

AM

AUTOMOTIVE MANAGEMENT

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RYBROOK HOLDINGS / P22

MD Henry Whale on providing
'money can't buy' experiences

DEALERS & THE LAW / P39

A seven-page guide to the legal
hurdles you may face in 2017

SYTNER / P6

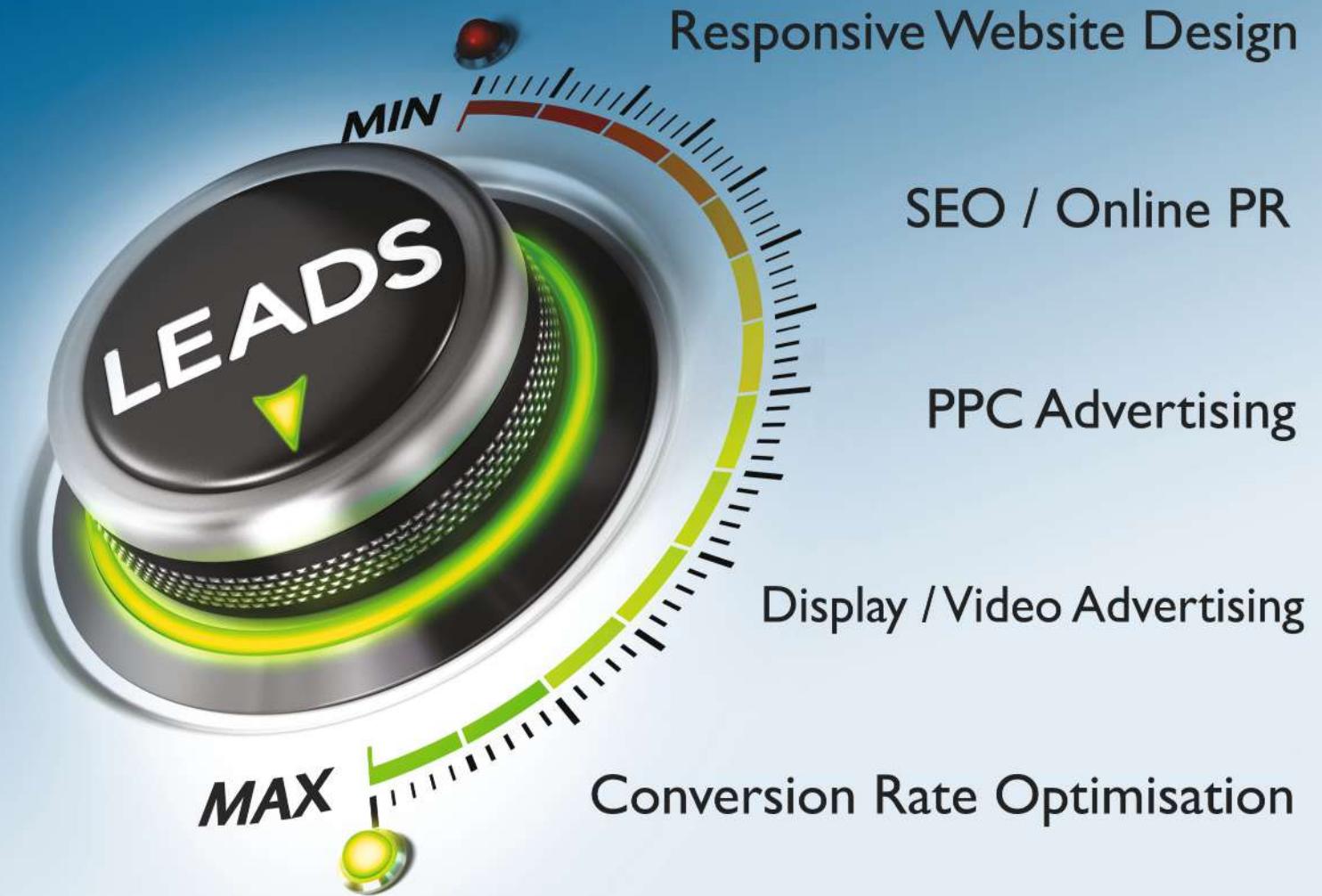
CarShop takeover
knocks Pendragon
off the top spot

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WHY VAUXHALL WON'T SPEND 2017 FIGHTING FIRES

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EDITOR'S LETTER

W

elcome to your new-look edition of *AM*, the most-read* magazine for the UK's motor retail industry.

Inside, we bring you even more business-critical insight, interviews, market trends and expert contributors, as well as the topical features and in-depth dealer profiles we are known for.

Every dealer we speak to talks about the challenges of recruiting and retaining top-quality people, so we have introduced a new section, Talent. Each month, it will focus on some of the crucial issues directly related to your workforce,

from employment law or reward structures to well-being and training. The section is also home to news of the most important movers, plus advice and inspiration from expert speakers that will help you to improve your team and your business.

After another record new car market in 2016 – albeit private registrations actually declined – the prolonged push on registrations volumes by manufacturers' national sales companies has coincided with a decline in overall franchised dealer profitability. Hopefully, there will be more time in 2017 to step back and reflect on what you do and why.

While the pressure has not lessened dramatically and new car sales will remain at high levels, now that the market has levelled off, some dealers may need to shift their focus to business improvements to ensure their returns increase.

There will be hurdles ahead, not least the impact felt when the UK invokes Article 50 to begin the formal split from the EU. Good luck with your 2017 trading.

■ **Are you shortlisted for the *AM* Awards 2017? Find out on page 18.**

**Based on June 2016 Issue ABC audit*



MEET THE TEAM



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CarShop's revenues would take Sytner's annual turnover to more than £4.5bn

SYTNER TAKES TOP SPOT WITH CARSHOP ACQUISITION

Buying the car supermarket makes Sytner the biggest UK dealer group by turnover, and supports its ambition to diversify 'in a meaningful way' into the used car sector

Sytner Group has become the UK's biggest dealer group following its acquisition of CarShop, knocking Pendragon off the top spot for the first time in 19 years.

According to the AM100 table of the 100 biggest dealer groups by annual turnover, Sytner generated almost £4.3 billion in 2015, £158 million behind Pendragon on £4.46bn.

In 2014, CarShop generated £195m according to AM's latest ID50 table of the 50 biggest independent dealers by turnover. However, the car supermarket group said it generated £208.6m in 2015 and estimated it would make about £275m in 2017.

Barring a major acquisition by Pendragon, even the lowest of those figures would push Sytner into first place in the AM100 table once the deal is completed, as expected, in Q1.

Trevor Finn, Pendragon's chief

executive, said: "I have a huge amount of respect for Roger Penske and his team for the work they've done to develop their market share and performance in the premium car franchises."

Using 2015 figures, the added turnover from CarShop would represent a rise of 4.9% for Sytner, an echo of the "five or six per cent" fall in new car registrations predicted by the SMMT this year.

Darren Edwards, Sytner Group managing director, said that slow-down was part of the reason for the investment in used car sales: "The strong new car market of the past three to four years is likely to slow down, whereas over the next three years the used car market will continue to grow, particularly in segment two – the three- to five-year parc – at something in the region of 6% per year, so the timing feels right to move into this sector in a mean-

“OVER THE NEXT THREE YEARS, THE USED CAR MARKET WILL CONTINUE TO GROW, SO THE TIMING FEELS RIGHT

DARREN EDWARDS, SYTNER GROUP



ingful way, with an operator who has already shown significant success."

Early in the New Year, Sytner's US-based owners, Penske Automotive Group, completed its acquisition of CarSense, a five-site used car supermarket business in America, in a strikingly similar deal.

Edwards said: "Penske and Sytner are dynamic and entrepreneurial organisations, so we are always looking at opportunities to expand."

"This move is part of a wider, long-held Penske global strategy to diversify the business."

Sytner acquired CJ Automotive in July 2016 and Isaac Agnew Group in January 2012.

Beating the new car slowdown

While the SMMT's worst-case scenario would see new car registrations fall from 2.69m in 2016 to 2.53m in 2017, Cap HPI reported that 2016's used car market topped the 7.7m sales mark – beating last year's figure of 7.2m – and continued momentum is expected this year.

Nor is Sytner the only member of the AM100 top 10 to recognise the



SYTNER AND CARSHOP LOCATIONS



WHAT SYTNER HAS BOUGHT

CarShop has been in operation since 1999 and has five large retail locations – Cardiff, Swindon, Northampton, Norwich and Doncaster – stocking about 2,900 cars, plus a 15-acre preparation centre in Leighton Buzzard and an in-store MG Motors franchise that retails about 400 new cars each year.

AM's sister title *Independent Dealer* spoke to Jonathan Dunkley, CarShop's chief executive, last summer following financial results that showed the business had increased unit sales by 12.5% (to 20,418) and achieved a 32% fall in cost per sale (from £249 to £179) between 2012 and 2015, helping it to increase profit before tax by 113% in 2015 (to £5,003,000).

Dunkley will stay in post alongside his existing team – marketing director Leo Nelson, the former head of digital for Arcadia Group, operations director Kirk O'Callaghan, a former head of operations for Halfords, and Dunkley's younger brother, James, who is commercial director – following the completion of the Sytner acquisition, as the business continues to be run as a subsidiary.

Last summer, Dunkley shared his plans to double profits again within three years and to open



three new sites by 2018.

"We have a very clear idea of where our next three stores will be, we just need to get the deals done on those sites and find the land," he said.

"We are thrilled with the opportunity to join forces with Sytner to further develop and grow the CarShop brand. With our combined resources, we can leverage digital technology, further develop our people and deliver a world-class customer experience.

"We believe the CarShop model is scalable to other markets across the UK and with the significant resources that Sytner has at its disposal we believe we have the opportunity to become the largest and most admired car supermarket brand in the UK."

benefits that the car supermarket approach can bring.

Pendragon, with its Evans Halshaw Motorhouse car supermarkets and Car Store click and collect sites, reported in October that year-on-year used vehicle revenue in Q3 2016 had grown by 8.3% and used gross profit rose by 0.5%.

Arnold Clark Automobiles has 18,000 cars across 21 UK Motorstore sites, following the opening of a Nottingham site in June 2016.

During 2015, the group experienced "exceptional" year-on-year growth of 10.8% (following acquisitions) in used vehicle sales, up to 175,526 units (2014: 158,384), with sales up 7.9% at its existing sites. It helped Arnold Clark to a record £3.35bn turnover, with operating profit also up by £2.1m to £121.7m, despite a 8.4% fall in new vehicle sales over the same period.

Lookers' used car sales increased

15.7%, to 70,492, during 2015. While it sold its Bristol Trade Centre to independent retailer, Carbase, and its Burton Trade Centre to Arnold Clark, Lookers' Charles Hurst operation does have 10 UsedDirect sites in Northern Ireland.

Opportunities for growth

Edwards said: "In terms of the potential to grow, CarShop's successful business model is eminently scalable and we will be working with Jonathan (Dunkley, CarShop's chief executive) and his team to roll out their model across a number of new locations in the relative near term, with the ultimate aim of creating a nationally recognised and admired retail brand."

Edwards said CarShop would maintain its MG Motor UK franchise and would not be realigning its stocking policies to avoid competing with Sytner sites where they

occupied a similar market area, such as Cardiff.

Edwards said: "We really liked the geographical spread of CarShop's retail locations and actually weren't concerned whether they were in towns where we had existing franchised dealerships. We were more interested in the scale and quality of their premises and the standard of the retail environment, which, in all cases, were excellent."

"The prep centre in Leighton Buzzard is also very impressive. In particular, we loved the photo studio."

Edwards said many of CarShop's principles aligned with Sytner's, including its priority on gathering and using customer data.

Dunkley, who traded a place studying English at Oxford Brookes University for life on the forecourt in 2004, is not only building a Sell Us Your Car online offering to rival the

likes of WeBuyAnyCar, but also added 12 data analysts to his team after he took over the business to ensure it was identifying the right stock.

CarShop also employs number plate recognition technology to identify and greet customers.

Edwards said he was impressed with the hi-tech approach that earned CarShop an AM Award for Best Dealer Website in 2015 (it is also shortlisted for this year's awards – see page 18 for the full list).

"When you look at the amount of awards CarShop has won, you can see that there is a great deal of substance in the business, particularly in stock/sale data analytics and their progressive approach to the digital retail environment, where I believe they are class-leading and in many ways doing a better job than a lot of franchised dealers," he said.

"It's a key reason why we decided to invest." **TOM SHARPE**

ADVERTISING FEATURE

The value of video will grow in 2017

By Andrew Howells, founder, CitNOW



New years are about predictions. In 2016, I predicted a dramatic year and it certainly was for CitNOW. We served our 10 millionth personal video since we launched in 2008, with 5 million videos made in 2016 alone. At their peak, the CitNOW servers upload 21,000 videos – more than 500 hours' worth – every day. That's equivalent to 33 full-time, 24-hour TV channels; more than the BBC with 27 channels.

This year? The value of video is growing and we expect more new partnerships. Two significant CitNOW announcements happened towards the end of 2016. A CDK Drive integration is set to launch early in 2017 and Auto Trader has opened up its advertising portal to video.

CitNOW is fully integrated, which means any dealer's web video will automatically appear as part of every listing. How long before consumers will not click on an advertisement unless a video is available?

Another trend towards 'value' is groups and manufacturers who have defined how CitNOW should be used in sales and aftersales. We coined the term video relationship marketing (VRM) because every interaction with your customer represents an opportunity to send a personal video.

It's actually quicker and easier to send a personal video than it is to send an email. Which has more impact?

In a video-mature market such as the UK, dealer volume is expected. Top groups now focus on the quality of videos being produced.

This is our focus for the coming year as well. We have several quality tools launching, dedicated to helping customers achieve their goals. To your prosperity in 2017.

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THIS MONTH'S NEWS HIGH

JAN

3rd

CHANGE IN TAX RULES MAY LEAD TO CAR SALES BOOM

Early 2017 could see a boom in car sales as buyers try to beat new car tax rules being introduced in April, BuyaCar.co.uk predicted. Drivers face ownership costs of up to about £1,700 more over three years under the new rules, prompting many to bring their purchase plans forward.

£1,700

5th

LLOYD MOTOR GROUP ACQUIRES CLELAND JAGUAR FRANCHISE

Lloyd Motor Group has acquired a Jaguar site in Galashiels from Cleland of the Borders' and will relocate the showroom to its Land Rover Kelso dealership. The acquisition takes the group's network of dealerships in northern England and southern Scotland to 22.

■ Brayleys also acquired Humphris Kia and Mitsubishi.



JENNINGS GROUP BOSS NAS KHAN IS MADE AN OBE

Jennings Group owner and managing director Nas Khan was recognised for his charity work and contribution to the economy by being made an OBE in the Queen's New Year's Honours list. Khan founded the Emaan Foundation charity in 2010, building 60 homes for victims of floods in his native Pakistan.

6th

HYUNDAI LAUNCHES 'CLICK TO BUY' WEBSITE

Hyundai has launched an online new car sales platform, called Click To Buy. Sales are completed via a handover slot at a dealership or by home delivery. Finance customers also need to visit their local dealership to complete relevant paperwork.



SMART BEGINS ONLINE SALES

Smart has launched a website allowing customers to complete a purchase entirely online. Customers reserve a car online by placing a £250 holding deposit and completing a credit application before choosing whether to collect their new Smart car from a local retailer or have it delivered.





CAR OWNERSHIP TO HALVE WITHIN A DECADE, SAYS KPMG
Almost three quarters of UK automotive executives think more than half of today's car owners will not want to own a car by 2025. KPMG's Global Automotive Executive Survey 2017 found that 74% of executives think self-driving technology and mobility services will take priority by 2025.

9th

UK VOLKSWAGEN OWNERS JOIN £30M CLASS ACTION

Volkswagen could be forced to pay out a further £30 million in compensation to customers after owners in the UK and Europe demanded £3,000 each. Marcus Sinclair UK is spearheading a lawsuit that will seek compensation for 10,000 Volkswagen owners in the UK and Europe.

£30m



CITROËN SHOWROOM 'UNSAFE' AFTER £100,000 FIRE
Robins and Day's Citroën dealership at Small Heath, Birmingham, was severely damaged in a fire that caused an estimated £100,000 worth of damage. Seven showroom vehicles were damaged along with additional vehicles in the workshop. Police arrested a 33-year-old man on suspicion of arson.

17th

HARWOODS GROUP COMBINES JLR DEALERSHIP WITH NEW HQ PLANS

Harwoods Group has submitted a planning application for a new head office and Jaguar Land Rover dealership in Brinsbury, West Sussex. The group plans to create the new offices, a JLR facility and a new Bentley showroom on land purchased from Chichester College, along with educational facilities.



PEUGEOT PROMISES COMPLETE CAR PURCHASE IN 30 MINUTES

Peugeot claims it is the first manufacturer to allow a consumer to buy one of its cars in one place and "in one sitting" – in 30 minutes.

Customers can build a car, secure a guaranteed part-exchange valuation for their existing car, and fund the vehicle according to their individual budget criteria, using a range of finance package deals.

Under the brand name 'Order Online by Peugeot', the e-commerce system is live at offers.peugeot.co.uk.

19th

ADVERTISING FEATURE

Can carmakers make online retailing work?

By James Tew, director, iVendi



One trend already apparent in 2017 is the number of manufacturers that have started, or are exploring, directly retailing cars online.

BMW and Mini were first out of the traps, with Hyundai and Peugeot close behind. It looks as though others will follow suit, either with their own website or working with a third party.

Those with long memories know none of this is exactly new. In the internet's infancy, some manufacturers put a lot of resources into similar initiatives. It didn't really work then. Will it now?

The key difference today is we are dealing with a completely different audience, one extremely comfortable with online shopping and transactions. The web holds no fundamental fears for them.

Instead, I would look at the question slightly differently – what is it that will make manufacturer direct sales websites gain momentum in 2017?

Much is made of the online proposition being "haggle-free" and that part-exchanges are available. To certain customers, these are very attractive. However, at iVendi we would argue other elements are important, including sheer affordability.

Our experience is that what drives an online car sale is giving the customer the ability to find a finance solution that works for them, allowing them to work through different products, deposits and terms in detail. From the way they use our online tools, we can see just how long they spend doing this. You can watch them arriving at the right deal, so the proposition must be structured to their needs.

