech is being implemented in the sector, but it is not mainstream yet. Building regulations are changing every three years and tightening all the time. Often planners are pushing for buildings to reach BREEAM Very Good minimum, targeting carbon reduction at up to 35% over building regulations."

"I think greater take-up is going to be forced by regulations. Eventually I can see residential buildings needing to be zero carbon, and commercial buildings too."

That future is already happening. **Darrel Smallman, of MDG**, said: "Right now we are working on developing a footprint for a zero-carbon dealership, to show that it can be done and start a dialogue about it. Retail sites need to be greener and zero carbon is the next step."

"The cost benefits will need to be tested and dealers may be reticent, but it is a push in the right direction."





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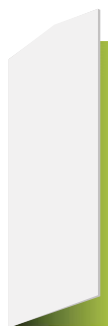


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5 ways to be GREENER

All manufacturers claim to 'think green' – but do their dealerships really build that mindset into their day-to-day operations? **Ian Halstead** asks around

STAFF CULTURE



Ensuring employees are environmentally – and cost – conscious must be the simplest step. AM100 dealer group **JCT600** began energy awareness training about five years ago, holding hour-long sessions for groups of about 15 staff at a time. Its **property director, Mark Taylor**, said: "We aimed to cut 10% from our annual power bill, and achieved our target, and I think much of the success was down to making everything feel personal."

"Instead of talking about energy efficiency at the corporate level, the first half of every session was about individuals and household bills. We asked how much people spent on energy, how often they switched providers and if they'd thought about how to make savings. You could see the messages really got across."

"Then we shifted the focus to ways of saving energy at work, always making sure

to turn off the lights and the PCs. All simple stuff, but it really had a clear bottom-line benefit, and at no cost to us."

Since then, JCT600 has gone further, installing solar panels on six dealerships, and working with Leeds-based Smart Buildings to install wireless dashboards from which it can monitor every aspect of energy use, from electricity and water to air conditioning.

"Typically, they cost around £30,000, but at our largest site in Sheffield, the payback was less than a year. The systems are also tamper-proof, so if one showroom's lights were on at 1am, we'd get an automatic mail at head office."

"We also have league tables to show how much energy each site uses, so we can judge the impact of the new systems and of how staff are continuing to implement energy-saving methods," said Taylor.



ENERGY AUDITS



Darren Williams, a former Seat dealer now turned **automotive management consultant at Elements PRMC**, says energy audits are rare.

"There are exceptions, but not many. Toyota, for example, asks its dealers to complete a simple quarterly audit detailing what they've done to reduce energy use. So when a brand gives its dealers a bit of a prompt, they respond, but that's the first time I've seen a manufacturer acting in that way."

Williams has just been commissioned by AM100 dealer Jardine Motors Group to look at its energy consumption, and consider such potential investments as LED lighting and energy-reflective glass.

"To be honest, I'm always surprised

energy consultants aren't more pro-active, and don't seem to visit dealerships offering free energy audits and suggesting energy-saving products, in the way that companies used to do with loft insulation," he said.

"Even for major dealerships though, these measures represent a significant investment, so over the years, people have just ignored the fact that their showrooms are often too warm in summer and too cold in winter."

Williams is aware of the financial challenges dealerships face when 'green' issues are on the agenda. The fact that a franchise contract is for two to five years makes it a complex decision when major energy-efficiency projects may take that long or longer to repay their investment.



TRANSPORT



Darren Williams also thinks dealers could be more innovative in their use of courtesy cars, whose numbers are typically set by manufacturers, rather than as a considered element within a dealership's operational strategy.

"Manufacturers usually set a ratio between the number of your technicians and the size of your fleet of courtesy cars, so if you have 15 technicians, you might well have seven or eight courtesy cars, but many of them end up not being used efficiently," he said.

Often customers take one merely to get home or to their workplace, however

some dealers are combating this, instead giving customers lifts or offering collection and delivery. Volvo has been developing a service whereby the customer waits in a lounge while two technicians complete their annual service in about 27 minutes.

"Dealers tend to do what dealers have always done, without giving matters a great deal of thought, so if no one raises issues, such as the use of courtesy cars, nothing is going to change. Again, it's an area where the manufacturers could do more to encourage change," added Williams.



GO PAPERLESS



There has been much progress in replacing paper-based operating systems with integrated management systems, which cut costs, boost productivity and free up staff for front-line work.

At dealership management system (DMS) company **CDK Global UK**, managing director **Neil Packham** said technology is focusing on what makes dealerships operate better.

"Most dealers now understand the merit of the technology, but too often they fail to put the right processes in place, or engage fully with their staff so they know their precise role and responsibilities."

Packham said one problem was many dealerships still operate in different 'silos', with different licences and contracts.

"We've been looking at how to break down those barriers and increase operational efficiency, and we're about to launch a paperless enterprise resource planning system called DigiDoc."

"It's been designed for the automotive industry, and it creates digital deal files, then links into the invoice system and stores everything in the cloud."

A further benefit of cloud-based software is that they dealers don't need air-conditioned servers rooms on-site.



WASTE RECYCLING



Richard Brown, who built the motor division of waste management firm **SWR** into a £6.5 million turnover business before establishing **Rose Hill Consulting**, suggests manufacturers need to impress sustainability onto their networks.

"Manufacturers go to enormous lengths to stress their commitment to improving the environment, but then look the other way when it comes to issues about waste or recycling at dealers. They think 'talking green' is a strong marketing tool, but then don't commit themselves to building sustainability measures into their

dealership operating standards."

He fears that until manufacturers highlight challenges such as a dealership's carbon footprint or its recycling ratio, little will change. Currently the costs are not high enough to drive change – Brown said waste represents 0.5% of a dealership's operating expenses. Yet he is optimistic that the drive to encourage consumers into electric cars may create momentum that rubs off on the ways dealerships operate.

"Traditionally, dealerships face their defining pressures from manufacturers and customers. They will react to them."



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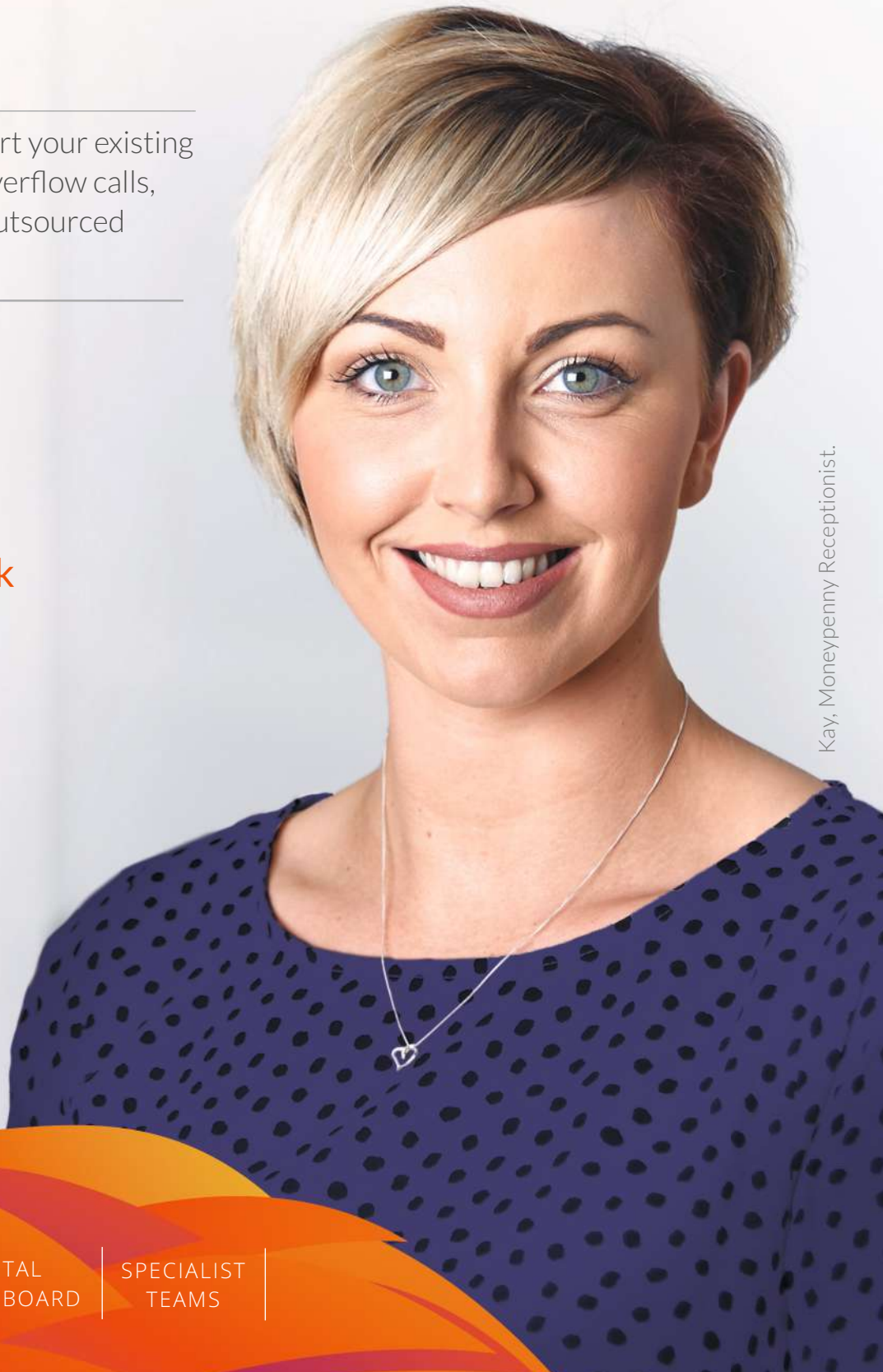
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Most car brands offer at least one alternative fuel model, but dealers need to learn to sell them differently to traditional vehicles

NEED TO KNOW

- Alternative fuel vehicle registrations are up 22% year-to-date and account for more than 3% of the market
- Test drives are key to convincing would-be buyers

By Tim Rose

Alternative fuel vehicles (AFVs) have been available for almost two decades, but have now reached more than 3% of the UK's new car market. The growth in AFV registrations (53,902 in the first eight months of this year) is also significant – up 22% over the same period in 2015.

That market share is only likely to increase, now the majority of car brands have AFVs in their ranges. Motorists can pick from almost three dozen electrically powered or assisted vehicles, from hybrids such as the Toyota Prius (which launched in 1997) and Lexus NX, plug-in hybrids such as the Mitsubishi Outlander PHEV and Volvo XC90 T8, or pure electric cars such as the BMW i3, Nissan Leaf, and Tesla Model S.

From showroom to classroom

Dealers offering AFVs are often re-educating the consumer, who has become accustomed to covering more than 400 miles between weekly fill-ups, convincing them that they can change their driving habits, save money and reduce their impact on the environment.

The average UK motorist drives 32 miles a day, according to the Office for National Statistics, so the fear of being left stranded in a pure EV is not generally borne out by reality. Studies of EV usage have shown the majority of charging is done at home or at a workplace.

Robert Tweedie, former EV category manager and now fleet sales director at Nissan Motor GB, said: "Our network has now been selling electric cars for five years and that experience comes through in an efficiency of sales process and its engagement with the Leaf."

In that time, he said dealers have learned that the Leaf is a product that can be accessible to all. Where customers become aware of and understand its advantages, he said, it becomes a rational choice and they make the product work in their lifestyles.



"If customers experience the car for longer, it builds a connection with the dealer

Ewan Shepherd,
Lexus UK

Tweedie believes the key is ensuring the Leaf is the right fit for the customer. To achieve this, sales staff on site must properly qualify the prospective buyer to find out their daily mileage and whether they have off-street parking where a charger could be installed, he said. Interested customers can book a four-day test drive from their local Nissan dealership.

Dealers also carry out workplace promotion, taking Nissan's electric vehicles out to businesses and demonstrating how they can benefit them. Nissan GB provides centralised support for this, through marketing materials and presentations.

Nathan Tomlinson, managing director of Mitsubishi dealership Devonshire Motors, said the sales process for hybrids and other AFVs needs to be different to that used for normal vehicles.

"The length of time from enquiry to sale is much longer with a hybrid vehicle – mainly due to a much more comprehensive sales process, but also because it's important that customers take their time to assimilate all the information and make a fully informed decision.

"Hybrid technology provides some outstanding benefits, but we have to be very careful to understand the customer's intended use and make sure that a hybrid is the best option for them."

The critical factors in recommending the Outlander PHEV, said Tomlinson, are that the customer's daily usage will be below 100 miles and they have off-road parking suitable for installation of a charging point.

Multiple test drives and visits are very common as people

MORE TOP TIPS

- Taxation benefits are very important to business users and company owners. Use the Fleet News Car Cost Calculator (www.fleetnews.co.uk/costs/) or Comcar.co.uk to compare savings with others on their consideration list.
- Provide driving tips, because prospective buyers need to understand that their driving style may need to change if they expect to achieve optimal fuel economy.
- Appraise and value part-exchange hybrids and EVs carefully, as the trade still views older, used AFVs cautiously and prices them as such.
- Prospective buyers must be advised about the network of 3,700 public charging points locations across the UK.



53,902

alternative fuel vehicles were registered in the first eight months of this year, an increase of

22%

introduce themselves to the concept of plug-in hybrids, go away to think about it and then come back to try out different scenarios, said Tomlinson.

At Devonshire Motors, an initial PHEV test drive is always accompanied in order to demonstrate and familiarise. After that, it encourages the customer to take a demonstrator for a day or two to get a real ownership experience. Every order placed is accompanied by a memory stick of materials for the customer to take home.

Tomlinson said the handover of a high-spec hybrid to a first-time buyer can be anything up to two hours long, with driving and charging tips, familiarisation and running through specific points such as the smartphone app, which lets users preheat the vehicle and set charging timers. To avoid information overload, Devonshire Motors also invites them back after a few days and again after a month for re-familiarisation sessions as required.

The market leader for hybrid sales is **Toyota GB**, and its president and managing director **Paul Van der Burgh** said there are still misconceptions about what hybrid is – some people think it may be expensive to buy or run and requires plugging in. After more than a decade selling hybrids, Toyota's dealers have moved from selling a technology to selling a benefit.

Ewan Shepherd, director of Lexus UK, where 95% of sales are hybrids, added: "If you test-drive a hybrid, you become convinced. With customers who come in worried about the technology, that goes away when they've experienced it for a couple of hours."

Lexus currently has a programme of 24-hour test drives. "It builds trust with the retailer as well, if they're given the opportunity to experience the car for longer, it builds a connection with the dealer," said Shepherd.

Van der Burgh said the smooth operation of hybrids can make it difficult for the driver to understand when the car is under electric power, so Toyota sales executives are encouraged to show the customer the in-car app, which records it. Toyota's research has shown Prius owners spent about 40% of their driving time under electric.

While AFVs are still a small proportion of all demand, and there's uncertainty how long the Government will subsidise their adoption, they are set to become a feature of most dealers' forecourts.

ADVERTISING FEATURE

ARE YOU COLLECTING THE RIGHT DATA FOR THE FCA?

By James Tew, director, iVendi



In some parts of the dealer sector, there is a sense that the Financial Conduct Authority (FCA) is an issue that can be put on the back burner now that much of the initial noise surrounding compliance has abated.

However, with compliance measures now in place for a while, it is more likely that the first investigations will take place soon. This is certainly what happened in other sectors where the FCA introduced new regulations.

Against this backdrop, there remains confusion about the information that needs to be recorded on an ongoing basis. We regularly come across dealers who are unsure about what data they should be collecting and how to record it. Many, in our opinion, are labouring under all kinds of mistaken beliefs.

The key is to understand the main principles behind the FCA's aim of seeing customers treated fairly. It is all about ensuring that you provide them with meaningful choice, accurate information and consistency across your business. If the FCA comes knocking at your door, you have to be able to show them information that proves you are doing this.

Thankfully, technology is making the tracking and recording of customer behaviour much easier for dealers, especially those who are using motor finance platforms that help promote compliance. At iVendi, we have done a lot of work in this area. Dealers who use our systems can access detailed records that detail the activity of customers both online and in the showroom, the majority of it recorded automatically.

Data includes the products they have looked at, the quotes they have generated, whether they have looked at product information videos and more. All of this information would be easily available in the event of an FCA investigation – and could be the difference between passing and failing an inspection.

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SMART INSURANCE COMMENT

Smart insurance is very pleased to have sponsored the *AM* Manufacturer of the Year Award.

In winning this prestigious title, Mercedes-Benz UK has proved its position in the industry for product development and technological advancement, as well as showing its keen market awareness by putting exactly the right models on the forecourts.

In the changing world of the motor industry, such flexibility is important. So too is the ability to operate in partnership: to listen, to react and to support.

At Smart Insurance we share the key values that are inherent in the Mercedes-Benz brand, especially the ability to adapt quickly and successfully to market change and consumer demand. The utilisation of technology has enabled us to grow quickly and to improve our processes for the benefit of both our partners and the consumer.

It's essential that any business operating in this marketplace understands every stage of the supply chain, from point of manufacture through to aftersales and retention. We believe that such understanding builds long-term, sustainable partnerships that are the key to our success. As with Mercedes-Benz, we aim to continue to innovate and apply our principles of adaptive advancement to further our relationships, and for the benefit of the consumer.

We congratulate Mercedes-Benz in gaining this coveted *AM* Award and look forward to seeing its next exciting development.

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AM AWARDS: 2016

'Our focus wasn't on growth, it was on measuring...'

...then Mercedes-Benz UK changed its relationship with its dealer network – and has seen six years of constant success

By Tim Rose

At the end of 2015, **Mercedes-Benz UK's** new car registrations smashed its personal best. The 145,254 total was more than 20,000 units up year-on-year, its largest annual rise, and the three-pointed star was the top performer in the entire market for growth.

Having sat far behind premium market rivals BMW and Audi last decade, it has rapidly narrowed the gap and is threatening to overtake by 2017.

Although fleets and company car user-choosers feature heavily in Mercedes-Benz's customer base, the 2015 growth was balanced, with half of the increase in business coming from the retail sector. Its key performing car ranges included the C-Class, which accounted for half its additional volume, with the A-Class hatchback and GLA-Class small SUV providing much of the remainder.

The depth and breadth of its product line-up was a key factor in the *AM* judging panel hailing Mercedes-Benz as Manufacturer of the Year. "It makes products people want, in every sector, with amazing quality, safety and environmental considerations," was its conclusion.

Thanks to the introduction of its latest generation of small cars – the A-Class, CLA-Class, GLA-Class and B-Class – Mercedes-Benz now features on corporate fleets for young executives and wins retail custom from 30-something professionals. A consumer can get behind the wheel of a new Mercedes-Benz for as little as £300 a month. Moreover, the brand has such depth and breadth of well equipped products, from family cars, SUVs, coupés, convertibles and luxury transport that the same consumer could remain a Mercedes-Benz customer for life.

Its AMG models boost the brand's appeal further still by providing the ultimate in outright performance and driving dynamics beneath bodysheils that still relate to its everyday models, as any halo model should.

The powertrains Mercedes-Benz has developed, including petrol, diesel and now plug-in hybrid, are very efficient, and its on-board technology, for both occupant comfort and safety, is market-leading. Combining these with such an easily-recognised premium brand has proved to be a winning formula.

Products are only part of the picture, however. Another driving force behind the carmaker's success

"A lot of latent ambition and opportunity within the network was being subdued by a sense of mistrust"

Gary Savage, Mercedes-Benz UK



Gary Savage, CEO, Mercedes-Benz UK (left) accepts the award for Manufacturer of the Year from Mark Boote, managing director, Smart Insurance

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PREMIA SOLUTIONS COMMENT

Premia Solutions is proud to sponsor the Business Leader of the Year at the 2016 AM Awards.

This is an award that celebrates individuals from our industry who have a vision of what the future should look like, and are prepared to invest in both their business and their people to achieve this. These individuals must be prepared to take risks while at the same time setting the standards of professionalism and integrity that are so crucial in our industry today.

"This award celebrates individuals who have a vision of what the future should look like"

Premia Solutions

Premia Solutions shares these same values. As well as working hard to differentiate ourselves from the competitors to provide bespoke, white-label insurance products, Premia Solutions offers outstanding customer support, coupled with market-leading dealership development and consultation, to provide a seamless extension of our clients' brand.

We would like to take the opportunity to congratulate Gary Savage, who has displayed all of the attributes so core to our business, and so important in our ever-changing industry.



Gary Savage, CEO, Mercedes-Benz UK, accepts his award from host Katie Derham and Simon Webb, head of sales and development, Premia Solutions (right)

in the UK is its **chief executive Gary Savage**, winner of the AM Business Leader of the Year award.

He joined Mercedes-Benz UK in 2010 and the brand has beaten its personal best for sales and market share in every year since.

Savage has driven cultural change at Mercedes-Benz UK. When he arrived he identified that the dealers were being treated like children, and were constantly monitored and measured to distraction.

He told AM: "One of the things that I was probably most struck with was that we had, as I described it

back then, a sort of a parent/child relationship with the network. I felt there was a lot of latent ambition and opportunity within the network that was being probably subdued by this sense of mistrust in terms of their relationship with us, which potentially could have been predicated by the very draconian KPI measures. That's where we put most of the focus. It wasn't in growing, it was in measuring."

He and his senior team put more focus on the sales results, introducing monthly volume targets for the dealers, and encouraging a more consistent approach to fleet offers. Communications with the network have been improved, with an emphasis on improving the partnership and collaboration. Savage sees everything before it is sent out and has banned verbose, overbearing communications – the days of three-page memos are gone and presentations at the quarterly regional retailer meetings are concise.

"I'm most proud that we've been able to achieve this significant growth and at the same time tangibly improved the relationship with the network," said Savage. He happily describes his dealer partners as "the best in the business".

Savage pays a lot of attention to the twice-yearly NFDA Dealer Attitude Survey. He was concerned that, in the past, franchisees really valued having the three-pointed star above the door, but had a problematic relationship with the brand. Now, he is confident the momentum can be sustained because of such a high degree of engagement between the dealers and the manufacturer.

For the past four surveys, Mercedes-Benz has remained the highest-rated franchise.



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The keys to success at selling new cars

Profitably selling new cars depends on many factors, including identifying leads, responding quickly, pitching the right add-ons and, sometimes, even just smiling

NEED TO KNOW

- Dealers should mine their databases carefully and respond quickly and meaningfully to any enquiries
- The showroom experience must match the digital

By Tim Rose

New car sales are the crucial driver of success at any franchised dealership. The branding above the door and a competitive product range will underpin profitability, which will only be enhanced by the aftersales and used car opportunities that follow.

However, running a successful new car sales operation relies on many factors. *AM* asked dealers and suppliers to share their best practice advice.

New customer acquisition

Manufacturers typically take the lead with their national new car marketing and finance offers, but once the consumer has shown interest it becomes the dealer's business to lose. The retailer's own marketing needs to echo those messages, across all the traditional and digital media being used, emphasising the monthly affordability of the new car range as well as the headline list price. Clear online calls to action, such as devices to value their part-exchange or to obtain a finance quote, can bring the consumer another step closer to deciding to visit. Data from Auto Trader has shown 58% of buyers visit the dealership without first making contact, rising to 67% among 17-24-year-olds and among female buyers.

Re-soliciting

Both the dealers' and finance partners' customer database should be exploited to identify which existing customers are in a position to change their current car for the new model. Prospecting events, when the sales team focuses for a set period on calling existing customers to invite them to consider the new car, can work particularly well due to the element of competition and performance incentives. When a sales team's skills are stronger face-to-face than over the telephone, some dealers may benefit from using outsourced or in-house call centres to do the prospecting for appointments.

At *AM100* group **Steven Eagell**, an in-house call centre at Milton Keynes is staffed by a team of 16, who make thousands of outbound calls per month, using DMS data. As well as seeking to confirm appointments, the staff are also trained to sell add-ons to existing customers.

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

Rapid responses

Prospective customers who do make contact online expect a

58%
of buyers visit a dealership without first making contact, according to data from Auto Trader

50%
of consumers will go elsewhere if they don't get a response within an hour, said Carwow

rapid, meaningful response to their enquiries and dealers that fail to deliver that could be headed for a crisis. New car deals website Carwow analysed data from more than 11,000 car purchases made through its website in the first quarter of 2016 and found 50% of consumers said they will go elsewhere if they don't get a response within an hour.

Cambria Automobiles' dealerships try to reply to emails "within minutes", but follow up after 24 hours, 72 hours and 14 days.

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

Monitor and manage leads

At Volvo dealer group **Clive Brook**, stringent lead management processes have been put in place to ensure every sales opportunity is maximised after **managing director Clive Brook** discovered sales were being lost due to poor salesmanship.

He established a DMS system that allowed the business to log data and analyse the performance of sales staff and employed Harrogate-based Cymark Dealer Services to carry out post-enquiry research via follow-up calls. Based on a continuous follow-up of a strictly maintained showroom diary of customer data, these can help to determine if or why a sale was lost.

Brook said: "Why is there this acceptance that six out of your 10 enquiries do not result in a sale of a car? When I took over the business, I had to deal with that fairly quickly because it's not a statistic I've ever been comfortable with."





"Why is there this acceptance that six out of your 10 enquiries do not result in a sale of a car? When I took over the business, I had to deal with that fairly quickly because it's not a statistic I've ever been comfortable with"

Clive Brook, Clive Brook Volvo

He said: "I know how the ones who bought cars feel. It's the people who haven't bought – the six out of the 10 – [that I want to know about]. It is expensive, but it's a low cost relative to the output. For me, that process is probably identifying a car a week. Across the two businesses, that's a hundred grand."

Vertu Motors uses a bespoke business management system that allows its leadership team to view the status of all stock, customer enquiries and sales activity in real time. General managers and the senior team can also drill down to examine in detail the performance of any sales executive against a variety of measures, including prospecting activity, customer satisfaction, profitability of their deals and their add-on sales.

Get it right on-site

Human nature means achieving total consistency of experience is nigh impossible, but each customer wants their own experience to be seamless and positive. At **Porsche Retail Group**, its interactions with customers are "inclusively exclusive", according to **managing director Ade Smith**, and a motorist interested in spending £25,000 on a six-year-old Cayman or Boxster needs the experience to feel as special and exciting as one putting a deposit down for a £130,000 911 Turbo Cabriolet.

"If you look at our database, we have people with 30-year-old 924s worth perhaps £9,000 at best that get them serviced here, and we've others who've just bought a 918 Spyder that's worth a million euros. The cross-section of our customers is unbelievable. So the first thing we want to make sure is that whoever the customer is, we treat them with complete equality, and the minute they walk through the door they are a Porsche customer," he said.

ADVERTISING FEATURE

WHY YOU ARE IN SAFE HANDS WITH SUPAGARD

By Jean Quinn, managing director, Supagard



Supagard's reputation for quality is second to none in professionally applied automotive paint and interior protection products.

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At south of England dealer group **Picador**, chief executive **Graham Jacobs** believes staff unwilling to put on a smile shouldn't be working in a dealership. He sets an example by warmly greeting customers when he's at front of house, and occasionally he gives his team "camp lessons", as he puts it, to remind members of staff that customers need to be put at ease.

"I have got really good guys, but they look a bit miserable sometimes. So I will say, 'look at you! If I was wandering in here, I would be terrified to say something to you lot. Put a hand on your hip, smile a bit more, just think a bit more like this.' They look at me as if I am going mad, but you can't help but smile and you can't help but think 'what Graham is saying is right'.

"They are intimidating places to come into, aren't they, car dealerships? Really intimidating. So my advice is always give camp lessons. They look at me and think, 'oh for goodness' sake, what is he on about now?'

"But they don't mind it really because what I say is: 'boys, look I know that you are really nice blokes, every one of you. You are great and you have been so helpful to me over the years. But customers don't know that – it is the way you are perceived, so put a smile in your voice, smile before you dial.'"

Add value

Kirk Franks, head of national sales at **Alphera Financial Services UK**, said: "There's a small window to impress, when buyers visit the dealership towards the end of their purchase journey, so it's vital to have well trained staff on site. All conversations with buyers are valuable and they get the information they need there and then to go ahead and make their purchase."

While most dealers have got to grips with what the FCA expects from them, the goal in the showroom now is to make sure that process is consistent.

Jo Jenner, **Mann Island Finance** managing director, said: "Every customer must be treated fairly and no party should be exposed to unacceptable risks, this has to be central to the finance offering."

Jenner said an F&I mystery shop of 24 dealerships conducted by *Which?* in March found shortfalls in the point-of-sale finance experience, including a number of issues obtaining a written finance quotation, with some dealers providing an incomplete quote and others failing to provide any information at all.

The part-exchange

CACI figures show 58% of new car buyers use a car as part-exchange in the purchase. The accuracy of the part-ex appraisal can make a substantial difference in the profit in the deal.

Current best practice of conducting a digital appraisal through a tablet computer means that a set process must be followed – a sales executive cannot progress to the valuation until they have completed specific sections. In addition, such systems feed the data into reporting tools, allowing the sales manager or dealer principal to identify poor practice, such as logging incorrect mileage or service history data or failing to check a spare key is present.

Where possible, the appraisal should also be conducted with the prospective customer alongside, to ensure they see how



the value they are quoted has been calculated. It helps to create trust and avoid confrontation.

Barry Cooper, **Cooper Solutions** managing director and a former BMW dealer principal, said it mustn't be rushed: "The way the appraisal is done is massively important in determining whether the customer will do a deal. Every customer will check the value of the vehicle before they come to the showroom. You've got to help them understand that you've evaluated the tyres, the scratches, the chips, the lack of service history and you can show them why you're coming to a specific conclusion.

"I think where dealers can go wrong is disappearing to the sales manager's office and coming back with an offer with no real explanation."

Offer add-ons

Finance will bring extra income, but largely facilitates the sale, whereas other add-ons such as GAP insurance and paint and fabric protection can boost the profit in the deal significantly. These should be promoted on the website, in the showroom and form part of the discussion with the customer, ideally identifying whether they had bought them before.

Alan Graham, key account manager with **Supagard**, believes that, like all other business, paint protection should be judged on the criteria of "treating customers fairly and with confidence in the efficacy of the product". He said dealers could expect a 40% to 50% sales penetration, with top performers achieving up to 80%, and typical gross margin of nearly £350.

Manage complaints carefully

Occasionally, problems with the new car let down the hard work of winning the sale, and it is here that the dealer group needs a process for handling complaints well to avoid the customer rejecting their vehicle.

Graham Jones, **Lawdata** director of legal services, said there has been an increase in consumers' challenges in light of the Consumer Rights Act 2015. However, he said it has only brought increased structure and focus from dealers looking to protect themselves in return.

Jones said while dealers tend to prefer to solve problems on the phone, it is better from a legal standpoint to keep things in writing.

He said: "It's a balance, because you want to keep things personable, but in writing there's less chance for there to be any confusion by what anyone means and there's a record of what has been agreed and said."

In the first instance, dealers will want to resolve matters as quickly as they can, perhaps as a matter of goodwill towards the customer, but legal advice is recommended.

"It's important to recognise that there's eight weeks for a final response, so you've got that time to come up with a solution, it doesn't mean you need to rush a final response before that eight-week deadline."

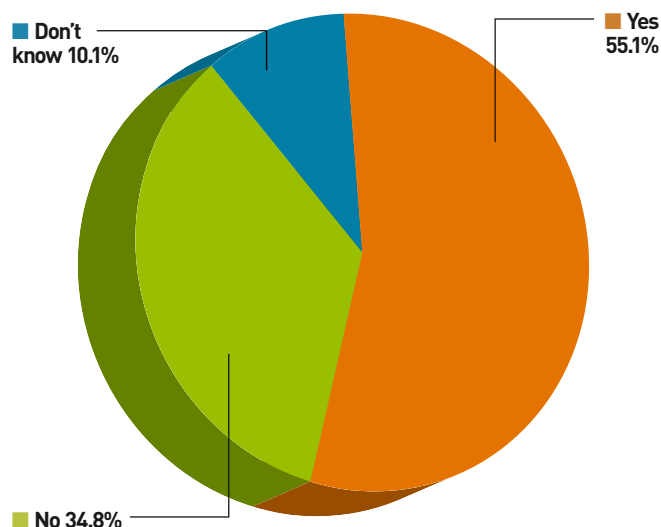


"I think where dealers can go wrong is disappearing to the sales manager's office and coming back with an offer with no real explanation"

Barry Cooper, **Cooper Solutions**

AM POLL

Should the apprenticeship levy be delayed?



The Government's new apprenticeship levy scheme will be introduced in April 2017. Businesses with annual payroll costs of £3 million or more will pay 0.5% of their annual payroll bill, minus an allowance of £15,000, into a special account. Each levy-paying business in England will then use that account, plus a 10% top-up from the Government, to pay for any apprentice training. Scotland, Wales and Northern Ireland will have their own arrangements.

Our poll this month shows a majority of those involved in motor retail want its introduction delayed. One respondent said: "The scheme was designed prior to the referendum and since then the whole political and financial landscape has changed. Without any clear idea of what the immediate future holds, it makes sense to delay the implementation of this scheme."

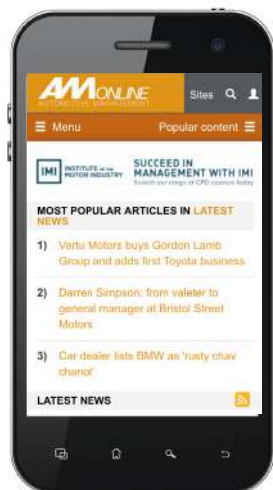
However, opponents to any delay pointed out that the industry has a shortage of skilled workers. "Industry, left to itself, has proven incapable of providing their own resources towards training," said one. Another added: "The motor industry cannot afford to keep waiting for a magic cure to its ageing workforce."

■ **Next month: A year on since FCA GAP rules were introduced, have your GAP sales been affected? Vote now at am-online.com/polls.**

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You can now read the latest motor retail news, features and insights even more easily on your phone, tablet, laptop or desktop PC.

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

BUILDING VALUE IN TECHNICIANS

How do you build value in the work your technicians do, asks Simon Bowkett of Symco Training



What do you tell prospective service customers when they ask about your hourly labour rate? There will always be someone out there who will do it for less, so if you allow them to compare your prices with the independent garages and fast-fits, you may be fighting a losing battle.

So ask yourself this – is the customer just buying an hour of a technician's time, or are they actually buying a lot more than that when they come to your dealership?

There's a great story about the founder of Federal Express, Fred Smith, that perfectly illustrates what I'm getting at here. In fact it's the subject of my new sales training video on the AM website this month (www.am-online.com/symcotraining, or at www.symcotraining.co.uk).

\$10,000 for turning a screw!

Federal Express pioneered the hub-and-spoke distribution system. It was very efficient, but one night disaster struck at their central hub in Memphis. The whole system stopped and nobody could figure out how to get it going again. Reputationally, it was very damaging, and it was costing them money as well. So they called the company that had installed it, and even Fred himself came in.

When the installer arrived, he first asked a few qualifying questions. Then he walked over to a control panel, took out a screwdriver and turned one screw three quarters of a turn tighter. Everything immediately started working again! "That's brilliant," said Fred. "Give me your invoice and I'll pay you straight away."

He gave him an invoice for, incredibly, \$10,000. Fred looked at it, then said quite calmly: "Could you itemise that for me?" So he took the invoice, scribbled something on it and handed it back. Fred read it, nodded and smiled, then went to get a cheque and paid him straight away.

What had the installer written? "For turning one screw, \$1. For knowing which screw to turn, \$9,999."

Remember you're selling expertise – not time

That's also what you are selling in your service department. Not merely an hour of your technicians' time, but four years of apprenticeship as a minimum. If you've got a master technician, there's all the time he's spent to get to that level, the training that he's done and so on.

Never forget, we're selling the expertise of our technicians – not their time.

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The latest deals, the newest technologies and the best advice from
15 sectors that supply services to automotive retailers



VALETING INSURANCE VIDEO AUCTIONS CALL MANAGEMENT WARRANTY SERVICE PLANS
FINANCE SYSTEMS DIGITAL MARKETING FINANCE LOGISTICS OILS
PAINT PROTECTION ONLINE SERVICES VALUATIONS

Cleaning up in the outsourced valeting sector

First appearances matter – never more so than when buying a car. That's why valeting firms are in such high demand

NEED TO KNOW

■ **Diversification is the key: facilities management, video, collection services and transportation are all part of the mix**
 ■ **Biggest challenges to the industry revolve around the workforce and uncertainty over the economy**

By Craig Thomas

In a booming, but highly competitive, new car market, dealers are working hard to attract and retain customers. New showroom designs, more focused personal service and social media interaction can all help to create a point of difference.

However, consumers love nothing more than a shiny car. Our modern culture places a great deal of emphasis on appearance, so dealerships have recognised how important that box-fresh, new car look (and smell) is to their customers.

The added value that valeting provides is now frequently supplied by third-party companies, many of which are highly professional outfits with multi-million pound turnovers and nationwide coverage.

As the new and used car markets have grown in recent years, these companies have grown with them, providing a service that consumers appreciate – and, increasingly, are perhaps coming to expect. But it's not just about valeting these days, as companies diversify into providing other services to their customers.

Motorclean is a case in point. The company has expanded rapidly in recent years and now has a turnover of more than

£50m. It's continuing to grow, too, with recent new business wins including Scotland's Macklin Motors, part of Vertu. But the main basis for its growth is investment, which underpins its core service, and diversification into new areas.

Chief executive Steve McBrierty told us: "The first thing we put money into is infrastructure: IT, management development, and valeters resourcing and training. Having secured customers, the objective is to provide quality services, so the three core products are valeting, facilities management, and imaging and videoing. But we also do SMART repair, inspections and some driving."

Autoclenz is another of the big players in the market with a turnover of around £36m. It has 360 valeting bays around the country, which valet a total of around 30,000 cars each week, with contracts including Pendragon, BCA, Europcar and Sixt.

Sales director Martin Peters is buoyant about new business wins. He said: "The target for new business this year is somewhere between £4m-5m a year. We're already tipping towards £7m. We just launched with Eden Motor Group, Motorpoint, Pendragon, and we've grown with Inchcape Retail, as well as new sites for BCA and Jardine's."

Peters added: "There's a lot of change. That may not be necessarily a move to outsourcing, but existing outsourcing clients are certainly shopping around. I think the reason for that is differentiation."

"I've been in the industry with Autoclenz for 20 years, when valeting was valeting. Today, that's about 25-30% of what's actually going on. It's now about the customer journey, how the valeting company can help the output of the dealership, keep its customers, make sure that not just the valeting of the cars is right, but so is everything else we can do to enhance the customer journey for that dealership. That's probably the major change over the last two to three years. It's about added value: the little things you can do at minimal cost that can have a maximum impact with a customer."

"We offer a customer collection and delivery service, using fold-up electric bikes that fold up and go in the boot of a customer's car. That works really well inside the M25."

Approved Valeting, with 25 sites from Southampton up to Yorkshire, is another company that is expanding, having doubled in size in recent years. Some of this increase has come on the back of work for BMW, Honda, Ford, Ferrari and Maserati dealerships, including Sytner, Lookers, and new business wins including Benham Wolverhampton and Pendragon. Other clients include the Motor Depot car supermarket chain and Click Car Credit.

But, like Motorclean and Autoclenz, Approved Valeting's expansion has been helped by offering other services: in its case, it's transportation.



"The marketplace is changing: dealerships are still moving towards outsourcing valeting, because it's not a core skill of their business"

Steve McBrierty, Motorclean



30,000

Cars valeted each week by Autoclenz



Director Justin Bancroft told us: "About two years ago, I bought one car transporter to move cars for Sytner group: now we've got five. We'll probably look at another couple at the back end of this year. We've also just got a contract from British Car Auctions, so it's going well."

Falcon Car Care, which has been in the industry since 1974, ascribes its continued success to primarily understanding its clients' business and supplying a service that mirrors their high standards.

Steve Fairhurst, the company's marketing director, explained the company's philosophy: "We understand the pressures they're under from brands. We also understand that customer expectations are higher than ever and the aesthetics of the

"Valeting's funny. It's like changing your doctor: they could be performing OK, but the attitude of some groups is almost 'the better the devil you know'"

Steve Fairhurst, Falcon Car Care

vehicle are incredibly important. The best way to get consistency with a valeting team is to ensure they're fully supported and they have the right equipment on site."

But Falcon has also gone beyond just valeting. Fairhurst added: "We've developed and sold our own range of chemicals. We have cleaning materials that outperform a lot of the brand names and we obviously give that as an option to clients. We understand cleaning material at a chemical level, because we've developed our own materials."

And what of the future? Overall, there's a lot of confidence in the valeting industry, but it is not without its challenges.

One of the main issues is attracting and retaining the workforce, with The Modern Slavery Act 2015 already taking effect.

Autoclenz's Peters identified the issue and the knock-on effects: "It's critical that you have complete confidence that the people within the business are legally entitled to work in this country, because the fines are considerable. Not just to the outsourcing company, but also to the customer engaging with that company."

"I know that out of all applicants that apply to work for us, a third do not pass our compliance: they're either illegally working in the UK or their paperwork is counterfeit. Customers are waking up to being more aware of that, which has changed in the last 12 months."

"So the ability to attract and retain the correct labour is an ongoing challenge. We have to offer a real opportunity for self-employed sub-contractors to come and work with us – and choose to work with us and meet our criteria – rather than work with anyone else. And that generally means making sure that the rate we're paying is more than anyone else, to get the right people – which, of course, then affects your pricing."

But as long as suppliers can continue to recruit and retain staff, there are opportunities for continued growth and success, despite ongoing changes.

McBrierty told us: "The marketplace is changing: dealerships are still moving towards outsourcing valeting, because it's not a core skill of their business and it makes more sense to be managed by someone for whom it is a core skill. I see that change continuing."

"There will also be increasing consolidation within our sector because, as dealership groups consolidate, they will demand the level of service that smaller valeting companies will struggle to deliver."

Although, as Steve Fairhurst pointed out: "Valeting's funny. It's like changing your doctor: they could be performing OK, but the attitude of some groups is almost 'the better the devil you know'."

The overall economy – and the impact of Brexit – will also offer its challenges.

McBrierty said: "I think that when you look at the next 12 to 18 months, it's going to be challenging for everybody."

Fairhurst added: "I think there's been a lot of worry about the fallout with Brexit. But companies will still need valeting, so we feel a bit more upbeat about it than we possibly did 18 months ago."

Better customer service pays off for valeting specialist

Car valeting specialist Autoclenz really did hit *Top Gear* when it looked around to see how it could best satisfy its customers' needs as it expanded its offering.

Almost a decade ago, the TV show featured an innovative London business, which sent drivers with folding motorised scooters to return revellers and their cars from nights out.

Driving to customers on the compact machines before folding them into a vehicle's boot and returning car and client home, presenters James May and Richard Hammond demonstrated the efficiencies of a service which required no back-up car and no second driver.

Around five years ago Derbyshire-based Autoclenz – having identified a potential new asset to the services it offers clients – acquired a similar business, The Blue Team, offering corporate clients a solution to their vehicle delivery requirements. It added a further level of care to its spectrum for franchised car dealerships.

Group sales director Martin Peters explained: "We're always evolving to realise greater efficiencies and a broader array of services for our customers and this fitted the bill.

"The motorised scooters have been swapped for electric bikes capable of 30mph and a 25-mile

range as they are more efficient and don't leave the scent of petrol in a car.

"Of course we offer a full range of conventional vehicle collection and delivery services too, but the electric bikes are popular for dealers inside the M25."

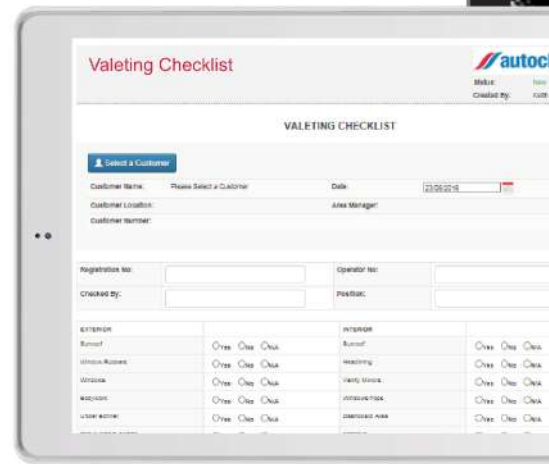
Peters said that dealers using the folding bike service realised greater efficiencies as no back-up driver or vehicle was required and an additional job could be tagged on to the beginning or end of each day as the drivers could travel straight from their home on the bike.

The service is just one element of Autoclenz's growing portfolio of dealer services.

The business has over 40 years' experience in providing a high-quality valeting service but now lists vehicle delivery, showroom cleaning, an on-site cosmetic repair service, photo and video creation for retailers' online adverts and concierge-style customer services among its strengths.

As a result, the business – the subject of a management buyout four years ago – now delivers a £36 million annual turnover (2015) with consistent growth of 8% to 10% each year and counts eight of the AM100's top ten retail groups as its customers.

Peters said that he now sees himself as a manager of "people and processes" as Autoclenz



manages 1,800 operators across 340 businesses, adding that a key concern was the "supply and management of labour".

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

Around 70% of labour in the sector is now made up of non-UK nationals and Peters explained that scrutinising documents which prove their eligibility to work was an essential task which many dealerships simply do not have the time to do.

Autoclenz has a 33% rejection rate among applicants and Peters claimed that about 37% of valeting staff employed by many of the UK's retailer network could lack a passport, visa or even a valid driving licence.

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

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

Peters said he believed a high-quality car valeting service should be "a given" from the long-



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



“At one Audi dealership we even made the four-ringed pattern on the mats and we’d place complimentary water in the car too. The little things add up”

Martin Peters, Autoclenz

established Autoclenz operation, but an attention to detail which can guarantee retailers top customer satisfaction levels remain a priority.

Peters said: “Over the years Autoclenz has developed a keen knowledge of what retailers need from us and also the wow factors that will really boost customer satisfaction.

“A valet might see a vehicle’s contents placed in a clear plastic bag on the passenger seat so that it’s clear how thorough the process has been and simple things like a striped pattern on the floor mats can make all the difference.

“At one Audi dealership we even made the four-ringed pattern on the mats and we’d place complimentary water in the car too. The little things add up.”

Autoclenz recently took steps to guarantee the level of service that its customers enjoy and ensure that standards are maintained day-in, day-out.

Its new MI dashboard, introduced in January, offers increased transparency, more open communication and constant quality and performance monitoring for its customers.

Running alongside an existing Paperless Vehicle Management System (PVMS), which allows customers to log all work carried out in its valeting bays and monitor expenditure in real-time, the new system logs inspection reports carried out by site operators and Autoclenz’s own account managers to give both parties an up-to-date record of the standards it achieves.

The system takes the form of an easy-to-use dashboard-style graphic web-page.

Peters said that any element of Autoclenz’s service rated below six out of 10 is issued with a ‘red alert’ and issues must be solved, or a solution plan put in place, within 24 hours.

He added: “The ‘red alert’ can only be removed from the system once resolved.

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

Peters compared the MI service to marketing a business via Facebook or Twitter – a process which can lead to exposure to criticism – but argued that this was entirely the point, adding: “We want those red alerts. If we know about them, we can resolve them.”

The new technology and breadth of service offered by Autoclenz is a far cry from its roots as a dedicated valeting company and as far from the service delivered by the *Top Gear* team as could be imagined.

But Peters believes that the evolution of the business has been essential as it aims to deliver a “one-stop shop” to dealers wanting to remove the stress of elements of its operation by outsourcing.

He said: “We have evolved to meet the demands of the market and things are going really well.”

Partnerships can help ease the strain of add-on sales

Meeting targets set by manufacturers is a big enough task so more and more dealerships are seeking aid in selling their F&I packages



NEED TO KNOW

- Warranty products becoming 'harder and harder' to sell
- FCA regulations mean a more protracted sales process
- Growth from independents and larger dealer groups

By Tom Sharpe

The demands of Financial Conduct Authority (FCA) compliance and the need for an increasing online presence have not been the only pressures on the add-on insurance sector over the past 12 months.

An increased ability to offer dealerships tools that will allow them to minimise the impact of additional revenue streams on their efforts to meet the manufacturer-set sales targets has also been a consideration. These demands have resulted in a record new car market in the first half of 2016.

Selling more vehicles should bring with it the ability to sell more F&I products that will deliver a healthier profit. But all too often the sheer volume of throughput makes the logistics of that model untenable.

For those specialising in add-on products, an ability to streamline retailers' sales processes is key to new growth, according to **David Brock, managing director of MB&G Insurance Services.**

Brock's Aros Holdings bought the Newcastle-based MB&G business in February and he says his plan to yield a 56% increase in turnover in the next 12 months revolves around a new system which would take the sale of its range of GAP, RTI, warranties and insurances out of the hands of retailers at the point of sale.

Retailers retain commission through referrals as part of the new form with which MB&G has seen great success in recent months.

"It is growing 20% faster than we anticipated it would," said Brock.

"Last year's FCA regulations had a number of effects but the main one has been an increased burden on sales staff. For a lot of dealerships the sale of add-on products is just too much hassle.

"We will follow customers up, make the sale on dealers'

"The FCA now has much more industry knowledge than when it first took over responsibility for consumer credit"

Andrew Smith,
Consumer Credit Advisory Services



56%

is MB&G's hoped-for increase in yield

behalf and then send them a cheque. It's as simple as that."

Brock claims the MB&G dealer service is gaining traction with smaller operators keen to avoid any issues with FCA compliance by drawing on the knowledge of an established supplier plus larger groups who wish to streamline their operations.

Further growth has come from MB&G's development of its warranty business. Brock said warranty products are becoming "harder and harder" for dealers to sell, but winning business from the SsangYong UK dealer network has bolstered their offering, with another manufacturer deal in the pipeline.

Nick Franklin, head of partnership and distribution at Mapfre Abraxas, highlighted his business's moves towards helping to streamline the sales process as a positive move over the past 12-18 months.

Its system works with the FCA's four-day referral guidelines, issuing initial information which can be handed to a customer at the point-of-sale or provided via email.

Prompts are then flagged up with the retailer as the customer receives emails the following day, four days after sale and at 10-day intervals after that if a sale is not secured.

Franklin said: "It's important that retailers are FCA compliant



“Last year’s FCA regulations had a number of effects, but the main one has been an increased burden on sales staff. For a lot of dealerships the sale of add-on products is just too much hassle”

David Brock, MB&G Insurance Services

Boote said: “Our business has grown enormously this last 12-18 months. Between 2014 and 2015 sales rose 35% and from 2015 to 2016 by 25%.”

He said that growth had come from independent dealers as well as larger dealer groups and OEMs. He credited the business’ product training, new starters and management information provision as “the real driving force”.

Boote highlighted the growing role of technology and the internet as “one of the most exciting developments” for the sector.

“The ability to claim on, manage and potentially buy a policy direct from your smartphone is something we see as almost entry to the game now and consumers certainly see this as a huge USP to any policy,” he said.

Car Care Plan currently facilitates the sale of about 70% of its warranty sales online as it registers about a million products each year in the UK, but the business is seeing its major product growth come from the sale of SMART repair insurance.

John Saleh, Car Care Plan’s head of field operations, said that Car Care Plan had seen growth of 100% over the past 18 months in this area and, although SMART repair insurance remained less popular than its asset protection (GAP) offering, it had created a relatively new revenue stream.

“That is where we have seen our most significant growth,” he said.

“Overall the outlook is very good. Consumers seem to be becoming more risk averse and at the same time the effect of the FCA is that retailers are really adapting their sales processes to make more people aware of the products. Rather than hinder sales, I think that’s been a huge benefit.”

Saleh said that the business had also benefited hugely from its role as service provider for Ford Credit Britain, which was launched in June.

He said: “The relationship with Ford should generate considerable growth for us and is a really positive step. We’ll be selling our full range of products through the entire UK dealer network.”

AM’s readers were recently warned by **Andrew Smith, managing director of Consumer Credit Advisory Services**, that the FCA could be expected to begin paying closer scrutiny to the F&I sector after progressing from a phase which has seen the process approving compliant businesses and developing a better knowledge of the sector.

He said: “The FCA now has much more industry knowledge than when it first took over responsibility for consumer credit and it perhaps did not interrogate some areas with as much intensity as it will do now.”

With the pressure of FCA compliance weighing as heavily as ever and retailers keen to exploit other revenue streams amid shrinking margins, more are expected to lean increasingly on their F&I partners.

The result seems to be inevitable. Franklin told AM: “There will be growth. As a business we continue to expect it.”

and also that they keep the product in the mind of their customers after they have left the retail environment.

“This kind of system allows that to happen without any additional admin.

“Our emails have links to our website so the option is there for customers to click to buy from the comfort of their own home, but the commission is still earned by the retailer.”

Franklin said that, since he took up his post in July 2015, Mapfre Abraxas had worked hard to adopt a more consultative approach with retailers.

He said: “We recently won a sizeable contract after going into a group and spending five days with them, identifying the strengths and weaknesses of their current F&I proposition.

“Stoneacre have recently adopted our systems also and, because of this consultative approach, they have a bespoke system which they are operating from their own call centre.”

AMS Insurance Services sees its growth coming from a new SMART repair insurance product, following the formation of a partnership with Smart Insurance which was announced in late August.

Asset Secure Smart Insurance will be sold as part of AMS’s asset protection offering and aims to provide “fair products with fair rates at a fair price”.

Chris Reid, sales director at AMS, said: “We do have significant growth plans for the next few years and Smart Insurance is the start of that.”

Mark Boote, managing director at Smart Insurance, shared Brock’s view that car retailers had made great efforts to streamline sales of F&I products since the FCA regulations of 2015 ushered in a more protracted sales process.

He said that the effect of the regulations had been to create a “level playing field” in which many F&I providers had embarked on a “race to the bottom” to compete on value.

The scenario had been welcomed by Smart Insurance, however, as they maintained a focus on fairness, something Asset Secure Smart Insurance aims to embody.

70%
of Car Care Plan’s
warranty sales are
facilitated online

Creating an integrated customer proposition

“We need to change the classic approach to added-value services and ensure they become an integrated part of every sale. It’s an approach that will be good for consumers and dealers.” This is the view of AutoProtect’s head of corporate sales, Mike Macaulay, as he encourages dealers to develop a fresh approach to services such as warranties and GAP insurance.

Macaulay’s call for change reflects shifts in the dealer environment that he believes are moving the traditional ‘push’ approach to added-value sales out of sync with the developing car purchase model.

Among the shifts identified by Macaulay are increased demands for compliance, more engaged and better informed consumers, margin pressure, the shift in consumer behaviour towards usership from ownership, and a trend towards ease and convenience in all aspects of the way people live today. Increasingly, he said, a ‘pull’ approach, where products are introduced that meet a customer’s needs, established through a considered and appropriate dialogue, is far more appropriate.

Following the FCA’s onus on ‘treating customers fairly’ and truly meeting each individual’s needs, best practice for dealers offering add-ons is to avoid focusing on a single product by taking a portfolio approach. Dealers need a wider product range; a single ‘vanilla’ product is too narrow, said Macaulay.

To support this strategic shift, AutoProtect offers a broad range of insurance services, dealer warranties and administration facilities.

AutoProtect’s insurance product portfolio stretches from GAP and RTI (return to invoice) cover, key insurance and SMART repair policies to insurance for alloy wheels, tyres and MOTs.

Creating a better process

Two years ago, AutoProtect acquired compliance company i-Comply Online. The acquisition was designed to ensure that its dealer customers were able to adjust to the Financial Conduct Authority’s (FCA) requirements for F&I services.

AutoProtect provides an appointed representative (AR) option to its dealers, which enables them to offer its products subject to the dealer maintaining clearly defined standards and controls laid down and monitored by i-Comply Online. More than just regulatory support, which has helped the business and its dealers to avoid recent FCA criticism of some AR providers in connection with GAP insurance, compliance is seen as an important part of developing an integrated process for insurance and ancillary services.

i-Comply Online’s Tara Williams pointed to the value of creating a good customer outcome as being good for customer and dealer:

“For me, ‘treating customers fairly’ during the sales process is achieved through knowledgeable and competent sales people informing customers of the options to enhance their car ownership experience centred on their needs. A dialogue about the extra services available in the showroom should happen at every sale. Without it, the risk is that customer needs will not be met.”

The customer experience

Customers want fast, easy and high-quality experiences. When a claim needs to be made, the right experience can have long-term dealer benefits.

AutoProtect’s i-Claims process provides customers with a simple claims app. For example, a SMART insurance claim simply requires the customer to tap in a few details and photos showing the damage, using their mobile or tablet – approval can be almost instant. Aimed at increasing convenience for the customer, AutoProtect’s SMART insurance repairs can be carried out at customers’ homes or places of work. These small differences enhance the customer experience, said Macaulay.

Behind the scenes, the technology is supported



“We need a 100% product for 100% of our customers, 100% of the time with 100% compliance”

Mike Macaulay, AutoProtect

by AutoProtect’s claims managers, who are qualified vehicle engineers or have worked in the servicing departments of dealerships. The aim is to maintain a team with experience of the industry and the accompanying targets and pressures.

Leveraging technology

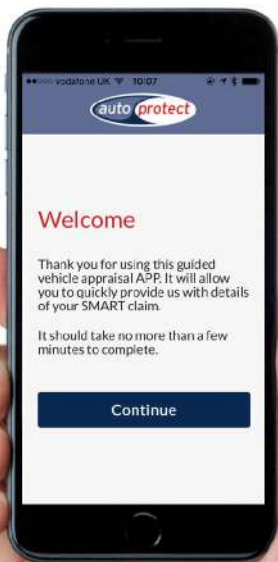
A growing range of digital solutions, designed to support dealers and customers, underpin AutoProtect’s call for integration. Its IT systems aim to streamline all types of transactions for partners.

“Digitisation is the key driver of change today. We have chosen to embrace this to give ourselves and our dealers a competitive edge,” said Macaulay. “Our support here is far wider than many dealers will realise. It’s said that buying a car involves filling in about 27 pieces of paper and an awful lot of signatures. Our technology solutions can help with this data management, saving dealerships time and reducing the error rate, and these are benefits they can pass on to the customer.”

Reflecting the business’s emphasis on process, AutoProtect introduced a range of videos to support its products. Dealers and manufacturers use these, both in the showroom and embedded onto their websites, as a way of providing product insight to support the customer’s buying journey.

More recently, the business has developed its technology to reduce the risk of a dealer accidentally by-passing the FCA’s new GAP requirements, which mandate a deferred sale from the point of product presentation. The business’s AutoProcess dealer technology has been enhanced to ‘lock out’ the completion of the GAP sale until day four or with disclaimed ‘opt-in’ on days two and three to prevent non-compliance.

LEFT:
AutoProtect developed an app for customers to register a minor damage insurance repair claim





Good outcomes benefit both customers and dealers

Creating a winning dealer strategy

AutoProtect works across the automotive retailing spectrum. It counts many AM100 dealers, along with many other franchised dealers and more than 3,000 independent vehicle retailers, as clients.

Typically, the AutoProtect account management team, which the business believes is the largest of its type in the UK, work with dealers to develop and embed an effective integrated strategy. That integrated strategy is gaining momentum, said Macaulay.

"We work with all our partners to come up with the right solutions for their business, sharing our best-practice insights and market intelligence, recognising that all dealerships and manufacturers are individual," he said.

"In the past, some dealers and manufacturers saw added-value services as generic commodities with little differentiation. FCA regulation has brought about a notable change in this perception. Certainly, some still take the product they feel they need, but increasingly more have a focus on quality, both in the product and support that backs it up, embracing our training and development support to improve their performance in customer experience and sales."

Account management is at the client's demand. Real-time reporting is provided to dealer clients, so they can track their sales teams' strengths and address any underperformance. This level of consultation means AutoProtect can monitor, measure and, where appropriate, intervene at dealer leadership level, to modify and improve performance.

Support is seen as a two-way process and there is no difference in the approach, whether with clients in the top 20 of the AM100 to the smaller dealers. Full 360-degree reviews on an agreed



AutoProtect provides product benefit videos for its entire product range

Combined GAP and RTI Insurance 

time schedule, are used by both dealer and AutoProtect to further inform the strategy and support impact. The goal is continuous improvement for both parties, said Macaulay.

The 400% rule

AutoProtect has gained a third consecutive Defaqto five-star GAP product rating for the high-quality cover offered. It is a quality threshold that helps it

with dealers and with insurance underwriters as it works to develop sustainable pricing policies.

"We now say that we have a 400% rule at AutoProtect," said Macaulay. "We need a 100% product for 100% of our customers, 100% of the time with 100% compliance. The glue that holds this together is our processes and our obsession with meeting the needs of every level of customer every time, no exception."

Cameras roll as dealers seek to build trust

Easy-to-shoot, quality movies are vying more and more with professionally taken photos as a method of engaging customers

NEED TO KNOW

- Dealers using a video app have seen typical invoice levels rise between 20% and 30%
- Most buyers do their research online and are at the final stage when they reach the dealership, it is claimed

By Ian Halstead

Today's digitally savvy customer expects to become clued-up about the specific car they want online, and increasingly, they're finding videos a useful tool in their decision-making.

A driving force in the sector is Wokingham-based **CitNow**, which has a presence in 42 countries, and expects to create about 10 million videos in the year ahead.

Chief executive Alistair Horsburgh said about 65% of the UK's franchised dealers currently use its products for sales or after-sales uses, including 91 members of the AM100. Some 31 manufacturers also work with CitNow, of which 14 use its products as a white label service.

Horsburgh said CitNow's digital tools can enhance almost every aspect of a dealership's operations. "The clever, and the most entrepreneurial, sales people are personalising videos, and sending them to customers showing them (for example) how they could have the 2017 version of their current car, for around the same price as they're paying now."

He said it's about developing an 'emotional engagement' with potential customers. It's a new area of focus for CitNow, after video vehicle health checks have become widespread.

"I think this is giving the technicians back their voice," said Horsburgh. "If you go back 20 years, customers stopped interacting with their garage's workshop for health and safety reasons, and 'contact' became via report cards and a dealership's front-of-house staff.

"The videos can be viewed, and work can be approved online, at a time convenient to customers. Dealers using the app have seen typical invoice levels rise between 20% and 30%."

Cardiff-based **AutosOnShow** came from a background in video streaming and software development to become an automotive industry specialist.

"When we started in 2010, our first solution was based on a turntable, and many dealers weren't convinced, but now they're really getting into video as it looks so slick and it's easy to do," said **marketing director Rachel Price**.

"Automotive is still far behind other industries in terms of adopting digital technology, but I think we're now at a real tipping point. Not just the dealers, but the auction houses and the OEMs (original equipment manufacturers) are realising the

bottom-line advantages. The challenge isn't just about clever technology though. You have to tailor the solutions to fit into a dealership's everyday processes, and understand that most people using them won't be very technically-minded."

Feedback from customers led to the focus being placed on image quality and the development of an Auto Image app to ensure anyone can get great results. Dealership staff follow a template and the images are uploaded to their site immediately. That development helped Volvo secure a rollout across its retail network.

"Since then, we've focused heavily on creating app-based solutions which give the OEMs and the large dealership groups the quality and consistency so vital to them," added Price.

"I see the next trend as regionalisation. The latest solutions are so interactive that you can put in details about things such as price offers or warranties. Analytics is an issue we are discussing more and more. The top dealers really crave data because they want to know more about customers and the marketplace."

Martin Peters, sales director at Autoclenz Group, is certainly a believer in the merit of video, although he concedes that many dealers have been slow to adopt the concept.

"Some groups really do get it. We've just started work with a new client, who has 18 dealerships, and they love the idea of using an iPad app to go round each vehicle, then wait just 60 seconds for the images to upload via Wi-Fi," he said.

"I think images should be an integral element of the valeting process. Some might take four photos, some will take a lot more. I'd say the average is nine. Consistency is absolutely critical, and there may be issues about image capture, but I can't see the argument for not taking images at that time.

"I understand that some dealers still prefer the old-school approach, of booking a photographer to come in and take lots of still shots on a particular day, but to me, that is slower and less efficient than video."

Peters also believes dealers yet to adopt the new approach are missing out on sales to customers based outside their region.