It is this part of the sales process, more than any other, that manufacturers need to get right. Buying a car is a major transaction, and their websites' finance elements need to meet and exceed customer expectations if they are to generate sales.

■ The iVendi platform provides a complete online motor finance solution for dealers, motor finance providers, car portals and manufacturers.

To find out more, visit ivendi.com, email enquiries@ivendi.com or call 0345 226 0503.



REGISTRATIONS

UK'S BIG THREE LOSE MORE GROUND TO PREMIUM BRANDS

Ford, Vauxhall and Volkswagen have all lost market share in record registrations year

The going is getting even tougher for the big three of the UK's volume market as premium brands accelerate their onslaught into mainstream territory, with competition increasing as more new models are launched.

Ford has lost almost three percentage points of share in the UK's new car market in a decade. In 2006, its share totalled 14.69%, with 344,408 registrations, but this declined to 11.82% with 318,316 registrations last year. The decline has prompted actions since 2012 to consolidate its franchised network, which now stands at 489 sites, but numbered about 600 outlets a decade ago. In many cases, the new FordStore concept dealerships occupy large urban territories previously home to two or more showrooms.

In 2016, Vauxhall's new car market share fell below 10% for the first time this century (see our interview with MD Rory Harvey on page 34). It ended the year with 9.32% share, compared with 12.87% in 2006, and its registration volumes in 2016 were 250,955, compared with 301,679 in 2006.

Even Volkswagen closed 2016 with its lowest market share since 2005. In 2006, it held 8.1% share with 189,959 registrations, but due to overall market growth in 2016 it held only 7.69% share, despite 207,028 registrations.

TACTICAL REGISTRATIONS

In 2016, Vauxhall's 18,811-unit decline in volumes came despite driving 4,500 extra cars into its captive fleet and rental channels. It was not sufficient to offset a decline of 11,320 private registrations and a 7,453 cutback in Motability sales.

Ford was unable to keep pace with the overall market, and declined in all channels. Its largest cut of 8,309 units was in rental, almost a fifth (17.9%) of the prior year's short-cycle volume, but next came the private channel, down 4,001 units. Motability and captive fleet together lost 5,926 registrations compared with 2015, while true fleet registrations suffered a small drop of 1,285 cars.

A 58% jump in captive fleet registrations, which include management cars, press fleet and marketing stock, took Volkswagen's volume in that

2016 NEW CAR MARKET HEADLINES

- The new car market scraped to 2.25% growth in 2016 thanks to a 4.8% rise in fleet registrations to a segment record of 1.38 million units.
- This growth offset a 0.2% decline in private demand and a 1.2% fall in business registrations. The private market was in decline for all except the first quarter of the year.
- In all, there were 3,897 fewer sales opportunities in retail than there were in 2015, according to the SMMT data.
- Overall, the motor retail industry set a new record of 2,692,786 registrations.

IN TOTAL, AUDI, BMW, INFINITI, JAGUAR, LAND ROVER, LEXUS, MERCEDES-BENZ AND VOLVO GREW REGISTRATION VOLUMES BY 79,805 UNITS IN 2016

channel above 9,000 units. However, every other channel recorded a decrease for the German brand. True fleet was most heavily hit, with 8,516 fewer registrations, while its dealer network experienced drops of 4,836 and 1,909 registrations in the private and Motability channels respectively. Rental declined by 4,892 units.

MAINSTREAM MUSCLED OUT

Detailed examination of the SMMT data suggests the big three mainstream brands were muscled out by strong tactical activity from premium brands. These continue to win appeal from private buyers, fleet operators, user-choosers and even Motability customers, thanks to an armoury of badge appeal, robust residual values, dealer talent and keenly positioned monthly payment finance. When the

PCP payment on an Audi A3 is only the price of a family takeaway meal above a Vauxhall Astra, it puts more hurdles in Vauxhall's path.

Tot up the growth achieved by Audi, BMW, Infiniti, Jaguar, Land Rover, Lexus, Mercedes-Benz and Volvo and it's clear premium brands were the winners of 2016. In total, these eight brands grew registration volumes by 79,805 units. To put that in perspective, the year-on-year growth of the total new car market in 2016 was 59,283 units.

Mercedes alone added 24,574 units to its new car volumes, the largest year-on-year increase of any individual brand. While the increase spanned every channel, the good news for its dealer network was that the largest improvements were in contract hire and leasing, up 8,563 units to 48,075, and in the private market, up 7,426 cars to 65,549. The premium brand's push in short-cycle channels may be less welcome, however – rental volumes rose by 2,332 to 12,611 units and its captive fleet cars increased by 679 to 3,395.

BMW's volumes increased overall too, by 15,202 registrations, putting it in second place for year-on-year growth. However, its private registrations dropped by 8.7%, or 6,237 cars.

Making up for that decline, BMW pushed an extra 6,966 short-cycle units through rental and captive fleet – these accounted for 14% of its volumes by year-end. The strongest growth came in true fleet, where an additional 12,678 units of fleet and contract hire will have benefitted its dealer network.

Audi reached 177,304 registrations after a 10,595-unit rise in volumes. Other than Motability, which contributed a 3,677-car increase and doubled the 2015 volume, Audi's growth was fairly consistent across the remaining channels. True fleet provided 4,005 extra units, and private registrations rose by 1,624, with the remaining 1,289 incremental units coming through short-cycle channels.

The figures from Audi, BMW and Mercedes suggest that, in the true fleet market, badge prestige and better whole life costs, linked to stronger residual values, carry a lot of influence. As the market is expected to rely on the fleet sectors to shore it up in 2017, the mainstream brands ought to be concerned about how they can fight more effectively to claw back lost business. **TIM ROSE**

WE'LL HELP YOU GET THERE

SPONSOR'S COMMENT



By Richard Jones,
managing director,
Black Horse

We saw unprecedented levels of change last year and I don't see this slowing in 2017. We will continue to

see an evolution of the options available to consumers in the car-buying journey, particularly through increased use of digital.

However, the challenge for those of us who are here to stay with the traditional point-of-sale dealer model is to adapt to this, and keep the dealership experience an essential part of the buying process.

One of the ways to do so is maximising the skills and knowledge of our staff, to ensure we deliver the kind of value and insight only a physical visit to a dealership can provide.

We launched our LetsULearn Premium training solution last year to help dealers do exactly this, and to provide a comprehensive learning platform, with guidance on customer presentations and on softer skills, such as time management and coaching.

Dealers often tell us they are unable to send staff on training courses due to pressures of time, travel, and balancing resources. Black Horse is directly addressing this by offering a solution tailored to dealer requirements, meaning you and your staff can be trained from your own desks.

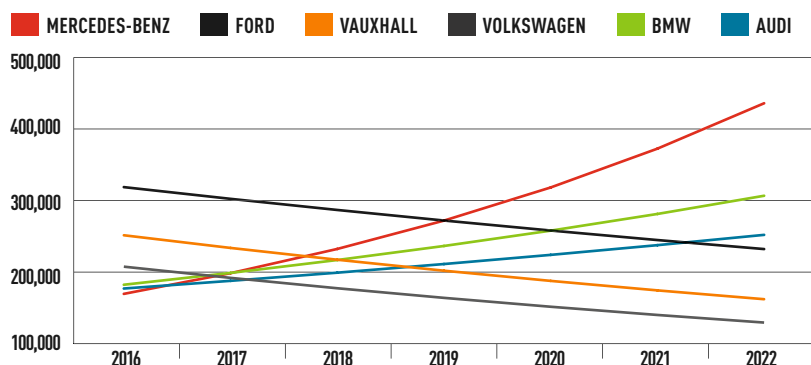
While this is only one of the ways we are supporting dealers, we are beginning to see some good feedback.

Lorenzo Bugliari, a sales manager with the London Taxi Company, said: "My staff found they were more engaged as they were viewing the presentation from within their own personal space. From a business perspective, productivity was not affected as much, as the staff were trained on site. I would highly recommend this as a way to go forward for future training."

Ash Jobanputra, the managing director of Motorline Direct, said: "Investing in my team to ensure all customers continue to be provided with the highest level of service to make an informed decision on the method of purchasing their new vehicle was an opportunity I did not want to miss."

Please speak to your Black Horse account manager or visit us at www.blackhorse.co.uk for more information.

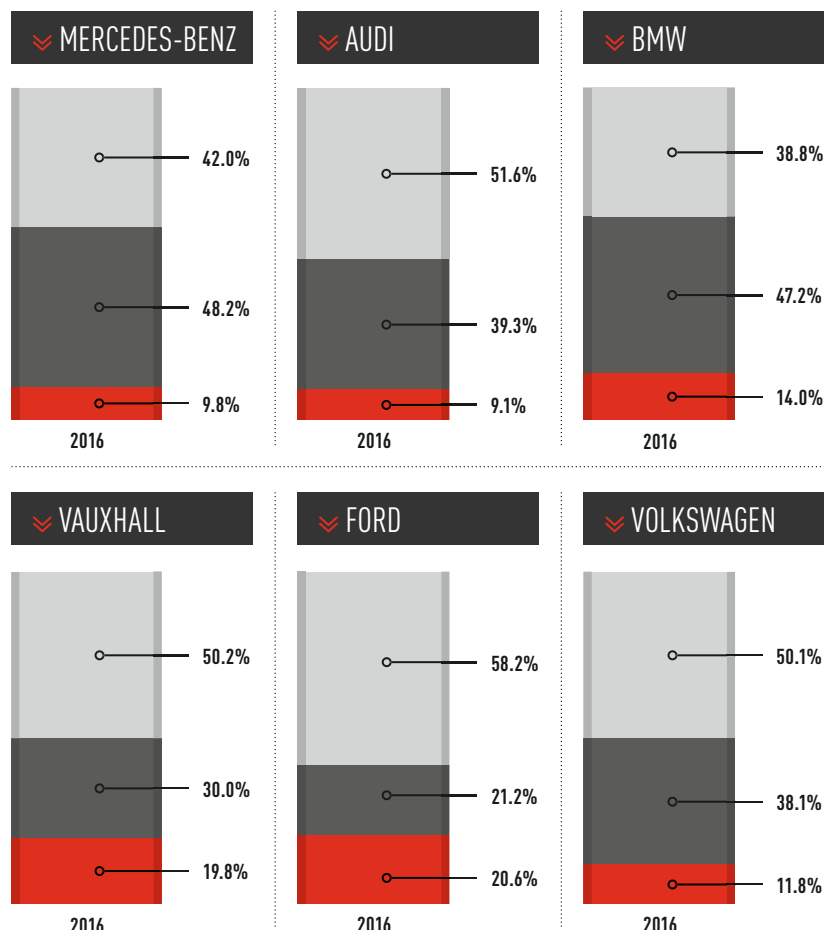
COULD PREMIUM BRANDS TOP THE MARKET WITHIN SIX YEARS?



Although unlikely, if the top six UK brands' growth rate in 2016 remained unchanged, the three German premium brands would overtake Ford, Vauxhall and Volkswagen, the current market leaders, in 2022

MANUFACTURER CHANNEL MIX

SHORT CYCLE TRUE FLEET PRIVATE AND MOTABILITY



NEW CAR REGISTRATIONS

December drop down to fall in fleet

The first drop in demand in the fleet sector in nine months contributed to December's new car market being down by 1.1% or 2,055 units overall. However, the contraction was likely to be due to a slowdown in Motability and rental channels, as additional SMMT data shows true fleet volumes continued to be strong in Q4. Private registrations continued their downward trend, which started in April. There were 3,964 fewer new cars registered in this sector in December, but franchised dealers benefited from a 2,784-unit increase in business registrations, a 50.9% rise on December 2015.

1 NISSAN

Nissan had a strong close to 2016, with December growth of 8.73% helping it end the year almost flat (-0.92%). The performance was underpinned by X-Trail, with almost double the fleet registrations of 2015 (10,542 vs 4,580). In retail, X-Trail volumes rose more modestly (5,553 vs 4,537) and all other model lines declined.



2 KIA

Growth of 9.29% in December ended a strong year for Kia and brought its annual volume goal of 100,000 closer. The new Sportage was the hero, up 60% in fleet and 96% in retail.

3 HONDA

The SUV trend continues. HR-V registrations rose 50.5% in 2016, to 7,266, of which 4,895 were retail, up 132%. The CR-V held almost flat overall, but retail registrations increased by 6.4% to 7,799.

4 MAZDA

New car registrations of 46,609, up 2.4%, meant Mazda was almost bang on with 2016's total market growth of 2.25. For its dealers, the good news was that broke down to an 8% decline in fleet and a 10.1% increase in the private channel. Only the Mazda3 went backwards in private sales.

Marque	December					Year-to-date				
	2016	% market share	2015	% market share	% change	2016	% market share	2015	% market share	% change
Ford	20,741	11.65	23,261	12.92	-10.83	318,316	11.82	335,267	12.73	-5.06
Vauxhall	17,074	9.59	20,830	11.57	-18.03	250,955	9.32	269,766	10.24	-6.97
Volkswagen	15,634	8.78	14,415	8.00	8.46	207,028	7.69	223,784	8.50	-7.49
BMW	15,066	8.46	17,181	9.54	-12.31	182,593	6.78	167,391	6.36	9.08
Audi	11,319	6.36	9,144	5.08	23.79	177,304	6.58	166,709	6.33	6.36
Mercedes-Benz	10,220	5.74	8,892	4.94	14.93	169,828	6.31	145,254	5.52	16.92
1 Nissan	10,628	5.97	9,775	5.43	8.73	152,525	5.66	153,937	5.85	-0.92
Peugeot	5,753	3.23	6,587	3.66	-12.66	98,529	3.66	104,249	3.96	-5.49
Toyota	4,642	2.61	4,769	2.65	-2.66	96,746	3.59	98,709	3.75	-1.99
Hyundai	5,625	3.16	5,271	2.93	6.72	92,419	3.43	88,117	3.35	4.88
2 Kia	3,788	2.13	3,466	1.92	9.29	89,364	3.32	78,489	2.98	13.86
Renault	6,058	3.40	6,003	3.33	0.92	85,102	3.16	75,618	2.87	12.54
Skoda	5,657	3.18	4,809	2.67	17.63	80,372	2.98	74,692	2.84	7.60
Land Rover	4,967	2.79	4,966	2.76	0.02	79,534	2.95	66,574	2.53	19.47
Mini	7,383	4.15	7,370	4.09	0.18	68,984	2.56	63,581	2.41	8.50
Citroën*	2,653	1.49	4,775	2.65	-44.44	62,991	2.34	80,012	3.04	-21.27
Fiat	3,929	2.21	4,235	2.35	-7.23	60,581	2.25	64,257	2.44	-5.72
3 Honda	3,294	1.85	2,794	1.55	17.90	59,106	2.19	53,417	2.03	10.65
Seat	3,348	1.88	2,085	1.16	60.58	47,456	1.76	47,654	1.81	-0.42
Volvo	3,736	2.10	3,567	1.98	4.74	46,696	1.73	43,432	1.65	7.52
4 Mazda	2,111	1.19	2,228	1.24	-5.25	46,609	1.73	45,504	1.73	2.43
Suzuki	2,264	1.27	1,948	1.08	16.22	38,167	1.42	34,437	1.31	10.83
Jaguar	2,520	1.42	1,919	1.07	31.32	34,822	1.29	23,954	0.91	45.37
Dacia	1,891	1.06	2,003	1.11	-5.59	26,499	0.98	26,228	1.00	1.03
Mitsubishi	1,059	0.59	1,493	0.83	-29.07	18,237	0.68	22,693	0.86	-19.64
DS*	580	0.33	1,357	0.75	-57.26	15,898	0.59	8,614	0.33	84.56
Jeep	813	0.46	759	0.42	7.11	14,090	0.52	10,794	0.41	30.54
Lexus	750	0.42	894	0.50	-16.11	13,915	0.52	13,269	0.50	4.87
Porsche	1,264	0.71	555	0.31	127.75	13,097	0.49	12,167	0.46	7.64
Smart	848	0.48	652	0.36	30.06	12,020	0.45	8,455	0.32	42.16
Alfa Romeo	292	0.16	374	0.21	-21.93	4,881	0.18	5,069	0.19	-3.71
SsangYong	174	0.10	194	0.11	-10.31	4,444	0.17	3,344	0.13	32.89
MG	367	0.21	283	0.16	29.68	4,192	0.16	3,152	0.12	32.99
Abarth	276	0.16	177	0.10	55.93	3,966	0.15	2,743	0.10	44.59
Subaru	330	0.19	302	0.17	9.27	3,612	0.13	3,455	0.13	4.54
Infiniti	78	0.04	66	0.04	18.18	2,891	0.11	1,195	0.05	141.92
Bentley	128	0.07	95	0.05	34.74	1,948	0.07	1,379	0.05	41.26
Maserati	150	0.08	69	0.04	117.39	1,435	0.05	1,434	0.05	0.07
Aston Martin	107	0.06	65	0.04	64.62	906	0.03	949	0.04	-4.53
Lotus	5	0.00	17	0.01	-70.59	339	0.01	375	0.01	-9.60
Other British	55	0.03	18	0.01	205.56	825	0.03	701	0.03	17.69
Other Imports	427	0.24	412	0.23	3.64	3,542	0.13	2,534	0.10	39.78
Total	178,022		180,077		-1.14	2,692,786		2,633,503		2.25

*Registrations for Citroën and DS were combined as Citroën until May 2015. As the Citroën figures for year-to-date 2015 include Citroën and DS registrations, please combine the 2016 registrations for Citroën and DS when comparing year-on-year results.

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USED CAR SALES

SUV gains may spell the death of the estate

'Explosion of the crossover' has seen volumes rapidly increase as days in stock fall

Used car buyers are turning their backs on the estate car in favour of the SUV, according to the latest data.

CAP assessed the most popular used vehicles aged two to three years old, according to how fast they sell.

In 2016, MPVs were the fastest-selling body type, spending an average of 33 days in stock. They were closely followed by SUVs at 34 days and hatchbacks (Lower Medium) at 35.