"Almost all of us look to the internet when we're thinking of

10%
of 350+ dealers have adopted video processes

30%+
the number expected to adopt them one year on

"The latest solutions are so interactive that you can put in details about things such as price offers or warranties"

Rachel Price, AutosOnShow



“Intuitively, because we are in a digital era, dealer video feels like the right thing to do. Empirically though, we still need to see data which validates that approach”

Paul Humphreys, Manheim Retail Services

“I am surprised it’s not being really driven by more manufacturers,” he admits. “Some are very keen, Hyundai, for example, but many aren’t yet fully convinced. However, I think as dealers hear on the grapevine that it’s delivering results for their peers, they’ll change their minds.

“Everything we do is about making life easier for our dealers, and, as the message about video spreads, I would expect our 10% figure to have increased to between 30% and 35% a year from now.”

At **Manheim Retail Services**, sales director **Paul Humphreys** puts the case for both digital video solutions and the long-standing approach of taking still shots using a professional photographer.

“A well thought-out and delivered digital strategy can be extremely effective, if the visuals are good quality, and you’ve got the correct SEO (search engine optimisation) to drive consumers to your site, but digital can’t be the only thing you do,” he said.

“From a dealership perspective, a bad video is worse than no video at all. The latest video solutions make it quite easy for dealers to do things themselves, and we produce very natural backgrounds which can be placed automatically in position.

“However, we are still asked to do a lot of professional photography by the dealerships, and many feel happier getting the size of the images and all the content just right, before they go online.

“It’s true that some manufacturers are still rather more engaged than others with regard to their digital strategies, but equally, it’s sometimes down to relative resources. We also have no evidence that cars with videos sell better than those with high-quality images.

“Intuitively, because we are in a digital era, dealer video feels like the right thing to do. Empirically though, we still need to see data which validates that approach.”

In early August, Manheim gave a soft launch to a new tool developed by one of its sister companies based in the United States — SnapLot.

“It’s an intuitive out-of-the-box solution, including a mobile device for taking images, which makes it very easy for dealers to take high-quality pictures. These will be of a consistent standard and can be uploaded to a dealer’s stock management system,” said Humphreys.

“It takes only 15 minutes to capture images for each vehicle, and it’s been very well received. It runs on smartphones, and provides all the guidance anyone needs to take quality images.

“In the year ahead, I’d still expect dealers to be using a range of solutions to promote their vehicles visually. I also think we’ll see higher levels of integration between different dealerships in the same group, and I believe we’ll also see the big dealerships getting smarter about how they use SEO.”

buying something, and whether you’re selling a new or used vehicle, the reality is that most buyers do their research online and are at the final stage when they reach a dealership.

“If you go online, see the vehicle you desire, and it’s showcased in a very professional way in a video, where you can zoom in, check out the interior, see if the ‘leather’ really is leather and check the colours, then you’re a long way towards a purchase.”

The case for dealer video seems difficult to argue against, even in an industry which has long been slow to embrace technological change, but only some 10% of the 350+ dealers Peters works with have adopted the process.

Video streaming is transforming the car industry

With more than a billion users and channels in almost 80 countries, YouTube is a global phenomenon, its viewing figures up some 40% in the last two years.

Even the most committed technophobe must now acknowledge that online video streaming can reach audiences in ways which would have seemed like sci-fi – even just a few years back.

As always though, when technology advances at unprecedented speed there remains a gulf between those who are aware of the new medium and those who can truly exploit its potential.

However, thanks to a self-confessed 'geek' from South Wales, the world of YouTube, live streaming and much more is now being delivered to the UK's automotive industry.

Every element of the car buying, maintenance and repair process – from new car sales to damage appraisal, from turntable spins to detailed 360-degree walk-rounds of pre-owned models – can be done by dealership staff with ease through Cardiff-based AutosOnShow.TV.

Auction houses also use the AOS software to create entries for their online catalogues in just 60 seconds, and fleet operators – and their clients – are benefiting from end-of-lease inspection videos.

Filming the videos is as simple as taking a holiday snap on your smart-phone or tablet, according to AOS managing director, Adam Price, and the company's clever software then does all the rest and uploads the images to your web-site in pin-sharp HD.

AOS, which is the largest provider of video streaming services to the automotive industry, was

founded by Price, who has been developing innovative software solutions and internet applications since 1999 – long before the arrival of YouTube.

He initially specialised in creating videos and websites for the Welsh tourism industry until he decided to replace his old car.

"I'd been looking around, and found a car I fancied which was at a dealer 120 miles away," recalled Price. "Obviously, I didn't want to spend hours driving there and back before I knew more about its condition, and got a proper feel for it, but their website only had a couple of pictures of the vehicle.

"I'd had ten years' experience of coding, building videos into sites, and thinking up ways of making images more powerful and relevant to people, and was sure there had to be a much better way of delivering information to customers before they bought cars."

Price set about assembling a specialist development team, devising and trialling several systems before working with a major leasing operator to see how the results looked in real time.

A positive reception followed, and soon new features were added, including a 'pause' button for the walk-round videos.

The initial trial results were so promising that Price and his AOS team were invited to present their technology to Volvo Cars UK.

"They loved it, but then they asked if we could visit all their dealers across the UK to train their staff, which would have been an enormous task, so we went back for a second development phase," said Price.

The software engineers and coders then created a new solution, using a platform which could be



downloaded from the App Store, with a video to guide users through each step, before devising a simple system for uploading images and videos, which dealership staff could use with no technical knowledge.

Price said: "It took us something like 18 months of really hard work. We kept tweaking and improving the system, then going back and forth to Bruce Greenwood (Volvo's national used car programme manager) in St Albans.

"Finally, he was happy with every aspect. It was our 'eureka' moment. Bruce smiled and ten minutes later our system had been installed at every Volvo dealership in the country.

"From then, we've focused on solutions for automotive clients; dealership groups, franchises, independents, auction houses and leasing operators. It's not about size or scale, it's about what the customer wants and because all our systems are innovative and intuitive, they are always well-received."

Price said that many customers are happy with an off-the-shelf package, but some want a bespoke solution, adding: "Because all the software we use has been designed and patented by us, we have the expertise to deliver exactly what they require.

"There's nothing our technical people enjoy doing more than resolving an issue within a customer's operating systems, or identifying a process which needs to be automated."



"I was sure there had to be a much better way of delivering information to customers before they bought cars"

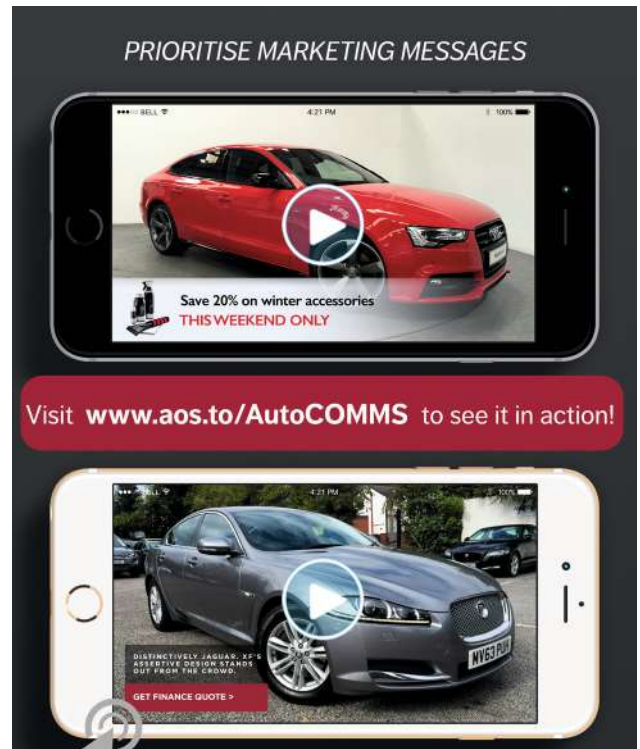
Adam Price, AutosOnShow.TV

If you want to find out more, call 02920 894 731, email info@autosonshow.tv or



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MAKE ALL YOUR CAMPAIGNS INTERACTIVE

DYNAMICALLY ADD CAMPAIGN SPECIFIC 'TOP' / 'TAIL' VIDEOS AND IMAGES FOR ANY SEARCH CRITERIA

One piece of AOS kit which has proved popular with clients is AutoSERVICE, a software programme which uses videos and annotated images to carry out Electronic Vehicle Health Checks (eVHCs).

Dealers use the system while identifying 'red work' and can share the results with customers to offer improved transparency during the servicing process.

Traditional eVHCs have a low conversion rate, not least because the information is usually a few biro notes on a sheet of paper handed over to customers as they're about to pay for the service.

AOS's system allows the technician to easily record an HD video of the vehicle, with each suggested area of work clearly highlighted.

The software, which works straight out of the box

or can be integrated into a dealer's existing eVHC system, also allows the video to be e-mailed direct to customers in a straightforward fashion.

Price said: "We didn't do eVHC solutions at first, but JLR asked if we could. It was clearly a crowded marketplace, so we evolved a solution which had our own stamp on it, and they've just adopted it."

Another notable recent success has seen the AOS team devise a system for allowing manufacturers to deliver tailored marketing campaigns which allows a manufacturer to create a year's advertising campaign in just one day, according to Price.

He said: "It might sound impossible, but it can be achieved because the software does all the work. You can very easily create specific content for particular vehicles, it might be their age or their colour scheme, or you could create a different campaign for dealers in Manchester than the one you were using in London."

"Dealers have immediately seen the benefits, not least for multi-franchise groups who can have their campaigns set up centrally by the marketing teams at each of their manufacturers."

"We had to create a new analytical system to make this platform work, but for dealers, it takes just 10 seconds to run."

"The popularity of the new platform has meant that, by the start of September, we were already delivering more than 50 million assets a month through client web sites."

Data and systems are driving dealer remarketing

Will Brexit provide fresh stimulus and opportunities to the auction and remarketing sectors?

NEED TO KNOW

- Overall mood is optimistic – and the market is growing
- Huge surge in online remarketing as firms ramp up their digital investment
- But no backsliding in traditional in-lane auction market

By Geoff Maxted

The ripples of Brexit are radiating outwards. For some, the predominant overview seems to be negative – but it is not all doom and gloom. Other business leaders believe the vote seems to signal unprecedented opportunity.

As things stand, the motor auction and remarketing sector seems to be in rude health, and the general mood is optimistic. The used car market is in growth and UK motor auctions currently wholesale in the region of 1.5 million vehicles per year, according to the National Association of Motor Auctions. No less than 75% of end-of-lease stock is remarketed through auctions, as are 750,000 vehicles from dealers.

The online marketplace has grown significantly. As **Kate Shakesheff, marketing executive at Cooper Solutions**, explains: “E-auction websites are offering a real alternative to the traditional disposal channels, delivering a more efficient and profitable business model. With transaction costs being nine times less than physical auctions and zero buyers’ fees in some cases, the dealers end up retaining the lion’s share of the profit.”

The success of online ventures is borne out by the results from **Cartotrade**, which has already signed up 500 dealers in their first 12 months. However, it was not straightforward, as **CEO Kevin Watson** points out: “It did take six months post-launch to get the website’s performance and functionality to where we and our dealers believed they should be in order to operate as a tool for them.”

All the major remarketing companies are loading up their digital bandwagon to take advantage of this burgeoning technology and the larger national market. In fact, both **BCA** and **Manheim** have recently acquired online trade-to-trade platforms. When asked the question, all respondents took a positive view of the future: there was no sense of any ‘wait-and-see’ attitudes to investment in online technology.

Interest is increasing. **GRS Remarketing**, the online remarketing division of **AM100** dealer group **Greenhous**, was bought by **US-based Kar Auction Services** in June. It now trades as **ADESA UK**.

Aston Barclay, the UK’s third largest remarketing provider behind **BCA** and **Manheim**, with four physical auction centres around the country, has just appointed **David Case** as its group systems manager to facilitate the growth of online auctions. In a newly-created role, his appointment will allow the group to streamline the future development of digital services.

These developments include **Aston Barclay’s** recently relaunched website and live online bidding service, an inspection app developed in conjunction with **Cap HPI** plus an enhanced infrastructure to handle increasing amounts of data and all third-party processes with existing software.

The growth of online re-marketing does not mean there has been any backsliding when it comes to the traditional in-lane auction market, however.

Simon Henstock, chief operating officer for remarketing at BCA, says: “It has been a busy year for **BCA** that has seen the acquisition of **SMA**, **Stobart Automotive**, **Ambrosetti** and **Paragon Automotive**. These acquisitions have supported our mission to provide customer-centric solutions along the automotive value chain and fuel the largest used vehicle remarketing exchange in the UK and Europe.”

It’s opening a new 20-acre, three-lane auction site at **Perry Barr**, **Birmingham**, this autumn with covered viewing for 500 vehicles and a digital suite for online sales. Also, in line with **NAMA’s Vehicle Grading Initiative**, **BCA** has developed its **Branch Appraisal App**, helping users grade cars to the **NAMA** standard.

Recent remarketing contract wins for **BCA** include **Inchcape**, **Jardine Motors Group**, **JCT600**, **Lei Shing Hong Mercedes-Benz**, **Stephen James Group** and the premium trade-ins from **Sinclair Group’s Audi** and **Mercedes-Benz** dealerships.

Manheim recently won a contract with **Sinclair Group** to remarket unwanted trade-ins from its 12 **Seat**, **Skoda** and **Volkswagen** dealerships, and renewed its contracts with the **Retail Automotive Alliance** and **Listers Group**.



“It has been a busy year for **BCA** that has seen the acquisition of **SMA**, **Stobart Automotive**, **Ambrosetti** and **Paragon Automotive**”

Simon Henstock, BCA



1.5m

Cars sold by UK motor auctions each year



It has expanded its management expertise too – Manheim parent Cox Automotive UK has recruited former Auto Trader digital operations and marketing directors Darren Sinclair and Jonathan Williams. It also appointed former Perrys Motor Sales chief executive Ray Sommerville as a non-executive director, and hired former Marshall Motor Group and Peter Vardy director Sue Myers.

Meanwhile, Aston Barclay has recently completed a £750,000 development at its Westbury centre and has invested in new vehicle transporters. It has secured an exclusive agreement with Thurlow Nunn, providing the Vauxhall dealer with remarketing services through its Chelmsford auction centre, and secured a similar deal with London car super-market CarGiant.

Clearly there are many options for dealers when it comes to disposing of trade stock. As Kevin Watson points out: "This can only be a good thing. In particular the presence of online remarketing solutions have increased as the industry embraces and harnesses the power of the digital world. Traditional auction houses remain prominent but they too are adapting their online strategy."

The online revolution has also served in some cases to change the model for auction business. Some companies, like Cartotrade and Autotrade-mail, don't offer contracts, preferring to go with the idea of a fixed monthly fee. Autotrade-mail said: "The response has been tremendous as Autotrade-mail has genuinely improved profitability for the 4,500 plus dealers that now subscribe to our system."

"With transaction costs being nine times less than physical auctions and zero buyers' fees in some cases, the dealers end up retaining the lion's share of the profit"

Kate Shakesheff, Cooper Solutions

75%

Of end-of-lease stock sold through auctions

More and more dealers are recognising the benefits of online trading, to reduce the downtime between the decision to remarket a vehicle and its actual entry into a physical auction hall.

Cooper Solutions' Shakesheff said Full Auction's latest developments include quality control administrators to support the company's brokers and a mobile-optimised version to help dealers on the move.

The feedback from the UK auction and remarketing companies suggests all are committed to continually improving their procedures and business models.

By analysing data, rolling out enhanced facilities, embracing digital technology and building trust through condition grading, the British auction industry looks set fair to weather any storms from Brexit.

BCA plans 'major enhancements' to its network

From the shipping dock to defleet and beyond, BCA (British Car Auctions) handles more than 3.5m new and used vehicles a year, working with manufacturers, fleet operators and dealers to provide an integral part of the UK's automotive supply chain.

Its resources embrace not only regional defleet sites, but also vehicle logistics along with physical, hybrid and digital remarketing channels.

Following the acquisition of the Scottish Motor Auction Group, BCA is planning a series of "major enhancements" to its remarketing network over the next two years, covering the Midlands, north, south and M1 corridor.

Simon Henstock, chief operating officer, UK remarketing, BCA, said: "As BCA is handling growing volumes of stock both from existing vendors and new business wins, we are investing in the physical footprint, logistics, technology and process to deliver a comprehensive remarketing service that meets the needs of all customers."

Through its partnership with the AA, more than 400,000 vehicles a year undergo a 30-point mechanical check under the BCA Assured brand.

Cars less than eight years old and 120,000 miles are eligible for the programme, along with LCVs that come under the company's commercial video appraisal service.

Condition reports appear in digital catalogues



BCA offers the widest choice to customers at facilities nationwide



"We are investing in the physical footprint, logistics, technology and process to deliver a comprehensive remarketing service"

Simon Henstock, chief operating officer, UK remarketing, BCA



The BCA Branch Appraisal app uses a prescriptive three-stage process to deliver consistent results

on the BCA website (bca.co.uk) and a printed copy is available with the vehicle when it is sold.

"The partnership with the AA brings a massive range of benefits, including the scale and scope to deliver such a comprehensive service across the BCA network and a brand name synonymous with reliability and trustworthiness," said Henstock.

As part of a vehicle grading scheme run by the National Association of Motor Auctions, BCA has also introduced an appraisal app for its branches.

Using an iPad, appraisers are guided through a three-stage process, beginning with five shots of the vehicle with the iPad camera that are checked for consistency in quality.

The appraisal itself comprises bonnet, wings, doors, and so on, with a condition rating and images of any damage. This generates a BCA grade from 1 (retail ready) to 5.

Finally, there's a listing of the car's features – log book and service record, vehicle equipment, colour and additional specification such as sat nav or driver connectivity.

The app creates a summary, uplifted to the BCA website and generating an interactive graded condition report on Auction View which can be interrogated by potential buyers before bidding. Online bidders can call up the condition report on a tab at any time, while hall bidders can view it on mobile devices.

"The appraisal app ensures vehicles consigned for sale gain valuable digital marketing exposure as soon as is possible," said Henstock.

Nowhere is the need for good quality data more critical than in part-exchange and with car buyers better informed than ever before, accurate

To find out more, please visit bca.co.uk or call 0345 600 66 44



appraisals are critical to profitable deals. This is one of the reasons why BCA has worked closely with dealer groups to develop its Dealer Pro tools. A key element is helping dealers identify and retain retail-quality vehicles to maximise their profit opportunities.

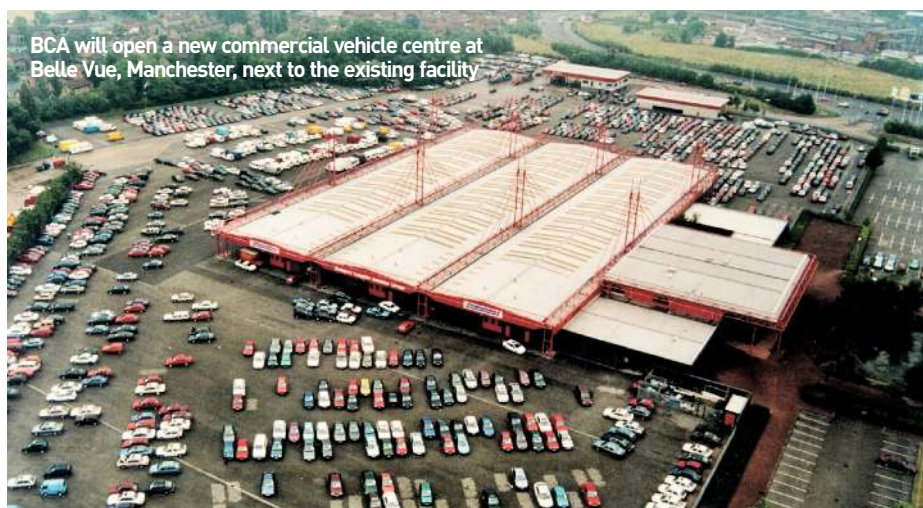
Dealerships can tailor the process to meet their needs, specifying that any part-exchange franchise vehicle within certain age and mileage parameters should automatically be seen by the group buyers. Use of Dealer Pro can increase retention rates by 7-10%, says BCA.

Similarly, when it comes to remarketing, BCA recognises the ongoing demand for business intelligence data and analytics. Such information can help reserve price setting through daily condition adjusted vehicle valuations (rather than the traditional monthly data), for example, vehicle demand data (which channel the vehicle might best sell in, which sales to enter it in), as well as making use of retail market pricing and demand.

It also offers an insight into the benefits of vehicle preparation, mechanical checks, vehicle movements and other activities in the remarketing process. "These factors are all gaining importance with vendors who seek to differentiate their vehicles in the market and ensure their vehicles are sold as quickly as possible," said Henstock.

"The critical factor for remarketing success is to have the tools and processes that make buyers feel as comfortable buying via their laptop or mobile device as they do seeing the vehicle being driven through an auction hall. It is all about being 'easy to do business with'."

Due to be complemented in October this year by



BCA will open a new commercial vehicle centre at Belle Vue, Manchester, next to the existing facility



BCA transports 1.5m vehicles annually

a new facility at Birmingham – Perry Barr – BCA is also set on further physical growth. This will feature three auction halls, a digital auction suite and customer parking for more than 400 vehicles.

Blackbushe, already Europe's biggest remarketing centre, is to expand by a further 36 acres for defleet, storage and appraisal post-valet facilities.

In Belle Vue, Manchester, a site adjacent to the existing facility is to be developed for commercial vehicle sales, with undercover viewing for 300 LCVs.

At BCA Bedford, another increase in acreage will see the construction of a defleet and vehicle storage compound, in addition to new post-valet appraisal and imaging facilities at the current site.

The company has also opened a defleet operation in Doncaster, specialising in pre-delivery inspection, in-life fleet management and end-of-life refurbishment for manufacturers and volume fleet operators. The 12-acre site expects to handle around 9,000 vehicles a year.

Commenting on the development, Phil Walker,

regional manager at BCA Technical Services, said: "As the defleet process becomes more complex, due to an ever increasing range of specification and connected technologies, we have ensured that we continue to invest in training our technicians to the highest standard."

Along with SMA is another acquisition, new and used vehicle preparation specialist Ambrosetti. With bases in Northamptonshire and Kent, the company handles around 100,000 vehicles a year and will be integrated with BCA services division, BCA Automotive. Headed by Mike Pilkington, this division includes single plate and multi-car moves, inspections and technical services.

Avril Palmer-Baunack, executive chairman of BCA Marketplace said: "We are committed to broadening the delivery of service across the whole automotive supply chain to support our customers and the purchase of Ambrosetti now means BCA can offer a full logistics, defleet and refurbishment service, together with new car preparation to our OEM, fleet and dealer customers."

The call handlers who are lightening the load

With increasing pressure to keep track of potential customers in a changing market, agencies are now playing a part for dealers and manufacturers

NEED TO KNOW

- Call management agencies are not just driving sales but also aiding customer service and reputation management
- It's not just calls but web chats too – and one converted lead could pay for the service for many months

By Simon Harris

The new car market has witnessed remarkable growth since the last recession. Around 800,000 units have been added to the annual total since 2009, reaching more than 2.6 million in 2015.

While the 2016 market may be more subdued as a result of a post-referendum lull in consumer confidence, the growth over the previous seven years would have been far more difficult to maintain without effective lead retention.

The internet has allowed potential buyers to be more informed and closer than ever to making a decision by the time they interact with a dealer. But it has become increasingly vital to ensure customers who don't buy on a first showroom visit are not lost.

Third party call handling agencies offer a variety of services designed to make sure that customers with a strong interest in buying cars don't slip through the net.

Nick Reisinger, managing director at Call It Automotive, said: "Our business started in 2010 and it has doubled every single year."

Call It Automotive works with a number of manufacturers, including Ford, Fiat, Renault and Suzuki, and Reisinger points out that staff at dealers are often busy and can be unable to keep up with all the potential leads.

In active showrooms where some customers are not yet at the stage where they are ready to buy, it can be easy for contact details to be lost or forgotten.

Reisinger said that, at the same time, manufacturers have

been keen to measure the success of marketing campaigns, trying to gain evidence of whether enquiries or sales have been influenced by them – and the only way to do this accurately is to take control of this part of the interaction with customers.

Other call handling providers work solely on behalf of dealers, becoming a vital component in customer service and even in the field of reputation management.

Ben Stevens, automotive business development manager at Moneypenny UK, said getting it right can ensure customers are retained in the long term, gaining repeat business.

"In the past, a car buyer would probably have done research, looking at magazines and visiting several dealerships," said Stevens. "Now it's a different world with the ease of using the internet for research."

"People walk into dealers now knowing exactly what they want. Being able to intercept calls helps manage customer expectations and give the sales staff breathing space to deal with people on the showroom floor."

Stevens said managing expectations has become ever more crucial when customers have access to social media platforms if they are dissatisfied with any elements of the process.

He explained the key objectives are being able to offer each dealer a personalised service, knowing what the 'hot cars' are, and aiming to patch the caller through to the sales person straight away. The Moneypenny team are familiar with the sales staff at each outlet, and keep records of personnel changes and annual leave to ensure the service is as smooth as possible.

Call handling agencies can also come into their own when there are major recalls or customer concerns over a fault they may have heard about in the news. An agency can help restore and improve the standing of both manufacturers and dealers when they are facing challenges.

Connie Barrow, operations director at Armchair, said: "In September 2015, the Volkswagen fuel emission scandal hit the headlines, resulting in much uncertainty for consumers on the reliability and trustworthiness of vehicles."

"With VW, Audi, Seat and Skoda affected, thousands of customers had queries about their vehicles. This resulted in a large increase in the number of enquiries to dealerships, an unprecedented influx of calls that many were unprepared to handle."

"Armchair Call Handling was available to act as an overflow reception for many motor dealerships – directing calls to the most appropriate department when possible, or taking detailed messages for a member of the team to act upon at a time that was suitable for them."

"They provided customers with the necessary reassurance in a time of uncertainty. This helped many dealerships change a negative situation into an opportunity to delight customers by demonstrating their high standards of customer care and commitment."



"Being able to intercept calls helps manage customer expectations and give the sales staff breathing space to deal with people on the showroom floor"

Ben Stevens, Moneypenny UK



“We were available to act as an overflow reception for dealerships – directing calls to the most appropriate department”

Connie Barrow, Armchair

Phil Williams, director at Direct Affinity, said changes in buying habits have resulted in customers looking for new cars sooner than in the past. As a result he is calling for dealers to be more proactive in staying in touch with customers at the right time.

He said: “In the past, it might have been satisfactory to contact customers 27, 30 or 33 months into an ownership cycle, but with the increased popularity of PCP schemes, we’re now finding that the 21-23 month point is where we need to speak to them, as some PCPs are 24 or 25 months long.”

Much of Call It Automotive’s work with dealer groups is providing live webchats to help with customer queries.

Reisinger said this is an area that has seen considerable growth in recent years, with buyers increasingly comfortable seeking answers online.

“If you manage to capture a customer as the first person they engage with online in a live website chat, you have the best chance of attracting their business. But it’s important to do it well because they might have another window open on their desktop and they might be chatting to someone else.”

He added that with a successful webchat, the leads then provided to the dealer are all pre-qualified, and the customer is closer to making the decision on a purchase.

Perhaps unsurprisingly, there is broad agreement among providers that smaller dealer groups could also find call handling beneficial to their businesses, as one converted lead could pay for the service for many months.

However, Williams said that although Direct Affinity prefers to provide call handling services, it is possible to merely provide dealers with its software, which allows them to monitor and

measure leads more effectively themselves, rather than investing in the full service. But he said there are clients with between 10 and 20 sites that still find outsourced call handling more effective.

Williams said Direct Affinity also provides a ‘lost sale’ service, where valuable intelligence about why customers did not buy is obtained from customers and can help modify and target sales strategies more effectively.

Additionally, call handling services can provide support during disruptive periods such as taking on a new site or during rebranding.

Barrow said: “Increasingly, Armchair has been called upon to help newly acquired or rebranded dealerships. The transitional period following dealership acquisition can often have a detrimental effect on customer service. Despite meticulous planning and the best intentions, customer service, sales and reception functions can suffer.

“With so much change following dealership acquisition, it can be difficult to gauge appropriate reception staffing levels and a dealership’s capability to handle incoming calls is often underestimated.

“Armchair Call Handling has helped many dealerships during this phase, ensuring 100% of calls are answered and dealt with.”

Continuity in these circumstances allows new sites or businesses to hit the ground running, and even if the new car market goes off the boil as the year progresses, it could be even more important to ensure every possible lead is converted into a sale.

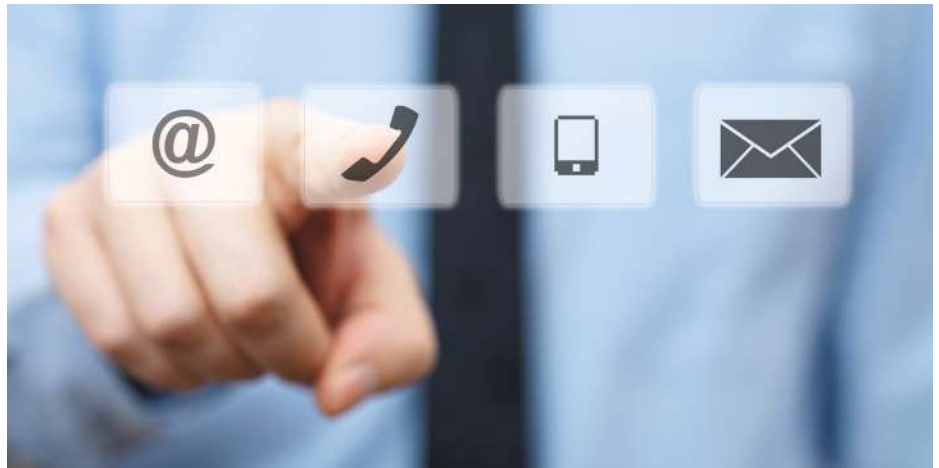
Why dealers should aim for conversations, not contacts

A few years ago, people got very excited about digital marketing, but they forgot one thing – digital marketing leads to digital engagement. They spent a lot of money on pay-per-click and on their website, but they forgot that when the digital consumer comes in you need to convert that into a conversation that will lead to a business opportunity for them. That's where dealers have been falling apart."

According to managing director Nick Reisinger, this was just one of the opportunities that led him to start Call It Automotive, a business specialising in supporting dealer networks in their contact with customers.

"Although it looks like we're providing contact centre services, the reality is that we're providing much more data management off the back of the contacts we make, which helps our clients in managing the full contact cycle they have with their clients," said Reisinger.

Call It Automotive started working with dealers in 2010, and was noticed by manufacturers as a result. It currently works with Lexus, Kia, Nissan, Renault and Suzuki on several of their individual franchised network programmes, but also works directly with several dozen dealer groups, such as Ridgeway, Hartwell, HR Owen, Jardine Motors Group and Lookers.



"Our focus is always on supporting dealers, because that is where the problem lies. Manufacturers have resources, funding, the time to do things well, they recruit super graduates, but the real problem has been that the dealers are where the failure takes place, in our field of expertise."

Although dealer resources can be stretched, the experience for the consumer still needs to be seamless.

"We are working on behalf of the dealer or the

manufacturer or finance house, so we introduce ourselves as such. The consumer does not know that they are handled through our processes," said Reisinger.

Some of Call It Automotive's customer contacts start on behalf of the manufacturer, such as in lead generation. However, once that lead has been passed to a dealer in that manufacturer's network, Call It Automotive can again find itself managing that contact on behalf of the dealer.

"Of course if they ask, we have no problem saying we're an external party working for the manufacturer or dealer, and they quite understand that," said Reisinger.

Call It Automotive's expertise includes customer contact for sales, aftersales, end-of-term finance and lapsed customers.

Reisinger said his company has gained plenty of experience in what is most effective when working with dealers' customer data. Steps include data cleansing against DVLA information, then segmentation to identify which consumers are best to target, such as those who have been in contact with the dealership within the past few years.

The data is then loaded into a contact strategy, which splits the data depending on contact permissions, so that Call It Automotive and its client can remain compliant with data protection regulations.

Call It Automotive is also able to advise the client on the specific contact strategy. In the early stages, emails can be particularly cost-effective, with SMS to the customer's mobile as the next stage. Phone calls are effective as the third stage, particularly to



To find out more, please contact sales director Shaun Egan on 01296 440 003



gather feedback on why a customer has been unresponsive, but they are more expensive than the previous two channels. Finally, if all else fails, the service can send a letter, for example stating that a dealer has been trying to contact them, that their service is due and could they get in touch.

Within this contact strategy, Call It Automotive can read the dealers' live chat web interactions and tailor the communication strategy accordingly if the consumer has been active on the dealer's website.

Reisinger said the strategy avoids problems such as the customer being contacted with service reminders when they have booked their service the day before.

Client data can also tell Call It Automotive if a customer whose finance is nearing the end of term has requested a brochure, so it can tailor its marketing to them appropriately.

Depending on the client and the objective of the marketing programme, Call It Automotive can determine if it needs additional data from other sources. Reisinger said manufacturers usually already have it, but it can source more, particularly when they are looking for new, incremental business.

He said the success of a campaign is down to two things: the data, and the quality of the contacts.

Call It Automotive has arrangements with third-

"We're providing much more data management, which helps our clients in managing the full contact cycle they have with their clients"

Nick Reisinger, managing director, Call It Automotive

party service-booking websites and can re-solicit consumers who have dropped out of the franchised aftersales network to try to recover their custom and make them aware that the manufacturer has a financially attractive offer to bring them back into the franchised service network.

In conjunction with GForces, Call It Automotive launched a live chat function that handles about 25,000 automotive live chats a month. Each chat includes a light-touch, but comprehensive, qualification process and takes an average of 16 minutes.

From past activity, the company knows that web visitors typically seek a conversation about whether a car is still available, its key features, and what finance they could get. This information is usually already available on the website, but customers are often seeking reassurance. One in

three of the live chat conversations happens outside normal trading hours.

The 16-minute conversation runs at the enquirer's pace, it's not a constant stream of information. Reisinger said a challenge for dealers trying to do it themselves is that their showroom staff may be otherwise occupied when an enquirer attempts a live chat, whereas his dedicated staff respond within three to five seconds.

The win for Call It Automotive is not a sale, but an appointment. It's about starting the relationship, starting to warm the consumer to the brand, said Reisinger.

or email shaun.egan@callitautomotive.com



Peace of mind – for dealers and customers

The 30-day forecourt warranty is dead: now drivers demand long-term, clear protection

NEED TO KNOW

- Warranties can provide a low-risk, low-cost revenue stream – if executed correctly
- Dealers can use them to help build consumer confidence in their overall offering – and the market is booming

By Geoff Maxted

New car warranties have long formed an important part of customer expectation. No right-thinking person would spend money on a new vehicle without some form of cast-iron guarantee ensuring at least three years of worry-free motoring. And we have reached the stage now where even three years is considered slightly inadequate.

At some point though, any new car warranty will expire – and although owners know that day is coming, few are prepared for the financial shock that hits them when their vehicle fails them. A few years ago, warranties started to be advertised on television – a policy adopted by the WMS Group, which has chosen to advertise to support its approved network of dealerships. It has wheeled out the stars – Sir Stirling Moss OBE and former ‘Stig’ Ben Collins are featuring in front of the cameras to attract customers to selected dealers’ forecourts (am-online.com/wms-celebrity).

Market growth

Even in these days of relatively trouble-free cars, owners continue to be concerned about breakdowns particularly after the warranty expires. Yet, in the past, there has been resistance to these products, usually through a lack of understanding.

This was demonstrated by a recent survey of 2,000 UK car owners by Allianz Global Assistance which revealed that almost half of motorists mistakenly think that extended warranty cover doesn’t include the labour costs. This lack of information potentially undervalued the benefits, but now the message is getting through.

With the average age of cars on Britain’s roads now more than seven years old, it’s not surprising that breakdowns could be a concern. If a customer is unlucky enough to have a fault develop, a greater awareness of the fact that after-market car warranties could save thousands of pounds in repair bills has resulted in the speedy growth of the market.

As a result, the car warranty industry is booming with more and more franchised dealers offering bespoke and

“Our goal is not only to provide products, insurance and administration services but also to help dealers to maximise potential sales”

**Nick Franklin,
MAPFRE Warranty**

comprehensive plans under ‘approved used’ schemes. Many independents now also outsource warranties.

To demonstrate how the industry is going the extra mile, **Nick Franklin, head of new business, partnership and distribution for Mapfre Warranty**, pointed out: “Our goal is to not only provide products, insurance and administration services but also to help dealers to maximise potential sales.”

Nick Wakes, director at AutoProtect, added: “The Consumer Rights Act has encouraged some dealers to switch on to higher quality and longer-term warranties to build higher perceptions of the dealer and engender greater consumer confidence.”

Certainly the warranty market is showing good year-on-year growth of up to 30% in recent years, with providers enthusing about the future. One company reported a healthy 17.5% improvement in 2015 alone.

What’s new?

Thanks to the recent consumer legislation, potential buyers are far more aware of their rights, and today require warranty products that provide a greater level of protection without any small print obfuscations. The forecourt 30-day warranty has rightly been consigned to history.

Ian Simpson, automotive European managing director for The Warranty Group, said: “In terms of the general warranty market, we believe that there is an ongoing desire among customers for cover that is both longer and more comprehensive, and that dealers have become much better at meeting this need by introducing the option of an enhanced warranty





30%

Growth in warranty market in recent years

into the sales process. A point of interest for us is the element of sales to mainly independent dealers that are sold under our partnership with the RAC."

Eric Stone, business development director for the WMS Group, added: "Short-term, low-level and non-insured products do not treat customers fairly and thereby tarnish the industry."

By taking a look not just from a product perspective but also at a dealer's systems, controls and processes, the warranty provider can build up a much more comprehensive overview of a client's strategy and ethos.

This, plainly, is the point. By developing movement towards inclusive longer-term warranties, even for older vehicles, dealerships can offer their customers peace of mind. This is borne out by the greater use of online self-services like Auto-Protect's i-Claims digital application, meaning warranty claims can be dealt with as quickly as one hour after the claim is submitted. Ultimately this benefits the dealer by the prompt, efficient payment of claims.

Client satisfaction

In a competitive market it is not enough to provide a warranty product and sit back. It is also important that client satisfaction is to the fore. Those on the front line of vehicle sales will know how knowledgeable and demanding consumers are becoming.

This requires taking a consultative approach. By monitoring both dealer performance and satisfaction, providers are able to offer swift improvements to product features. Such attention to detail ensures a higher level of customer warranty renewals.

"Short-term, low-level and non-insured products do not treat customers fairly and thereby tarnish the industry"



Eric Stone, WMS Group

Most providers now send out satisfaction surveys to provide statistical insights into their service. This feedback is vital to product development and increasing digitisation, as more retailers move services on to the internet.

The future

Naturally enough, respondents were reluctant to talk about their franchised dealers and car manufacturing clients, old and new, for whom they provided warranty services.

However market leader Car Care Plan has partnerships with more than 40 large and mid-sized dealer groups and more than 2,500 smaller dealers. In addition it provides warranty programmes for more than a dozen manufacturers' networks, including Ford, Nissan, Jaguar Land Rover and Vauxhall.

In its position, it has been able to invest in systems, such as its electronic claims vetting and invoicing, and claims apps for customers.

A comprehensive warranty can bring "genuine incremental profit both at point of sale and in after-sales if utilised in the correct way", said Franklin.

In today's used car industry anything that makes getting warranties and insurance easier, and is more clearly explained has to be a good thing especially if it offers a low-risk, low-cost revenue stream. For example, Mapfre have had positive feedback on its new 'click and buy' platform, which allows dealer clients to buy additional insurance products at the touch of a button.

Warranty products are a valuable asset to both independent and franchised dealers who are looking, as Stone said, "to provide cover for the 'too good to go to trade' vehicles that fall outside of the approved programme parameters and requirements". WMS was happy to tell *AM* that it provided products to "most franchises", including GAP, and other value-added products such as wheel and tyre insurance.

There can no question that working with manufacturers, franchised and independent dealers and partners in financial services has led to growth and a marked improvement in product quality.

No matter how carefully a vehicle is prepared for sale, the worst can still happen and motorists just have to get on with it. The problem is that the complexities of modern cars carry the penalty of complicated and thus expensive repairs – anyone who has an automotive electrical issue these days will testify to that. That's why it is comforting to know that a used car has warranty back-up. Offering peace of mind at the point of sale should be on the front line of ensuring customer satisfaction.

Liz Grindell, head of warranty at Allianz Global Assistance in the UK, said: "Investing in a warranty doesn't have to be expensive or considered a luxury, even for an older, higher mileage vehicle, as there are a lot of flexible packages now available."

Driving growth in warranty add-on revenues

Even before July's heatwave sent show-room temperatures soaring, dealers were under mounting pressure in the uncertain post-Brexit economic climate.

With margins still in the low single-digits, manufacturers eager to increase their market share, and would-be buyers taking the time to shop around, even the biggest dealership groups need innovative services and products to add value to the efforts of their hard-pressed staff.

So, it's no surprise to discover that Car Care Plan – one of the world's largest providers of warranties, aftersales programmes and guaranteed asset protection (GAP) policies – has enjoyed record business in each of the past three years and is on course for an all-time high during 2016.

Partnerships with more than 40 major and mid-sized groups and more than 2,500 smaller dealers mean its products and services penetrate roughly 65% of the UK market.

The group has also established relationships with manufacturers including Alfa Romeo, Aston Martin, Bentley, Citroën, Chevrolet, Fiat, Ford, JLR, Kia, McLaren, Mercedes-Benz, Mitsubishi, Nissan, Opel, Peugeot, Renault, Toyota, Vauxhall and Volvo.

Car Care Plan provided more than one million warranty and protection products to those clients in the 2015/2016 financial year and its contact teams handled more than 500,000 calls in the same period.

Mike Cowling, Car Care Plan's head of products, identifies several reasons for his company's success.

"We help dealers and manufacturers improve customer retention levels, increase revenue streams, and develop new and more effective routes to market.

"We also recognise that enhancing the customer

experience must be central to everything we and our partners do," he said.

"We pride ourselves on developing best-in-class solutions, but we're equally focused on helping deliver long-term strategic growth for our clients. When we start working with a dealer, for example, we take time to understand their culture, their goals, their requirements, and their key people.

"Once we are in tune with their mindset, we base our relationship manager in their head office, so they become an extension of the dealership management team. Contact teams and call centres can deliver excellent results in many aspects of a client relationship, but we also like to have people 'on the ground'."

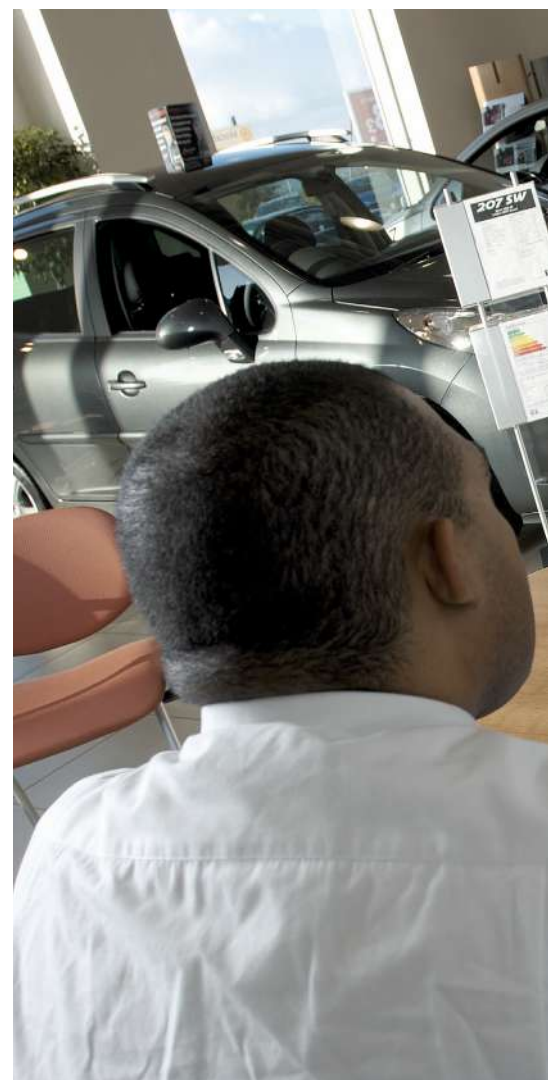
Cowling, who has been in his current role since 2004 and in the industry for 37 years, said sector knowledge and experience underpin Car Care Plan's success. One of the main reasons for its recent growth was its response to the financial crash in 2008.

"Most companies scaled down their field operations, but we decided to do the opposite. We invested in experience, it paid off immediately and it's still doing so today.

"We have 75 field staff at the moment, they're all fully employed, they all work from home and are based in the same area as their clients.

"We're profitable as a business, and we also have the strength of AM Trust (one of the world's largest insurance providers) behind us, so thinking long-term and being willing to invest in the right people, and in the operational sectors where our clients might require support and advice, are second nature."

Car Care Plan's strategy is to assemble experienced teams, covering such aspects as



claims and calls handling, audit services, e-commerce, marketing support and underwriting, and then decide with each client how much – or how little – they need to suit their particular business model.

The group also has in-house specialists, all authorised by the Financial Conduct Authority (FCA) to provide advice on finance and compliance issues.

"Some dealers might just need peace of mind that claims are being handled in a robust and thorough manner, and that every one which is processed is correct," said Cowling.

"A large dealer group might already have in-house audit and claims teams, but need our expertise on setting up a customer-facing e-commerce platform which can operate quickly and efficiently 24/7, and want that site designed and branded to dovetail with their corporate identity.

"Often, our marketing team is asked to work with a manufacturer and its dealers on a high-level campaign, which could be offline, online or direct.



"We help dealers improve retention levels, increase revenue streams, and develop new and more effective routes to market"

Mike Cowling, Car Care Plan

To see how Car Care Plan can benefit your business, call 0844 573 7500 or visit



We've accumulated so much expertise working with different brands over the years that we've almost become their marketing arms, which is very pleasing."

Car Care Plan's present product range features MOT cover, roadside assistance, tyre and alloy repair insurance, and protection policies against 'cosmetic' damage to paint and bodywork, as well as latest-generation products to protect paint and upholstery.

However, its core products are, and always will be, warranties, said Cowling. The group's first such product was launched with Vauxhall Motors in 1977, and its first GAP product was unveiled (also with Vauxhall) in 1998.

"We were the ones who introduced GAP to the UK market, which obviously gave us a significant advantage which we've maintained to this day," said Cowling.

"It's been interesting to see how demand for GAP products has developed, especially in the last few years. The new products haven't become substitutes for previous ones, they are being sold alongside, so clients are seeing incremental growth in their revenues.

"Some products, particularly the ones protecting tyres, alloys, paint and bodywork, are clearly proving attractive to motorists who didn't previously have a GAP product – given the much higher frequency of claims – so it's surprising that many dealers still don't sell these additional policies.

"We've created videos for all our products, to demonstrate exactly how they work, and it doesn't need specialist training to realise that the ever-growing number of potholes on our roads has significantly increased the damage done to alloy wheels, tyres and trim.

"We've also always been strong on creating products with good front-end profit, and these add-on sales can only help increase customer retention, but the message is getting across rather slowly to some people."

However, Cowling said one area proving very attractive is Car Care Plan's provision of electronic claims vetting and invoicing, as well as claims apps that help simplify the process for customers submitting claims for cosmetic repairs and alloy wheel repairs.

"When you're the market leader, you can afford to invest in the technology, the support staff and the product development teams required to drive innovations into your model," he said.

"Sometimes a client comes to us and asks if a product or service can be fine-tuned, but usually, we're going to them to tell them about enhancements. We set up claims teams, staffed by engineers with typically 10 to 20 years' experience, and the feedback was so positive we wondered why no one else did it.

"We're now processing close to 700 claims every day through these teams, which will be more than 250,000 by the year-end, which shows how well that approach has been embraced."

Scope remains for increased penetration

With strong performance around new cars, the second-hand sector is coming under scrutiny – but a number of new products are being launched to help

NEED TO KNOW

- Used car market is top of the agenda for dealers – currently service plan penetration here is just 32%
- Service plans are seen as ideal to improve customer retention and build ongoing relationships

By Matt de Prez

The service plan market has delivered strong performance in the last year, with increased competition from manufacturers who have been looking to boost sales of their own plans.

Some of the growth can be attributed to the increase in PCP purchases, where customers are combining service plans into their monthly payments and some from manufacturers' incentives.

An Emac study carried out in January found service plan penetration to be 76% in the new car market, although Volvo as a brand achieves 90% and Honda 80%.

The same research found the used car market performed significantly worse with just 32% penetration, in spite of volume growth of 13% this year.

With dealers increasingly looking for service plans to improve retention and assist with relationship management, the next step is to target more used car buyers.

To assist, some of the biggest service plan providers in the UK – who all agree that the used market will provide significant growth – have been developing products to help capitalise on it.

Jonathan Schomberg, national sales manager at Autoprotect, explained: "Dealerships are often geared up to sell new cars, with used car sales coming second on the list, and selling service plans some distance behind.

"This means that they are missing out on a serious long-term additional revenue opportunity which they can ill afford to ignore in today's economic climate."

Ian Simpson, European managing director of automotive at The Warranty Group, believes that a different approach to selling service plans is needed to tackle the used market.

He said: "A relatively new strategy that is proving effective is to include the first post-sale service on a used car within the windscreen price or at a high level of subsidy. Then, once the customer returns to the dealership, they are offered a service plan by the aftersales department payable by direct debit payments, usually with a high level of penetration."

He claimed fewer than 20% of customers are retained by a typical dealership for their next car, and said creating this kind of ongoing contact is essential for building a much-needed relationship.

To assist with retention, The Warranty Group has launched Service Plus, which combines a service plan and warranty into a single product with fixed monthly cost.

Mapfre Abraxas joins service plan market

Mapfre Abraxas is the newest company to join the service plan market, launching its new proposition in May this year.

The new add-on product, called Service Plan, joins the AM-award winning company's existing range of finance and warranty packages.

It has no initial set-up, admin or cancellation fees, and has been designed to simplify the production of automated quotes and plan set-up, by being fully integrated with a dealer's DMS.

Nick Franklin, head of partnership and distribution at Mapfre, said: "As part of our ongoing innovation strategy, we have now added a very strong service plan proposition to our portfolio, which allows us to support dealers in all aspects of their add-on product portfolio."

Chris Benham, business development director at The Warranty Group, said Service Plus can provide cover for the duration of a PCP or finance contract on a used vehicle.

"Its scope for holding on to older vehicle owners is very exciting. We envisage an existing service customer being offered Service Plus as they come to collect their car. Typically, their warranty will have expired and they will have had to pay for their service in one hit," he said.

The Warranty Group has seen its service plan business almost double over the last three years. The company now administers more than seven million policies for 500 dealers in the UK, with manufacturer clients including Kia and Honda.

Autoprotect launched its Foresight Service Plan a year ago with the view that a used car customer should receive the same level of service as someone who buys new. Since launch, a number of new and existing clients have selected the product.

Schomberg said: "Autoprotect has invested to ensure robust reporting functions and DMS integration, but key to our success is the ability to offer automated quotes using accurate manufacturer data.

"This ensures that there are no surprises for the dealer when the customer turns up with his vehicle to be serviced."

To help dealers to maximise sales, the Foresight service plan comes with a full training and support package for all staff.

Schomberg explained: "Our research tells us that the key to driving revenue from used sales is a strategic approach to ensure that all departments in a dealership work together. It's important to take a 360-degree approach to creating a seamless sales process from sales to service and vice versa."

Angela Barrow, former managing director of Emac, who stepped down in May, has stayed with the business as an adviser while her successor, Neil Hodson, settles into the role.

Unlike Schomberg, she believes service plan sales are best handled by the sales team and responsibility for them shouldn't be passed on to the service staff.

"A relatively new strategy that is proving effective is to include the first post-sale service on a used car within the windscreen price or at a high level of subsidy"

Ian Simpson, The Warranty Group



But she warned: "There can also be an issue with a sales executive who can perceive that used car buyers are more cost conscious and potentially less interested in the dealer's after-sales offer."

Having sold its millionth service plan in November last year, Emac has seen continued growth into 2016 and its team of 100 support staff now handle around 7,000 enquiries every day.

Barrow said: "There is huge scope for almost all dealers to increase their sales penetration of service plans and this remains a key priority for Emac."

It has also added a number of new manufacturer and dealer clients to its books in the last 12 months, including Harwoods Group who signed with Emac following a struggle with poor DMS integration from another supplier.

Meanwhile, eDynamix is looking to strengthen its manufacturer relationships this year and is preparing to roll out a national service plan campaign with three UK car manufacturers in the next few months.

The announcement comes following a robust performance from the service plan provider, which has seen a 32% growth in its customer base over the past 18 months.

76%
service plan
penetration in the
new car market

Year-on-year service plan sales have also increased by 51% as the company has built new relationships with dealers such as Endeavour Automotive, Mill Volvo, EMG Motor Group and Tustain Motors.

Iain Nickalls, eDynamix director, said: "This growth, in the main, can be attributed to ongoing investment in staff and systems, enhanced relationships with manufacturers, increased referrals from current customers and focused partnerships with companies such as XS Paid."

Recent developments include a fully-automated quoting engine which uses information from a dealer's DMS to create and email a bespoke quote to a customer, and an automatic customer refunds facility which requires zero input from accountants, should a plan be cancelled.

To enhance the strength of the company's reporting suite, eDynamix has released a new 'connect' app. This gives an instant overview of daily, weekly, monthly and rolling 28-day performance, helping to drive sales from anywhere.

On top of the expansion in the UK, eDynamix has continued to grow in Ireland and is scheduled to release service plan products into a number of large dealer groups in Germany and France, plus three large OEMs in Australia, by the end of 2016.

New service plan products provide room for growth

There's something very reassuring about EMaC, the Crewe-based business that effectively created its own market sector in 2004 by launching service plans.

We may live in an era of multi-skilling and frantic multi-tasking, but EMaC has deliberately retained its single strategic focus since it was established.

"All our efforts and our resources are focused on creating service plans, which deliver tangible benefits to our dealership clients and our car-buying customers," says new managing director, Neil Hodson.

"Our expertise is all about service plans and all our products and services relate to service plans, as they are all we do."

Hodson arrived at the company in April, succeeding the long-serving Angela Barrow, having held senior management positions with Experian Automotive, Mannheim and Cap HPI, most recently as HPI's managing director.

He is comfortable with the core elements of EMaC's established strategy, but already busily making plans to both evolve its present structure, and to devise and deliver new products and services.

"Under Angela's leadership, the number of customers under management grew from zero to 1.9 million in 10 years, we now process more than 700,000 direct debits a month, and more than £800m of servicing is currently scheduled via our plans, so the demand from dealers and motorists is clearly there," said Hodson.

"However, the traditional automotive retail model is being disrupted in significant ways. Service intervals are lengthening, average driving distances are falling, and vehicles are ever-more reliable. The pressure is on all dealers to adapt their business models, and service plans can play a central role in their new strategies.

"We know from years of experience that our plans increase customer retention levels, deliver significant servicing revenues, and create opportunities for dealers to capture additional revenue through work outside the scope of the plans – including sales of tyres, accessories and repair work."

According to Hodson, service plan sales now cover 68% of the luxury car market, and 46% of the wider new car market. However, he believes there is still huge potential for service plans to be adopted in the used car market.

"Typically, dealers sell three used vehicles for each new, and some dealers are achieving 40% penetration with service plans, which demonstrates what is possible. However, I was at a National Automobile Dealership Association event this year, and their members saw close to 50% penetration as a benchmark.

"The UK market lags a long way behind the US in this regard, and our benchmark is more like the mid-20s. Unfortunately – as with new cars – used



"The traditional automotive retail model is being disrupted. Service plans can play a central role in dealers' new strategies"

Neil Hodson, managing director, EMaC



EMaC was founded in Crewe in 2004

car customers are often not being offered service plans at the point of purchase, so many sales opportunities are lost purely by default.

"Our research clearly demonstrates that a significant number of buyers, of new and used vehicles, would be interested in hearing about service plans at the point of sale, and receptive to hearing how they would benefit them financially, but they never have the chance to hear the case.

"I understand why dealers and sales staff have traditionally had a short-term focus – on immediate returns and rewards, and monthly sales targets – but as the industry changes, we need to see longer-term strategies which can link sales, aftersales and re-purchase as different elements of a single, service-based process."

One of the changes identified by Hodson is the switch from ownership to 'usership' and an increased customer focus on affordability, which is increasing the number of new and used cars bought through dealer finance. He said service plans can dovetail perfectly into such finance agreements.

If you would like to find out more, please email support@emac.ltd.uk; call



"As dealers realise how the retail landscape is shifting, I am sure we'll see the more innovative ones consolidating vehicle sales, financing and service plans into a coherent and convenient proposition for their customers, based on the realisation that today's used car customer is tomorrow's new car customer."

However, while Hodson muses about how dealership models may evolve, he is focused on the here and now.

"As a business, our core focus is always about customer retention solutions in all their forms," he said.

"We've already strengthened our call centre operation, and are investing heavily in recruiting new people, upgrading our software, and thinking about new products and services.

"We are the market leader for service plans, and pride ourselves on our quality of thought leadership and our strategic vision, but at the same time, we don't want to get too far ahead of the market, or too far ahead of what our dealerships expect us to deliver."

Communication is key, he believes: "We must always talk to dealers in their language, and explain the many benefits of service plans to those who still don't fully appreciate the commercial opportunities, and the increased cash-flow, they create.

"We focus hugely on innovation, on trying to solve problems that people haven't yet thought about, but we also recognise that we need to involve dealers at the early stages of our innovation process, so they can use their experience and knowledge to help fine-tune each product."

One of the innovations Hodson mentioned was Auto Quote, which creates a personalised service plan quote for a customer, before they even reach the showroom.

"We met three of the top 10 dealers to explain our rationale, and they were absolutely delighted to hear about it. In September, we're meeting another 15 or so core customers, so they're aware Auto Quote is ready to launch, and we're telling both groups about lots of our other ideas for new products and services.

"We want to maximise the benefits we deliver to

them, just as they are eager to add value to their customer relationships, so it's critically important that we listen to them. Everyone who comes to Crewe sees the passion and energy we have here, and I think they're all going away feeling impressed and excited.

"We'll probably hold a demonstration day here in November, to explain Auto Quote's benefits, give everyone a taster of future products and services, and outline our vision as to where we see the dealership model going, and most importantly of all, to hear what the dealers think.

"We know service plans help dealers deliver a better experience for their customers, and can be a significant element in developing long-term relationships with those customers. However, dealer leadership will be critical in ensuring that sales staff really understand our plans and the revenue opportunities they can deliver.

"Businesses in all sectors are eager to invest in tools that enhance customer retention, but service plans are one of those rare products that actually pay for themselves."

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Transparency is coming to dealer finance

Car-buyers increasingly expect a seamless online-to-showroom experience, including the opportunity to organise finance options

NEED TO KNOW

- Online finance tools fast becoming a website standard for car dealers
- Customers want the ability to easily switch between online and showroom

By Steve Johnson

The auto retail sector has travelled far on its digital journey in recent times. Unquestionably, there's an ever-growing array of functionality, features and content to entice customers. And with more grist to their online clicking mill comes an improving and seemingly more complete car-buying experience.

High up in the 'significant progress category' are online finance tools. Fast becoming a website standard, established vehicle search capabilities now include checking out finance costs and comparing variables.

Along with HP and PCP calculators, there are credit-rating checks and online application forms, together with explanations and video guides.

An outsider might be excused for thinking that online car buying is 95% job done – particularly now online part-ex valuations are becoming more widely adopted and, in some instances, included in the finance proposition.

So what are the main drivers pushing finance to the fore in online vehicle retailing? For one thing, it's not entirely clear if the push is coming from meeting customer expectations – whether they use the facilities or not.

Shaun Harris, sales director at Codeweavers, said: "The drive to accelerate the impact of finance into the digital journey is coming from dealers and manufacturers. We are seeing a shift in the way that more dealers are embracing the opportunities."

Richard Tavernor, iVendi chief operations officer, said: "The doubling of dealers connected to this company's technology is also powered by a growing recognition among lenders and car portals that customer behaviour is changing."

It's striking that close working partnerships, particularly with the website developers, seem to be proving their worth.

With the need to

65%

of the UK's top 200 groups have interactive finance options

build customer confidence in using finance facilities, there's little margin for error; customers can so easily vote with their feet.

Harris said: "Our growth has been based on a collaborative ethos, our capacity to deliver on time and on budget. Uniquely, Codeweavers' use of plug-in technology ensures that customers and ultimately dealers get speed, convenience and reliability."

GForces, currently supporting around 50% of the UK's top dealer groups, has partnered with Codeweavers and iVendi for over five years and **operations director Tim Smith** said: "Our relationship goes considerably beyond commercial arrangements. We allow our clients to be firmly in the driving seat when choosing a finance partner – we tailor products to meet their requirements on a best-fit basis."

In terms of dealer acceptance, iVendi research suggests that more than 65% of the UK's top 200 groups have some interactive finance options on their website and Tavernor said: "There are 7,000 'rooftops', covering dealers, independents and supermarkets, connected to our systems. This is roughly twice the level of 12-18 months ago, with interest coming from dealer groups including Lookers, Jardine and Peter Vardy."

It certainly looks as though online finance tools are not 'me-too' facilities. But what sort of impact are they having and is it all moving in the right direction, impacting on both leads and sales conversions?

Tavernor said: "Dealers and lenders have needed to adapt to changes in consumer behaviour. The fact is that more and more of the car-buying journey is happening online, but the real departure is that few customers are entirely 'showroom' or entirely 'online'. They naturally and intuitively



switch between the two according to needs. One of our key innovations has been to enable dealers and lenders to track customers, whatever channel they choose – an omni-channel approach.”

Stimulated by a dealer enquiry to provide customers with access to their panel lender decisions, Codeweavers’ recently launched MultiCalc tool has ‘reverse-engineered’ the showroom finance calculator.

Harris said: “Historically, dealers make the choice as to which finance company a customer could use from its panel of lenders. Now, the dealer shows the customer the panel information and lets them make the choice. It is another step in de-mystifying the process.”

In a similar way, the iVendi In-Showroom Finance Comparator is designed to bring online-style functionality into the showroom. Tavernor said: “Structured, convenient and FCA-compliant, it’s so intuitive that the salesperson can even leave the customer to make their own finance selections.”

Returning to the pure online world, the shift from using desktop PCs to mobile devices has had a major impact on website design and development. Consumers now expect to access fully responsive websites when browsing via mobile or tablet – the freedom to transact anytime, anywhere, can only be a good thing to generate activity.

Harris said: “Customer needs have to be built around mobile platforms, not desktops. Our newest product has been designed entirely for mobile usage, with the capacity to reverse it into a desktop situation. The design process is very different – ‘swipe-ability’, ‘eye-lines’, layout, pixellation risks, fonts, colours and load speed are all factored into making a great-looking web page.”

Online finance tools clearly have widespread, if not universal, industry acceptance and there’s every indication that things are on track from technology and business perspectives.

The acid test is customer acceptance and that, according to one website provider, has some way to go yet.

Lauren Cooke, marketing manager with Bluesky Interactive, said: “We see people interested in the finance options available to them, but that this doesn’t translate as often to full online applications.

“As I see it, the main hurdle will always be communicating the products and getting consumers to understand. Take the difference between all the finance acronyms – our research shows many people don’t have the faintest comprehension.”

There’s no question that online finance tools are proving popular.

“Take the difference between all the finance acronyms – our research shows many people don’t have the faintest comprehension”

Lauren Cooke, Bluesky Interactive

Codeweavers reports over 108,000 unique customers used its Flexicalc application in a recent eight-week period. And the old adage holds true – if you can measure it, you can improve it. Codeweavers’ finance trends report, for example, is particularly comprehensive, from deposit value and monthly payment popularity to demographics and browsing times. Putting customer buying habits to one side, ‘finance power’ means dealers can gain valuable sales and marketing insights to improve both online and showroom results.