All three types took six days fewer to sell in 2016 than in 2015 as dealers successfully grapple with faster stock turn. At the other end of the scale, vehicles in both the Luxury Executive and Sports segments spent longer in stock in 2016.

Overall, CAP's average days in stock fell from 41 days in 2015 to 36 days in 2016, which was in line with it being a record year for used sales, with 7.7 million forecast.

Auto Trader's 2016 data for two- to three-year-old vehicles reveals a different result, with saloons fastest to sell, at 45.8 average days in stock, followed by 46.6 for MPV and 46.7 for hatchback. It did not have data from previous years to make a comparison.

However, based on pageviews, Auto Trader said the hatchback remained the most

popular style of car for the third year running. The SUV moved up the rankings from third place in 2014 and 2015 to second in 2016.

Motors.co.uk data for all used vehicles regardless of age also showed hatchback as the most popular body style for all three years. Estate held on to second place in all three years and MPV (People Carrier) was knocked out of third place in 2014 by SUV, which has held the position since. Sales of SUV (4x4) increased in 2016, reflecting changing tastes among motorists. Estate was the fastest-selling body type in 2016, at 34.2 days.

Philip Nothard, retail and consumer specialist at Cap HPI said: "The explosion of the crossover, as consumer's appetite for a lifestyle vehicle grows, could see demand wane for the estate car."

SUV GAINING ON HATCHBACK VOLUMES

Hatchbacks remained the largest percentage of the volume trade sector, according to CAP figures. However, SUV has made significant gains. Over the past three years, volume has doubled in the £5,000-£10,000 price band and it is dominating the £20,000+ market with 49% of overall trade volumes.

IT WAS THE YEAR OF THE SUV, WHICH MOVED UP FROM FIFTH IN 2014 TO SECOND IN 2016 BY SALES VOLUME



PHILIP NOTHARD, CAP HPI

Nothard said: "It was the year of the SUV, which moved up from fifth in 2014 to second in 2016 by sales volume.

"Dealers need to ensure they understand consumer behaviours and evolve stock dynamics to meet daily market changes. The market dynamics in 2014, in many cases, are very different today – consumers' aspirations are changing.

"The coming year will see the focus and investment in the SUV/crossover sector continue. Within each sector, hybrids and alternative fuels will be an area of growth, as government intervention and zero/low-emission zones could impact."

Karolina Edwards-Smajda, Auto Trader retailer and consumer products director, said: "Nationally, we'll continue to see the hatchback and the SUV drive sales, but what dealers really need to focus on is what's in demand at a regional level.

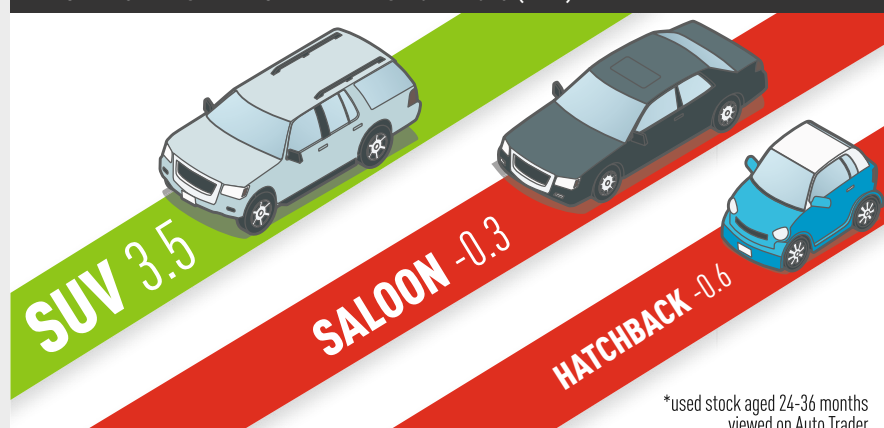
"Success in 2017 will be determined by those that use data to inform their stocking policies and those who price in line with the live retail market."

SALOON SEES BIGGEST PRICE INCREASE

Despite being the most popular, hatchback's share of Auto Trader ad views dropped slightly, from 38% in 2014 to 37.4% in 2016. Meanwhile, SUV ad views climbed slowly, but steadily, from 11.7% in 2014 to 15.2% in 2016.

The average price of hatchback and saloon increased over the past three years, according to Auto Trader. The average hatchback was priced at £9,636 in 2016, up almost £300 on 2014's average price. The saloon saw the biggest gains of almost £2,000 over the three years. However, the SUV, having gained in value by £800 from 2014 to 2015, fell from an average price of £23,752 in 2015 to £23,189 in 2016.

CHANGE IN SHARE OF AD VIEWS 2014-2016 (PPT)*



	Ad views 2014	Ad views 2015	Ad views 2016
Hatchback	38.0%	37.8%	37.4%
Saloon	14.3%	13.5%	14.0%
SUV	11.7%	13.2%	15.2%

*used stock aged 24-36 months on Auto Trader

WE'LL HELP YOU GET THERE

FINANCE OFFERS

Q1 offers a key weapon to make up 2016 losses

The registration results for 2016 are in and it paints an interesting picture as to those falling behind last year.

Success over the next three months is vital for dealerships and manufacturer finance offers are a key weapon in the lead-up to the March plate change.

Mitsubishi's success with the Outlander PHEV is still being felt as its volumes start to stabilise, but that can be seen with a 20% drop in registrations last year, from 22,693 units to 18,237.

The Japanese brand is continuing with its 5.9% APR offer over from Q4, but there are also some 0% deals on Juro and Outlander Commercial to help boost sales. There is also 0% across the entire range when customers take hire purchase or up to £2,500 off selected models on PCP.

Volkswagen saw a 7.5% drop in registrations in 2016. It has slightly adjusted its APR rates from Q4 to Q1, tweaking APRs down a few notches.

Core models such as the Up, Polo and Golf are all available for less than £230 a month and payments continue to be spread over 48 months to keep payments as low as possible.

This is in contrast to Ford, which has switched some of its offers on core models to 0% across a much quicker churn of 24 months.

Vauxhall has also switched its strategy from 48-month deals in Q4 to 36- and 37-month offers in Q1. Vauxhall saw a 7% drop in registrations in

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Volkswagen							
Up 1.0 60PS 3dr Beats	PCP	£3,119.71	48 months	£115	£3,546	6.50%	03/04/2017
Golf 1.4 TSI R-Line Edition 150PS	PCP	£6,714.79	48 months	£225	£8,601.30	6.20%	03/04/2016
Golf GTI Nav 2.0 TSI 3dr	PCP	£6,992.13	48 months	£215	£10,501.20	6.20%	03/04/2017
Passat saloon S 1.6 TDI 120PS	PCP	£6,842.20	48 months	£239	£7,980.30	6.00%	03/04/2017
Passat Estate S 1.6 TDI	PCP	£7,310.39	48 months	£255	£8,563.50	6.00%	03/04/2017
Tiguan SE 2.0 TDI 150PS	PCP	£6,750.82	48 months	£235	£11,769.30	5.10%	03/04/2017
Touran S 1.2 TDI 5dr	PCP	£6,684.68	48 months	£249	£7,195.50	6.10%	03/04/2017
Mitsubishi							
Mirage 1.2 MIVEC Juro	PCP	£3,921.60	36 months	£115.71	£3,727	5.90%	29/03/2017
ASX 1.6 3 1.6 2WD	PCP	£6,393.60	36 months	£161.88	£7,769	5.90%	29/03/2017
ASX 2.2 DOHC 4 2.2 4WD automatic	PCP	£8,855.60	36 months	£192.71	£10,964	5.90%	29/03/2017
Outlander 2.2 DI-D 3 leather manual	PCP	£9,333.60	36 months	£208.38	£12,993	5.90%	29/03/2017
Outlander Hybrid GX3h leather automatic	PCP	£10,821.60	36 months	£259.11	£13,665	5.90%	29/03/2017
Outlander PHEV 2.0 Hybrid GX3h+ leather automatic	PCP	£11,221.60	36 months	£274.32	£13,784	5.90%	29/03/2017
Vauxhall							
Viva SL 1.0i 75PS	PCH	£1,677	36 months	£129	N/A	N/A	31/03/2017
Adam Energised 1.2i 70PS	PCP	£1,999	37 months	£169	£5,042	3.7%	03/04/2017
Astra SRi 1.4i 150PS Turbo	PCP	£2,499	37 months	£229	£7,418	3.7%	03/04/2017
New Zafira Tourer Energy 1.4i Turbo (140PS)	PCP	£3,999	37 months	£269	£6,802	3.7%	03/04/2017
Insignia VXi R-Line 1.6CDTi (136PS) Start/Stop ecoFLEX	PCH	£2,472	36 months	£309	N/A	N/A	31/03/2017
New Mokka X Active 1.6i (115PS) Start/Stop FWD	PCP	£2,999	37 months	£239	£6,634	3.7%	03/04/2017
Meriva Life 1.4i 100PS	PCP	£1,999	37 months	£189	£4,219	3.7%	03/04/2017

2016, but this may be due to a reduction in tactical registrations across the year. Its retailers are being supported with 3.7% offers in the run-up to the March plate change with relatively low deposits and monthly payments. The Viva, Adam and Corsa are all available for less than £200 a month. Vauxhall discounted its Adam, Corsa, Astra and Mokka by up to 22% off the list price between December 27

and January 16 to get the New Year off to a strong start. This equates to £1,600 on the Adam, £2,000 on the Astra and £2,400 off the Mokka in manufacturer deposit support.



SEARCH FOR FINANCE OFFERS

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

RIISING INFLATION AND WEAKER POUND SOUNDS WARNING FOR CONSUMER SPENDING

Analysts have warned that consumers are likely to see disposable income dip until 2020, as the UK's inflation rate has continued to climb since June's EU referendum.

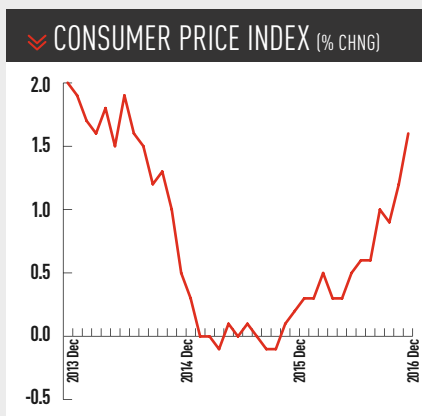
The Consumer Price Index measure of inflation reached 1.6% in December, below the Bank of England's target rate of 2%, but its highest level in 29 months.

Mark Carney, the governor of the Bank of England, warned that consumer spending could be hit by rising prices due to the weaker pound. He also sounded a warning about the growth in household debt. In 2016, total household borrowing had risen 4% while consumer credit had gone up by more than 10%, which he said was "the fastest rate since 2005".

Carney believes the UK is entering a period of higher consumer price inflation. The BoE's monetary policy committee has forecast inflation reaching 2.7% by 2018. The National Institute for Economic and Social Research suggested it could hit 4%.

This could lead to an increase in the BoE's base interest rate, currently 0.25%, which could lead to motor finance becoming more expensive. This would follow VED changes in April that will make some new cars less financially attractive.

The credit rating agency Moody's estimated that a 5% cumulative increase in inflation could lead to a 6.9% increase in defaults on car loans, according to reports in *The Financial Times*.



VIEWPOINT



CHANGES TO IMMIGRATION LAW COULD COST EMPLOYERS

NEIL JENNINGS associate, Lewis Silkin LLP immigration team



NEW EU DEBIT CARD RULES COULD CUT YOUR MARGINS BY 3%

ANTHONY LANDAU managing director, Purchase Direct

→ The automotive sector encounters difficulty in recruiting candidates from within the UK labour market due to a lack of required skills.

Because of this, some employers are looking further afield, to America, China and India. Immigration activity has increased by almost 50% in the professional, scientific and technical activities industry sector since 2011, according to the Home Office.

Times have changed in the automotive sector. The landscape of immigration law has also changed and will continue to do so. The full impact of these changes remains to be seen, but the sector will need to consider minimum salary requirements, additional charges and the possibility that certain roles may be more difficult and expensive to recruit for from outside the UK.

For instance, recruits from outside a company structure have been liable to pay the immigration health surcharge. This applies to migrants applying from overseas and migrants sponsored by a different UK company.

Since autumn 2016, employees transferring from the same company overseas (known as

'intra-company transferees') are also liable to pay this fee, calculated as £200 per person per year, and payable in one lump sum with the application. For a family of four coming here for five years, this means £4,000 on top of application fees and other fees.

April 2017 will bring the introduction of the immigration skills charge. The exact sum and rules are yet to be finalised, but it is expected to be £1,000 per year and apply only to the main applicant and not to family members.

Also in April 2017 will be the closure of the Tier 2 (intra-company transfer) short-term route. Applicants who would have come to the UK under this route (where the minimum salary level required was £24,800) will now have to be paid the same minimum salary as those in the long-term route – currently £41,500 per year.

To recognise the skills deficit, the Home Office designates some roles as 'shortage occupations'. Essentially, this means there are not enough resident workers to fill the available jobs in the sector.

One advantage of this is employers are not required to undertake the resident labour market test (RLMT) and can sponsor migrants more quickly.

However, if the Home Office decides certain roles are no longer shortage occupations, requiring employers to undertake the RLMT, there would be an increase in the cost, administration and scrutiny of applications.

For manufacturers or dealer groups who employ significant numbers of non-EEA migrants, this could represent a substantial increase in expenditure.

■ For more on legal hurdles in 2017, turn to Spotlight on page 39

→ New EU rules on debit card transactions are beginning to bite, with retailers where large purchases are made, such as a used car when a customer has sourced a loan and the monies have been deposited in their personal bank account, hit the hardest.

The rules, which came into force on September 1, changed the standard fee of about 10p per transaction to a percentage, 0.2%. It makes smaller transactions less costly, but we have calculated that the change may cost motor retailers up to £5,000 a year per dealership.

The EU Interchange Fee Regulation has reduced credit card transaction fees by more than 50%, making payment by this method cheaper. But it means it has suddenly become much more expensive for dealers when customers pay for the entire purchase by debit card, such as if they arranged funding prior to purchase, which often means the loan is placed in the customer's bank account and they use their debit card to pay the full amount.

On a £15,000 transaction, a dealer will be paying more than £30 in debit card charges. If the margin is about £1,000, this represents a loss of 3%. That's a massive impact on profitability over the course of a year.

Dealers need to consider how they should manage the increased charges.

They can, of course, accept and absorb the additional cost or try to build an additional 0.2% into the profit margin to cover the cost. They can refuse to take payment by debit card. However, they

"ON A £15,000 TRANSACTION, A DEALER WILL BE PAYING MORE THAN £30 IN DEBIT CARD CHARGES"

cannot penalise a customer for choosing to use it as a method of payment and this will be banned by forthcoming legislation anyway.

The only option to avoid charges is to insist customers pay by bank transfer.

This introduces a whole new set of challenges. These include security, as scammers watch email traffic and intercept communications with the customer, providing their own bank account for payment.

However, the biggest issue with bank transfers is the additional administration. Banking software is notoriously cumbersome and access to bank payment details is held by relatively few people in the dealership.

Each payment – and some banks restrict transfers to a maximum of £10,000, so requiring multiple transactions – will need to be logged and allocated against each sale so sales staff know when they can release the vehicle.

Bank details and a payment reference will need to be given to each customer. The administrative burden will be significant as well as inconvenient for the customer.

"CERTAIN ROLES MAY BE MORE DIFFICULT AND EXPENSIVE TO RECRUIT FOR FROM OUTSIDE THE UK"



WE NEED MORE THAN DATA TO BETTER PREDICT THE FUTURE

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



One of the most interesting things to emerge last year was the lack of predictability in both world and local events.

The supposed experts and pundits seemed to get it consistently wrong. Even the book-makers, who generally get things right, gave odds of 4,000 to 1 against Leicester City winning the Premiership and got hit badly by some local supporters whose heart overrode their brains and wallets at the start of the season.

The pollsters got it wrong in both the EU referendum and the US presidential election. All the conventional methods of assessing opinion seemed to propose the wrong outcome.

However, two of my colleagues at Loughborough, Prof Tom Jackson and Dr Martin Sykora, correctly predicted the outcome of both votes. In the case of the US election, they did this by analysing the emotions expressed on Twitter about the two candidates.

The measurements were not based on a simple head count of support. If the candidates' support showed an emotional 'choppiness', they lost, while if there was a consistent emotional response, they won.

This was a new way of looking at the strength of the support for the candidates, which turned out to be the key to predicting the results. More information can be found at am-online.com/prediction.

So what has this got to do with

our sector? Well, it again throws down the challenge of whether we are measuring the right things. I have argued in previous columns that satisfaction is a weak emotion and is therefore a poor predictor of repurchase intention.

One of the major challenges is trying to understand whether we are looking at the right data. The rise of social and digital media has made it more difficult to identify what we should be measuring.

If someone 'likes' a communication about a car or brand on Facebook, does that have influence on a potential purchase? Are views expressed on social media relevant?

From the ongoing research we are involved with, it appears people do not wear their hearts on their digital sleeves. Their real opinions are expressed in more controlled environments, such as WhatsApp groups.

Maybe we are looking at social and digital media from the wrong perspective. I have come across WhatsApp dealer/customer groups in Pakistan, India and Nigeria, but could find nothing in the UK. Maybe we should stop trying to search for data, but actually give platforms where we can both create and collect real opinions in an environment in which the customer feels safe.