Without doubt, it’s significant that the ‘technologists’ are not slackening off. Their mission – mantra, even – is to make applications and processes comprehensive, user-friendly and as technically robust as possible. For example; the second-generation iVendi platform was launched earlier this year. Other introductions include the company’s FCA Back-up Tool, which provides volumes of auditable information, and Quick Quote, said to be the fastest and easiest quotation generator.

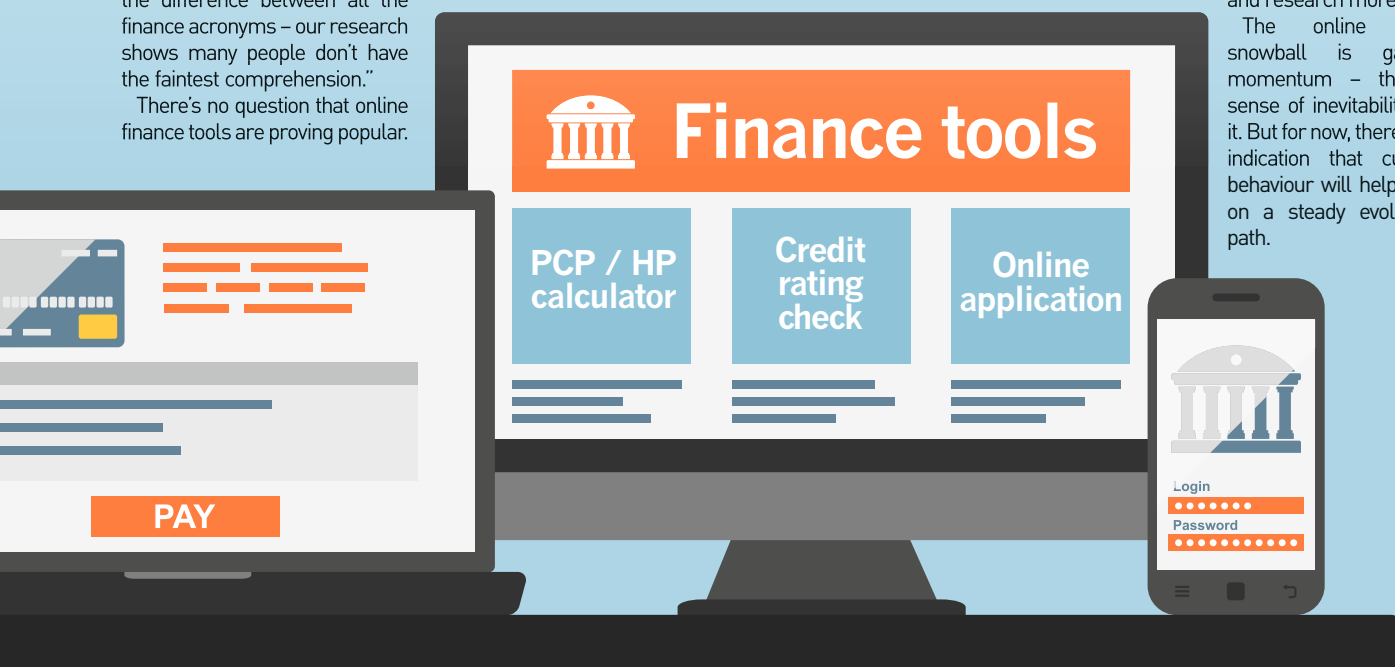
Codeweavers talk about customers wanting a seamless online-to-showroom experience and online is where the dealer’s affordability attributes can give a competitive edge.

Harris said: “Traditionally, if a customer took a test drive the dealer was on the way to a sale. Our analysis suggests that engaging a customer to provide finance information is the equivalent – a payment schedule they like.”

It seems inevitable that being able to buy and finance a car online is where things are headed – for those who chose to, of course.

Smith said: “The market is transitioning. The mandatory meeting with dealership business managers is steadily becoming obsolete as customers become better educated and research more online.”

The online finance snowball is gathering momentum – there’s a sense of inevitability about it. But for now, there’s every indication that customer behaviour will help keep it on a steady evolutionary path.



Invest in online finance tools to keep pace with your customers

Digital platforms have transformed the way we live, work and play over the past decade and the new technology is finally being embraced by many of Britain's biggest dealerships.

It has long been a paradox that while manufacturers have designed ever-more sophisticated technology into their vehicles, most showrooms have failed to reflect the changing times.

The coffee machines are better, the TV screens are certainly bigger, but otherwise, the typical dealership model has changed little from the 90s.

Until now, that is, when online motor finance has suddenly come of age – making the purchasing process easier and smoother for customers and sales staff alike.

Today, the most innovative dealerships allow would-be buyers to check the availability of credit finance before entering their showroom, so they

can make no-pressure decisions at times of their choosing, which also dramatically reduces the amount of form-filling.

Research by iVendi indicates that at least two thirds of the top 200 dealers offer interactive finance options on their websites – double the amount that had it in 2014.

The finance business marks its seventh trading year in August, and its chief executive, James Tew, is an advocate of all things digital.

"Our online motor finance products are now used by just over 7,000 dealers, and together they generate more than one billion quotations every day, which underlines just how popular digital platforms have become," he said.

"By analysing use of our online motor finance calculators, and our Car Finance Checker – which allows people to discover how credit providers would rate their application for finance – it's also

clear that many of these checks are being made during the daily commute, in lunch breaks, or at home in the evening.

"In the early days of the internet, customers may have sat down in front of their PC and spent several hours researching everything about their next vehicle, but increasingly such inquiries are being made on smartphones, so it's vital that dealers make sure their offerings are mobile-friendly.

"Dealers also need to recognise that although some buyers are fanatical about particular marques, and are practically in love with their car, that for many, it's just a commodity which gets them from A to B.

"Purchasing decisions, especially after several years when money has been tight for many individuals and households, are now far more often about finance than marque, engine size or the old 0-60mph benchmark, and it's far easier to carry out

For more information, visit www.ivendi.com, mail info@ivendi.com or call



“The most successful dealership groups will be those who look at other High Street sectors, and learn from them”

James Tew, iVendi

they saw their potential to increase productivity, volumes and margins, but for automotive, it's been a slow evolution.

“In the last couple of years though, dealers have come to realise that buying a car is really a series of micro-transactions within the main transaction, and that most of those elements can be handled through digital platforms.

“There's also been a welcome shift in mindset, so some dealers have recognised that their industry has to be customer-driven, although too many still think customers should just return to them.

“I believe the most successful dealership groups will be those who look at other High Street sectors, and learn from them. You look at the ‘sale or return’ policies of online fashion brands, for example, but would a dealer even think about taking a car worth £20,000 or £30,000 to a potential customer's home for a trial?

“Equally, many dealers still need to invest much more in their websites. In this digital era, many more people will visit a dealership online than physically walk into a showroom, but we're still seeing fortunes spent on ‘gin palaces’, but very little invested in the same dealership's website.”

iVendi's range has evolved since it launched its first product in April 2010 – the Quoteware module,

which integrated specialist motor finance calculators into a dealer's site.

The latest platform, launched in January 2016, creates a customer journey involving the dealer and multiple finance providers, so every aspect of the purchase process, from initial interest to deal completion, can take place online or in the showroom, according to the customer's preference.

The service has since been enhanced by the addition of a Quick Quote feature, and Showroom Eligibility, a program that allows a would-be customer to see the various rules by which their finance application has been assessed.

“An application for credit finance might be rejected, but our system offers full transparency of the process, so the dealership staff and the individual can work together, to assess different products and to discover a way to move the transaction forward,” said Tew.

There's also an automatic data back-up tool to ensure dealers are complying with the latest Financial Conduct Authority (FCA) requirements.

“We want to give dealers the same peace of mind as their customers, so we're constantly fine-tuning our technology to ensure it delivers certainty,” said Tew.

iVendi is fully accredited by the FCA, said Tew. “When it became obvious that a minority of dealers weren't recording the required data, we added a free upgrade to ensure that it was being saved and backed up automatically.

“We're already working on other tools to help customers and dealers, and we'll be rolling these out by the end of the year. The manufacturers never stop driving innovation into the sector, and the customer appetite for digital technology isn't going to wane, so we also need to ensure that we're ahead of the game.”

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Digital providers deliver spectacular growth in a crowded market

The growth in digital marketing and online services among motor retailers has seen some suppliers massively expand their user base

NEED TO KNOW

- Growth driven by new clients and expanded services to existing customers
- Some UK suppliers looking to international markets
- Digital providers branching out into 'big data' analysis

By Debbie Kirlaw

As digital becomes increasingly sophisticated and complex in the race to gain traction in a crowded landscape, automotive digital marketing and website providers have made significant gains in the past year. New clients have been added, existing business expanded and fresh services created to meet new demand, with some suppliers experiencing global expansion.

Marketing Delivery

A year of impressive growth, including signing JCT600 in September, brought the total number of dealerships the company represents to 325.

Marketing Delivery managing director Jeremy Evans said: "This year, growth has come from dealers of all shapes and

325

the total number of
dealerships represented
by Marketing Delivery

sizes, including growing business from our current client base. Last year, our growth was just over 40% and we didn't expect it to continue at such an impressive rate, but this year growth has been an extremely strong 30%."

Marketing Delivery has also added Richmond Hyundai's three sites in Guildford, Southampton and Portsmouth; 10-site Endeavour Automotive, based in London and the Home Counties, came on board in June; Alan Day Volkswagen was signed in March, following the agency's involvement in AM's Digital Dealer conference in 2015; and its most recent client was Jacksons, with multi-franchised dealerships on the Channel Islands and Isle of Wight.

Existing clients that have expanded include John Clark Motor Group, growing from its BMW dealers to its Jaguar and Land Rover division. Cambria Automobiles extended Marketing Delivery services to its new dealerships and took on the Jaguar and Land Rover territory around South Woodford in north London following the acquisition from Pendragon this summer. Many clients have also added Marketing Delivery's social media and data analysis to its email marketing services.

GForces

Computer software and digital services provider GForces is increasing its presence in mainland Europe, the Middle East



“Customers shop around when looking for a car, so looking the same as everyone else isn’t desirable at all. This is why we deliberately choose to keep our key offering as completely bespoke websites”

Lauren Cooke, Bluesky Interactive

and North Africa and the Far East and over the past five years has achieved ambitious growth margins of 30%-40%.

Tim Smith, group strategy director, believes product quality and service delivery are the keys to its success: “We definitely deliver on the wow factor, with a fully responsive platform, key integrations like CAP data, and high-definition image apps that display stock at its absolute best. And with nearly 600 million user interactions logged through GForces websites, we have data that can back up our claims when it comes to approaching new clients.”

Over the past few months, new project launches include Dick Lovett Aston Martin; Seal Garage; Haywards Motor Group; Lipscomb; Marshall Motor Group; and most recently Harwoods, as well as many manufacturer projects, such as with existing clients, Mazda UK and Jaguar Land Rover.

Smith believes research and development investment, presence at trade shows, conferences and expos and client testimonials [its latest client satisfaction survey shows a record high of 99.1%], are crucial for growth.

Bluesky Interactive

In the past 12-18 months, **Bluesky Interactive** has grown its client base by 23% and now works with 26% of the top 200 UK dealers, a 6% growth over the previous time period.

Marketing and client relations manager Lauren Cooke highlighted bespoke design – such as HR Owen, JCT600, and Caffyns – rather than templated website layouts, and the service the company provides as core elements of its success.

She said: “Customers shop around when looking for a car, so looking the same as everyone else isn’t desirable at all. This is why we deliberately choose to keep our key offering as completely bespoke websites, allowing us to flex to meet our client’s individual identities.

“We try to make sure we constantly deliver the right level of service by resourcing our client services team appropriately, making sure every client has a dedicated team that know their business inside out.”

New clients include JCT600 [appointed July 2015 for web design and development and pay-per-click campaigns]; HR Owen [December 2015, web design and development]; LSH Auto [June 2016, providing a simple site while its bespoke site is under development, digital marketing consultancy, social media and search management and marketing services]; Caffyns [December 2015, web design and development]; Agnews Group [appointed March 2016 with a bespoke website being built]; and TrustFord.

Autoweb

Having almost trebled its franchise dealer customer base in the past 18 months with a 191% increase, Autoweb has rapidly grown its digital marketing customer base, the fastest-growing area of the business.

Head of digital Martin Dew believes success is a result of its “knowledge and experience of the automotive industry and of web design and digital marketing” and by offering the “full package” of website creation, digital analytics and other digital marketing activities such as SEO, PPC and display advertising.

Autotorq

Autotorq has repositioned itself, expanding beyond its traditional yet global business providing used car platforms, website design and development into data mining, analytics and consultancy. With growth of 20-30% each year over the past five years, Autotorq expects a performance this year “well beyond” its previous increases.

Chief executive Stewart Niblock said: “We started looking at the Ubers of this world, various experts and several retail companies, how they use real-time data across multiple platforms rather than just web metrics. Real-time data means immediate analysis and action can be taken there and then on the day. Hindsight plus insight equals foresight.”

Detailed data from several sources is brought together to create a picture of an individual for targeting or profiling of other potential buyers. As such, much growth has been the result of providing new smart data services to existing clients, although new clients include Jeep and Fiat in France and Italy with a UK rollout on the horizon.

Branson Atterbury, head of planning, said: “Our best campaign to date generated leads at a cost of £2.72 each, when £20 or even £40 per lead is not unusual. Profiling and targeting results in much higher conversion rates.”

Autotorq was appointed by Bugatti to launch a data-driven residual value project in the US, with the UK and the rest of the world to follow. The company has also signed a contract with a high-end manufacturer to provide data modelling and consultancy worldwide, starting in the UK. Existing client Infiniti has been extended to the Benelux region in Europe and Asia Pacific providing web and data services. In addition, its SEO campaigns in the UK, Netherlands and Germany have delivered a 165% increase in organic traffic for clients.

Denison Automotive

Website-centric agency **Denison Automotive** has expanded its technology to meet the evolving demands of delivering web services and continues to develop its 15-year relationship with Perry’s, which operates 40 dealerships in 26 locations.

Marketing director Steve Chippington said: “We have remained fairly static in terms of business growth, although our clients have been with us for five years as a minimum. We pride ourselves on delivering a bespoke service and view ourselves very much as an extension of our client’s marketing department.”

Chippington also makes some observations about the automotive retail digital and web market, which he outlines as a few dealer groups utilising in-house resources, the larger dealer groups largely opting for specialist web provision typically with “one of the two major suppliers”, and many other dealer groups using one of the smaller specialists, the category in which he views Denison Automotive sitting.

He said: “With so much dependent upon the effectiveness of marketing, it’s really important for the client to take control and manage the process in every detail. The real issue is that each dealer group should set their own unique marketing strategy and work with the best suppliers to make it a reality. It is unlikely to be a one-stop shop.”

191%
the increase in
Autoweb’s franchised
dealer customer base in
the past 18 months

Data is the key to greater profitability



“Dealerships looking to increase profitability should not only evaluate their existing contact cycle, but the data behind it – one cannot succeed without the other”

Jeremy Evans, Marketing Delivery

So what ‘should’ dealers be doing when it comes to their data, arguably their most valuable asset after their employees?

That’s relatively easy, according to Marketing Delivery, which provides digital marketing services to some of the biggest and smallest names in the automotive retail sector (as well as many more in between).

“Automotive retail is process-driven, with everything recorded onto one system or another, or at least it should be,” explained managing director Jeremy Evans.

“Every customer, transaction and key date has to be logged in order for the dealership to function at its optimum along with every potential customer.

“We all know existing customers are the most valuable but, despite the evidence, we still find holes in dealers’ data making it impossible to communicate with them effectively.”

Research based on data from its dealer group client base shows contacting customers ‘at the right time, with the right message, delivered in the right way’ results in higher levels of engagement and ultimately increased sales and profits, although the digital presence needs to be reflected in the dealership itself with great customer service to increase the likelihood of a sale, followed by recommendations to friends and family and exemplary comments on social media and review sites.

“Increasingly, our dealer clients are recruiting their marketing professionals from other sectors and they are staggered at the amount of data available on customers and prospects,” said Evans. “Unfortunately, these same marketers are even more astounded at the level of inaccuracy and missing data. It never ceases to amaze us how much incomplete or out-of-date data we see.

“Dealerships looking at ways to increase their profitability should not only evaluate their existing contact cycle, but the data behind it – one cannot succeed without the other.”

Marketing Delivery’s experience with two of its clients illustrates how ‘filling in the data gaps’ reaps immediate rewards. The agency has worked with Sandown Group, which operates six Mercedes-Benz dealerships in the south, for almost two years, and went live with eight-strong dealership group SMC in October last year.

SMC

An automated communications plan was implemented whereby three emails are sent within 72 hours following no response to an initial enquiry, with a further one at two weeks. Messages are highly personal – as well as addressing people by name, for example, if the enquiry is for a Fiesta, this will be the image used. So-called ‘lost sales’ are also contacted while those who do buy receive a new set of communications to ensure the service has met expectations.

Marketing director Sonia Hobbs said: “From the start, we saw a positive impact. What has taken most people by surprise is the volume. We commu-

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If you have not yet purchased a car and feel we have not come up with the right offer, then please do not hesitate to call and I will do everything I can to achieve the best deal possible.

I would be very grateful if you would take a few moments to complete a questionnaire to help us improve our service.

nicate with people far more regularly. In the past, we would have sent a 'thanks for your enquiry' email and they wouldn't have heard from us until they took delivery of their car. The communication strategy was pretty much non-existent."

The results speak for themselves: from January to March this year, the group sent 18,166 emails and enjoyed a 59% open rate, compared to their previous open rate which reflected the industry average in the 20-30% range.

The total number of enquiries logged in the same period was 8,843, although an audit concluded that this figure represented 80% of all enquiries, meaning a fifth go unrecorded. A total of 2,205 sales were concluded, a 24-25% conversion rate.

However, an analysis of sales with accompanying accurate email addresses and, therefore, part of the Marketing Delivery eCRM programme, found a conversion rate of 27%, compared to 16% for those without emails. In addition, the 'lost sales' follow-up email resulted in a further 87 sales.

"If you are persistent, but relevant, and follow up after the first enquiry, you will have a higher success rate," said Hobbs.

The key to its success is the data. The group's email capture rate is now 89%, compared to 50% previously, and monitoring means sales executives are aware of the focus and weaknesses are quickly identified. The data can be analysed in different ways, including by site and individual, enabling the senior team to plug any gaps that may emerge.

Marketing Delivery's top tips:

- Monitor data quality for missing customer emails, mobile numbers and overdue vehicle service and MOT dates
- Check that email permissions are recorded as well, to ensure captured addresses can be legally used
- Use email and SMS as early as 60 days before the service due date to catch the early bookers
- Have multiple email and SMS steps during both the sales and aftersales contact plans
- Use daily updated data to drive the next contact

Hobbs added: "Frequency is really important and it shows the data can be worked hard. It's expensive to acquire in the first place, so we shouldn't be brushing it to one side too early on in the process."

Sandown

Marketing Delivery was appointed to undertake an aftersales communications programme but first varying levels of data accuracy including missing email addresses, mobile numbers and vehicles with missing or overdue service and MOT dates had to be addressed. The Sandown team began updating the information internally whilst Evans' team used insurance industry lists to find email addresses and mobile numbers. Missing MOT dates are now being ran through DVLA lists to bring them up-to-date.

Almost immediately, the customer relations

centre reported more time being spent on incoming calls generated from emails and SMS messages, with less time on outbound calls. When outbound calls were made, customers who had received an email or SMS were more likely to make a booking. As customers were engaged earlier in the process, print and postage costs dropped.

In June alone, the overall data quality score for customers and vehicles increased to 70%. Email open rates regularly sit in the 60% range while click-through rates to request bookings are often in the region of 30%. The focus on data-driven communication resulted in over 5,000 additional service bookings during 2015 and a recent VIP sales event saw a 30% year-on-year increase.

Head of marketing and CRM Keith Jackman said: "I've been delighted with not only the results but also the support and insight the team provides."



Looking out for finance 'disruptors'

Finance companies have adapted well to enhanced legislation, but say they are working hard to anticipate future changes to the industry

By Debbie Kirlaw

Inextricably linked to the success of automotive retail, finance is crucial to the sector's well-being. Understanding how finance providers are performing, new products and services and their views on the market is essential for dealers planning their F&I strategy.

Alpha Financial Services

Alpha Financial Services reports "continued year-on-year growth", identifying training and transparency as components key to the success of its dealer and broker partners. One client, Baytree Cars, attributes its 65% increase in sales on finance to its close working relationship with Alpha.

Alpha's bespoke premium captive division, which supports customers buying prestige new and used vehicles including through Rolls-Royce Motor Cars Financial Services and Aston Martin Financial Services, has grown 30% year-on-year.

As part of its celebration of its 10th anniversary, Alpha will publish a report, 'Financing the Car of the Future', in November. Alpha's UK director **Spencer Halil** said: "As an industry, it is vital that we are looking to the future, anticipating customer

trends and building an awareness of the regulation that might be coming down the road. There are plenty of so-called disruptors, smaller technology companies looking to eat our lunch and, as an industry, we cannot afford to sit back and do nothing."

Halil urged the industry to itself become the disruptor and highlighted new tools coming in 2017 to support a dealer channel that can engage directly with customers.

Black Horse

Head of projects Paul McGill identified a strong and highly trained sales force located across the country, a willingness to listen to and work with dealers when devising products and the way it embraced the Financial Conduct Authority (FCA) regulations as the main contributors to **Black Horse's** success over the past 12 months.

He said: "Change is a challenge and we undertook a great deal of consultation, preparation and then piloting the new terms, which has proven to be invaluable and has ensured we are seeing such positive results."

Overall, net lending increased by 30% to more than £10 billion in H1 2016, while 220,000 customers were able to buy the car of their choice, compared with 294,000 for the whole of 2015, itself a record year for Black Horse.

McGill added: "Currently, it's a very strong picture for us and it's a combination of good people on the ground and the fact we adopted the new regulations so widely."

"Initially, there was some surprise at our interpretation of the new regulations. At the time we felt it was the right approach and our results in 2015 and 2016 certainly seem to bear this out."

Developments include the launch of the 'Black Horse SignIt' system, an electronic process that asks a series of questions to establish online verification without requiring a traditional signature. The ease and security of SignIt has seen a take-up of up to 90% in some sectors of its business within 12 months.

SignIt will be followed next year by additional digital improvements. Other initiatives include the launch of its mobile finance calculator, which allows dealers to provide quotes for customers on the forecourt, and its dealer learning platform, Premium LetsULearn.

Close Brothers

With results due this autumn, **Close Brothers' Motor Finance chief executive Chris Bosworth** predicts growth to be in the "high single digits". In July, figures released by its parent company, Close Brothers Group, showed a loan book increase of 7.2% for the five months to June 30, 2016.

Focusing on the independent sector and specialist manufacturers, a recent win for Close Brothers is the iconic British brand Morgan Motor Company, while its motorcycle division has also performed well this year, it said.

Close Brothers' dealer-funding division, providing loans used mainly for stocking, has grown significantly. About 90% of its loans are accepted for amounts for as little as £30,000 to £3 million. A referral service has also been added, enabling Close Brothers to pass customers to brokers, reducing the likelihood of funding refusals and increasing acceptances from 55% to 65% for the year to the end of July.

Used car PCP penetration has increased this year and Close Brothers' new product, 'GO', launched in August, is live with 28 of its larger dealers. GO calculates residual values by make and model, so premium vehicles more likely to hold their value for longer are assigned a higher guaranteed future value, is expected to be made widely available by the end of this year.

"It plays to our strength," said Bosworth. "I think the PCP product will be a very attractive proposition for the independent sector."

"With the subsidised manufacturer finance deals, there was a weird dynamic for a while [monthly payments on new cars were in line or sometimes less expensive than used] but now

"There are plenty of so-called disruptors, smaller technology companies looking to eat our lunch and, as an industry, we cannot afford to sit back and do nothing"

Spencer Halil, Alpha



the cost of a new car compared to a used is what you would expect."

Bosworth highlighted remuneration as a key focus in the coming months with a new product scheduled for January to tackle potential issues surrounding commission and pricing of finance products. The FCA is currently undertaking a thematic review of remuneration and staff and management incentives, which it considers could be a conflict of interest and result in 'poor consumer outcomes'.

Finally, with Brexit remaining top of the news agenda, Bosworth said Close Brothers would "fill any gap which may arise" and views current uncertainty as a "time of opportunity".

MotoNovo Finance

MotoNovo Finance is urging dealers to look at how finance technology can benefit their business and prepare for a greater integration of finance into their sales model.

"If we can show a dealer that, with technology, they can gain even just 1% uplift in acceptances, unit sales or efficiencies, it all represents happier customers and purely incremental profit to the bottom line," said **Karl Werner, chief executive of MotoNovo Finance's Motor Division**.

Gains include an acceptance rate on used cars of more than 55%, compared with an average of 54.4% for independent finance providers. In July, more than 700 underwritten leads were sent to dealers via MotoNovo digital products. Now, 62% of underwriting decisions are automated and 21% use both auto underwriting and auto payout.

Werner said: "Looking ahead, working with dealers, we need to evolve the car sales model from within or risk seeing external entrants take that step. We have already seen the early impacts of this threat. At MotoNovo, we intend to be in the vanguard of helping dealers to make the transition to a new sales and promotion approach, which we will launch later this year."

Startline Motor Finance

Established in 2013, **Startline Motor Finance**, which specialises in sub-prime lending, has more than 50 dealer groups that have added it to their lender panel.

Chief executive Paul Burgess refers to the business as a "flexible lender".

"As a service-led lender, we tend to be more agile and dynamic than most, with customer service and underwriting teams that have a higher degree of independence than at most large finance businesses. This means that we are set up to look closely at applications that others may have had automatically rejected by their online systems."

The increase in business has also led to a recruitment drive including senior sales roles.

£10bn

Black Horse's net lending in H1 2016

7.2%

the increase in Close Brothers Group's loan book for the five months to June 30, 2016

How the personal service is paying dividends



Northridge Finance's customer-focused philosophy has seen it prioritise both its clients and their customers to develop a range of innovative finance models and technology solutions.

In a marketplace where compliance and ease of application have risen to the top of the agenda for most dealerships, the business has not only developed its own unique funding solution through its Joint Venture product, but has turned to technology to simplify and streamline the sales process.

And at the heart of the business's thinking is to make services accessible whatever the time, wherever the location.

Northridge's Target365 product allows dealers and customers to work through a finance application together, on screen, in an easily understandable and transparent process designed to aid FCA compliance.

Its eDoc365 system means finance agreements can be signed electronically by customers. Future plans to develop off-site signing will make it possible to trade remotely at any time.

Northridge's new Go365 system has brought dealer finance tools into the salesperson's pocket with a smartphone-optimised app which allows the status of finance applications to be checked on the go.

Northridge sales director Alan Carson explained that transparency and a personal customer focus are central to the business's approach.

He said: "I'm sure every business in our sector would probably

claim the same thing, that putting the client first and offering a personal service is their main priority, but that is certainly the approach we take at Northridge.

"We're not one of the biggest industry operators by far – we currently fall in around about number five – but we are of a size that means we can give dealer groups a very personal service as we focus very much on the prime market, high quality used and new."

Northridge currently deals with seven of the AM100's top ten dealer groups and around 30 of the top 50, according to Carson.

Arnold Clark managing director Eddie Hawthorne is one partner keen to sing the business's praises. He said that it was "highly competitive on rate", but praised its flexible and responsive support service.

He added: "Alan and his team have worked very hard at developing the relationship with our company. I find them to be extremely professional and I would have no hesitation in recommending Northridge."

Northridge's unique Joint Venture proposition allows dealerships to deliver the perfect finance product to sell nearly new and ex-demonstrator vehicles in a market where the push towards bigger volumes is seeing newer products flooding into the used sector and margins squeezed as a result.

Named Best Finance Product at last year's Motor Finance Europe Awards in Munich, Joint Venture is a shared risk and reward arrangement, currently employed by 43 dealer groups, which allows dealers access to money market figures – which can deliver "very, very sharp base rates", said Carson.

Established with a small number of dealer groups in Northern Ireland almost 20 years ago, the offering now accounts for almost 20% of annual new business lending across the UK for Northridge.

Carson said that Joint Venture had been successful in raising finance penetration on the average forecourt by 5% and providing a valuable income stream for Northridge's partners.

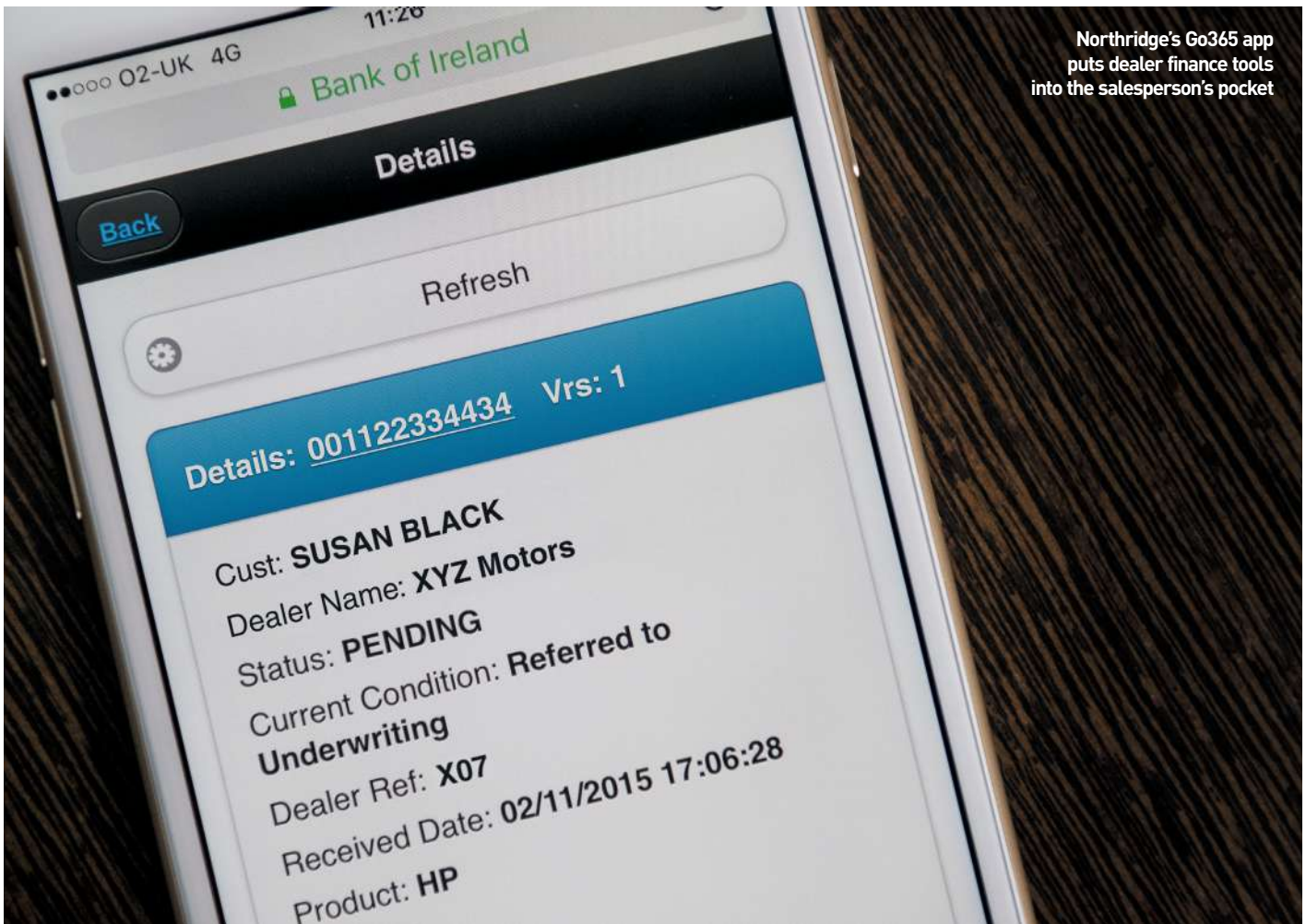
Judges at the Motor Finance Europe Awards also recognised the benefits to end customers – who enjoy market-leading interest rates and cheaper repayments on their credit deals, leading to good customer outcomes.

Carson said: "Joint Venture allows Northridge's partners to compete with the very best finance offers on the market, offering really low rates which bring with them a level of flexibility that can liberate greater margins or facilitate the sale of ex-demon-

"We are of a size that means we can give dealer groups a very personal service as we focus very much on the prime market, high-quality used and new"

Alan Carson, Northridge Finance

For more information, please visit northridgefinance.com



Northridge's Go365 app
puts dealer finance tools
into the salesperson's pocket

strator cars and nearly new vehicles, which might otherwise be difficult to sell at a profit.

"Of course the shared risk element of the offering means that Joint Venture isn't available to everyone – we have to be sure that we are entering into a partnership with a business on a sound financial footing – but it is a great solution."

The success of the Joint Venture offering saw Northridge team up with the IMI for a special ITN-produced feature as part of its recent "Driving Change" series.

Carson said that its transparency and flexibility was a reflection of Northridge's overall approach to the finance market.

Understanding that customers now want to complete the purchase of their vehicle within a single dealership visit has shaped its 365 range of technology solutions.

A significant proportion of proposals obtain immediate automated decisions, but of those requiring manual underwriting through eDoc, 90% are turned around in under 30 minutes.

Northridge, established in 1956 in Bangor, Northern Ireland, and bought by the Bank of Ireland



Group in 1984, has been a leading independent finance company on its home shores for three decades.

After entering the Scottish market in 1999 the business spread its influence into England and Wales in 2003.

The business now employs 130 members of staff and has a team of between four and five customer-facing account managers in each region within which it operates – a total tally of 32.

Carson said that the business wants to maintain the personal approach which has made the close relationships with its clients possible.

But it is also looking to grow and expand its influence with new dealer group partners.

Carson said: "Northridge volumes of lending are at the same level that we last experienced before 2008 and things are looking very positive."

"Of course we want to expand but we want to be sensible about our growth plans to ensure that the values of the business aren't compromised in any way at all. It's vital that we are known for our customer service and strong relationships with our clients."

As a result, Northridge focuses on establishing long term partnerships to enhance dealer finance offerings.

Even as an increasing number of customers choose to line up their own offers via online comparison tools before they reach the forecourt, Carson said that Northridge would always focus on being "an intermediary-based finance house."

He added: "We aim to be a partner, not the competitor. The dealerships we work with get the best offers available to us."

The 'ghosts' who keep the industry moving

Logistics operators steer clear of the limelight, but without them, and their increasing innovation, the motor trade would – literally – grind to a halt

NEED TO KNOW

- Both independents and major nationals are evolving rapidly to keep pace with the industry
- Broadening the range of services on offer is seen as an increasingly important strategy

By Tim Rose

Logistics operators could be seen as the ghosts of the motor retail industry. They keep a low profile and get very little exposure in the press, yet a new car market of 2.6 million units annually (and a used car market almost three times bigger) would rapidly grind to a halt without them.

It is a very fragmented market, however. Operators range from dozens of small, regional firms with trailers and small transporters through to major nationals with fleets of transporter trucks and other businesses specialising in arranging driven car movements by employees or sub-contractors.

There has been some consolidation in the logistics marketplace, and some innovation too. Remarketing group **BCA** operates its own fleet of more than 100 transporters and handles more than a million vehicle movements annually. It expanded its logistics business a year ago when it acquired Stobart Automotive, the vehicle movements arm of Eddie Stobart, which operates a fleet of around 450 vehicle transporters. The acquisition expanded BCA's transport services into new car operations, having previously been centred around de-fleet and auction movements for leasing companies, dealers and manufacturer national sales companies.

Since then BCA has also acquired Paragon Automotive, which handles, processes and stores new vehicles at their

point of entry to the UK and at the end of the factory line, as well as providing refurbishment and associated services to the used vehicle marketplace. Its clients include Kia and Volvo. That acquisition has been seen as a further signal of BCA's intent to provide a full service offering across the automotive sector.

Broadening the services offered is being seen as an important strategy for many of the larger logistics businesses.

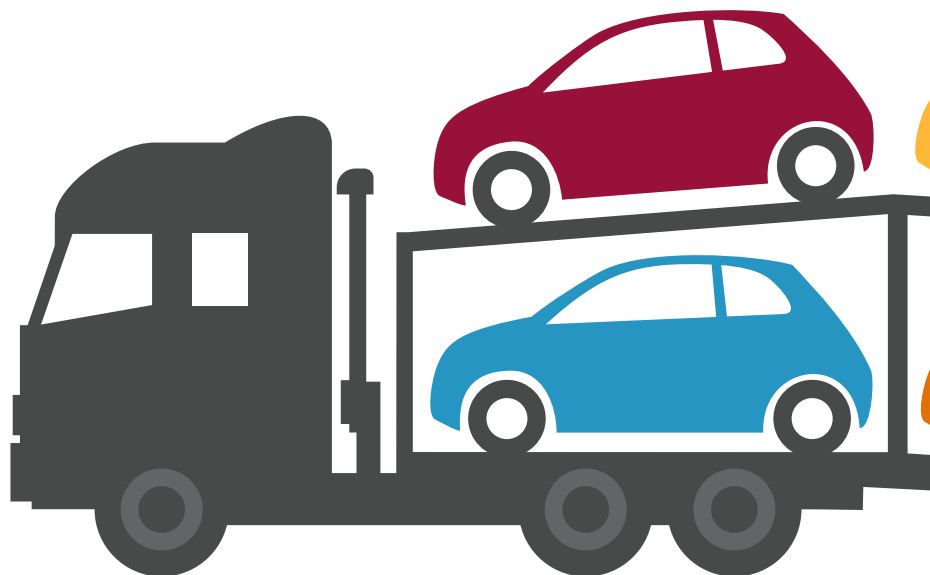
Acumen Automotive Logistics secured a contract for the delivery of newly-built Minis from BMW's Plant Oxford to dealers stretching between Lincolnshire and North Wales. That followed its expansion to a new operating centre in Coventry after winning another contract from Jaguar Land Rover to distribute finished vehicles to dealers throughout the south of England and Wales.

GEFCO UK's client base has included a variety of manufacturers, including Peugeot, Citroën, Ford and Jaguar Land Rover. It has specialised in receiving manufacturers' new vehicles from ports and assembly plants, and distributing them to the franchised networks. However the business is seeing growth in vehicle storage, PDI and distribution for major dealer groups, said **John Stocker, finished vehicles logistics director**.

"There's a big trend in preparing vehicles at the port of entry, because lots of dealers heavily involved in doing big fleet deals

"We've had cars picked up 20 minutes after they have been put on the system because it's come through to a driver nearby on his iPad. You could never do that with a conventional contracted transport firm"

Daren Jones, Movex



these days have customers nowhere near their dealerships and it's crazy sending the vehicles around the country twice. We put a programme together with them, where we will bring the vehicle into the UK, stop it at the point of entry, PDI and prepare it, then deliver it to the end user."

Stocker said this trend has developed over the past three years and has grown 50% in that time. GEFCO is also now providing outsourced PDI for dealerships, including smaller dealers, which ensures the car is delivery-ready to be handed over to the customer. This frees up the dealers' own workshops for retail work, and is efficient for GEFCO, which has large PDI centres geared up for volume – Stocker said it can PDI hundreds of cars daily. It has also begun offering inventory storage for dealer groups, which can be combined with the PDI services to reduce the strain on their own compounds and forecourts.

Last year GEFCO moved around 560,000 cars, including a mix of new car movements for dealers and transporting vehicles to end users, through driven movements and car transporters. Clients are able to use the global company's NOMAD IT portal and a GEFCO Max app to track vehicles in the process.

Stocker believes streamlining the vehicle logistics process for dealers will bring dividends. "Every time you move a vehicle it costs money and there's a potential risk of damage. The least handling in the shortest time ought to be good for the client."

The nature of motor retail means that franchised dealers frequently need single vehicles moved quickly, perhaps to rebalance the used car stock on a different forecourt within the group or to deliver a vehicle to a distant buyer.

Here, trade-plate drivers often bring an advantage in terms of cost and convenience. Midlands-based **Pro-Driver** has more than 90 self-employed drivers on its books who complement the drivers it employs to operate its own fleet of 24 professionally branded transporters. The business provides a 24/7 service and those drivers typically require one day's notice of their next job. Pro-Driver's **commercial director Neil Lakin** said that because they operate multiple jobs postcode to postcode, the client is not paying for the return journey.

Pro-Driver moves around 1,000 cars for dealers each week, with jobs ranging from corporate client deliveries to stock collections and dealer-to-dealer trade car transfers, including an inspection for cosmetic damage. Its administration team is



"Every time you move a vehicle it costs money and there's a potential risk of damage. The least handling in the shortest time ought to be good for the client"

John Stocker, GEFCO

able to trace the location of the car at any point via the driver's PDA, monitoring each driver's schedule and when the car is collected and delivered.

Awareness of the costs of vehicle transport led to another recent innovation. **Movex** is a vehicle logistics platform that allows dealers to put details of a job online and have it go to a network of more than 500 transport companies, who can then quote for the job.

"Many dealers, including Lookers and Sytner, use us for transfers, inbound and outbound, and delivery to customers," said founder and managing director **Daren Jones**. The advantage is ease of use, cost savings and potentially very quick lead times.

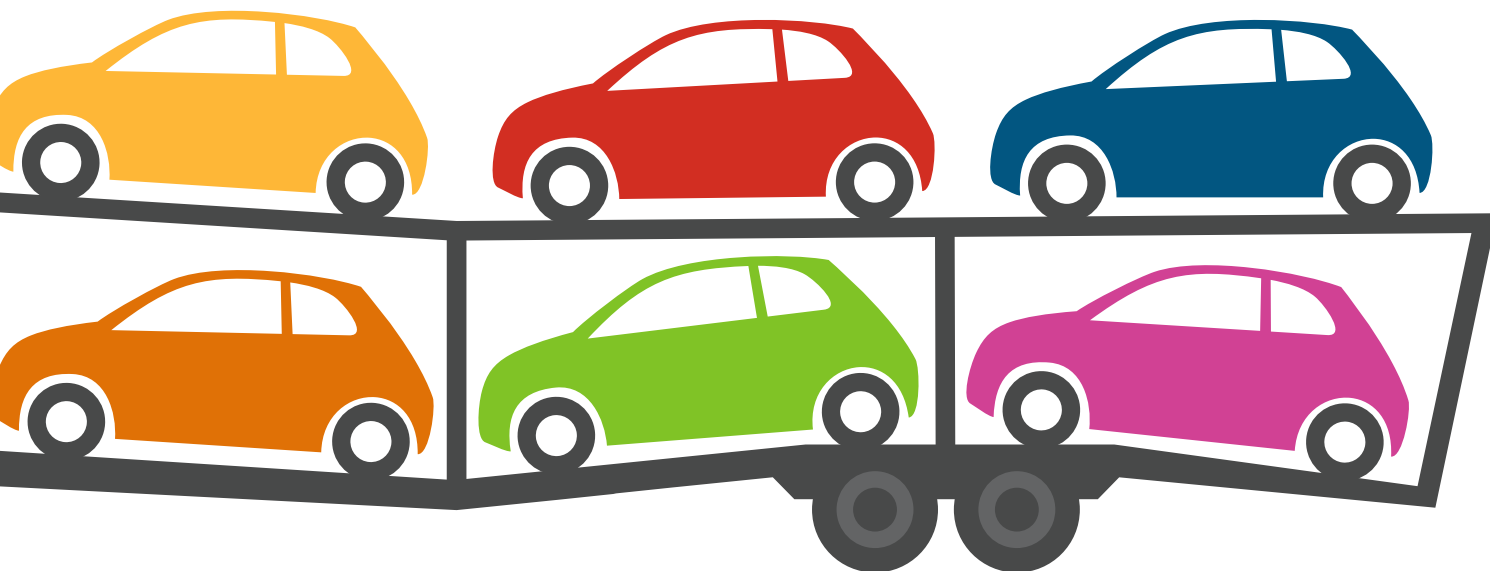
"We've had cars picked up 20 minutes after they have been put on the system because it's come through to a driver nearby on his iPad. You could never do that with a conventional contracted transport firm."

Jones said dealers start to use the company, which was bought by auction group Manheim in 2015, because their own driver isn't available, then don't stop. He believes it's because it works out cheaper and dealers don't have to worry about insurance or drivers' expenses.

Movex also has a 'backload' system, where if a transport company has an empty vehicle returning from somewhere, they can see if there's anything they can pick up on the way home.

1,000

**Cars moved each week
for dealers by Pro-Driver**



The favour that blossomed into a business

What began as a favour to a friend to deliver one car has grown into a business that in the last 12 months has delivered 42,000 vehicles.

It was in 2002 that Joss Ronchetti got an urgent call from Philip Hall, sales manager at Guy Salmon Jaguar in Coventry. A customer in North London was awaiting delivery of a new XKR and the driver assigned to the task had been injured and taken to hospital.

From that came other word-of-mouth recommendations and before long Ronchetti gave up his job as a freelance race and rally car instructor and enlisted his brother to help with the increasing workload.

Today, PRO-Driver moves around 1,000 cars each week, ranging from dealer-to-dealer used cars to corporate sales and group buyer collections. The company's biggest client over the past 12 months has been Sytner Leicester BMW, with just under 4,500 deliveries.



“People can leave us, tempted by a cheaper deal elsewhere – but invariably they return, saying there is nothing to beat us in terms of flexibility, performance and technology”

Neil Lakin, PRO-Driver

Sytner Group has used PRO-Driver for corporate sales for the past 10 years, delivering more than 6,000 vehicles over the past 12 months and coming top for CSI performance.

At any one time, PRO-Driver can call on its nationwide network of 90 or so trade-plated drivers, who are all self-employed and non-agency, that complement those directly employed for the fleet of 24 transporters.

Those applying for a trade-plated role are assessed by former police driving instructor John Hunting not only for driving ability but also ‘hand-over’ skills. “Some applicants think it’s just a driving job from A to B and out of every 10 we assess only two or three are successful,” says commercial director Neil Lakin.

With drivers – uniformed and wearing identity lanyards – collectively travelling over 3.9 million miles each year, Lakin describes the logistics as “a spider’s web that’s always being rewoven”.

At the heart of the operation is a bespoke computer package, introduced in 2013, that covers all needs from bookings to vehicle movements, to accounting and clients signing off on drivers’ PDAs for collections and deliveries.

“This technology means that within one hour of a vehicle being delivered (subject to network coverage) the vehicle condition report and other information will arrive by email at all parties concerned,” says Lakin.

That ‘other information’ includes “total transparency” of fuel usage. “On every vehicle movement we take an image of the start mileage and start fuel gauge at the collection point,” Lakin explains. “The finish mileage and fuel gauge are also photographed at the delivery point. These images, along with receipts for fuel that may have to be bought en route, are emailed to the booking dealer as soon as the vehicle has been accepted at the delivery point.”

Bookings are handled by a 14-strong admin team at PRO-Driver’s Leicester HQ and each driver’s schedule is displayed on screens that change colour – green when the driver is in possession and red when the vehicle has been signed for at delivery.

The jobs also have colour-coded lines to indicate the method of delivery – aboard a transporter, for instance – the category of customer and the level of service (standard, silver or gold).

Finally, there is a 65-inch touchscreen showing the current location of drivers (by tracker), the collection and delivery points and nearest available driver to any location.

“Typically, through his PDA, a driver will have a day’s notice of his next job,” says Lakin. “It could be



anywhere from Bolton to Southampton, with a collection from Southampton to Milton Keynes. Crucially, because it operates postcode to postcode, the client is not paying for the return journey.”

Ronchetti’s original costing principle is still essentially the same: A price per mile, plus fuel and expenses, 10 per cent cheaper than someone using their own driver.

Five years ago most of PRO-Driver’s work was shifting used cars, and this still accounts for around 15,000 movements, a significant number of which fall within the company’s ‘appraise and buy’ service.



"This can be either a dealer or a private individual seeking the assurance that what they're buying fits in with the information they've been given," says Lakin. "So our driver will carry out an inspection for any damage and a road test."

However, this is now exceeded by corporate movements, totalling more than 22,000 a year.

As well as savings on employed drivers and transporter costs, PRO-Driver points to the advantage of dealers not having to worry about uninsured losses.

"It doesn't take too much accident damage, especially with the higher-end models, to end up paying more than the £5,000 excess and the average cost to a dealer is around £80k a year, depending on the amount of their excess," explains Lakin.

He cited one dealer, now a PRO-Driver customer, who faced a bill for £15,000 in uninsured loss after three cars were damaged while being moved in a confined compound.

"Our insurer recently examined our mileage, number of drivers, the variety of locations, put every

other factor into the equation and said our excess should be triple the amount we pay!"

Latest developments include a further five vehicles for the truck fleet, an online booking portal and an electronic 'gateway' for data transfer. The gateway allows dealers to have pre-loaded forms that need to be signed by the customer – these may be for simple customer acceptance, proof of delivery, leasing documents or CSI score forms. These documents also arrive instantly back to the booking dealer's email inbox.

The gateway, with benefits that include speedier payments, is designed to complement the MoDel lease document service for which the company has 110 driver handsets.

In terms of scale and sophistication, today's operation is a long way removed from August 2002 when PRO-Driver began trading in Joss Ronchetti's house, with his wife Suzy answering the phone and doing the paperwork while looking after their newborn daughter.

But Ronchetti points to the founding principles that continue to drive the business: phones

answered 24/7; trained drivers in smart uniform, representing clients and customers to the highest standard; and an assurance that "if you are in a mess, call us and we will get it sorted for you".

"Anyone can set themselves up as a logistics business – often as one-man bands trying to arrange bookings while they are on the road," says Lakin.

"People can leave us, tempted by a cheaper deal elsewhere – but invariably they return, saying there is nothing to beat us in terms of flexibility, performance and technology."



For more information call
01162 777 774 or visit
www.pro-driver.co.uk

Lubricant makers keen to cement relationships

To win their business, oil companies are offering dealer groups services such as data analysis and consultancy alongside products that add convenience and cut cost

NEED TO KNOW

- **Manufacturer recommendations and relationships remain powerful driver for dealers' oil business**
- **Oil companies researching and developing technologies for low-emission motoring and fast oil changes**

By Tim Rose

For franchised workshops the choice of oil supplier, and the cost negotiated, can have a big impact on profitability.

Alongside labour hours, oil is the highest-margin item on a customer's service invoice, so it's important that workshops choose the right supplier and negotiate the right deal.

The weakened sterling/euro and sterling/dollar exchange rates seen since the EU Referendum have brought price rises in parts of the aftermarket lubricants market. These follow already rising costs related to the disposal of waste oil. **Phil Evans, commercial director** at fuel manufacturing and waste oil company **RE:Group**, said the market shift means workshops may now have to pay for disposing of their oil rather than make an income from it, due to the low value of the recovered product.

The combination of the two means it could be an opportunity for dealer groups to reconsider their suppliers – where they have the freedom from their manufacturer brand to do so.

Manufacturer approvals remain powerful – the pressure for lower emissions means carmakers are required to work ever closer with their chosen lubricants suppliers when developing engines. That relationship is expected to continue through aftersales once those engines are in the market, to ensure they maintain optimum efficiency. However, it means impressing on the customer that using the right lubricant can reduce their fuel bills in the long run.

A large number of car manufacturers have relationships and technical partnerships with such oil suppliers. Jaguar, for example, has been in partnership with Castrol for almost 30 years, and Ford has been working with the company for a

“Our main focus is maintaining that direct line between our sales guys, development guys and the dealership”

Neil Grieve, UK manager, Q8 Oils

4m

litres of oil – Q8 Oils' annual sales to dealers

century. Its other partners include Audi, Land Rover, Volkswagen and Volvo.

Total Lubricants has several manufacturer recommendations, including Aston Martin, Renault, Nissan, Kia, Citroën, Peugeot and Mazda, while Shell is the recommended oil partner for Ferrari, Maserati and Hyundai, and won BMW's business from rival Castrol last year. Following that win, BMW Group has launched own-branded Shell oil products which are being supplied across its UK retailer network.

ExxonMobil works with manufacturers including Bentley, Porsche, McLaren Automotive and Mercedes-Benz, and Q8 Oils has products approved by Ford, GM, PSA Group, Volkswagen Group and Volvo.

Such partnerships give credibility and distinction to oil brands in a market where consumers, except for car enthusiasts, show little interest in which oil is put into their car's engine. The growth in provision of free or discounted service plans means their interest in the cost of the oil used has also diminished. Their faith is in the franchised dealer to use the right product that will maintain the optimum performance of their car.

So for the oil suppliers, much of the focus is on the custom they can win from dealer groups. To win business with dealers and manufacturers, they have to broaden their businesses with additional consumer data and performance consultancy services, which they hope will help their clients grow their business and ultimately benefit them by ordering more oil.

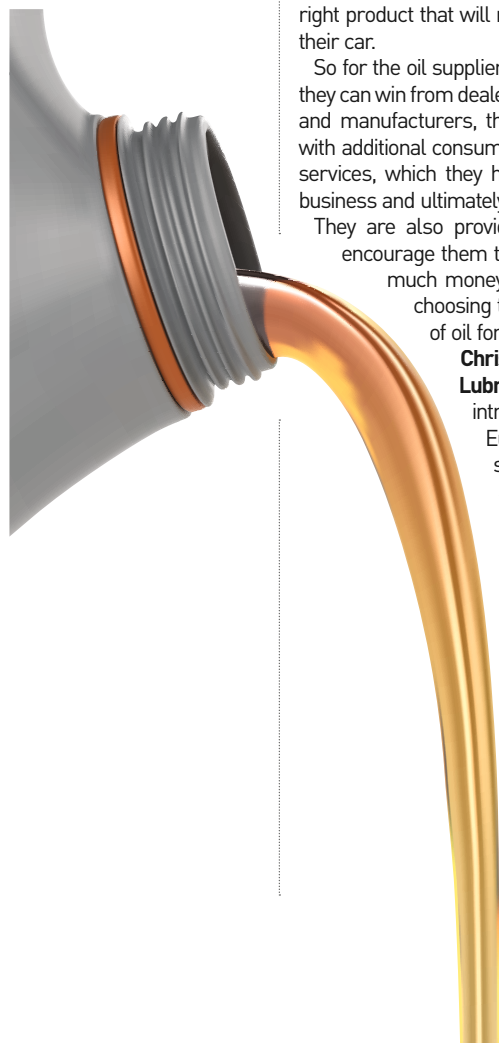
They are also providing training for service advisers, to encourage them to explain the benefits in terms of how much money the motorist will save as a result of choosing the right oil, and to sell a top-up bottle of oil for use in between services.

Chris Wall, marketing manager at Total Lubricants, said that with the introduction of AdBlue, required by many Euro6 diesel engines, Total will look to simplify the life of a dealer by providing a consolidated package, alongside coolants and antifreezes.

It is already providing marketing support to dealers across digital, point of sale and events, including showroom promotions aimed at driving footfall – recently it loaned a Red Bull F1 racing car to a regional group.

This year, Total launched a new fleet data service to assist dealers in targeting new sales and workshop opportunities within this growing sector.

“We recently worked with one large franchised dealer who oper-



ates a business leasing service and were able to supply them with fleets' business contacts running more than 18,000 LCV vehicles and 6,000+ cars. As more and more OEMs talk about their approach to business and fleet contracts this is an ever more vital area to focus in on."

The personal touch is seen as a strength at **Q8 Oils**, which sells about 4 million litres of lubricants to franchised dealers annually and has a 10-strong regional sales team and five field technical experts who advise their clients directly on products, storage, disposal and equipment.

Headquartered at Leeds, Q8 Oils also provides a driver data service to support dealers in finding new customers and re-soliciting lapsed ones.

"Our main focus is maintaining that direct line between our sales guys, development guys and the dealership," said **UK manager Neil Grieve**. He added that building on its 13 manufacturer-specific lubricants with a further five in 2017 is another priority, as Q8's recent research of dealers showed manufacturer approvals and price were key.

Castrol recently revealed a new oil change product containing a unit with new oil and filter that it said will cut the time of an oil change to 90 seconds.

Castrol said the Nexcel speeds up oil changes and creates less waste and mess. Oil cells are collected after use, avoiding wastage of used oil. This oil can then be re-refined back into high-quality lubricants.

A spokesman for Castrol said: "We aim to ensure Nexcel compares favourably to the cost of oil, filter and labour in a conventional oil change. It'll be five to 10 years before Nexcel is on mainstream road cars and exact costs aren't known that far into the future."

Engine designs must be adapted to use the Nexcel system. Castrol is expecting manufacturers to launch drivetrains with Nexcel compatibility in the next five years.

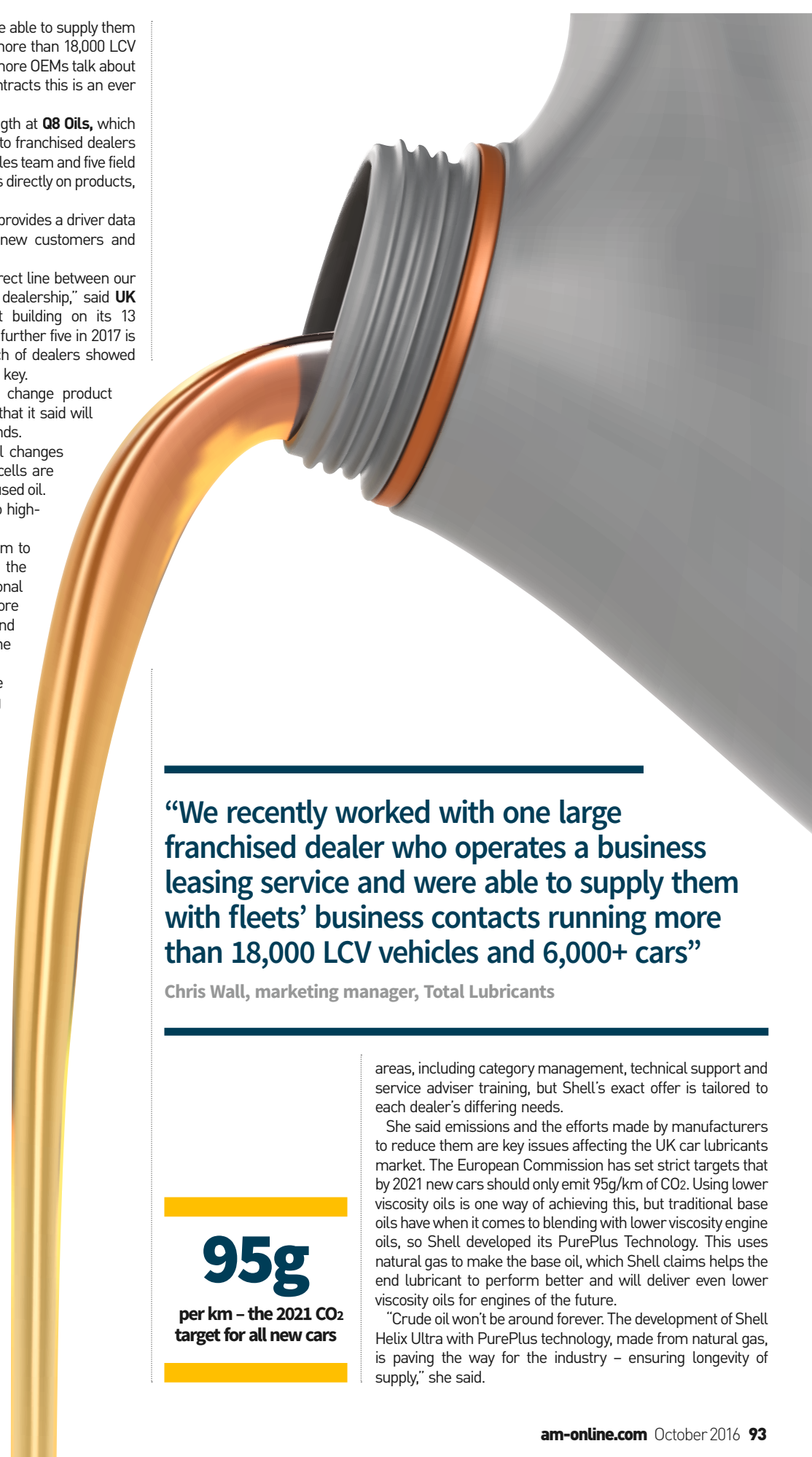
Paul Waterman, Castrol chief executive, said: "We believe this is the biggest leap forward in oil change technology in the history of the combustion engine."

Castrol said the Nexcel system has been tested on a range of engines from small city cars to high-powered racing engines, and in extremes of conditions.

Like Q8, Total Lubricants also offers dealers services such as oil disposal and database cleansing – to help dealers make sure they have up-to-date customer details and are targeting the right prospective aftersales customers. The company also offers 'Total Hub' to its clients, which aims to help dealerships increase their aftersales business and car sales.

The hub was created three years ago, and offers a range of information and tools on a range of subjects, from waste disposal to advice on the installation of equipment.

At **Shell Lubricants UK**, **Carys Henshaw, Shell Helix marketing manager**, said it aims to build long-lasting partnerships with its franchised dealership customers, supporting them across multiple



"We recently worked with one large franchised dealer who operates a business leasing service and were able to supply them with fleets' business contacts running more than 18,000 LCV vehicles and 6,000+ cars"

Chris Wall, marketing manager, Total Lubricants

areas, including category management, technical support and service adviser training, but Shell's exact offer is tailored to each dealer's differing needs.

She said emissions and the efforts made by manufacturers to reduce them are key issues affecting the UK car lubricants market. The European Commission has set strict targets that by 2021 new cars should only emit 95g/km of CO₂. Using lower viscosity oils is one way of achieving this, but traditional base oils have when it comes to blending with lower viscosity engine oils, so Shell developed its PurePlus Technology. This uses natural gas to make the base oil, which Shell claims helps the end lubricant to perform better and will deliver even lower viscosity oils for engines of the future.

"Crude oil won't be around forever. The development of Shell Helix Ultra with PurePlus technology, made from natural gas, is paving the way for the industry – ensuring longevity of supply," she said.

95g

per km – the 2021 CO₂ target for all new cars

Adapting to change means the survival of the fittest

In an aftermarket sector poised to experience the disruption caused by an ever-growing car parc of EV and hybrid vehicles, few will experience a greater impact than those supplying lubricants.

For so long an integral part of an automotive industry built on the foundations of the combustion engine, oil suppliers are seeing their market shrink as developments in engine technology and the wider adoption of alternative fuels take hold.

The plug-in car grant that was introduced by the government in 2011 – and prompted just over 1,000 annual registrations of plug-in cars – sparked a change which has seen EV sales grow every year since, with more than 28,000 electric cars registered in 2015 and 19,252 in the first half of this year alone.

Neil Grieve, Q8Oils' UK manager and director, is in no doubt about the pressures that these changes are placing on his industry. He said: "The bottom line is that we won't be putting as much fuel or lubrication into our vehicles in future and we won't be going for a service with our vehicle as we used to.

"Already we have seen sealed transmission units which are filled for life. Manufacturers fill

"We are experiencing huge change. Volumes are declining, and will continue to decline, so we have to ensure we gain as big a share of the market as possible"

Neil Grieve, Q8Oils

them at the factory and that's it, never again. That's another opportunity lost for us.

"The market is experiencing a huge change and that has meant that we have had to adapt. Our key focus is on being the very best supplier of the finest products for which our customers could opt.

"Volumes are declining, and will continue to

decline, so we have to ensure that we gain as big a share of the market as possible."

Q8 was once a common sight on the UK roadside with its national network of filling stations, but has since focused its attentions on the UK's lubricant sector.

Elsewhere in the world the Kuwait Petroleum Company still retails fuel to consumers and has an interest in aviation fuels via the Kuwait Aviation Fuelling Company and logistics via the Kuwait Oil Tanker Company among its portfolio.

Here in the UK, Q8 has head offices in Leeds, a bulk storage facility at Hull and central storage of its packaged products at Droitwich.

The business sells around 25 million litres of lubricants each year, with around 15% of that volume currently being sold into the automotive sector's franchised dealer network.

Grieve said that Q8's broad spectrum of global business and non-reliance on automotive lubricants in the UK placed it on a stable footing, and allowed it to develop personal relationships with customers who could expect a fully-rounded service.