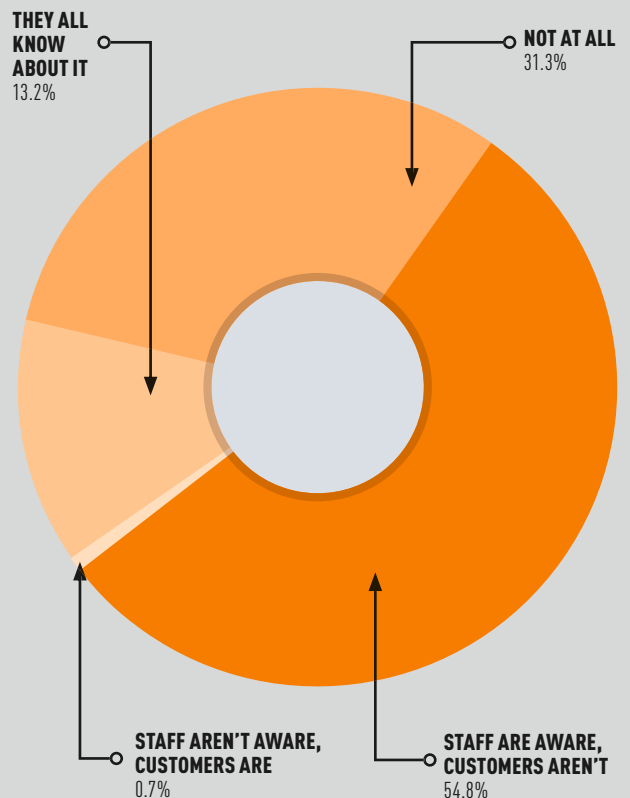
In the meantime, I am keeping a close eye on what my colleagues in the Business School predict next – it may just be financially beneficial.

“SATISFACTION IS A WEAK EMOTION AND IS THEREFORE A POOR PREDICTOR OF REPURCHASE INTENTION”

AMPOLL

ONE IN THREE DEALER SALES STAFF UNAWARE OF APRIL CAR TAX CHANGES

ARE YOUR SALES STAFF AND CUSTOMERS AWARE OF THE MAJOR VED COST CHANGES COMING IN APRIL?



Almost a third of the sales staff in UK franchised dealerships are unaware of changes to VED taxation that may influence customers' car choice.

The current VED system will be replaced in April, to increase the Government's tax take from motoring. The change is expected to provoke a spike in first-quarter demand for certain prestige models, which will cost significantly more annually to tax under the new regime.

For example, a £41,400 4WD Range Rover Evoque Td4 HSE Dynamic registered in March 2017 will cost £0 VED in its first year and £140 annually, but if registered in April 2017 will cost the buyer £470 for its first year of registration and £450 annually thereafter.

NEXT MONTH: COULD/SHOULD NEW CARS EVER BE SOLD AT A NATIONALLY FIXED PRICE, REMOVING CUSTOMER NEGOTIATIONS?

VOTE NOW AT AM-ONLINE.COM/POLLS

AM AWARDS 2017

HEADLINE AWARDS

DEALER PRINCIPAL/GENERAL MANAGER OF THE YEAR

Darren Bradford, Drayton Motors Kia
Glen Ramskill, Vantage Toyota York
Mike Dodds, Volvo Cars North London
Neil Pearson, JCT600 Mazda Leeds
Nick Beevis, Perrys Motor Sales
Aylesbury
William Lander, Marshall Bridgewater
Van Centre

Sponsored by Motors.co.uk

DIGITAL INITIATIVE OF THE YEAR

Shortlist is made up of the winners
from each digital category

Sponsored by Auto Trader

BUSINESS LEADER OF THE YEAR

Chosen by the AM judges

Sponsored by Santander Consumer
Finance

MANUFACTURER OF THE YEAR

BMW
Hyundai
Jaguar Land Rover
Mazda
Seat
Tesla
Volvo

Sponsored by carwow

RETAILER OF THE YEAR

Shortlist is made up of the winners
from each retail category

Sponsored by Black Horse

AM HALL OF FAME

Chosen by Stephen Briers, the
editor-in-chief of AM

Sponsored by Shell UK

THE SHORTLIST

With judging complete, more than 90 finalists are in the running for the highest accolades in motor retail.

A judging panel of eight industry experts, chaired by Christopher Macgowan OBE, made their choices this month from the dealers seeking to be crowned the best in the industry. BDO audited key retailer categories.

Taking a deliberately diverse look at the industry, we are seeking to acknowledge great performance, innovation and a consistent approach that exploits opportunities and tackles problems across more than 20 categories. They range from digital communications to traditional aftersales, used sales, fleet and, for the first time, F&I.

As well as dealers, AM acknowledges the part played by manufacturers in the health of the retail sector in three awards voted for by dealers – new car, used car and franchise of the year – and manufacturer of the year.

The competition is intense, guaranteeing that February 9 will again be a night to remember.



THURSDAY, FEBRUARY 9, THE IC

AM AWARDS SPONSORS



**“ WE ARE SEEKING TO
ACKNOWLEDGE GREAT
PERFORMANCE,
INNOVATION AND A
CONSISTENT APPROACH**

EXCELLENCE IN BUSINESS

BEST TRAINING AND DEVELOPMENT PROGRAMME

CarShop
Stoneacre Motor Group
Volkswagen Passenger Cars
(with DEKRA Automotive)
Wight Motors
Sponsored by AutoProtect

NEW BEST F&I PERFORMANCE

Pendragon
Yeomans Toyota Brighton
Sponsored by DSG Finance

EXCELLENCE IN CUSTOMER SERVICE

Beechwood Derby
Curtis Toyota Ballymena
Jardine Motors Group
Luscombe Motors
Romford Mazda
Vospers of Truro
Sponsored by EMaC

EXCELLENCE IN AFTERSALES

Peter Vardy BMW & Mini Edinburgh
Sandown Group
Swansway Group
TMS Kia
Sponsored by FUCHS Lubricants

BEST SALES TEAM (NEW OR USED)

Arnold Clark Hillington Renault
Norton Way Corporate Sales
Peter Vardy CarStore Glasgow
Peter Vardy BMW & Mini Edinburgh
TMS Kia
Swansway Volkswagen Van Centre Liverpool
Sponsored by Barclays Partner Finance

RETAILER AWARDS

BEST USED CAR PERFORMANCE

Arnold Clark Automobiles
Drayton Motors
Fine Cars
Perrys Aylesbury
Peter Vardy
Sponsored by Autoclenz

BEST FLEET OPERATION

Norton Way Motors
Snows Toyota
Swansway Group
TrustFord

MOST IMPROVED DEALERSHIP

Harold Wood Audi
Marshall Volkswagen South Oxford
TMS Volvo Coventry
TMS Volvo Hinckley
TrustFord Bradford
Volvo Cars North London
Wight Motors

BEST DEALERSHIP

Luscombe Suzuki Leeds
Peter Vardy BMW & Mini Edinburgh
Stafford Land Rover (Swansway Group)
Sponsored by Rhino Events

BEST RETAIL GROUP (UP TO & INCLUDING 10 SITES)

Delgarth Motor Group
Hawkins Motor Group
The Hughes Group
TMS Motor Group
Sponsored by Diamondbrite Automotive

BEST RETAIL GROUP (MORE THAN 10 SITES)

Arnold Clark Automobiles
Hatfields
Peter Vardy
Rybrook Holdings
TrustFord
Sponsored by Dealerweb

DIGITAL AWARDS

BEST USE OF SOCIAL MEDIA

Cambria Automobiles
CarShop
Hendy Group
Luscombe Motors
Marshall Motor Group
Ocean Automotive
Sponsored by Marketing Delivery

BEST USE OF VIDEO

Luscombe Motors
Spire Jaguar

BEST DEALER WEBSITE

CarShop
Luscombe Motors
Peter Vardy
Swansway Group
TMS Motor Group
Sponsored by CarGurus

MANUFACTURER AWARDS

USED CAR OF THE YEAR

Ford Fiesta
Kia Sportage
Land Rover Discovery Sport
Suzuki Vitara
Volkswagen Golf
Sponsored by Car Care Plan

NEW CAR OF THE YEAR

Fiat 124 Spider	Peugeot 3008
Jaguar F-Pace	Toyota CH-R
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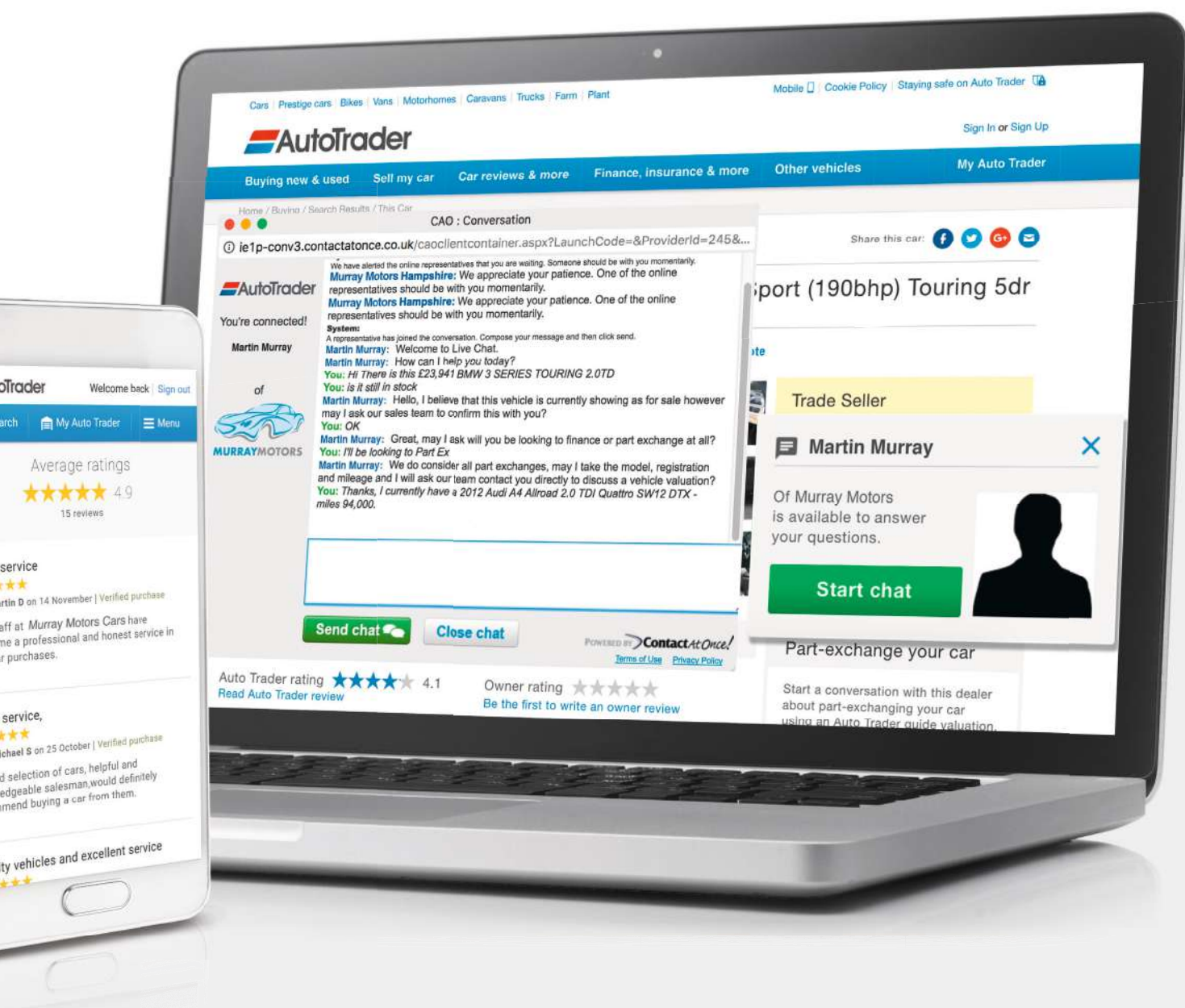
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Managing director Henry Whale:
"The number of high net worth
individuals is set to continue
to grow"

FACE TO FACE: RYBROOK HOLDINGS

RICH PICKINGS

MD Henry Whale woos wealthy customers with exclusive events, but aftersales – whether McLaren or Mini – is the bedrock of his ‘family business’, he tells **Tom Sharpe**

Few dealer groups can boast of trips to European dressage competitions to watch the company horse compete among their customer incentives.

However, with a brand portfolio that includes Rolls-Royce Automobiles, Bentley, McLaren Automotive and Lamborghini, luxurious touches (such as visits to see the top-rated horse, Rybrook Ambience) help to set Rybrook Holdings apart.

The group's recent official opening of its Cribbs Causeway site, a multi-franchise facility for the four brands above, was preceded by a “shoot and drive” event for customers and featured a 47ft yacht from the group's other business, Princess Yacht Motor Sales.

Managing director Henry Whale raises an eyebrow at the suggestion that his customers' way of life may be more resilient to current economic uncertainties than those walking through the doors of dealer groups representing more mainstream brands. However, he is confident that its 2016 accounts will be a landmark year for growth in what he calls “the family business”.

This year is the 80th anniversary of the establishment of the Whale family's automotive business – lorry sales and coach-building specialist Ryland Motors of Birmingham – by his great-grandfather and its 46th year as a BMW franchisee.

Although the past 25 years have seen a change of name, a nine-year spell as a PLC (1994-2003), and the eventual establishment of Warwick-based Rybrook Holdings Ltd in 2006, Whale is keen to emphasise

the one constant in the business's lineage.

“The Whale family have always been central to the business and this year is a significant year for us,” he said.

A management buy-out with the help of an excellent partner, in the form of Interamericana Trading Corp, brought the business back into family ownership in 2006 and it really has the feeling of a family business about it again. That's how we like to run it, too.

“There won't be a huge, group-wide celebration this year; I don't think. With the changes to the business over the years, it's not really the Rybrook business that is celebrating an anniversary, after all, but it means a huge amount to us as a family.”

GROWING A PREMIUM PORTFOLIO

Although Rybrook's turnover fell 2.3% to £432.4 million in 2015 (2014: £438m), its operating profit rose 16% in the same period, from £3.8m to £4.4m.

The March 2015 sale of its two Mercedes-Benz franchises in Yorkshire, for an initial consideration of £11.1m, helped to boost overall profit for the year to £14.4m (2014: £3.2m).

While Whale suggested that building the group's portfolio and ongoing property deals had made it “difficult to get an accurate view of profitability”, he said recent investment will start to deliver considerable growth, which will be visible on the balance sheet for 2016.

In March, the group bought Perrys' Land Rover facility in Halifax and Jaguar and Land Rover showrooms in Huddersfield for an undisclosed sum. Six months later,

it opened the purpose-built Rolls Royce, Bentley, McLaren Automotive and Lamborghini site at Cribbs Causeway, Bristol.

The facility serves customers across a 12,000-square mile market area and features a single customer entrance and lobby area, giving access to the four showrooms. A luxury used car showroom, run under the name Rybrook Specialist Cars, occupies the first floor.

Elsewhere in the group, Rybrook has investment demands moving into 2017.

The newly acquired Jaguar and Land Rover facilities must be brought together under one roof at a new £12m JLR Arch facility in Huddersfield, with the project currently in the planning stages.

Work is also under way to upgrade Rybrook's Chester Porsche franchise, bought from Corkills in 2012 – with a makeover of the city's Volvo showroom and a “single Arch” Land Rover site in Conwy to follow.

Despite the investment required, Whale is confident the 2016 accounts will put the 21-franchise Rybrook group back on the path to his goal of achieving £1 billion in turnover. He said it made more than £570m in 2016, a near-25% rise on the year before.

“For the first six months, Rybrook Bristol will not be contributing and we are also bedding in a new Jaguar Land Rover acquisition in Halifax and Huddersfield, which is a great business, but which comes from a very different culture to that which Rybrook is used to.

“If we end 2016 £200,000 or £300,000 up in terms of profit above 2015, having absorbed our costs, we'll be very pleased with that.”

Commenting on further group expansion and growth, Whale said: “We have no desire to be the biggest out there and we won't be moving into a volume brand to achieve our goals, but of course our aim is to grow and expand.

“At the moment, a large part of our

“IT'S ABOUT CREATING A ‘MONEY CAN'T BUY' EXPERIENCE. OUR CUSTOMERS WANT TO BE A PART OF THAT AND ARE WILLING TO PAY FOR IT” HENRY WHALE, RYBROOK

operating area is in the North, but, with the exception of Scotland – where I think there are good people already doing quite an effective job of what we do – I think we would expand anywhere in the country.”

Whale said losing the group’s Mercedes-Benz franchise in March 2015 – in a year that saw the German premium brand achieve a 17.24% rise in registrations, from 126,433 to 148,266 – was “disappointing” and said it was one brand that would fit well with Rybrook’s profile.

“Mercedes is a brand I would like to see the group return to, but I’m under no illusions as to the kind of investment that would involve.

“We did look at reversing that deal and if there was anything to bolt on to our existing franchise, but it was one of the smallest in the UK, with just two locations, where the average is five or more.”

He believes a network of Mercedes sites needs to be of a certain size to be viable and handle the volume targets.

“If we went back into Mercedes, I’m in no doubt that we’d have to invest heavily in a sizeable market area, but we would if the opportunity presented itself,” he said.

However, he added: “With the consolidation that we have already seen in the sector, it will become harder and harder to broker such a deal.”

Rybrook was one of just three dealer groups selected to retail McLaren Automotive vehicles – along with Jardine and Sytner.

It opened a Birmingham showroom in 2010 and added a second, along with a first foray into Lamborghini sales, with the opening of the Cribbs Causeway facility.

In the first year since it has had two sites McLaren’s global registrations increased 99.3%, from 1,654 cars in 2015 to 3,286 in 2016. Whale said Rybrook’s facility was second in the network’s global sales race.

“Compared with where we were when we started with McLaren in 2011/12, the turnover created by the franchise will have tripled,” he said.

“With the order book that we already have at Bristol, that’s cause to be very excited.”

Rybrook partner Bentley also increased its UK registrations dramatically last year, up 43% (from 1,196 to 1,709). Lamborghini and Rolls-Royce increased their global sales by 7% (to 3,457) and 6% (to 4,011), respectively.

Whale said: “It’s quite hard to believe, given Brexit and other economic factors at play, but the number of high net worth individuals is set to continue to grow.

“If the manufacturers are making attractive cars and we can interact with the right people and deliver the right experience, we will be well-placed to profit from that.”

Rybrook also profits from feeding the needs of its high-end customers for rare and desirable used cars.

Rybrook Specialist Cars uses two purpose-built 22-car showrooms – the first



RYBROOK LOCATIONS



above the McLaren Birmingham and Rolls-Royce Birmingham showrooms in Hockley Heath, Solihull, the second on the first floor of the new Rybrook Bristol Showroom – to offer access to cars other retailers may struggle to acquire or maintain for customers.