Its driver data service, meanwhile, claims to enhance dealer profit margins by farming data to maintain contact with current or lapsed customers, as well as identifying new targets among the owners of various car brands.

Grieve said: "A breadth of service and a knowledge of the business our customers are in is something on which we pride ourselves. There has been a shift by other lubricant providers to go to distributors, but our main focus is maintaining that direct line between our sales guys, development guys and the dealership. The majority of our customers are directly supplied."

Q8Oils generally delivers product with five days' notice but can provide a next day service to customers at an additional cost.

A ten-strong regional sales team – four of which are focused purely on the automotive retail network – ensures that dealers' requirements are met, along with two specialists providing over-the-phone support and five technical experts in the field.

The company will advise dealerships on storage, disposal and equipment and has recommended providers in each region.

But as part of an exercise aimed at understanding retailers' requirements more intimately, Q8 found that dealerships are no longer looking



For more information call 0113 2350555 or email marketing@Q8Oils.com



for the same levels of support that they once did from their oil supplier.

Dealers were asked what they looked for when choosing a lubricant supplier. Where financial support for investments in new equipment might once have featured highly, it was now the least important criteria.

Grieve said: "Oil companies used to help finance dealer purchases regularly in return for a contract that tied them into a certain supply agreement.

That's no longer the case. I think businesses have become more professional, have their own funding streams and clearly have a different set of requirements now."

Q8's survey saw OEM approvals, price and brand come out as the key considerations among its survey respondents. For a lubricant provider now forging relationships with key manufacturers early in their development of new engines, the high priority of OEM approvals was good news.

Q8 has invested £80 million at its lubricant blending plant in Antwerp to ensure it hits its target of being the most extensively-approved supplier of OEM-approved product.

Grieve said the requirements of manufacturers – and the pace of new drivetrain developments – place greater demands than ever on lubricant suppliers, but Q8's new facility is seeing it meet demand with high-quality results.

No fewer than 13 manufacturer-specific lubricants – for Ford, GM, Jaguar Land Rover, PSA Group, Mazda, Mercedes-Benz, Renault, Volkswagen Group and Volvo – now line up in the product portfolio, alongside a four-strong line-up of general purpose synthetic oils.

A further five OEM-specific products will be added to Q8's product line-up next year.

Grieve said: "We are now working extremely closely with manufacturers. Being part of the early development and gaining approval as a preferred supplier is one way that we can help ensure we maintain a good share of the shrinking market.

"Manufacturers' demands for bespoke products approved by the API (American Petroleum Institute) and ACEA (Association des Constructeurs Européens d'Automobiles) have reached new levels in recent years but with the new facility in Belgium and the level of research and development in which Q8 have invested, we're well placed to meet those demands.

"We're producing synthetic lubricants of the very highest quality."

Paint protection – the next

Product innovation and expansion into new areas are stimulating growth in the industry – and bringing consumers back into dealerships in the process

NEED TO KNOW

- Range of added-value products is widening as dealers look for alternative offers to GAP insurance
- Innovation in areas such as glass and leather protection is driving customers back into dealerships

By Craig Thomas

With the increased regulation of guaranteed asset protection (GAP) insurance, as of September 1 last year, the paint protection sector has emerged as an even more important profit channel for franchised dealerships.

Protective coatings can offer useful additional profit streams for dealers and it's an area that could arguably be the most natural added value product that can be offered to consumers.

Protection packages can therefore be highly valuable – and a lot easier to sell than GAP insurance, since the Financial Conduct Authority introduced stricter regulatory controls. Indeed, these controls will have two major impacts on retailers, according to **Mike Macaulay of AutoProtect**.

"First, they'll encourage dealers to widen the added-value product range they offer to every customer – and earn from a balanced performance across multiple products.

"Secondly, some dealers may switch their focus to paint protection as a non-regulated product. We have had great success in helping our dealers to develop highly compliant FCA sales processes for insurance-based products. However, some remain cautious and our Williams Paint Protection has proved a perfect showroom product, because it is not insurance-based and has no FCA implications."

Leading players in the industry are generally optimistic about the state of the market, with new product development, attention to customer service and a continuing emphasis on marketing paying dividends, as companies in the sector win new contracts with dealer groups and manufacturers.

"It's a very competitive market out there and anything that brings the customer back into the dealership, particularly if it's something that he wants, is worth its weight in gold"

Russell Young, Tribos Coatings

10,000

Units of Supagard
Leather Preserver sold
in its first year

Traditional paint protection products might not be the main growth area, though. **Tribos Coatings managing director Russell Young** told us: "I think the UK market is, certainly for paint protection, sort of saturated. It's been around for such a long time that there are lots and lots of very cheap imports in the market. While there are some big players, the actual size of the paint protection market in the UK is scaling back a bit, if anything."

AutoProtect's Macaulay sees cause for optimism, however: "We see a bright future in paint protection. The growth in PCP finance means that customers are paying closer attention to the guaranteed minimum future value of their car and paint protection can help to support a vehicle's future value."

Whichever analysis is correct, companies in the sector are looking to innovation in other areas of protective coatings as a way of diversifying their offer and maintaining growth.

Tribos, for example, is winning new business for its Better View glass protection product, which Kia is using in the UK and across Europe. A hydrophobic coating that takes advantage of developments in polymer technology, Better View offers Tribos what Young describes as a "practical, quantifiable advantage" and additional safety. He outlined the product's advantages to consumers, saying: "We say to the consumer, you're going to



generation

be much safer driving and there are all sorts of other benefits as well: for example, you don't get as tired if the windscreen's clean and it's easier to drive at night."

But it's also a product with real advantages for dealers, thanks to the need to re-apply it every six months. "Dealerships love the fact that [consumers] come back. It's a very competitive market out there and anything that brings the customer back into the dealership, particularly if it's something that he wants, is worth its weight in gold. People are choosing cars by looking at prices on the internet. They are very rarely going into the sales environment, so this type of product, which has been developed to improve the process of hanging on to your customer, is much more relevant today. It's the sort of next generation to the plethora of paint products that are out there."

Supagard is another company that is innovating beyond paint protection, recently launching its Leather Preserver product. In what the company claims is an industry first, Leather Preserver offers a three-year guarantee and Supagard has seen almost all its clients offering it to new car buyers, resulting in approximately 10,000 units in the first year of sale. In addition to protecting against food oils and garment dye from jeans, it can give you peace of mind when you visit the local takeaway restaurant, as **marketing director David Paterson** told us.

"We had got a phone call from a customer who



"We have delivered exactly what we said: an increase in penetration and an increase in profitability"

Victor Coutin, GardX

had a Porsche Cayenne, a brand new car with white leather interior. She had carried back an Indian takeaway in the back seat and it had spilled. Rather than wiping it up, she left it to the next day to contact the dealership to ask what she should do. They contacted us, so we told them to just give it a wipe.

"But the customer wanted one of our guys to go and have a look at it. We went, had a look, used a gentle soap solution and it wiped straight off. And bear in mind that there's turmeric in the curry, which is a really harsh yellow. We all held our breaths, but it did what it was supposed to do."

A greater focus on customer service, and supporting clients in the franchised dealerships with products that deliver, is also paying dividends for companies in the sector.

Victor Coutin of GardX thinks that is a vital component of its growth: "We've been in the market now for 13 years and we deliver what we call the GardX promise. When you start out and start delivering that promise, the news begins to spread. Thirteen years later, we've demonstrated unequivocally that we always deliver our promise and we make a significant difference to a dealer's profitability. Hence why our client base is at the level that it is. We're with Lookers, Inchcape, JCT600, Perrys, Cargiant – that's because we're proven. We have delivered exactly what we said – an increase in penetration and an increase in profitability."

And GardX is continuing to win clients with this approach. Coutin said: "We recently tendered for BMW. It wasn't just the tender: it was also an intensive testing programme and, after 18 months, we won the tender, based on the history of our very professional account management and the performance of the product."

Marketing initiatives have been another important component to the continuing success of the sector in the past year, with **John Boseley of Jewelultra** citing engagement with customers on social media channels such as Facebook and Instagram as important. This in turn helps expand its database of consumers, which can be used to drive demand and footfall into dealers.

Supagard has, meanwhile, expanded its marketing team, adding a photography studio and in-house design team to respond to requests for dual-branding or white-label products from manufacturers.

And sponsorship of a team in the British Touring Car Championship is proving successful for GardX, which has raised the company's profile in the UK and beyond.

Whatever the reasons behind them, it seems there are a plethora of success stories in the sector over the past year with some impressive figures reported. AutoProtect, with its Williams-branded products, has seen 20% growth in the last year; Jewelultra also reported 20% growth; and Supagard saw strong growth well into double digits. Coutin told us that GardX had achieved volume growth of more than 40% year-on-year.

The one potential dark cloud on the horizon is the uncertainty surrounding the recent Brexit vote, as **Supagard's sales director Alan Graham** explained: "Although the dust has settled on that a little bit just now, potentially – in terms of the retail car sales arena – there could be some knock-on effects. How to quantify that is a bit of an unknown, so that's a potential challenge hanging over everyone."

But external factors apart, confidence within the protective coatings sector is generally high – which can be only good news for dealers looking to this key profit channel for future revenue potential.

From a converted garage in Glasgow to global expansion

Supagard is ready to make an impact on the world stage after an 18-month period of expansion and product development culminated in the creation of an expanding international accounts division.

The company, which started from humble beginnings in a Glaswegian house where the garage doubled as its warehouse, has grown so extensively it now dominates an entire street less than half-a-mile away.

But its family-run business ethos remains strong among its 50 employees and supplier network, as does a pride in its UK roots.

Apart from its original paint and protection product, which is still sourced from Switzerland, Supagard's product range, including fabric and leather protection, glass protection and a new tyre safety kit, is researched, developed and manufactured in the UK with processes such as logistics, marketing and worldwide distribution managed from its Scottish headquarters.

Following a restructuring, Supagard has now pooled its UK and international key account divisions to create one global team covering its core markets of Europe, the Middle East and Asia and is currently recruiting another two members.

Head of sales Alan Graham says: "There were so many synergies, since most of our clients trade worldwide themselves from large dealer groups to our 16 manufacturer partners. It also reflects the increasing

globalisation of trade; we can no longer think of the UK as an entity in itself but as part of a far more complex worldwide trading network. Our international arm took off at an extremely fast rate as a direct result of many of our UK clients having extensive international interests. Our name was well-established and our products well-known."

Despite its globalisation, Supagard remains fiercely British – using around 20 chemists based in three different labs nationwide, a fundamental part of its product development programme, while all raw materials are UK-sourced and UK suppliers undertake the manufacturing process.

Graham adds: "We pride ourselves on being a British company which relies on local suppliers. I also think our Britishness has been a crucial element in our international success, particularly in the automotive sector, where the British heritage is held in high regard."

The business has its own R&D department, which is also housed in one of the units in the mainly 'Supagard-owned' Gavinton Street.

Typically, a product is 'road tested' for around two years as part of the preparation for market, with technical and purchasing director James Smyth keeping a close eye on developments from the lab to bottle or aerosol.

Market firsts for the company include fabric and leather protection, and Smyth said the various bespoke formulas and the use of polymers are the building blocks of all its car protection products. He speaks of emulsified cream in the same way celebrity endorsers extol the virtues of beauty products to keep skin looking younger in TV ads.

Supagard continually refines and improves its product range, including the original Swiss-sourced paint and protection, with two of its latest products being its glass protection and tyre inflator.

With safety and protection being its core values, Smyth is quick to highlight how applying the glass protection product Supavision ensures maximum visibility in the harshest weather.

If you can follow the chemical process he describes, which allows the specially-formulated cleanser to penetrate the glass and remove impurities, the many intricate steps involved in bringing such a product to market is soon apparent.

"Visibility is much clearer," says Smyth. "The rainwater is quickly dispersed and runs off the windscreen for safer driving."

Likewise, Supagard's tyre inflation product is designed to enable the motorist to reach safety, particularly if a puncture happens on a motorway, as soon as possible. The product re-inflates the tyre and pumps latex to the affected area sealing the puncture so the car can be driven a short distance.

Smyth says: "It takes just two minutes;



To discover how Supagard can support your paint protection objectives,



customers open the valve on the tyre, attach the aerosol and it's done. It means you can drive your car to a safe place, although we have been told by some clients they have had customers who have managed to drive 20 or 30 miles to reach home.

"For us, it was about developing a product which makes driving safer so if you do have a puncture, and you're on the motorway or alone on a dark country road, you can apply a quick remedy which allows you to drive to a safer location."

Currently, Smyth and the Supagard R&D team is developing a product specifically for bodyshops to return used vehicles with a series of scratches, often as a result of car washing, to pristine, forecourt ready condition. Sold in one-litre bottles, Supagard is aiming to be the most competitively priced on the market and has already secured a £1m international deal with a large dealer group.

Supagard's international success has also had

additional implications for the company – with marketing director David Paterson continually needing to expand his team, incorporating bilingual marketers and translators as well as an in-house graphic designer and website specialists to launch the products in a variety of markets across the globe.

He said: "Everyone is based here in Glasgow because we wanted all employees to work together and feel a part of our team. The marketing department has grown substantially as a result of the international demand.

"James has a keen eye for detail and has been



known to call in the chemists again if he thinks a product isn't coating the vehicle in quite the way it should or soap suds are not gripping the surface as he would like; it means when it comes to market launch I'm confident it does exactly what we say on the label."

Supagard was established in 1988 by Brian Quinn and co-founder John Orrick. Brian's wife, Jean, has helped run the business since its inception and continues as managing director.

Overall, the business boasts a fairly even spread of gender among its senior management which includes finance director Pauline Paterson and operations director Alison Abbott.

Smyth, Graham and Paterson talk of Brian Quinn's vision, which they are keen to emulate, stating that his ability to spot a gap in the market and his commitment to delivering quality products remain as central to their approach today as it was back in that converted garage in Glasgow.



"Our international arm took off quickly as a result of UK clients having international interests. Our name was established and our products well-known"

Alan Graham, Supagard

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PAINT AND FABRIC PROTECTION

Help for dealers in fighting the fast-fits

Comparison sites are revolutionising the way drivers choose who services and repairs their cars



NEED TO KNOW

- Bookings – 40% of which are still made by telephone – are trebling month on month
- In total, 67 of the AM100 are on MyCarNeedsA.com and WhoCanFixMyCar.com has about 1,600 dealers on board

By Steve Johnson

Companies such as BookMyGarage.com, MyCarNeedsA.com, AA Garage Guide – encompassing Automyze and WhoCanFixMyCar – are revolutionising the vehicle servicing and repair market.

In the same way that comparison sites have given choice and pricing power to the consumer for insurance, finance, utility and telco products, we are now in a similar era for motoring services. The customer mindsets can now be centred on seeing who really wants to do business, at the right price and with service promise to match.

Taking in independents, franchised dealers and groups who are signing up in significant numbers, along with manufacturer and partner support, there's seemingly an unstoppable force sweeping away some long-standing practices.

The numbers speak for themselves. **Lucy Burnford, director of the AA Garage Guide and Automyze**, said: "Around 1,000 motorists per day are signing up to Automyze to receive prompts for when MOT, servicing and advisories are due and

1,600
is the average number
of quotes per day
currently handled by
WhoCanFixMyCar.com

"Around 1,000 motorists per day are signing up to Automyze to receive prompts for when MOT, servicing and advisories are due and bookings"

Lucy Burnford, AA Garage Guide



bookings – 40% of which are still made by telephone – are trebling month on month. We now have more than 2,600 listed garages."

MyCarNeedsA.com, now in its third year, has in excess of 125,000 customers and approaching 150,000 jobs offered. WhoCanFixMyCar.com has recorded 300,000 jobs and 550,000 quotes to date and currently averages 1,600 quotes per day.


Co-founder, Alistair Preston, said: "Quotes and bookings have increased three-fold in the past year. To put this in context, we have processed 60,000 bookings – 6,000 of which have been in the past month."

Far from being a tool to push business away from the franchised sector in favour of the independents, or vice versa for that matter, the emphasis appears to be on choice, value for money and good service.

Preston said: "It's about levelling the playing field. Drivers leaving the franchised dealer network can be retained and the independent dealers; many of whom we consider to be extremely customer-centric businesses, can compete accordingly."

Developments are marching ahead on technical and marketing fronts. The AA said that it is investing heavily in product development for both motorists and dealers. A new garage interface is currently scheduled for release this autumn will have the ability to determine what maintenance a vehicle requires and price it accordingly. National outdoor advertising and radio campaigns are also scheduled.

"We are signifying the AA's commitment to the Garage Guide proposition," said Burnford. In June, MyCarNeedsA.com made



“Every customer quoted
receives a follow-up call.
Garages do not have to
allocate precious resource
chasing quotes or customers”

Scott Hamilton, MyCarNeedsA.com

two significant announcements – confirmation of a two-year deal with Halfords and a new partnership with Belron Group, owners of Autoglass and AutoRestore. The addition of glass and body repairs to the company’s capabilities is clearly strategic. Chris Eldridge, general manager of AutoRestore, has been appointed to the MyCarNeedsA.com board. Halfords trials went national in January, with promising signs of business generated soon being evident for its 300-plus locations.

In terms of other strategic developments, MyCarNeedsA.com is providing a route to market for Accident Exchange for its Zero My Excess product. The company recently announced a new offer which provides each registered user with complimentary accident aftercare.

On a technical front the company has launched a new group dashboard. **Managing director, Scott Hamilton**, said: “We have a number of nationwide franchised, independent and fast-fit groups and we must provide an efficient way of quoting jobs offered. The relationship with our network and ability to openly discuss how and where we can improve is something we are proud of.”

The company has also upgraded its AutoQuote service to include menu-priced quotes for all work types. Call centre investment earlier this year has improved customer service. “Every customer quoted receives a follow-up call. Garages do not have to allocate precious resource chasing quotes or customers,” said Hamilton.

The push for new product developments and service initiatives makes all this particularly exiting. No one is resting on their

97%

of jobs accepted go to
businesses which have
uploaded a profile,
images and service
information

laurels by any stretch. One such initiative from WhoCanFixMyCar.com is certainly taking things out of the traditional box.

Preston said: “In conjunction with Innovation Group, we have developed a service plan product for the aftermarket which involves parts procurement, work distribution and claims administration. Alongside this we have developed a bespoke branded solution for a vehicle manufacturer on new car sales that goes live this month.”

MyCarNeedsA.com is positioning itself to provide a complete marketing opportunity to extend to vehicle sales. “Members can access our marketing data to target customers who sit in the change cycle. We currently have the capability to promote new car offers and will launch our used car service and lead generation tool later this year,” said Hamilton.

As mentioned earlier, the franchised sector is certainly taking these developments on board and learning how best to maximise opportunities. WhoCanFixMyCar.com said that from its observations, those managed centrally yield better results than those passed into individual branches.

“Obviously there will always be exceptions where a particular service manager will just pick it up and run with it. Conversely some call-centre managers are more effective than others. It’s all about consistency of message, finding the right formula, then it just becomes a numbers game and as the ratings/profile grows, their win rate naturally rises,” said Preston.

In terms of penetration the AA Garage network said that it has signed up groups including Hartwell, Vertu, Marshall, Perrys, Parks, Renault Retail Group and Pentagon. In total, 67 of the AM100 are on MyCarNeedsA.com and WhoCanFixMyCar.com reckons to have around 1,600 dealers on board. The remainder of its 8,300 service base comprises independents and fast-fits. Significantly, WhoCanFixMyCar.com is working with Toyota, Lexus, Renault, Hyundai, Ford, Kia and BMW.

There are, it seems two essential ingredients for online service bookings to work for both ‘providers’ and customers. First is the quality of providers. How well they are presented, serviced and supported by the technology companies is key. Hamilton said: “At the outset, each provider has the facility to upload a profile, images and service information about their business. In our experience, 97% of jobs accepted go to businesses which have completed this information. We provide customers with the assurance that our network is fully moderated and approved. All complaints and negative reviews are investigated and to date three providers have been removed from our network.”

Second, customer reviews are really the acid test that will determine customer choice. “Customer reviews are key in guiding choice and selection,” said Preston. “As of now we can report that Stoneacre has more five star reviews than any other dealer. Our top performing garages are getting a conversion rate of around 40%, with the monthly record for a single-site business is 90 jobs won,” he said.

Before long, the majority of customers could be initiating car servicing and repair needs online with real choice like never before. The playing field will then be well and truly levelled.

The ‘technology’ providers each presenting a different flavour of approach are pushing forward and stimulating a shift for the industry. Dealers and manufacturers may well retain their own online service booking facilities, but those are just online equivalents of the traditional.

BookMyGarage maintains a two-tier approach – supporting its comparison site alongside the provision of booking tools for workshops.

Development director Jonathan Hermans said people are booking online with fast-fits and it wanted smaller garages to have the same opportunity to capture consumer information and take bookings at any time of day or night.

There’s nothing quite like the power of new technology to create win-win opportunities and a more competitive, trusted industry as a result.

Trust and transparency are key to customer confidence

Consumers have been able to price and choose hotel rooms and holidays online for years now but they can still struggle to digitally book a car's annual service with most franchised dealerships.

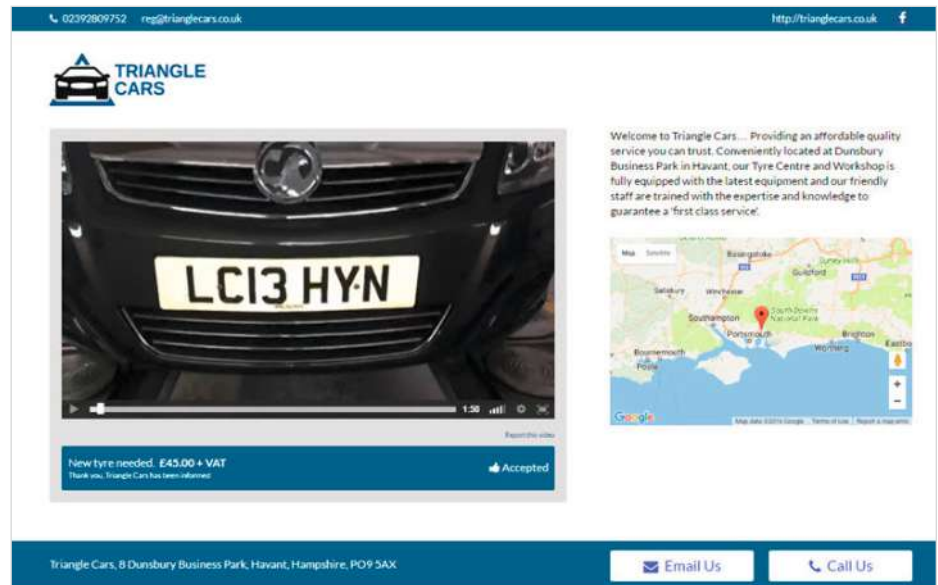
National fast-fit chains embraced online bookings more quickly than franchised workshops and independent garages. Now The Motorist's Organisation is aiming to help these catch up, by generating bookings for them and enabling them to properly promote services on their own websites and social pages.

Its website BookMyGarage.com allows a consumer to input their VRN and postcode to see all the participating garages in their area. From there, they can see the actual price of the job and when they can book it – as well as customer services such as loan cars or waiting areas.

Denise Patterson, development director, said: "Quite often, when you speak to garages and they say they have online service booking, you find it is merely a contact form that doesn't give the consumer any information about what service they might require. Too often we presume that people know what their vehicle needs."

The process helps the consumer identify their car and can qualify when its last service was and how many miles it has done since, and from that recommend either an interim, minor or major service.

Patterson said: "Sometimes we presume too much. Sometimes people in the automotive industry presume the consumer knows what type of service is due. We presume people know exactly what car they drive, and what the registra-



tion number is, and sometimes they don't.

"It's giving the trust and transparency to garages to be able to give their consumers the information they're after."

After the launch of BookMyGarage.com, TMO realised there was real appetite from garages for having the booking tool on their own websites.

"This is where we're different from the rest who are focused purely on a B2C site and trying to push work to the garages. We're trying to make sure the garages can capture their own work.

"We started putting booking tools into a garage's

website in a simple i-frame, that means the back office they already have to control Bookmygarage.com also controls the booking tool on their own website. They can change their booking tools at any time."

Patterson added: "The focus is on trying to get these garages bookings 24/7. Many people are now booking online at the fast-fits and we wanted the small independent garages to have the same software that allows them to capture the same consumer information and enables them to book straight with them."

The function can also be added to the garage's Facebook pages. This led to TMO's move into website creation for garages, and supporting them with content for their websites and social media channels, and targeted marketing.

It has already been supporting franchised dealers too, with social content for Sinclair Group, Bassetts Honda and Cardiff Volvo, to name a few. TMO works with each to increase Facebook 'likes' and Google rankings.

Franchised dealers now using its booking tool include Bassetts Honda and Pebley Beach.

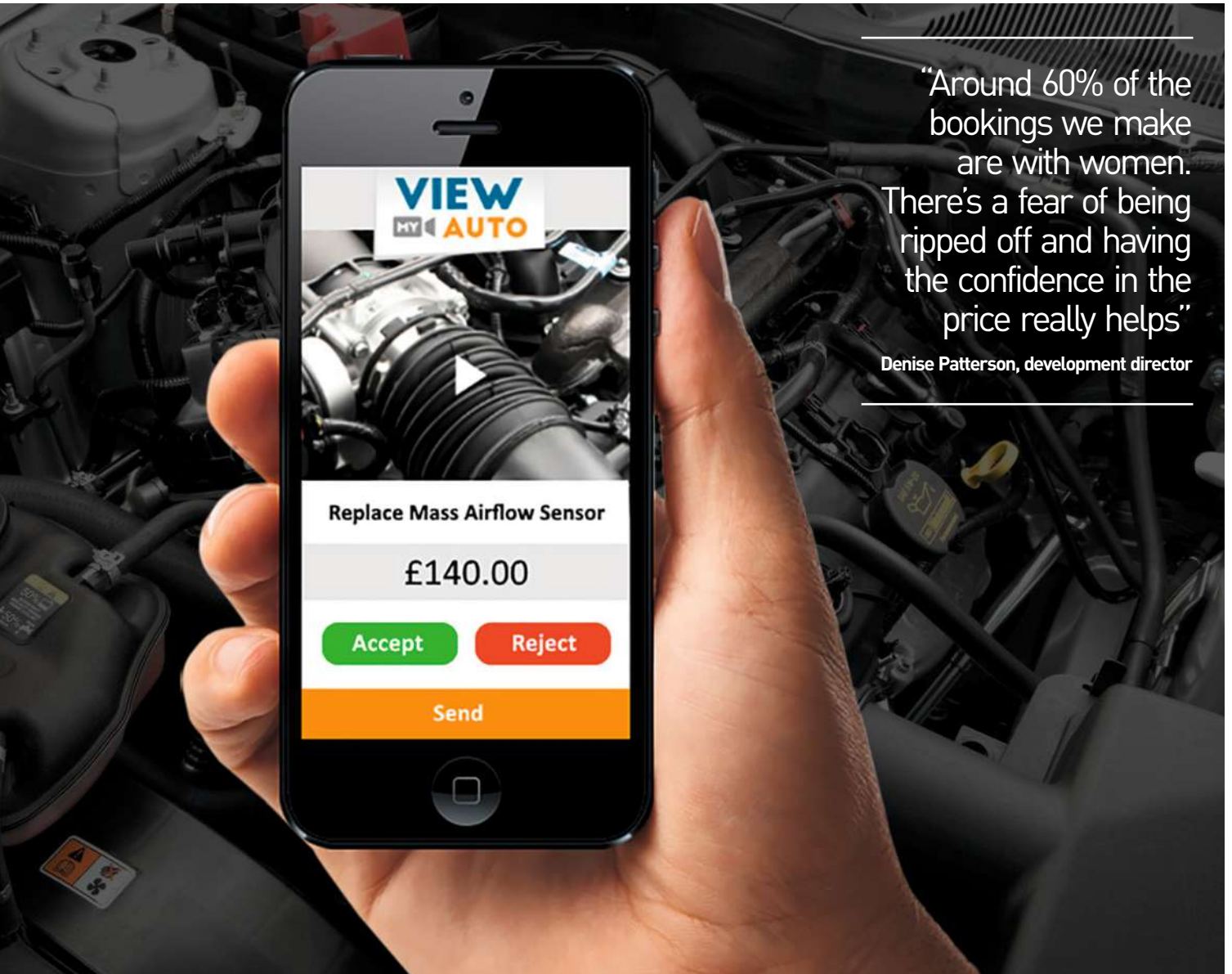
TMO is using SEO to put BookMyGarage.com in front of more consumers. Almost 1,000 people book through the site monthly. Some 40% of the bookings are made between 6pm and 9am.

Patterson said established garages could expect

The Motorist's Organisation

- The Motorist's Organisation was founded by Karen and Douglas Rotberg, who had previously run Jobsite and Tesco Cars. It ran TootCompare and RAC Garage Compare, and six months ago launched BookMyGarage.
- It already has over 8,000 garages on board, largely independents, and is now targeting the franchised dealer sector.
- Garages supply its back office systems with data such as hourly rates, service parts prices, MoT rates, details of waiting areas, loan cars, pick-up services and booking lead times, so consumers on BookMyGarage see the job price and which dates are available.
- Garages are able to adjust their prices and lead times in the back office to account for promotional campaigns and busy periods.

For all products and information, visit tools.bookmygarage.com



“Around 60% of the bookings we make are with women. There’s a fear of being ripped off and having the confidence in the price really helps”

Denise Patterson, development director

at least one to two bookings a day through TMO’s tools. She said: “Some 70% of the garages we’re dealing with don’t have a garage management system, they’re still using a paper diary.

“They don’t have a database or a social site and their website is really poor. We help them to progress on their digital journey, whether that is at the very start or helping those that are already digitally savvy with our hugely successful ‘likes’ campaigns.”

The motor industry has been backward about making the price of its services easy to be found, but Patterson believes it’s pointless to fight it.

“Whatever the industry wants, you’ll end up doing what the consumer wants,” she said. “From research we do we know the consumer wants to see a price. People will do this once a year; they haven’t a massive interest in getting the car

serviced generally. The reason why 60% of bookings for fast-fits now are online is because they do give the prices and there’s the trust element and the convenience.”

“Around 60% of the bookings we make are with women. There’s a fear of being ripped off and having the confidence in the price really helps.”

Patterson said that with any comparison site, price is the main issue. However users can also compare the garage’s ratings and whether loan cars, customer drop-off or collection and delivery are available.

After the service, the customer is sent a text message to give their service a star rating of between one and five for each element. The reviews are published straight to the garage. If it’s a one or two-star rating the garage has 24 hours to provide a response or remedy.

TMO now has a video aftersales tool too, which – at just £50 per month with no additional equipment required and up to five users – provides garages with a budget alternative to other established aftersales video companies.

The system is downloadable onto IOS and Android and allows unlimited videos and emails and up to 100 text messages per month through the tool. It’s already in use at over 80 garages following its launch in August.

Patterson said: “It gives a price for each job with an accept/reject button which gives faster repair authorisation, as well as transparency and trust for the consumer.

“One of the biggest problems for smaller garages is just calling the customer to tell them it’s ready for collection, so it’s not purely about the upsell, it’s about the customer experience.”

Keeping a scientific eye on pricing

Sophisticated software is key to getting accurate valuation estimates that keep customers on-side

NEED TO KNOW

- 20% of customers walk away from a deal because they are unhappy with the part-exchange valuation
- Increasing numbers of cars are coming back into the used market following the 2008 recession

By Ian Halstead

Trust and transparency are the major influences which underpin the valuations market, so it's no surprise that dealers and consumers alike prefer to deal with the brands they know best.

So although none of the market leaders are showing the remotest sign of complacency, the big names in data are pretty much as they were: Auto Trader, Eurotax Glass, Cap HPI and BCA.

Numbers aren't everything, of course, but **Auto Trader's retail and consumer products director, Karolina Edwards-Smajda**, has an array on her side.

"We collect around 1.5 million consumer valuations a month and provide more than 3 million valuations every month to the trade. We know that consumers trust our valuations and roughly two-in-three of sellers use Auto Trader to value their car," she said.