Whale said the average RoS for Rybrook Specialist Cars was between 6% and 9%, with cars currently available ranging from about £30,000 to more than £300,000 and more exotic models acquired on request.

THE ‘MONEY CAN’T BUY’ EXPERIENCE

One way Rybrook maintains relationships with “high net worth individuals” is through arranging “money can’t buy” events and experiences for its VIP customers through its Rybrook Silk members-only group.

The group, run by director David Tibbetts, has seen the numbers on its annual trip to the Geneva Motor Show rise from 24 in 2015 to more than 100 last year and its 48-hour trips to events such as the Goodwood Revival, European dressage competitions and supercar track days are also increasingly popular.

Taking a different approach from the DMS data-mining required in most modern



Rybrook was named as one of just three McLaren Automotive retailers in the UK and now has sites in Birmingham and Bristol

retail environments, Tibbetts is charged with forging strong relationships with customers and providing experiences that ensure they remain loyal to Rybrook.

Far from being an expensive marketing exercise, however, guests pay to be part of the exclusive club.

"It's about creating a 'money can't buy' experience," said Whale. "Our customers want to be a part of that and are willing to pay for it."

Hanging on to existing customers and building a reputation through word of mouth as a result of their experiences is central to Rybrook's approach.

While its high-end customers are core to its profitability, Rybrook has built a reputation for excellent aftersales service and Whale is keen to see the group deliver the same levels of customer service to all its customers, whether McLaren or Mini.

He said: "Customer satisfaction and a premium service is the key, regardless of whether you're a Rolls-Royce, Volvo or Mini customer."

This was evident in 2015, when Rybrook Warwick BMW won the AM Award for Excellence in Aftersales (it also won in 2011). The dealership, located near the



high-income areas of Warwick and Leamington Spa, has held on to the BMW accolade every year since 2013, securing it for a fourth time in 2016.

Whale, who described aftersales as "a bedrock of the business" said Rybrook's BMW and Mini division achieves about 115% absorption.

Across the business as a whole, overhead absorption improved from 54% in 2008 to 122% in 2013, thanks to the implementation of a customer service and reward culture.

"Generally, we are open 7am until 7pm to ensure that customers can reach us when

CUSTOMER SATISFACTION IS THE KEY, REGARDLESS OF WHETHER YOU'RE A ROLLS-ROYCE, VOLVO OR MINI CUSTOMER

HENRY WHALE, RYBROOK HOLDINGS

it suits them and we will accommodate customers if they can only reach us outside those times," said Whale.

"We will never put profit ahead of customer satisfaction, either. If there is a question of price raised by a customer then we would rather consider that than say 'this is our hourly rate, forget it'. We have the ramps, we have the technician, whether it's £110 an hour or £180 an hour, we will do it."

Customers of Rybrook's luxury brands rarely see inside a showroom unless they are buying a car or attending a specific event and the group has





“THE BIGGEST CHALLENGES WILL BE MEETING GROWTH EXPECTATION AND THE KNOCK-ON EFFECT OF THAT ON OUR STAFF. WE WILL HAVE TO WORK VERY HARD IN 2017 TO MITIGATE THAT AND KEEP MORALE UP
HENRY WHALE, RYBROOK HOLDINGS

three lorries to facilitate home collection and delivery.

In December, Rybrook agreed to rent a 15,237sq-ft space in Solihull from IM Properties (IMP), part of Subaru importer IM Group, which it plans to use as an aftersales and preparation centre for Rolls-Royce and McLaren vehicles. As at the new Bristol facility, technicians will be trained across all Rybrook brands to maximise workshop efficiency.

The site is due to open in early 2018, and should boost the group's access to a broad geographical spread of customers with easy access to the nearby M40 and M42 motorways.

PROFITING FROM PART-EX

The Specialist Cars division is not Rybrook's sole used car outlet.

Whale is particularly proud of the group's dealerpx.com website, which offers the group's unwanted part-exchange stock to 3,000 registered traders.

Whale said: "It has worked wonders for us. It has increased profits for trade-in cars dramatically. Last year's performance generated, in total, gross profit of £600-per-unit from 2,360 vehicles.

"Warrington Volvo came up with the idea (in 2012) but we, as a group, now feed the site."

Dealerpx incorporates a video overview of each car, with each vehicle sold as seen and terms and conditions "that ensure dealers are committed to a car once it is sold", said Whale. He said the accompanying videos also reduce the likelihood of a dispute.

The website, as with Rybrook's individual brands, is built in-house. It hosts regular eBay-style auctions, a bid placed

FACTFILE

TURNOVER £432.4 million (2015)
FRANCHISES Bentley, BMW, Jaguar Land Rover, Lamborghini, Mini, Porsche, Rolls-Royce, Volvo
New car sales sites: 21
Non-franchised sales sites: 2
LOCATIONS Birmingham, Bristol, Cardiff, Chester, Conwy, Copley, Halifax, Huddersfield, Shrewsbury, Stratford, Warrington, Warwick, Worcester
NUMBER OF STAFF 775

within 30 seconds of an auction ending prompting a further 60 seconds of bidding to ensure the top price is achieved.

Whale conceded that the group's biggest challenge online was aligning its own website with that of its manufacturer partners – Bentley, BMW, Jaguar Land Rover, Lamborghini, Mini, Porsche, Rolls-Royce and Volvo – to properly exploit online sales and servicing.

He said manufacturers would increasingly drive the digital side of the business in new car sales, but also pointed out that BMW's online service booking facility was particularly popular.

GROWTH IN 2017, BUT NOT FOR ALL

Following the SMMT predictions that registrations will likely shrink by 5% to 6% in 2017, Whale said Rybrook cannot ignore the uncertainties of the new car market.

Despite his assertion that the number of society's wealthiest individuals is growing, he does question whether people will continue to invest in very high-

end vehicles in such abundance if the economy falters.

However, one of his biggest fears is the welfare of staff as they attempt to meet the ambitious targets of manufacturers for 2017.

"Manufacturers are predicting growth, but that's not going to happen for somebody, that's for sure," said Whale.

"The biggest challenges will be meeting growth expectation and the knock-on effect of that on our staff.

"We will have to work very hard in 2017 to mitigate that and keep morale up."

Rybrook encourages entrepreneurship and a degree of autonomy at all its retail locations, with a general manager or dealer principal given a largely free hand at each site, according to Whale.

Pay structure and incentives remain very different in each division of the business, he said, but certain measures may soon be taken to improve retention and relieve the pressures on staff, particularly those working in sales.

Whale is currently considering a five days on, two days off working pattern, or even a four-day working week.

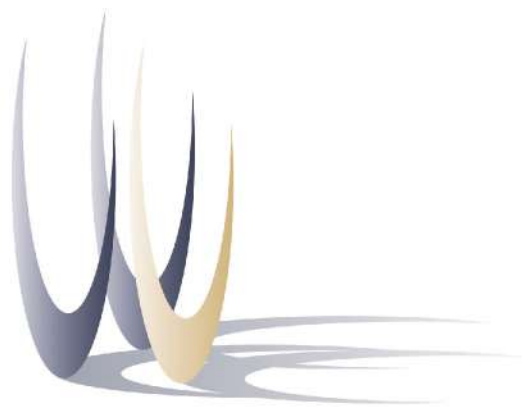
Ultimately, he said it fell to the sales managers to ease the pressure on their teams and assume responsibility for targets, adding: "They certainly have a lot of support behind them.

"A lot of the people who were here when we were a PLC are still here now. We have the staff overheads to go with that, but the upshot is that we have the experience and know-how to overcome challenges.

"It also ensures that we remain well set for growth in future.

"We will support one another, we are a family business."

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MINUTES WITH...

Trevor Mather,
CEO, Auto Trader



You started work at Auto Trader just more than three years ago. What did you find when you started and how have things progressed since?

Before Auto Trader, I ran my own global IT and software consulting business (ThoughtWorks). It was doing very well and took me all over the world. I recall being about to board a flight when I got a call to see if I might consider the role at Auto Trader. It crossed my mind that I am from Manchester, I have a family to think about, and it just felt like the right time.

It soon became apparent that I had done the right thing. Auto Trader is an excellent company and one that, despite being around for so long and being an established market leader, really does embrace change. Change is one of my speciality areas.

I think there had been about 1,200 people working for Auto Trader. When I started, that number had already come down to about 850. Now we have a very talented team of about 450 and about half of those are new recruits. It really has been a period of transition, but we were in a position where we were able to look after those who went – which was very good – and the new team is working well.

Auto Trader recorded turnover of £281.6 million (up 10.5% year-on-year) and operating profit of £169.6m (up 27% YoY) in its annual results to March 27, 2016. CarGurus says profit in the UK is not an issue as it targets greater exposure, but has Auto Trader's IPO in March 2015 placed undue pressure on it to produce financial growth?

Not at all. Auto Trader was owned by a

“ [DEALERS' SPEND ON CLASSIFIED ADVERTISING] WAS £600M IN 2005 AND IS NOW £400M. RETAILERS USED TO SPEND THEIR MONEY ON THE REGIONAL PRESS AND MAGAZINES AND THAT SPENDING HAS NOW COME TO DIGITAL

private equity company long before the IPO happened.

It is up to CarGurus how they deal with their shareholders. We are there to make sure our dealers get the best possible leads.

Just look at what dealers have spent on classified advertising over the years. The figure was £600m back in 2005 and it is now £400m.

Retailers used to spend their money on the regional press and magazines and that spending has now come to digital.

That much of that change is down to Auto Trader, with much of that investment coming in our direction, is not something we are embarrassed about.

I don't think there has been any change in the way we treat our customers since the IPO.

What is the most important thing to Auto Trader as a company?

I have just returned from our public company roadshow across Europe and

the US. No matter where we are, the most important thing we do as a company is bring retailers a sizeable audience interested in buying cars.

Over the past six months, our car platform stats are up 30%. That is a significant rise and something we are proud of.

It is four times the increase of our competitors and from a page impressions point of view we are the 12th most-visited website in the UK.

In terms of time spent on our site, Auto Trader's is five times that of our competitors' and results in 250m ad views each month. That's 96 virtual views of cars every second of every day over a six-month period. More views equal more sales for our customers.

From a stock perspective, we currently have more than 500,000 cars on our website, which is the most in living memory.

That reflects the seasonal high at this time of year, but also the size of our car parc growth.

That also reflects an increased penetration of retailers on our site. We believe we have 85% of retailers, though it is hard at the bottom end of the market to get the numbers absolutely right.

CarGurus, Motors.co.uk, RAC Cars – there are a few newer entrants to the market. Who do you see as your biggest rival?

There is not one particular rival that we are worried about. The main thing is to focus on our own operation.

In terms of CarGurus, clearly what they have done in the US is take advantage of some nice product features and grow audience and build a





consumer-facing proposition. [There are] two or three things they do very well and dealer reviews are one of them. We have launched dealer reviews and now have 200,000 on the site.

[CarGurus] has flags to say whether a car is a good price or a poor price and we have introduced a similar system.

We can be influenced, not just if we see something on CarGurus, but more generally we make sure that we keep on adapting, so consumers and dealers do not have to go anywhere else.

When we see things being introduced elsewhere then why wouldn't we introduce them ourselves and hopefully improve upon them?

We have spoken about Auto Trader's desire to evolve to cater for the needs of consumers and retailers. What other changes will we see in 2017?

Used car finance at the dealers is currently between 25% and 30%. New car finance is about 86%. If you look at the rise of car finance-focused lenders, they will do a secured loan before a customer arrives at the dealers. They are taking share and opportunity away from the dealers.

We are trying to move that back to the dealers and are encouraging dealers to submit their best finance example to us so that we can add a representative monthly payment on each advert, with a monthly payment search function to follow.

We have heard rumours that Auto Trader intends to offer its own finance solution, but that will not happen. We have zero intention to have finance on our balance sheet.

So far, we have rolled out the finance function to 500 dealers and it will be a free function until 2018.

The launch of our part-ex guide has been designed to solve the customer pain point of 'what price might I get?' Our solution attempts to bring more cars to the dealers. Currently, we've got

“DIRECT SALES ARE THE BIGGEST THREAT TO US AND TO DEALERS IN THE SHORTER TERM. CUTTING THE DEALER OUT OF THE EQUATION TO SUCH AN EXTENT WOULD REDUCE THEIR REQUIREMENT TO ADVERTISE AND WOULD SURELY IMPACT US

67% of dealers [using our] part-ex guide.

Finally, we have launched the new car listing function, with 12,000 'virtual vehicles' currently available through the search.

We provide experts' and owners' reviews and give consumers the option of which dealer they would like to deal with. We will also be offering a new car finance search in the new year.

Some manufacturers have indicated they will embrace it (the new car search), but some have been opposed, especially premium brands with longer lead times, which do not need extra leads.

Perhaps the biggest question still remaining is who should pay for those new car leads. There's definitely a suggestion that it should be the manufacturers.

Moving into 2017, a year that may see new car registration figures fall by up to 10%, and further down the line, what do you see as the biggest threat to Auto Trader?

The used car market operates a little behind the new market and that can insulate us from any immediate impact, but I don't see doom and gloom in the

coming year. We've heard a lot about a reduction in car ownership due to car-sharing services and autonomous car technology, but I think those sorts of changes are some way off. All the regulation associated with that will take a number of years to finalise.

Direct sales are the biggest threat to us and to dealers in the shorter term. Cutting the dealer out of the equation to such an extent would reduce their requirement to advertise and would surely impact us. That is the worst-case scenario.

The main thing for us is, if that direct sales model gains more traction, we have to be there, making ourselves available to the manufacturers and dealers, to facilitate that.

What do you anticipate will be the effects of the EU referendum result on the automotive sector?

There has been no discernible impact from Brexit on our business up to now.

We look at our audience numbers, dealer numbers and stock numbers, we look at consumer confidence and used car transactions and they are all at record high rates.

We see used car prices as being very strong. They are 9% up on our site, but we are getting newer cars and slightly larger cars because petrol is cheaper.

We look at stock turn and that is pretty consistent for where it should be. Look at all these things and you will say there has been no discernible impact.

There may well be a rush to do business over the next two years.

Any restrictions on immigration and the like will be triggered after we leave the EU and I suspect there might be a growth in the population until that time.

Much of our economy is services-based and we might be servicing ourselves, but such a large population guarantees a certain amount of growth.

FACT
FILE

COMPANY:
AUTO TRADER

HEADQUARTERS:
MANCHESTER

SALES:
£281.6M (YEAR
TO MARCH 27)

STAFF: 450

SITES:
MANCHESTER,
LONDON

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VAUXHALL

Between falling sales, fire recalls and Brexit, it endured a torrid 2016, but the last thing MD Rory Harvey wants is a knee-jerk reaction, he tells **Tom Sharpe**

2 016 was not Vauxhall's best year. Full-year registrations fell almost 7% compared with 2015 and its market share fell almost a percentage point, to below the psychologically important 10% barrier for the first time this century.

In addition to this, few could have foreseen that Vauxhall's chairman and managing director, Rory Harvey, would be called upon to defend the brand after wiring defects caused two of its big-selling models to hit the headlines following a string of fires.

Being forced by the surprise result of the EU referendum into discussions with Government ministers about safeguarding its UK manufacturing operation was equally unwelcome.

Vauxhall was among the manufacturers who increased prices in July and October – by 2.5% – but Harvey insisted “the volatility needs to stop”, adding: “What we don't want to do is knee-jerk into a reaction.”

Stability will be a key aim for Vauxhall in 2017 – it has five new models launching.

Harvey said: “I've been with the company for 26 years and I think we've got the best product portfolio today that we've ever had, and going forward, we're going to have a product portfolio that's even better.”

Sitting alongside the Mokka X, the brand's third-best seller, will be the B-segment Crossland X SUV, which Harvey claimed will attract “its own following”.

It will also launch the Insignia Grand Sport in the early part of the year, which will be joined by an Insignia Sports Tourer and rugged Country Tourer model.

Completing Vauxhall's SUV/crossover family will be a new C-segment crossover.

Harvey acknowledged that an EV might

have been another welcome addition and said that the Ampera E hatchback launched on the continent in 2016 would come to the UK, but wouldn't specify when.

“A lot of what we're introducing is going to provide incremental sales over and above our current portfolio, so, from a product renaissance point of view, we've got it sorted,” he said.

Weathering the sales storm

Vauxhall's sales aspirations for 2016 were affected by the same mid-year cooling of the new car market as its big-selling rivals.

According to the SMMT, Vauxhall's car registrations in 2016 were 250,955, down 6.97% on 2015, with market share down almost a full percentage point, from 10.24% to 9.32%.

Volkswagen was down 7.49% with its 207,028 registrations, with market share down from 8.5% to 7.69%, and Ford's 318,316 registrations represent a 5.06% decline, against market share down from 12.73% to 11.82%.

Harvey said: “Some of that is strategic – we took a commercial decision to lose some of that volume.”

“But, equally, some of it is that it's a very competitive market environment at the moment. There's no doubt that there are

**I THINK WE'VE
GOT THE BEST
PRODUCT
PORTFOLIO TODAY THAT
WE'VE EVER HAD**
RORY HARVEY VAUXHALL

The volatility needs to stop:
**Rory Harvey, managing
director, Vauxhall UK**

more players in the market, there's no doubt that there's more segments in the market and there's no doubt that there's an awful lot of good product out there.”

Harvey said pre-registration was “not something we encourage” as the brand attempted to preserve margins in 2017, but, echoing the comments of Now Motor Retailing's managing director, Jon Taylor, in *AM* last summer, he said it came down to a “commercial decision” on the part of the retailer.

Vauxhall's insulation from the effects of an ailing market may be limited by its late embrace of PCPs, with 20% of customers

KEY PRODUCTS



Corsa

Needs no introduction. The UK's second biggest-selling car recorded 77,110 registrations in 2016. Prices start at £10,155 for the three-door 75PS 1.4i Sting and top out at £19,495 for the five-door 95PS 1.3-litre CDTi Elite.



Viva

Reintroducing the Viva name in 2015 after 35 years, the entry-level Vauxhall delivers five-door practicality and a starting price of just £8,965. Vauxhall is promoting a 47-month PCH offer with a £2,277 advance payment and £99 regular payments.



still keen to buy for cash and 10% on a PCH offer.

Harvey said PCP penetration had improved at Vauxhall, but there was still opportunity to improve from the current 55%. He said: "Two years ago, PCP was around 28% of our sales.

"It's fair to say that we were a bit behind the tide, but we're quite happy with where we are after what is a relatively short period of time."

In the fleet sector, Vauxhall's 2016 registrations fell 6.7%, from 146,601 to 136,778 year-on-year and Harvey intimated that there would be changes to

secure "more quality" in the brand's fleet dealing, with a reduction in daily rental, during 2017.

He said Vauxhall would be "doing what we can to continue to maintain margins and to drive through the more profitable areas of the business".

Return-on-sales across the network has remained at 1.1% for the past three years, but Harvey believes efforts to increase service plan penetration above 50% could reap greater rewards, along with the new models in 2017.

Increased returns would be welcomed by the network, which is just coming to the end

of a corporate identity makeover that has seen many move to new premises.

Dealers will clearly welcome this as the brand's score for current and future profits suffered in the latest NFDA Dealer Attitude Survey, down from 6.4 to 5.1 and 6.3 to 5.4 respectively.

The manufacturer's overall score was also down – from 6.5 in Winter 2015 to 5.9 in Summer 2016 – but was still ahead of its score in the Summer 2015 survey (5.3).

Vauxhall's 2016 van registrations were down 9.6% year-on-year, at 37,727. This allowed it to maintain its number one slot in the retail commercial segment (although Ford is catching up fast), with sales of the Luton-built Vivaro contributing to a 15.5% market share.

Harvey said the UK dealer network was benefitting from the "resilience" of a commercial vehicle market that broke records in 2016.

Vauxhall's van centres are part of its main franchised dealer network, with a separate franchise agreement that dictates they have specialist CV-trained staff and workshops with four-tonne vehicle lifts and the associated requirement for additional roof height.

Firefighting at home and abroad

Harvey was among a group of UK-based manufacturer representatives who met David Davis, the Secretary of State for Exiting the European Union, and DFT and BEIS officials at the SMMT's London headquarters before Christmas to discuss a "transition deal" that may mitigate losses amid a collapse in the value of the pound, fears of a similar slump in consumer confidence and potential trade tariffs of 10%.

Chuck Stevens, GM's finance chief, had previously said Vauxhall's



◀ Astra

Launched in 2015, the Mk7 Astra racked up 40,402 (72%) of its 55,912 registrations in 2016 in the fleet sector. Prices range from £15,915 for the 100PS entry-level 1.4i Design to £24,620 for the 136PS SRi VX Line Nav 1.6CDTi auto.



◀ Mokka X

Unveiled at Geneva last March, the Mokka battles the likes of the Qashqai and Captur. Vauxhall offers the 115PS Mokka X 1.6i on a 3.7% APR 36-month PCP for £239 a month with a £2,400 manufacturer deposit and £2,999 customer deposit.

US-based owner would take “whatever action is necessary” to balance the books of its European operation after losing \$100 million from the fall in the pound’s value. He stated that GM expected a further Brexit-related hit of \$300m before the end of 2016.

GM cut working hours at German factories making Vauxhall Corsa hatchbacks and Insignia saloons, for which the UK is the biggest market, but Harvey would not comment on the future of the 4,500 staff at Vauxhall’s Astra-producing Ellesmere Port and commercial vehicle operation in Luton. He said: “In terms of production, it is not affecting us at all. We’re still building at Ellesmere Port, Astra continues to build in terms of momentum and Vivaro continues to perform very well. We’re going to make something in the region of 80,000 Vivaros at Luton this year.

“The thing that is undoubtedly impacting is the cost of goods that come into the UK with the devaluation of the pound. That’s something that we are watching very carefully and I guess it’s something that does compromise our margins.”

Apart from dealing with the political and economic ramifications of Brexit, Harvey has also had to oversee recalls of the Zafira B and Corsa D after a series of well publicised fires.

The manufacturer recalled 230,000 UK-based Zafira B people carriers in 2015 after an investigation uncovered that a fault with a fuse resistor could lead to fires and the problem was, in many cases, compounded by makeshift fixes.

A subsequent BBC *Watchdog* investigation into fires in a number of Corsa D hatchbacks, resulting from an electrical fault on 1.4 Turbo models produced between 2006 and 2014, provided another headache for the brand.

Almost 2,700 Corsa Ds had been recalled at the time of the report, but *The Sun* later speculated that the issues may be more widespread, reporting that a recall of every Corsa D and E would involve 1.1million vehicles and would cost the brand about £200m.

A spokesman for Vauxhall dismissed the claims and said the newspaper was wrong to compare the wiring of the Corsa to that of GM’s Hummer H3, which was affected by fires in the US.

Harvey was quick to highlight the positives in Vauxhall’s response, particularly the contribution of its dealer network.



He told AM: “We have completed approximately 50% of Zafira recalls which means that we are getting through around 2,000 a day, which is absolutely fantastic.

“The dealers have done a superb job in terms of supporting us and we are doing everything we can in order to expedite it.

“We’ve worked with our dealers to ensure that they have expanded capacity and are making the overtime available. This week, the mailing goes out for all those who have yet to have their car re-worked.”

Harvey said dealers had received an “agreed warranty rate” to rework the recalled Zafira Bs and Corsa Ds.

Asked if such situations could be better handled in future, he said he wanted a greater flow of information from insurers to allow issues to be investigated and identified at an earlier stage, describing it as “an

industry-wide issue”, which Vauxhall is working alongside the SMMT to address.

“There are 18,000 fires in a car per year of which about a third were arson and then two thirds were for another reason, but it’s very, very difficult to get hold of that data.

“It is part of the challenge for automotive manufacturers as a whole that this data isn’t readily available.”

Dealing with the changing face of retail

A dealer network made up of a combination of core sites and satellite facilities providing retail and servicing equips Vauxhall with a broad geographic reach, with just three current open points, which Vauxhall would not specify.

The format results in the brand’s 233 core locations exerting more influence over the total 388 sites. Roughly 50% of the network is under what the brand defines as large group ownership.

Online sales and changing customer demand are part of the retail challenge in the coming years

Harvey said the brand was “ahead of the game” with an online sales channel called Vauxhall Internet Purchase more than 20 years ago, when he was a field operations manager. However, the channel generated only limited volume.

He acknowledged that, while Vauxhall



“THE DEVALUATION OF THE POUND... IS SOMETHING WE ARE WATCHING VERY CAREFULLY”
RORY HARVEY, VAUXHALL



customers can configure a car online and gain a representative finance offer – without an individual credit check – there is no online purchase option. However, he added: “Watch this space towards the end of 2017.”

Possibly of greater immediate significance to retailers is Vauxhall’s switch to a new lead management system called Lead Connect over the past 12 months.

Taking the place of the Lead It platform, it promises to integrate how the manufacturer feeds leads out to retailers and will also “reconcile what retailers are doing with leads” and integrate a new data-sharing system.

The system is a key component in meeting the needs of “time-poor” modern customers, according to Harvey.

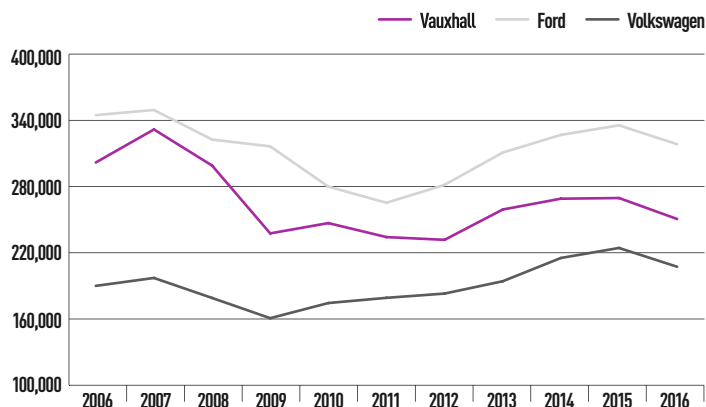
Vauxhall’s retail network staff benefit from an academy at the brand’s Luton headquarters and a training team that visits dealer sites.

A series of ‘connected roadshows’, hosted throughout the UK, and a ‘digital training program’ at the academy, recently sought to train sales teams on the best way to deal with customer enquiries and online engagement.

Everything from swift responses to identifying when to contact an existing customer to turn them into a new vehicle was on the agenda.

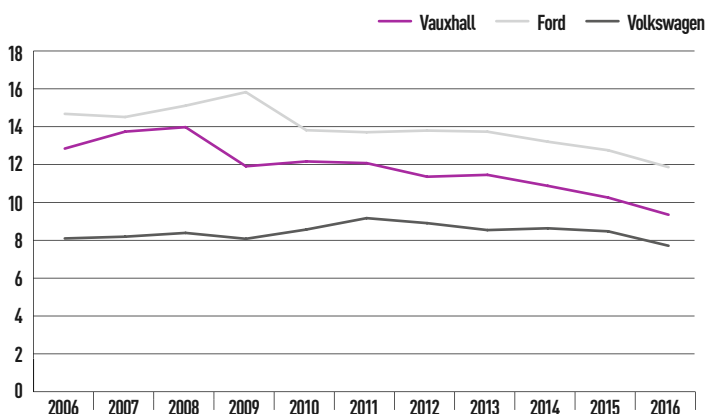
VAUXHALL

REGISTRATIONS VS FORD & VOLKSWAGEN



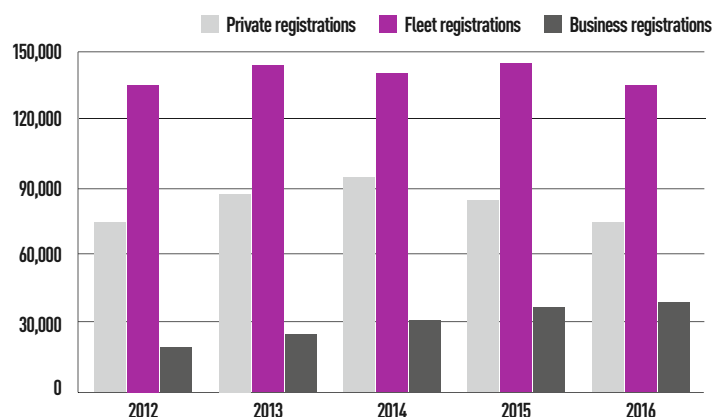
While Ford and Volkswagen recovered their lost sales volume since the 2008 recession, Vauxhall remains some way off.

MARKET SHARE VS FORD & VOLKSWAGEN (%)



The volume brands’ decline in the UK new car market was reflected in their 2016 market share. Vauxhall’s share, like that of rival Ford, has been on the decline since 2013’s 11.46%, crossing the 10% threshold last year

VAUXHALL REGISTRATIONS PRIVATE/FLEET/BUSINESS SPLIT



Vauxhall’s private demand slackened by almost 13% and fleet registrations fell by 6.7% in 2016, according to SMMT figures. New product launches in 2017 could help to arrest the trend, according to Harvey

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A stylized illustration of a man in a dark blue suit, white shirt, and red tie, running towards the right. He is carrying a large, dark blue computer monitor under his left arm. The background consists of grey and white geometric shapes, suggesting a modern, abstract environment.

SPOTLIGHT:

CAR DEALERS & THE LAW

CLEAR THE LEGAL HURDLES IN 2017

CHANGES IN LABOUR LAW

ARE YOU READY FOR GENDER PAY GAP REPORTING, INCREASES TO THE LIVING WAGE AND THE APPRENTICESHIP LEVY?

PAGES 40-41

WHEN THE CUSTOMER IS WRONG

TO DEFEND AGAINST EVER-STRONGER CONSUMER RIGHTS, DEALERS NEED AN ORGANISED APPROACH TO EVIDENCE

PAGES 43-44

TRADING STANDARDS

MOTOR RETAILERS HAVE COME A LONG WAY IN DEALING WITH COMPLAINTS, SAYS THE CTSI'S TIM MILSOM

PAGES 46-47

LABOUR AND THE

Changing legislation poses challenges for how motor retailers deal with their workers

Even aside from the legal uncertainties that still surround Brexit, UK dealers face a barrage of employment legislation changes this year that will require businesses to act quickly in Q1 to remain compliant.

Group HR and compliance teams will be under pressure to make sure reporting systems are set up ready for the following changes in what is the busiest period of the year for franchised dealers.

GENDER PAY GAP REPORTING

Businesses with more than 250 employees will be required to publish the average pay gap between men and women from April 5, 2017.

The new rules will require them to publish the figures on their website and submit evidence of compliance each year. There will be a 12-month window for affected businesses to submit data.

The lack of women in senior roles in the UK's motor retail industry is likely to accentuate the gap in average pay.

According to the latest Annual Survey of Hours and Earnings from the Office for National Statistics (ONS), the average gap in pay between men and women for all full-time employees was 9.4% in 2016, compared with 9.6% in 2015. It is currently at the lowest level since the ONS started recording the figure in 1997. The ONS did not look at the automotive sector specifically, but in retail and wholesale, the average gap for managers and directors was 21.2% in 2016.

Employers will be required to keep their



DEALERS COULD LOOK AT UPDATING ANY POLICIES TO HELP ADDRESS GENDER PAY GAPS, SUCH AS FLEXIBLE WORKING, PEOPLE DEVELOPMENT, ENHANCED PATERNITY LEAVE AND EQUAL SHARED PARENTAL LEAVE ENTITLEMENT
ROXANNE BRADLEY, LAWGISTICS

gender pay figures online for three years to show what progress is being made.

The figures have to include the difference in the mean and median pay of male and female employees, the difference in the mean and median bonus pay of male and female employees, as well as the proportion of men and women receiving a bonus and the proportion of men and women working at each quartile of the organisation's pay distribution.

The Government has yet to set out how it will approach enforcement.

Ed Steele, managing director at automotive recruitment specialist Steele Dixon, said: "There is a real lack of awareness about having to report this."

While average pay figures are likely to be higher for men due to the industry being male-dominated, Steele said he had not seen pay being offered at different levels for roles based on gender.

Rachael Monfredi, Swansway Group HR director, was an employment lawyer before joining the motor

retail industry and gender pay gap reporting has been on her radar for a while.

She said: "There is a 12-month window to submit data and our HR system is set up in such a way that this will probably take a couple of days to pull the data, but it should be relatively simple."

Swansway's HR system stores data such as gender, age and pay across its business, but Monfredi said it may be difficult for smaller dealers without that sort of access to information digitally.

Roxanne Bradley, Lawgistics legal adviser, said the Government will also build a website to which all gender pay reports must be uploaded.

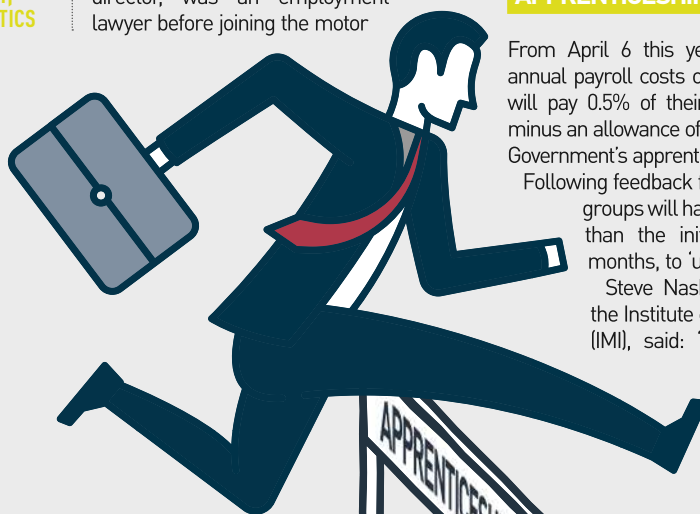
She said: "Before this is implemented, dealers could look at updating any policies to help address any gender pay gaps, such as flexible working, people development and enhanced paternity leave and equal shared parental leave entitlement."

APPRENTICESHIP LEVY

From April 6 this year, 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, towards the Government's apprenticeship levy.

Following feedback from industry, dealer groups will have 24 months, rather than the initially announced 12 months, to 'use it or lose it'.

Steve Nash, chief executive of the Institute of the Motor Industry (IMI), said: "I sat down with a dozen HR directors at the main dealer groups in the UK recently and their knowledge of how



LAW IN 2017

this would all work, particularly in relation to how to access funds, is incredibly poor.

"That's not a criticism of them, it's a reflection in how badly communicated the details around the levy have been."

Nash said the cynical view is that the Government is banking on dealer groups accepting the levy as a tax, due to how difficult it will be for them to use all the funds generated from it.

He said: "The Government doesn't want to fund any shortfall on apprenticeship monies for companies that aren't big enough to contribute into the levy, they're hoping the overflow from these other large dealer groups will pay for it."

Dealer groups can claim for levy funding against approved apprenticeship standards. The Government wants the development of job role standards to be driven by employers.

Nash said: "We are already having to work really hard to get these standards accepted. The Government doesn't want hundreds of standards and it's difficult to convince them there is a difference between a motor retail executive and a generic sales apprenticeship standard."

"The actual feedback we got when we said we wanted to create a motorcycle technician standard was 'it's just a car with two wheels'."

"This is the level of understanding we're having to deal with."

LIVING WAGE INCREASE

The Government introduced a mandatory National Living Wage of £7.20 on April 1, 2016, for all employees over 25. This mandatory minimum wage will increase by 4.1% on April 1 this year to £7.50. Increases are planned on the same date every year.

The penalties can be severe, with

non-payment resulting in the employer being fined 200% of the amount owed, unless the arrears are paid within 14 days.

HM Revenue & Customs (HMRC) can take employers to court for not paying the mandatory minimum. The maximum fine for non-payment will be £20,000 per worker. Employers can also be banned from being a company director for up to 15 years.

The Department for Business, Energy & Industrial Strategy (BEIS) has already named and shamed almost 200 employers for failing to pay minimum wage.

Of the 198 businesses named, six were related to the automotive industry, but none was a franchised dealer.