"We've been at the heart of this business for a long time, have more data than anyone else and our valuations are used for about 80% of all forecourt transactions in the UK."

Not that Auto Trader employs armies of analysts and industry observers to turn its data into valuations – today's number-crunchers rely on sophisticated purpose-built software and algorithms.

"We aren't calculating values, we are 'playing back' the latest prices for which cars are selling. We just watch the market and apply a little science, so our values are purely retail-driven," she said.

"Of course, we provide both the trade and consumers. Our part-ex guide prices are pitched slightly below trade, to allow for costs and protect retailers' margins. There are so many other valuation providers out there, but we are trying very hard to align the 'understandings' of both parties.

"Around 20% of consumers walk away from a potential deal because they are not happy with the price, so clearly there's more work to be done. It is a very scientific process, and the algorithms we develop just keep getting better.



"However, my instinct is that the 20% figure is increasing. We hear a lot about how 'millennials' want to trust sellers and don't like to haggle, so that may well be a significant factor here."

Auto Trader has always tracked its valuations to see how they compare to the selling prices and also monitored hammer prices at auctions, but its next focus will be to see if we can adapt its valuations for any optional extras the vehicles might have, she said.

"Firstly, we need to discover how to capture this information and, secondly, to see how these extras impact on prices. It's an evolving process, but we'd hope to have something in place this year."

Rupert Pontin, now head of valuations for Eurotax Glass's – and former chief car editor of Glass's Guide – is certainly no millennial, but is using his 30+ years of industry experience to keep his company ahead of its peers.

"As of mid-August, we were more accurate than our competitors in 10 of the previous 12 weeks," he said. "Each of our editors 'handles' more than 20,000 vehicles, so our methodology and our business tools have to be market leading."

"Our Radar product, which monitors data on a daily basis, is proving very popular with dealership groups and the independents who really like their stats. Our analysis tools can go down to postcode level, so dealers can find out what's happening right on their doorstep."

"Equally, manufacturers also need to know where their cars go after sale and where they'll be in one, two or five years. The market is changing so quickly that the need for accuracy is greater than ever."

Pontin identifies two major issues which have changed the trading landscape in recent years and placed an even greater premium on price forecasting and part-ex values.

The biggest impact has come from the increasing number of used cars coming back into the market, which passed 4 million for the first time in the first six months of 2016, he said. "For the last four or five years, supply has been short, so cars could be placed back into the market and be sold pretty easily."

"In the last few months, though, we've seen millions of vehicles which were bought new after the 2008 crash coming back in. It's not a blip, it's a genuine trend, and it places even greater pressure on the industry to understand when these vehicles are coming back, what condition they'll be in and what they're worth."

The second influence is that vehicles once considered niche, such as 4x4s and crossovers, have become mainstream.

"We saw an element of this shift before 2008, but the economic aftermath of recession has taken quite a while to shake out. Now, though, this is happening before our eyes. There's no major panic here, but people do need to understand the impact these forces will have throughout our industry."

"Looking ahead, our aim is to develop even higher levels of

"We've even set up part-ex training courses to make sure all our people are better informed, and that they know how to make consistent judgements"

Stuart Pearson, BCA Marketplace



20%

of buyers walk away from a deal due to the part-exchange offered

80%

of valuations are based on Auto Trader figures

market intelligence. Some people might be happy selling at 97% of Glass's prices, but if we'd known more about the market, it might have been 99%"

At **BCA Marketplace**, **Stuart Pearson, UK managing director for remarketing**, also has large numbers on his mind, as his group is opening a major new site on the outskirts of Birmingham in late-autumn.

With a location close by the M6, space for 2,000-2,500 vehicles, a large digital suite and two massive configuration areas, it's a major investment for any business.

"It's a mature model, so we've thought long and hard about where auctions are going," said Pearson. "Some investment will be visible, like Birmingham and expansion at Bedford, but we've also spent heavily on gathering more data and making valuations for part-ex stock even more accurate, because margins are still so tight."

"We developed a branch appraisal app to improve consistency of our gradings, did a lot of work in the pre-sale area of activity and enhanced the search facility on our website, because feedback from a number of key buyers indicated that would be appreciated."

"In terms of important business wins, we've signed a three-year exclusive deal with Inchcape, have another in place with JCT600, and Jardine has renewed with us for another two years. I've been with the group for just over 20 years, and we've evolved more in the last two than in the previous 19."

"Equally, I know from talking to senior dealership executives that we have to be even better when it comes to supplying data and market intelligence. We've even set up part-ex training courses to keep all our people better informed and ensure they know how to make consistent judgements. We process around a million vehicles a year, and now we're building real rigour and discipline into every aspect of that process."

It genuinely is the end of an era at **Cap HPI**, as its famed Black Book products abandon print and move to digital platforms next April after 37 years. **James Dower, senior editor, Black Book**, who joined the group's Leeds-based data hub earlier this year, is clearly relishing his new role.

As the integration of Cap and HPI has proceeded, a lot of senior editors have moved from UK valuation to international. That has allowed it to recruit new people, such as Dower.

He said: "We're also taking on new database developers, analysts and software specialists so we can improve our services still further."

"In terms of customers, we're already into the high 90% of the AM100, and in terms of new products and services, Cap HPI is developing a global code, which we'll be introducing gradually so we can compare values across different countries."

"We're continually looking at our processes to be sure we're keeping up with the times and monitoring our KPIs and we'll be introducing enhancements to our guides once we go digital. Joel Albyn, who was a director of e-commerce strategy for Walmart, will also be helping us develop new digital services."

"We have several digital products under development, which will strengthen our position as the leading valuation service."

"The market is changing so quickly that the need for accuracy is greater than ever"

Rupert Pontin, Glass's

Auto Trader sees a future in values

Auto Trader's position as the biggest player in the UK's automotive classifieds market means it has become intrinsically linked with used car valuations – and the company is using its market leading position to help dealers with their pricing strategies.

More than 126 million searches are carried out on Auto Trader each day and the business sees 80% of dealer trade transactions and 65% of all the used car transactions in the UK, performing three million trade valuations and 1.5m consumer valuations each month.

While Auto Trader is using data to help dealers with valuations, the company wants to make clear that it is not creating these prices.

Karolina Edwards-Smajda, Auto Trader retailer and consumer products director, said: "We don't create these valuations; we observe, we collect data and we play back what we are seeing."

"Of course there's a science behind what we're doing to help interpret that data, but these valuations aren't our opinion, they're what's happening everyday across the UK."

All dealers that are Auto Trader customers have access to valuation tools as part of their service within their dealer portal. More in-depth pricing and analysis tools powered by the valuation data, such as Retail Check and i-Control, are behind a payroll for an extra charge.

Retail Check provides dealers with a 'value for money' score and uses data around derivative, age, mileage and price to help retailers decide where to position stock in the market against competitors. It

also gives stock a desirability rating (from one to five stars) built on local demand, local supply and speed of sale. The desirability score can help dealers make decisions on what stock to acquire and how to price it to sell it faster than competitors.

i-Control can be used to help dealers monitor their used car stock with alerts that recommend price changes as the market moves. A percentage value tells dealers how close their chosen retail price is to the live market value of a car based on the competition.

Edwards-Smajda said the decision to provide valuation information was made because the business knew dealers were using Auto Trader to price their stock anyway. According to Auto Trader's own research, 66% of customers use the website to check prices for comparison too.

She said: "What we're doing is trying to facilitate checking prices in an intelligent way."

"Before this a dealer would have to manually go through listings to check pricing. What we're doing with valuations has just been a natural evolution. If a dealer is checking manually it's very difficult to compare pricing like-for-like across all of their stock."

The pricing methodology behind Auto Trader's valuation data is driven by what it calls "retail-back".

Traditionally, dealers may price by looking at the trade price, adding on costs and then margin to arrive at the retail price.

Edwards-Smajda argues that due to the level of transparency customers now have – due to being able to easily search for listings across the UK – dealers need to start at the retail price and work



backwards, factoring in the margin and costs to arrive at the buy price for a vehicle.

She said: "We're trying to automate this process with all the data we have at our disposal. Prices fluctuate every day because it's a live market. Supply, demand and desirability can have an impact on pricing and the speed of sale. So we're working all of these elements into our tools for dealers."

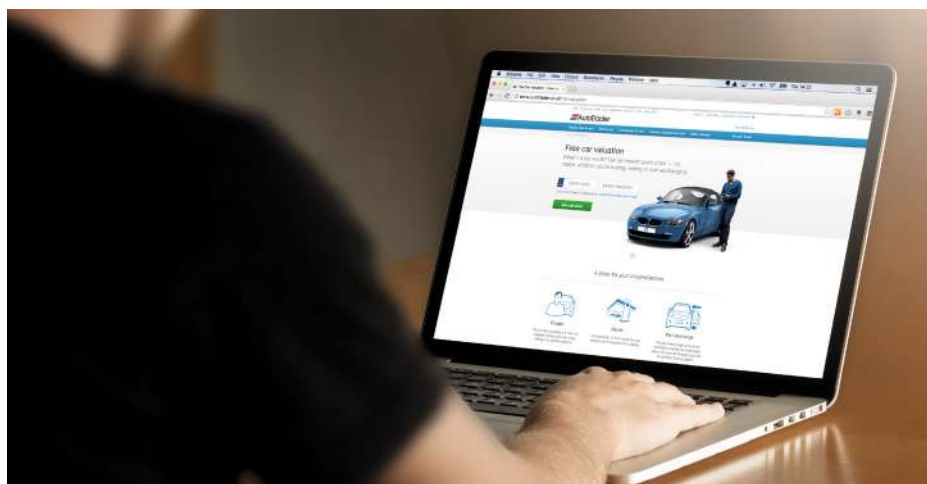
Part-exchange data

Auto Trader's pricing data is being used to power integrated part-exchange functionality on every listing on its website. Customers looking at a listing can start a conversation with the dealer around the part-exchange price.

Auto Trader can provide a guide valuation for a customer's part-exchange after they have entered the registration number and mileage of the car they are looking to trade in.

Edwards-Smajda said: "We know consumers trust Auto Trader as a brand. Our own research shows 70% of consumers trust our pricing information more than rivals."

"If you Google 'vehicle pricing' there are loads of competitors, but they don't have the brand trust and heritage we do. I think that helps to differentiate us from the competition."



To find out more, contact us on 0345 111 0002 or visit trade.autotrader.co.uk



“We know consumers trust Auto Trader as a brand. Our own research shows 70% of consumers trust our pricing information more than rivals”

Karolina Edwards-Smajda, Auto Trader

Edwards-Smajda believes Auto Trader’s part-exchange value data can make the negotiating process between customers and dealers far less painful.

She said: “A lot of consumers don’t like negotiating around the part-exchange, it makes them feel uncomfortable. Getting that price right on the part-ex can be a deal breaker if the customer isn’t happy.

“Providing valuations on a part-ex for dealers and for customers puts both parties on a level playing field. It aligns the expectations to get both on the same page using one reference as a starting point, rather than being taken by surprise.”

Auto Trader’s research shows around 18% of deals fall through due to the part-exchange negotiation. Its research also shows the vast majority (80%) of customers would be more willing to visit the dealership if they knew they could complete their part-exchange negotiations online.

Accuracy

Edwards-Smajda addressed concerns from some dealers in the industry that its pricing won’t be as accurate as other guides in the industry.

She believes the vast amounts of transaction data Auto Trader collects on a day-to-day basis gives its pricing accuracy an advantage against competitors.

However, she admits that, just like competitors, valuation advice is always a guide.

She said: “Any valuation you’re looking at is always a guide. We’re confident that the data we have gives us the best indication of the true pricing in the market.

“It’s difficult to be 100% accurate because if it’s a car, a house or a painting, it’s worth as much as what it’s worth to the buyer to a certain extent. Our aspiration is to get to as close to 100% accuracy as possible. Every other provider out there has exactly the same challenge.”

Auto Trader has a team in place behind improving the technology supporting its valuation tools and it is “constantly being improved”.

Edwards-Smajda thinks the next step to increase accuracy even further is to get every detail of specification – down to the smallest option and detail.

She said: “I don’t think specification on each vehicle that is 100% accurate – and how that affects the pricing – has been truly cracked in the pricing market yet.

“I think because we’ve got great visibility on used cars that are out there in the market, we’re hoping we can work with dealers to help feed that specification data into our algorithms.”

INDUSTRY PROFESSIONALS SHARE THE BEST ADVICE ON MOTOR RETAIL ISSUES

Funding demand continues from the dealer sector

By Simon Henstock, BCA chief operating officer, UK remarketing



BCA continues to expand its innovative BCA Partner Finance Service aimed at helping dealers to secure incremental funding to underpin their used vehicle acquisitions.

There has been a rapid growth of the service, which offers dealers 120 days' finance on vehicles purchased at BCA auction centres. BCA Partner Finance has more than 1,100 customers across the UK, ranging from small independents to large, multi-marque franchised operators.

At busy times for the motor trade, BCA Partner Finance means one less thing to worry about, secure in the knowledge they have the funding they need for stock.

BCA works closely with customers to ensure they are maximising the benefits of the scheme and has just announced the roll-out of a national network of customer service advisers to help dealers make the most of it.

Feedback from customers has been that BCA Partner Finance is both good value and easy to use, with minimal administrative headaches, allowing dealers to get on with the business of sourcing and retailing used vehicles.

BCA Partner Finance is not linked to the retail sale, allowing smaller independent dealers to free up funds to grow their business. More than 42% of dealers surveyed by BCA for its Used Car Market Report suggested they would expand their premises if they had the funds to do it.

Customers value the simplicity of the service, which is helping them to purchase additional stock from the huge choice available at BCA and freeing up funding to grow their business – simple, effective and efficient.



Don't tell customers they can reclaim VAT on a car

By Les Howard, VAT consultant, Lawdata

Do not tell a customer he can reclaim VAT on a car. A customer recently complained that they were advised to claim VAT, only to have it disallowed by HMRC.

The relevant legislation is very strict. There are three categories of businesses that can reclaim VAT:

1. A dealer buying a 'stock-in-trade' car, for ultimate re-sale;
2. A business that will use the car for car hire, as a taxi, or for driving tuition;
3. Any other business where the car is to be used exclusively for business use, and where the car is unavailable for private use.

It is not sufficient for a purchaser to say that the car is only ever used for business journeys. In the Court of Appeal decision of Upton T/A Fagomatic, Mr Upton claimed nearly £20,000 on the purchase of a Lamborghini for use in his cigarette-vending business. Although Mr Upton intended never to use the car for anything but business purposes, he had insured the vehicle for both private and business use. As such, the car was not 'unavailable for private use' and he was not entitled to claim VAT on its purchase.

There is a real risk of well intentioned, but incorrect, advice, leaving the business exposed to a claim for damages. Our advice is to let the customer seek their own advice. If they wish to arrange their affairs to enable them to recover VAT, then let them do that themselves.

■ **For further information or legal advice that's relevant to your business, please contact the Lawdata Legal Helpline on 01767 310 000.**

■ **Lawdata is hosting the Legal Clinic at Automotive Management Live 2016 on November 16 in Milton Keynes.**



Knowledge is power, and businesses need as much expert advice and insight as possible to succeed. For senior managers in franchised dealerships, who are ultimately responsible for a multi-faceted service, retail and business-to-business operation, that need is even more pronounced. This is where *AM*'s Executive Panel can be of real help. The Executive Panel is made up of *AM* commercial partners who are all experts in their key industry segment – segments that can have a major influence on a motor retail business's bottom-line profitability and customer experience.

Recruiting staff? Stop! Take a step back

By Nigel Banister, director, GMD People



How many times have you regretted a recruitment decision you have made? What has been the cost of this to your business? Not only in terms of money spent with recruitment agencies or other methods, but the management time lost, the impact on others in the business and lost productive time?

We often hear about how time-hungry managers are, and this can lead to cutting corners on what is a really critical business activity. When you next have a recruitment need, here is some food for thought:

- Resignations usually come when you least expect them. Do you have some form of contingency plan for every member of staff?
- Do you actually need to replace the person leaving?
- Who could you promote into the position? Have you got a good number two lined up? Could you start preparing someone now for this and other positions in the future?
- Is now an opportune time to restructure the department where the vacancy exists? If so, will you need to recruit someone with the same skills or someone different?
- Where might the person you need be working now? Do they have to 'hit the ground running' or should you create the time to train a better, but less experienced, person up?
- Can this role be undertaken as a job-share, or with 'flexi-time'? The greater the flexibility you can offer, the wider the pool of applicants you are likely to have.
- **GMD People Ltd will be at AMLive 2016 on November 16 in Milton Keynes. In the meantime, visit our website www.gmdpeople.com, or call us on 01327 831371**



Minimal cost, but maximum customer impact

By Martin Peters, sales director, Autoclenz Group



Something that has caught the imagination of some of our clients recently is our "New Car" essence, which is an aerosol air freshener that has been developed to replicate that new car smell.

Who doesn't like the smell of a new car?

A neutral smell that gives the new car experience to a used car buyer, three or four sprays in the car before handover can really make a difference at a minimal cost in the valet, but a smile for the customer.

Take this a step further by introducing this approach to the aftersales department. Currently, the norm is for each service vehicle to receive a wash, leather and vacuum. Good enough, but to move it forward how about a couple of minor tweaks to improve customer perception?

I would suggest three things that can be added for less than £1.50 per car.

Dress the tyres, as this gives the retail customer a wow factor when their pride and joy has been cleaned, and they can clearly see this when walking up to the vehicle. Polish the windows, as this is the first thing the customer looks through when they drive away. And, finally, a squirt of the "New Car" essence to remind them of the day they collected their car.

I think they call it positive reinforcement and it will be remembered when the customer receives their CSI call.

■ **To find out more about the difference at Autoclenz please call Lucy on 01283 554 682.**



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Mazda2

AM's annual service results in a pricing glitch, but our local dealer is quick to offer a refund.

115

Honda HR-V

Honda's dealers are largely happy with the brand, according to the latest NFDA survey.

115

Guess the car

Name this month's mystery car to be in with a chance of winning a £20 voucher from John Lewis.

FIRST DRIVE: RENAULT MEGANE – ON SALE NOW

Megane takes aim at hatch end of C-segment

Renault's fourth-generation contender hopes to redress the market trend towards SUVs

By Tom Sharpe

Renault is as aware as any manufacturer of the market's move towards SUVs in recent years. In the first eight months of this year, 27,367 of its 50,837 registrations were for either the Captur, its best-seller, or the Kadjar, according to Society of Motor Manufacturers & Traders (SMMT) statistics.

As Megane sales slumped towards the end of its life-cycle (down 35% in hatchback form and 54% as a coupé year-on-year) it was Renault's loftier family vehicles that drove it to 15.4% growth year-to-date.

Now there is hope the all-new Megane might be able to add to that tally and take a chunk out of the big-selling trio of Golf, Focus and Astra who continue to battle against the SUV trend.

Paul Flanagan, managing director, Groupe Renault UK, said: "Obviously we have seen the C-segment move towards SUVs – a trend we have benefited from – but the bulk of sales are still in the more conventional hatchback style and the new Megane is well placed to take advantage."

Prices for the fourth-generation Megane start at £16,600 in a range featuring six trim levels which top out with the £25,500 202bhp GT Nav 205.

Renault aims to take a big step forward in terms of quality, refinement and technology with its new C-segment contender. Among specification highlights are: Multi-sense programmable drivetrain; Renault's R-Link 2 8.7-inch vertical touchscreen display; a configurable 7-inch TFT instrument cluster; and LED lighting front and rear with an automatic dip function.

Intelligent safety features are also present, with adaptive cruise control, active emergency braking, lane departure, blind spot and safe distance warnings, traffic sign recognition with overspeed prevention, an automated parking system and 360-degree parking sensors.

Among the technical highlights of the range-topping GT, meanwhile, are 4Control four-wheel steering and a seven-speed EDC dual clutch, automatic gearbox with multiple downshift and launch control functions.

Former Ford man Flanagan took up his post on May 1 with

"You might struggle to accommodate all the new models we have launched in the past year alone"

Paul Flanagan,
Renault UK

the Megane entering dealerships two months later as the brand celebrated a 21% year-on-year sales rise (44,570) in H1.

Flanagan said: "The technology and the quality of the new model really do represent steps up so I know our dealers will benefit from its inclusion in the range."

Renault launched the all-new Megane with PCP offers on the entry-level Expression+ TCe 110 and Dynamique S dCi 110.

Both were pitched at 3.9% APR, the former commanding £219-per-month repayments with a £1,830 customer contribution (£1,750 dealer contribution), the latter requiring a £2,140 customer deposit to realise £269-per-month repayments.

Renault offers a four-year/100,000-mile warranty and roadside assistance cover and service plans are available across the range, with a three year/30,000-mile offering costing £299 and four years/40,000 miles covered for £499.

The mid-range Dynamique Nav dCi 110 is expected to be the range's biggest seller. It claims 76.4mpg combined cycle fuel economy, 96g/km CO₂ emissions and RVs (36 months/60,000 miles) of 32% – up 7% on the outgoing model.



Dashboard of the much improved dCi interior



The new Megane is well placed to take advantage in the conventional hatchback market where the bulk of sales can still be found

During the Megane's recent UK press launch *AM* sampled the Dynamique S Nav dCi 110 (£20,400) and GT Nav 205 (£25,500).

Among the standard equipment are LED daytime running lights, cruise control, hill start assist, Bluetooth and USB connectivity, DAB radio, 16-inch alloys, tinted windows and a leather steering wheel.

Dynamique Nav (from £18,100) adds automatic wipers and headlights with automatic high beam, rear parking sensors, lane departure and blind spot warning systems, traffic sign recognition, dual-zone climate control and a seven-inch touchscreen information system.

Dynamique S Nav (from £19,100) adds 17-inch wheels, a rear parking camera and the aforementioned 8.7-inch touchscreen R-Link infotainment system.

The Dynamique S Nav dCi 110 proved refined and frugal. Renault's efforts to improve interior quality are evident through the swathe of soft-touch plastic which covers the dashboard and the Volvo-like central display.

Ambient lighting illuminates the centre console and door



The GT interior has an 8.7-inch touchscreen R-Link infotainment system

cards with neat pinstripes of lights and the seats are both supportive and comfortable, with good lumbar support.

The Renault-Nissan Alliance's 1.5-litre turbodiesel is not one of the market's quieter engines, but the Megane's sound-deadening maintains subdued progress.

Despite a modest power output, 192lb-ft of torque helps the dCi 110 to live up to its claimed 11.3 second dash to 62mph.

Sitting on Renault's new CMF platform, the new Megane's wheelbase is some 28mm longer and considerably wider (47mm front, 39mm rear) than its predecessor, while having the lowest roofline in its class (25mm lower at 1,447mm).

Inside there's enough headroom for a 6ft-plus adult in the rear and the boot space is an impressive 384 litres, bigger than the Golf or Focus but well down on the similarly-proportioned Peugeot 308's 407 litres.

The Megane is a comfortable and composed steer in Dynamique S Nav form. The surprise is that the sportier GT Nav initially has such a similar feel.

The GT's specification – sitting above the leather-upholstered Signature Nav and sporty GT-Line Nav – features Alcantara seats, Renault Sport badging and stainless steel pedals. It looks like a genuine hot hatch.

Customers may find it feels softer and less immediate than expected of a car capable of a 7.1 second dash to 62mph and 146mph top speed, the engine refined, gear changes smooth through imprecise paddle shifters should you choose to use them.

The 4Control four-wheel steering adds precision.

In October, dealerships will see the arrival of a Sport Tourer, with a hybrid due in 2017 and a Renault Sport version, no doubt, in the pipeline.

Flanagan's only concern is how the 170-strong dealership network will react to the ever-growing Renault proposition. He said: "You might struggle to accommodate all the new models we have launched in the past year alone in a showroom. We will have to be pragmatic about how many vehicles we send to dealers. At the moment I'll take all the vehicles I can."

SPECIFICATION

Price £16,600-£25,500

Engine 1.2-litre turbocharged petrol, 128bhp; 1.6-litre turbocharged petrol, 202bhp; 1.5-litre turbodiesel, 108bhp; 1.6-litre turbodiesel, 128bhp

Performance 0-62mph 7.1-12.3 secs, 116-143mph

Transmission 5sp manual, 7sp automatic

Efficiency 47.1-76.4mpg, 96-134g/km

RV 3yr/30k 31% (range average)

Rivals Volkswagen Golf, Ford Focus, Vauxhall Astra, Peugeot 308, Seat Leon, Kia Cee'd, Hyundai i30, Nissan Pulsar

21%

year-on-year sales rise for Renault brand in H1

£299

The price of a three-year service plan

WHAT YOUR CUSTOMERS WILL READ ABOUT THE RENAULT MEGANE

AUTO EXPRESS

It looks great, rides well and comes packed with kit, and while a Seat Leon is better to drive, the Megane offers a compelling all-round package.

THE TELEGRAPH

If you're after a smooth and relaxing hatchback that does well on long journeys and is easy to drive around town, the Megane is a good bet.

CAR MAGAZINE

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MAZDA2 1.5 SE-L NAV

Dealer swiftly rectifies service price glitch



Years of good service from our local dealer mean we can forgive the pricing error

By Tim Rose

Our Mazda2 long-term test car has undergone an annual service. However, after years of excellent treatment by our local dealership, we've experienced a slight glitch.

Booking the service at Donalds Mazda in Peterborough was easy. Its website allowed us to easily identify the annual service the car required, and to pick a morning or afternoon from plenty of available dates starting within a three-day lead time.

A free text box enabled me to request our usual preferred collection and delivery from and to AM's offices, some six miles from the dealership. And within minutes of clicking to make the booking, a slick, branded email confirmation arrived from its NetDirector Service Booking system re-stating the details and providing a total cost. A few

"The dealership was quick to act ... and immediately refunded the difference"

minutes later, a service adviser emailed me directly to confirm that collection and delivery was possible.

So all good. And come the day of the service, all was good too. That was until I realised that evening that when I'd paid the invoice before the car was returned, it was £18 higher than the 'total cost' stated on the booking confirmation.

To Donalds' credit, the dealership was quick to act when I pointed this out to service reception, and immediately refunded the difference, which was apparently due to an engine flush and a fuel system cleaner which wasn't on the original booking.

The speed at which the dealership responded and rectified the issue, plus the years of good service we've experienced previously, means we can forgive the error. And now that the Mazda2's air-conditioning seems to be on strike, I've been more than happy to book the dealership to investigate it.

ADVERTISING FEATURE

MACRO VS MICRO ECONOMICS

By Neil Addley, managing director of NFDA Trusted Dealers



One of my lads has just started doing his A-levels and for the first time in ages, I was able to help him with some homework in economics. His first task was to look at macroeconomic indicators and then to find examples of

microeconomics affected by them. Stay with me!

As a result, we looked at the overall impact of the vote to leave the EU (we have not Brexited yet) on traffic and enquiry levels on Trusted Dealers. I am genuinely pleased to report that we have seen no slowdown in enquiries on used cars since the vote three months ago. In fact, the weather has had more impact on individual weekends than any macroeconomic events so far.

When it turns to more granular analysis, we have noticed three interesting factors recently. First, we have seen an increase in the number of postcode matches

"We have seen no slowdown in enquiries on used cars since the [EU referendum] vote"

our members are able to prove with Trusted Dealers. We think this is a result of us adopting a more targeted, demographic-led approach to marketing both in terms of email, paid search and social media activity.

Second, we have noticed a number of dealers defecting from other media to support Trusted Dealers, as our reputation grows.

Third, again working with our members, we have been able to clearly establish that only 20% of customers are likely to enquire over the phone or via email; with 80% still more likely to walk into a dealership than conform to more measurable marketing metrics, I guess that is where postcode-matching has its value.

■ If you would like more information, please give me a call on 01423 506272 or email neil@trusteddealers.co.uk.

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



SPECIFICATION

Price £15,045

Engines 1.5-litre petrol 89bhp

Performance 0-62mph 9.4sec, top speed 114mph

Transmission 5sp manual

Efficiency 62.8mpg combined; 105g/km CO₂

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Start mileage 716

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HONDA HR-V EX 1.6I-DTEC

Ticking most of the right boxes



The latest NFDA Dealer Attitude survey shows Honda dealers are largely happy with their brand

By Jeremy Bennett

The outside world is not normally party to communication between dealers and their manufacturer partners, but, twice a year, the National Franchised Dealers Association's Dealer Attitude Survey allows a peek behind the curtain on these relationships.

The results of the latest survey have just been released, doling out garlands and detailing gripes from 1,746 respondents, out of a total participating network of 4,090 – or 43%. This is a record return rate, so passions are running high.

In the survey results, Mercedes-Benz is the most favoured franchise and Citroen the most criticised. But what of Honda?

It barely gets a mention, because across nearly every measure it scored 'above average' according to the 79 franchise holders – or 48% of the network – who responded. Only eight networks showed a higher response rate.

Regarding the survey, reputation rests on the measure of how highly a dealer values a franchise. Out of 10, Honda got

"Across nearly every measure, Honda scored 'above average'."

6.8, the same as Audi and a whisker above the 28-brand average of 6.7. Honda beat the likes of key competitors Nissan, Peugeot, Citroen, Vauxhall, Hyundai, Volkswagen and Seat. However, it fell below Ford, Mazda, Renault and Kia.

Dealers' profit return was also above market average, at 5.9. Unsurprisingly, there is a correlation between this and overall brand value, with Honda's standing against competitors the same as above.

With new products such as the 10th-generation Civic on its way next year (as unveiled at the Paris Motor Show), it's no surprise dealers are

equally positive about potential profit with another above-average score. Honda again scored higher than Ford, Hyundai, Nissan, Skoda, as well as Jaguar and Audi.

Countering this confidence is some uncertainty around volume target aspirations, performance measures, the penalties for weak performance used by Honda and the fairness of its procedures and controls, with the brand getting a below-average score in each case. Most seriously, it is not introducing new vehicles frequently enough – it scored well below average (4.9 vs 7.0) on this question. Only two manufacturers performed worse – Alfa Romeo and Mitsubishi.

Honda's turnaround plan – announced in 2014 after the perfect storm of a global recession, together with a Japanese tsunami and Thai flooding – appears to be in full swing and Honda managing director Phil Crossman's claim earlier this year that the brand is "exactly where we want it to be" is likely to be approved by his dealers.

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 ₂
RV 3yr/30k	45%
Start mileage	8,098
Current mileage	11,298
Rivals	Hyundai Tucson, Kia Sportage, Jeep Renegade, Nissan Qashqai

WHAT'S BEING SAID ABOUT THE HONDA HR-V

CAR MAGAZINE

To most eyes, this is a perfectly acceptable design. But it's a shame that Honda has succumbed to the belief that an instantly recognisable corporate face is more important than an instantly recognisable model.

PARKERS

Exterior dimensions put the HR-V between Nissan's Juke and Qashqai. Despite this, the Honda offers more passenger and luggage space, as well as the Citroen C4 Cactus; it even gets close to matching the larger-still Renault Kadjar.

Guess the car competition



Keith Johnston, general manager at Macrae & Dick Honda Aberdeen, correctly identified the Talbot Matra Rancho 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, October 7, 2016.





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The 2017 categories we're inviting entries for include:

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- Best Training and Development Programme
- Best F&I Performance
- Excellence in Customer Service
- Excellence in Aftersales
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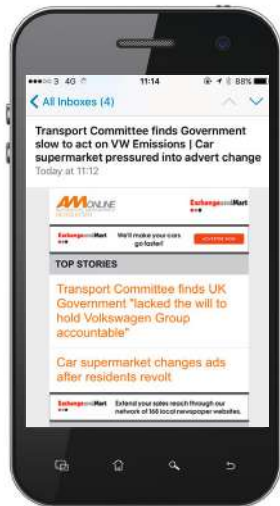


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Toyota

President and managing director Paul Van der Burgh outlines how Toyota's new products and dealers are bringing in more customers.

Conquering retail and fleet customers

Expert advice on how to effectively market and sell to new customers.



Paris Motor Show

All the important new launches heading to your showrooms.

AM Digital Dealer report

Insights from AM's latest conference.

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AM EXECUTIVE
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To apply for a place, email nicola.baxter@bauermedia.co.uk or call 01733 468289