Swansway has a dedicated person working on the payroll system at its head office and part of their job role is to keep an eye on any position that pays close to the living wage to make sure it is increased each year.

Monfredi said: "There are drivers, valeters and cleaners that may sit close to that, but there are very few people directly employed by us that will be close to that level of pay."

She said all suppliers are given a contract to sign to say they are expected to comply with the latest employment legislation, including areas such as meeting minimum wage requirements and complying with the Modern Slavery Act.

MODERN SLAVERY ACT

The Modern Slavery Act has been in force since March 26, 2015, and was introduced in an attempt to stop people being forced to work, often for extremely low or no wages.

Bradley said dealers need to make sure they publish a statement on the company's website for each financial year to cover the steps the company has taken to ensure slavery and human trafficking is not taking place within it or its supply chain.

Martin Peters, Autoclenz sales director, said his company's compliance process included looking at driving licences and passports to make sure operators are allowed to work in the UK (required under the Immigration, Asylum and Nationality Act 2006). He said more than 30% of applications for new operators failed the checks.

He said: "This 'grey' labour promotes lower rates with no questions asked, but the risks that go with this option far outweigh any potential short-term gains."

Bradley said: "The jail term can be up to five years and the fine is unlimited if you are found guilty to have employed an applicant which you knew did not have the right to work in the UK."

"If you employ an applicant which does not have the right to work and you failed to carry out the correct checks then you can be penalised which could lead to a civil fine of up to £20,000 for each worker."

Peters said the first conviction under the Modern Slavery Act was delivered in January 2016, with a company director at a factory in West Yorkshire sentenced to 27 months in prison for knowingly engaging a supplier who was using illegal labour on less than minimum wage.

He said: "The significance is that it was not just the supplier who was brought to justice, but also the director, who should have been aware the level of pricing could not support minimum wage."

Peters advised dealers to ask their suppliers to provide documentation proof for each operator. **TOM SEYMOUR**

“



THE FEEDBACK WE GOT WHEN WE SAID WE WANTED TO CREATE A MOTORCYCLE TECHNICIAN STANDARD WAS 'IT'S JUST A CAR WITH TWO WHEELS'

STEVE NASH, IMI

LIVING WAGE INCREASE

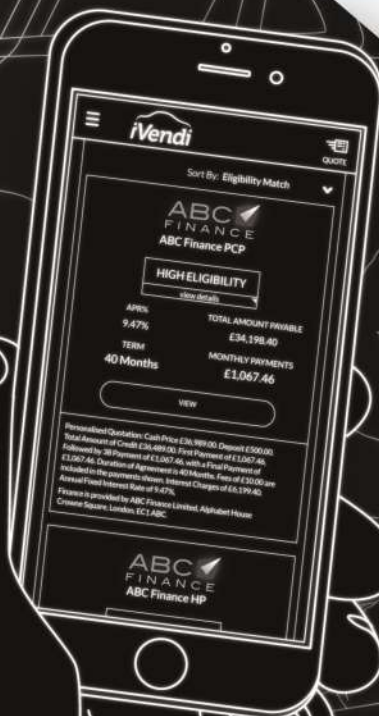
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DEFEND YOUR DEALERSHIPS

As stronger consumer rights, F&I compliance rules and changes to the tax code raise fears, dealers need to take an organised approach to gathering evidence, say experts

CONSUMER RIGHTS ACT 2015

Complaints under the act became more apparent in 2016, particularly surrounding the 30-day rejection ruling if goods are of unsatisfactory quality. However, recent court decisions have found against some motorists who attempted to reject used vehicles with minor faults.

Graham Jones, director of legal services at specialist motor industry law firm Lawdata, said: "At court level, it's not simply becoming a free-for-all as far as the customer is concerned. Dealers originally thought they would have to throw the towel in on every occasion, but that's not the case.

"We would like to see finance companies and brokers take a similar approach to the courts, as they are still reluctant to challenge the customer, allowing a vehicle rejection when it's not necessarily merited."

Philip Harmer, a motor trade specialist lawyer with Stormcatcher business lawyers, has experienced a 257% increase in cases under the act in the second half of 2016 compared with 2015. He attributes some of that increase to customers being given the benefit of the doubt, with finance companies, in particular, quick to accommodate them under the 30-day rejection clause before establishing the full facts. However, many dealers also continue to apply outdated practices, which often fall foul of new regulations.

He said: "There's an array of different issues, such as claims which are completely unfounded because it's simply wear and tear. There's a general presumption that the law is there for those who shout the loudest, but in reality it is far more efficient and user-friendly than dealers realise."



**“THE CHANGES
GAVE CONSUMERS
QUITE POWERFUL
NEW RIGHTS TO UNWIND
A CONTRACT**

RUSSELL KELSALL, TLT SOLICITORS

UNFAIR TRADING REGULATIONS 2014

Russell Kelsall, a partner with TLT Solicitors, said: "The 2014 changes gave consumers quite powerful new rights to unwind a contract and to have it set aside if it was deemed to be unfairly sold. This will certainly have more effect as the law beds in. I'm already starting to see these kinds of complaints being made."

Jones is also seeing such claims emerging. He said: "Dealers need to disclose everything about a car's history which may affect a customer's decision to buy."

Jones also noted an increase in monitoring visits by trading standards officers. He advises dealers to be co-operative but to establish exactly the information required.

THE CONSUMER CONTRACTS (INFORMATION, CANCELLATION AND ADDITIONAL CHARGES) REGULATIONS 2013

When selling goods or services without face-to-face contact, consumers need to know when they are entering a contract, said Kelsall.

"Undertaking the transaction online, especially as aggregators gain in popularity, raises some interesting legal issues. For example, if a customer is not given the right cancellation information, they have the right to cancel up to a year [later] even if they have taken delivery of the car (although a discount applies for use). However, if the customer visits the dealership at any point before the contract is signed, distance selling rights no longer apply (but the dealer will need to prove the customer visited). The regulations could even apply to servicing if booked by email or phone, or if the customer opts for collection and delivery and pays online or over the phone."

Jones agreed: "Dealers need to be clear when the contractual situation arises. If it's not until the customer visits the showroom, arguably, it's not distance selling, but if the customer visits the premises just to collect the car, it probably is."



GENERAL DATA PROTECTION REGULATIONS (GDPR)

EU data protection laws will be tightened in 2018 and the UK is likely to comply even after Brexit as part of the soon-to-be-passed Digital Economy Bill. Companies need to demonstrate that consumers have actively consented to receiving information rather than simply ticking a box if they don't want to receive information.

Dene Walsh, operations and compliance director of lead generation and data company Verso Group, said the tasks involved in preparing for GDPR cannot be accomplished quickly.

He said: "There are a lot of processes to review and it will be necessary to update all consumer consent forms. For the first time, all businesses will have to establish a protocol so that if members of the public want their data to be removed from a database the instruction must be followed promptly. This could be difficult because some CRM systems do not have an actual delete facility."

Jones said: "There are significant changes to the law, for example, every business needs to have a data protection officer. The temptation will be to pay lip service and for it to be viewed as a box-ticking exercise, but that would be a risk."

"There needs to be a provision for transfer of data from the dealership to companies such as



the finance houses. The franchised dealer will need to make customers aware that their information could be used by the manufacturer and the correct permissions obtained. In a multi-franchise group, data is often passed between franchises and the manufacturer and that's a potentially dangerous situation."

Consumers requesting information a company holds on them are currently charged a £10 fee, but under the new regulations it is free.

Kelsall said: "There's likely to be an increase in these requests because it will be relatively easy and cost nothing. Dealers will need sophisticated systems to log and pull off that data and, if you don't comply, complaints can be made to

the Information Commissioner's Office (ICO) or there's a risk of a court claim. One of the obligations is that you are only allowed to keep data as long as you need it, so if you are holding data of customers who have not visited your dealership for several years, it will raise serious questions."

Telemarketing to some extent falls outside GDPR, but expect some pressure to examine it, which could affect both sales and service calls.

Walsh said: "Telemarketing is under threat, if not immediately then in the medium term. If ideas for constructive regulation are not put forward for the ICO and politicians to consider there is a strong likelihood that what is imposed will be very restrictive."

SALARY SACRIFICE

A comprehensive re-ordering of salary sacrifice from April 2017 means that most new cars, apart from ultra-low emission vehicles (ULEVs), as well as perks such as mobile phones, will no longer benefit from favourable income tax and employer national insurance (NI) treatment.

This may prompt a change in the fleet market, according to Jeff Whitcombe, director at tax consultants BCF Wessex. According to the BVRLA, there are currently about 950,000 company cars, with about 70,000 provided under a salary sacrifice arrangement.

Whitcombe said: "Employees may start looking for alternative forms of finance, and we could see the facilitation of PCP and PCH deals in some form or another. As the proposed legislation will apply to cash alternatives, as well as salary sacrifice, some employers may decide to just pay a cash allowance so employees can fund their own cars."

"There's a great deal of uncertainty, which means a variety of solutions are being explored."

"Registrations and car purchases will still take place, but there's a possibility that some transactions that would have been fleet business might switch to the retail network."



CONSUMER FINANCE

Andrew Smith, managing director of Consumer Credit Advisory Services, said one of the biggest areas of concern under Financial Conduct Authority (FCA) regulations is accepting business from brokers and introducers. A broker either has to be authorised by the FCA or an agreement needs to exist stating the broker is operating under the dealership's permissions and the arrangement has been disclosed to the customer.

"If the business comes from an unregulated source with no agreements in place and the information is not disclosed to the customer, the finance loan could be unenforceable," Smith warned. "It's a massive risk. We won't see these sorts of complaints arising for six months to a year, but they will come."

MIS-SOLD PCP CLAIMS

While PPI will continue to dominate in terms of mis-sold finance products, the number of consumers claiming confusion at the end of PCP agreements is growing.

Jones said: "We have seen an increase in these complaints, but not a steady flow. We have not yet seen any go to court, but we have some ongoing with the financial ombudsman and it will be interesting to see what happens. Dealers need to be able to show that PCP deals were explained to the customer and make sure those records are retained in the deal file."

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TRADING TO A HIGH

A dramatic fall in complaints shows the motor trade's self-regulation has successfully killed the 'Arthur Daley' stereotype, the Chartered Trading Standards Institute's Tim Milsom tells AM

The Chartered Trading Standards Institute (CTSI) is the gatekeeper to approval for the numerous codes of practice in the motor retail sector and it wants the industry to continue to self-regulate.

AM spoke to Tim Milsom, CTSI lead officer for the motor trade, about the organisation's relationship with the trade and how well it is performing to protect car buyers.

AM How is the car retail industry viewed at a public/Government level? Those within the industry know the "Arthur Daley" stereotype is a thing of the past, but what is the reality in terms of current perception?

TM The Government is keenly aware of how important the motor industry is to the UK economy and as an employer. It's a massive revenue generator and the UK's exporting record with vehicles is strong. During Vince Cable's time as Secretary of State for Business, Innovation and Skills he introduced the Better Business for All programme. His vision was that regulators such as Trading Standards should be more sympathetic to business needs. With regards to Arthur Daley comparisons, Trading Standards judges things purely on an investigative level. If you look at the way the industry has improved, you could argue that the trade has done a good job of brushing itself up.

AM What is the biggest problem area for consumers within motor retail?

TM Used cars sales have clearly been a problem area in the past. If we look at Citizens Advice statistics, they show 7.4 million used cars sold between Q4 2015 and Q3 2016 and that attracted 62,000 complaints. That may look bad, and it is the biggest complaint area, but it's actually not a bad ratio between sales and complaints when you're looking at the sheer volume of transactions. If you also look at results from a comparable period back in 2011, there were 7.1m used cars sold and 84,000 complaints. That's a 26.2% reduction over the past five years and highlights the improvements that have been made.



HER STANDARD

AM Do franchised dealers have a better record when it comes to the volume of complaints against them compared with independent used car dealers?

TM We would never look at a case with any preconceived ideas, whether it is a franchised dealer or a used car dealer. We look at the evidence. The type of business is irrelevant. The sheer volume of used cars sold by independent dealers and supermarkets in comparison with franchised dealers and the profile of older vehicles means it's inevitable there will be more complaints on that side. Vehicles are so complex and there are many things that can go wrong, particularly when it's an older vehicle.

AM What is Trading Standards' main area of focus when it comes to the motor trade?

TM Most cases we look at fall into two different categories. The first are businesses that think they are doing the right thing, or fall foul of the rules due to ignorance. The second category is the one we're most interested in as this tends to be criminal in nature.

Rogue traders in the used car industry are often opportunistic and the fact they are selling vehicles isn't essential to their end goal. It could be cars one month and then holiday timeshares the next.

Traders in the first category can be helped with self-regulation, such as codes of practice, but the second are just looking to get as rich as they can, as quickly as they can and they don't care if that's by criminal means.

“ IF YOU LOOK AT THE WAY THE INDUSTRY HAS IMPROVED, YOU COULD ARGUE THE TRADE HAS DONE A GOOD JOB OF BRUSHING ITSELF UP

TIM MILSOM, CTSI

AM Can you share data around the level of fines that have been given out to motor retailers in the past year? Has this gone up or down?

TM There are more than 200 offices across the UK and the data on fines is specific to each office. There is no current way of pulling that data together so it's difficult to say. It's usually the trade papers, such as *AM*, or local papers that end up reporting on these individual cases.

AM How many complaints does it take from a consumer about a dealer for Trading Standards to investigate?

TM The most important element is the criminal intent. We don't step in if it's a civil matter, but if there is a suggestion of criminal activity, this is where we will launch an investigation. We look at each individual complaint that comes in, but, of course, due to the resources available at each local authority office, if there are multiple complaints against one business, it's likely that will be given priority for an investigation.

AM Can you talk about the success of the Consumer Rights Act 2015 (CRA) and the impact that has had on the motor retail industry? Can you quantify how successful it has been since launch?

TM I don't have specific figures, but I don't think it has made a dramatic difference in terms of cars being returned to dealers. It has certainly clarified a consumer's rights when they buy a car, informing them of what they are entitled to. I haven't seen a huge amount going through the system as a direct result of CRA. Its introduction has definitely made dealers look very carefully at their processes and how they deal with returns and customer complaints.

The biggest problem with CRA has been identified by the online classifieds providers, which have told us some dealers are masquerading as private sellers to avoid having to adhere to CRA. There is collaboration about this problem from the classifieds industry as they want to make their websites as safe as possible for customers to do business. They track IP addresses and have technology to try and stamp the practice out.

AM How would you describe Trading Standards' relationship and communication with the motor trade?

TM I sit in on a meeting group arranged by the online classifieds industry and I also chair the Independent Compliance Assessment Panel for the Motor Ombudsman (formerly Motor Codes). We don't have set meetings with the RMIF, SMMT, Experian or HPI, but we have an open dialogue with them. Our communication is usually around a specific issue that needs to be discussed, rather than quarterly updates. I am one of two lead officers for the motor trade (along with Gerry Taylor) and we work very hard to keep communication open with the industry.

AM Does the fact the motor industry self-regulates through codes of practice, such as those offered by the Motor Ombudsman, mean the Government is happy about how consumers are being dealt with?

TM Having an industry self-regulate is a win-win situation. It means we can concentrate on criminal investigations and the codes of practice that are offered by the RMIF, Bosch, the RAC, BVRLA and the Motor Ombudsman can help to deal with the first category of dealers I mentioned earlier.

AM Is Trading Standards happy with the codes of practice currently operating the industry? Is there a problem area on the horizon?

TM There are two stages to code approval and to get through those is a pretty high bar. Once they are in operation, the codes are audited annually to make sure they are performing to the standard we expect. In the case of the Ombudsman title, that carries two audits a year. There needed to be a code in place for the used car sectors and that has been covered with things like the RAC used car code of practice or the Motor Ombudsman's Vehicle Sales Code. I would say there aren't really any holes that need to be plugged right now. The industry is doing a good job of covering things.

TOM SEYMOUR



Moving forward in 2017

Auto Trader Franchised
Brand Director,
Chris Penny



The old saying goes that “if you’re not moving forward, you’re moving back” and in a rapidly evolving marketplace that has never been truer. In what can often feel like an industry of ever growing complexity, how do you cut through the noise and see the simple things you can do to improve? How do you find certainty in amongst a sea of predictions and forecasts?

The old saying goes that “if you’re not moving forward, you’re moving back” and in a rapidly evolving marketplace that has never been truer. In what can often feel like an industry of ever growing complexity, how do you cut through the noise and see the simple things you can do to improve? How do you find certainty in amongst a sea of predictions and forecasts?

A good start is probably an appreciation that “forecasts” are exactly that. The Bank of England’s chief economist, Andy Haldane, recently referred to their “Michael Fish” moment as he reflected on the failure to foresee the scale of the financial crisis in 2008 and then the U.K defied all expectations and forecasts as economic conditions actually improved post Brexit.

Many of you will no doubt be entering 2017 with an element of uncertainty: what happens if new car registrations fall? What happens if the pound doesn’t recover? The truth is, no one REALLY knows; not the SMMT, not the BoE and certainly not me.

What is certain is that regardless of 2017’s prevailing winds, as in every year that has come before, there will be winners and there will losers. If new car registrations do fall by 100,000 cars this year though, there is no reason any of those vehicles will have to go missing from your order books. If used cars improve and volumes increase, there is no reason why your business, your site or your desk cannot outperform the industry average.

Adopting a laser focused approach for 2017

So, what’s the simple secret to avoiding any pain this year? I think the secret lies in a more laser guided focus on the car buyer than ever before. Think about your own experiences as a consumer and how they have changed in just the last 12 months. Your shopping arrives in an hour, your latest episode of Jeremy and the boys even faster and in 4K. Reviews and user generated content are now a necessity we couldn’t do without when deciding where to eat, where to go or what to buy. I even spent the Christmas period talking to an Amazon Echo (the AI home assistant) feeling like Tony Stark in the Iron Man films! I study digital change every day and when I started playing with Echo, even I was aghast with just how fast the world is moving.

At Auto Trader, we believe in a bright future for car dealerships and their continued importance moving forward. Cars are special and they deserve to be presented in an amazing environment to add some sparkle to what is one of, if not the most expensive/complicated/amazing/cool (insert many more adjectives here) item many of us will ever buy after a house. Yet, as I travel round the U.K speaking to automotive retailers large and small I’m struck by how often they disconnect the world of buying cars to buying any other product and this somehow becomes a defence mechanism to why the car buying experience isn’t as pleasurable as the experience you get in a John Lewis or an Apple Store.

Meeting the customer’s expectations

The problem is, consumers don’t set their car buying expectations on the last car they bought. Our expectations as consumers are constantly pushed upwards and set by the rapid pace of change around the buying experience in other retail environments. If you were blown away by the experience buying your £800 iPhone 7 plus, what are you expecting when you pick up your £1,000, £10,000 or £100,000 car?

The winners in the industry this year will be the ones who set their benchmarks for customer experience not against their peers but against the best of the best in digital retail. There are already some shining examples in our industry, and they are winning big. It’s why for 2017 we have more tools than ever available to help you stand out as a great retailer. Dealer Reviews, Dealer Finance and Vehicle Video are just a few of the features recently introduced on Auto Trader platforms to help you to showcase just how good you are at serving the car buyer.

Are you making the most of all the tools **you** have available?

Focus on your customer in 2017, not the forecasts

Last year, we saw some major developments - namely Brexit - that had the very real potential to disrupt the automotive retail industry. However, consumer confidence remained strong and the SMMT reported a record high in 2016, with 2.69 million new car registrations; 2.3% growth on the year before.

Perhaps it was to be expected, but despite this positive news many commentators have predicted that the turbulence avoided last year is set to shake up the industry in the months ahead. The fall in the value of the pound, which is expected to drive car prices up within the first quarter of the year, as well as the risk of not being able to trade freely with the EU, may have significant implications for the market. The SMMT has gone as far as predicting that new car registrations will fall by 5-6% in 2017.

Evolving with your customers

Whether these gloomy forecasts are accurate or not, and whether the conditions of the market will indeed change dramatically, is debatable. One thing that isn't however, is that your customer's behaviour in 2017 will; they are becoming savvier, more knowledgeable and most importantly, what they look for in a car buying experience is evolving quickly. Thanks to the ever increasing sophistication and the accelerating pace of digital, today's car consumers are looking for an experience more in line with traditional retail models. Unfortunately, much of the automotive industry has been slower to evolve than their customers, with the car buying process still plagued by inefficiencies and outdated strategies. Accordingly, our prediction is, to win in 2017, you need to spend less time listening to the forecasts and more time listening to the needs of your customer.

Those that will succeed this year will be those retailers that are as savvy as their customers. Those that use data to inform their decisions, understand the importance of sourcing, pricing and disposing overage stock, and are operating with transparency in their pricing, brand and presentation.



Using the right tools for success

We want to help you benefit from the UK's largest car buying audience, to sell and source more cars, more quickly. Therefore we remain committed to ensuring you get the most out of our products and services, helping you to:

- 1. Promote your business:** Today, the average car buyer will spend 11 hours online researching their next purchase – twice the time spent on the forecourt. As such, offering an engaging and compelling online experience is key to not only attracting customers but also instilling confidence in your business. With the ability to upload 100 images of each car, potential buyers will have a comprehensive view of your stock, which will help you build further trust and transparency. This will be further enhanced with Vehicle Video, increasing engagement and ensuring you keep your customer on your site longer.
- 2. Engage with your customers:** Similar to the wider retail sector, consumers want to be able to speak to dealers in real-time; to ask them questions and engage with them directly. With the help of Live Chat you can provide a much richer experience, building a rapport with potential buyers that want to talk, when they want to talk and when they're actually looking at your cars.
- 3. Build trust and transparency:** Building trust with consumers is vital and industry leading dealerships know that delivering transparent and comparative pricing is the way to achieve it. Our Part-Exchange Guide allows you to build the conversation with a potential buyer much earlier on in the process. By offering greater price transparency and removing the much dreaded 'haggling' phase, means the customer is more likely to visit your forecourt with a view to buy.
- 4. Increase efficiency:** Being a successful retailer in 2017 isn't just about managing your customer either. Greater efficiency when it comes to managing your stock is just as important, and having a proactive overage strategy, such as selling to trade, can make all the difference. Our innovative Test the Trade tool, can help you move your overage stock by inviting offers from your peers in the trade whilst still advertising on Auto Trader.

The months ahead will be full of challenges, but employing these tools and techniques, coupled with a business wide commitment to understanding the evolving expectations and behaviour of your customers, will help you make one of 2017's winners. Happy New Year!

More sales with **USED CAR OFFERS**

Enables you to create your finance offers reactively
in your Showroom System and display your
finance offers instantly on your website



CODEWEAVERS

WWW.CODEWEAVERS.NET

CONTACTUS@CODEWEAVERS.NET

0800 021 0888

R-1234yf, The new refrigerant for car air conditioning



Refrigerants for Car Air Conditioning



- From 1 January 2017, all new cars will need to use a refrigerant with a GWP below 150, in line with EU MAC Directive.
- Since 2011, many new cars have been using low GWP refrigerant R-1234yf.
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- R-1234yf - in stock and available for immediate supply through our nationwide distribution network.

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*GWP = Global Warming Potential.

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SCHOOL IS IN SESSION

Best-practice advice and knowledge to help you efficiently and effectively run your sales and aftersales operations



IN ASSOCIATION WITH OUR COMMERCIAL PARTNERS



Insight, analysis and

Maximise your dealerships' sales and profits with AM's Dealer Masterclass

The AM Dealer Masterclass is designed to deliver advice and knowledge to franchised dealer management on a range of key topics that will assist them with the efficient and effective running of their sales and aftersales operations.

Launched last year as the Best Practice Programme, the new Dealer Masterclass programme will run throughout 2017 across AM's magazine, website and events, with 10 commercial partners providing best practice advice for their sectors.

It will play a key role in achieving the AM brand

objective of providing franchised dealers with insight, analysis and proven working methods to enable them to maximise their sales and profits.

Each partner will provide insight into major areas of franchised dealer operations, to give decision-makers new ideas, possible solutions to long-standing challenges and help to spark some alternative thinking.

As the business of running a franchised dealership in the 21st century continues to evolve, these partners will help companies to stay in the vanguard of new developments as they come to market during 2017.

IMPORTANT DATES TO WATCH OUT FOR

FROM FEBRUARY 1

The commercial partners in our Dealer Masterclass programme will begin posting top tips on their specialist subject areas in a dedicated area on AM's website – am-online.com/best-practice-2017 – which will be updated with fresh tips every month. Meanwhile, each issue of AM magazine will carry an article focused on sharing knowledge and best practice related to one of the subject areas.

APRIL 22

A special section, How To Run a Profitable Dealership, will enable the Dealer Masterclass commercial partners to share key advice on how to improve costs, profits and efficiencies within their chosen subject area. Published in the May issue of AM.

JULY 22

A special section will allow the AM Dealer Masterclass commercial partners to showcase excellence in delivering exceptional customer service in their specialist subject areas. Published in the August issue of AM.

NOVEMBER 9

Each topic is the subject of a masterclass at Automotive Management Live, our flagship event which has moved to Birmingham NEC from its 2016 home at the ArenaMK in Milton Keynes. See automotivemanagementlive.co.uk for details.

AM editor Tim Rose said: "The AM Dealer Masterclass programme taps into the knowledge of respected industry suppliers to provide our readers with insight and best practice that they can take away and utilise in their own day-to-day operations."

"The 10 areas selected will be relevant to everyone with responsibility for revenues and profits at a dealership or dealer group level and will give nuggets of information usually only available as part of a supplier consultation."

OUR COMMERCIAL PARTNERS



ALPHERA
Financial Services

Alphera – provider of flexible finance and insurance at the point of sale for all makes of new and used vehicles

➔ P54



A LIVEPERSON COMPANY

Contact at once – an all-in-one messaging platform that puts you in touch with car buyers at any time and on any device

➔ P56



iVendi – its e-commerce solutions make vehicle selling easier for dealers, and vehicle buying easier for consumers

➔ P58

Marketing Delivery

Marketing Delivery – this eCRM specialist helps dealers to improve their customer communications and retention

➔ P60



Supagard – its research-driven approach to automotive paint and interior protection allows dealers to maximise their profits

➔ P62

tips for dealers



Autoweb – supplier of website design and digital marketing solutions – making your website your online showroom

➔ P55



eDynamix – its integrated, web-based applications allow dealers to manage a customer through the service lifecycle

➔ P57



JudgeService – it helps good dealers stand out and supports them in improving their customer experience

➔ P59



Money Penny – its provision of a remote PA or switchboard service helps the motor retailer to capture every call

➔ P61



CitNow – a personal video presentation service that gives dealers the opportunity to sell cars and parts more profitably

➔ P63



ALPHERA Financial Services shares its top tips

Marketing manager Gerry Kouris says there are two key areas where dealers can improve

Award-winning independent finance provider ALPHERA Financial Services released its 'Financing the Car of the Future' report at the end of 2016 and is keen to highlight some important findings when it comes to sharing best practice in the sector.

Topping off a successful year for ALPHERA Financial Services, we were delighted to launch the report, which contains hard-hitting insight into the automotive finance sector and can help dealers to improve the service they offer to their customers.

Here at Alphera, we believe in helping our network of dedicated partners achieve growth and there are two simple things they can implement to improve their customer service:

1) First impressions count

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

Dealers should be comfortable and prepared to run through every finance package that may be suitable for the consumer, providing them with choice, but also helping them to understand how each solution will interact with their existing financial arrangements and lifestyle decisions.

The ultimate goal for the retailer should be to educate customers on the different finance options in a clear, structured and illustrative manner. Then the customers will be able to make a decision that is in their best interest.



“THE ULTIMATE GOAL SHOULD BE TO EDUCATE CUSTOMERS ON THE DIFFERENT FINANCE OPTIONS IN A CLEAR, STRUCTURED AND ILLUSTRATIVE MANNER

2) Transparency and technology are key

Long gone are the days of finance deals being struck in a back office, away from the prying eyes of the customer. The most successful and loyal relationships now come from consumers who feel like they are part of the finance process.

It is vital that dealers take advantage of the technology and software available to help walk customers through the finance process in the most convenient way.

Indeed, by allocating sufficient time to complete applications and explain all of the jargon – without going overboard and taking up a whole afternoon – the consumer is likely to feel much more at ease in the showroom.

Engaging people in the finance process and walking them through every stage of the application helps them to take ownership of the agreement and is likely to lead to far fewer complaints in the long term. Technology is there to facilitate the process of finance, not to overshadow, or lock-step the finance process.

We encourage our partners to share their own tips for improving customer service, so as an industry, we can continue to grow and enhance the service we offer to our customers.

For more information, visit: www.alphera.co.uk/10-years-alphera.



To find out more visit www.alphera.co.uk, e-mail info@alphera.co.uk, call 0370 505 0137, or find us on Twitter @AlpheraFS



Optimise your online marketing budget with Autoweb Design

Autoweb Design's creative and conversion-led websites and digital marketing solutions are designed to encourage sales leads from any device

As a company that has been serving the automotive industry with digital showrooms and digital marketing solutions for more than 10 years, we know how important the online presence of a car dealer really is. In an environment where consumers are relying on the internet for their information on cars and on companies, a beautiful but functional and conversion-focused site is paramount to your success as a dealership.

Autoweb Design works with independent dealers large and small, franchised dealers and dealer groups, as well as manufacturers. Our experience in the automotive industry as a whole has given us insight and data to ensure that your website and digital marketing forms an integral part of your wider marketing strategy to generate more sales leads.

One of our focus points is mobile, but we approach it differently to most. The recent launch of our Unity17.0 automotive web platform means we can approach mobile and desktop simultaneously. The websites that we develop on this platform are tailored to both mobile and desktop in order to improve both usability and increase enquiry rates on every device.

We build websites that are SEO-friendly and contain conversion optimisation techniques based on data we have collected. We work with many clients on ongoing search engine and conversion rate optimisation (CRO) strategies to generate more website visitors and get more enquiries as a percentage of website visitors.

As you will be generating website visits through different marketing channels, we analyse where your website sales leads come from so our digital marketing



**A BEAUTIFUL
BUT
FUNCTIONAL
AND
CONVERSION-
FOCUSED SITE
IS PARAMOUNT
TO YOUR
SUCCESS AS A
DEALERSHIP**

experts can help you optimise that channel. Whether it was through a particular search query or an advert, our SEO, CRO and PPC specialists can improve the way they work in order to get more leads. We can use data-driven advertising, including PPC, programmatic display, social media, etc, to target customers and generate leads at desired points in the path to purchase.

Our reporting provides you with actionable insights about the online activities that are working and those that are not.

We also look at different attribution models, to see which channels are assisting conversions, so you can make informed

decisions about where to spend your marketing budget.

As the internet progresses, search engines refine their algorithms and users become savvier, it becomes ever more important that your website and digital marketing activities are professional and up to date. We pride ourselves on offering outstanding customer service and excellent web services – so you know you're in safe hands with us.

The team at Autoweb Design will be delivering a masterclass at the AM DigiTech Conference this spring, and we will be running periodic webinars throughout the year. Make sure you visit our website to sign up for updates.



To find out more, visit AutowebDesign.co.uk, e-mail Marketing@Autoweb.co.uk or call 01757 801 926.
Autoweb Design, 4 The Crescent, Selby, North Yorkshire, YO8 4PU



Connect and influence customers in every moment

Better customer experiences may be just a message away, says Richard Ward, UK automotive director for Contact At Once!, a LivePerson company

The majority of car shoppers (six out of 10) enter the market unsure of which car to buy. Your best chance to influence those buyer decisions comes during the hundreds of 'micro-moments' that make up consumers' research today – when we turn to computers and, increasingly, our smartphones to find information.

You will gain awareness and trust by providing the right information in the right place at the right time. You will also get an edge by making it easy to take the next step, especially if you connect one-on-one through messaging (such as live chat and SMS).

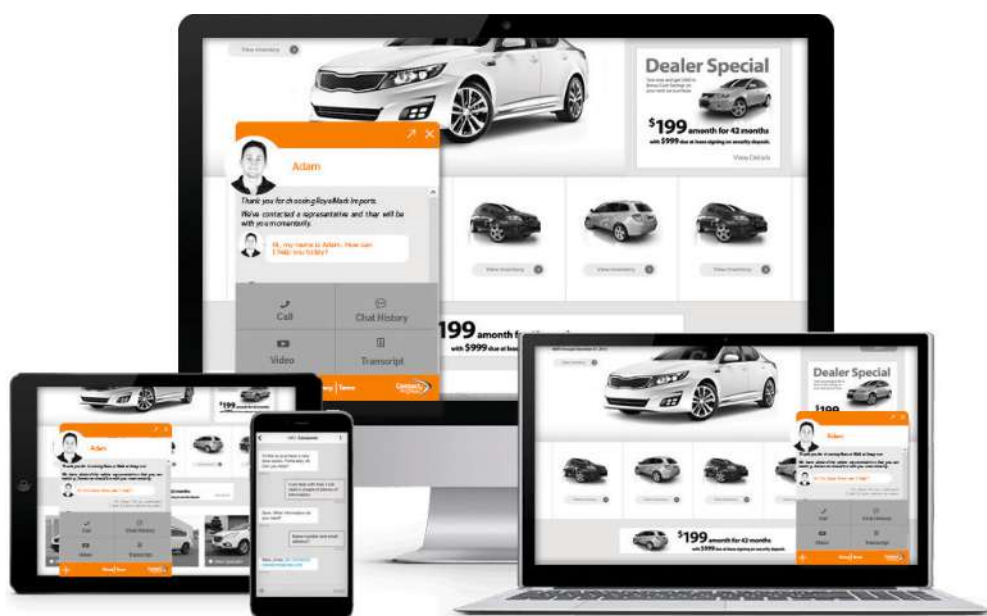
In August 2016, Contact At Once!, a LivePerson company, asked 1,000 consumers – who either recently bought a car or planned to soon – about messaging with dealerships. The statistics in that study point to a positive impact in almost every phase of the buying and owning process, including 98% of those who messaged with a dealership saying it enhanced their car-buying experience.

For the utmost effectiveness, though, don't limit chat and text calls-to-action to your website. Remember: Google followed one car shopper over three months and 900+ digital interactions (71% of which occurred on a mobile device). Let's say that before a consumer like that visits your website, she...

■ Clicks on your stock advert while browsing car search websites.

■ Searches Google for information on a specific model, a local dealership

“THE QUESTION ISN'T IF YOU SHOULD TEXT OR CHAT. THE QUESTION IS HOW TO DO IT BEST



or "car repair near me".

■ Sees your Facebook newsfeed ad.

Can a consumer click to chat or tap to message directly with your team from any of those locations? By leaving even one "unconnected", you could miss chances to start conversations and influence leads or potential service customers.

That's why a messaging network such as the Contact At Once! platform is so vital. Instead of thinking about live chat as a communications tool for your website, think of the value of messaging everywhere consumers are available to connect.

Encouraging them to chat and text from your sites, advertising listings (Autotrader.co.uk, Motors.co.uk, etc.), Facebook Messenger and Google search results can help increase sales engagements and drive down the costs and complexities involved with using messaging technologies.

Automotive-trained professional messaging experts can even manage the resulting conversations on your behalf, up to 24/7, keeping you connected with consumers on their schedule.

This all-in-one approach is already enabling more than 17,000 businesses to interact directly with consumers in all the moments that matter... without overwhelming their sales or service teams. After all, engaging with car shoppers shouldn't be a nightmare. It should be a goal!

Consumers' mobile convenience expectations are only going to grow, so the question isn't if you should text or chat. The question now is how to do it best. Contact At Once! can help develop your messaging strategy, from choosing the right implementation to creating consistent experiences at every touchpoint (including Facebook Messenger and Google).

To learn more and start building your own chat and text messaging plan, just reach out: Text 020 3095 7289 / marketing@contactatonce.com / contactatonce.com/dealer



Would you like to improve your customer retention?

Unified software solutions for sales and aftersales can improve productivity and profitability



Providing industry-leading connected software systems, eDynamix encompass all core aftersales functions outside of a dealer management system. These include service plans, proactive follow-up, Interactive Vehicle Health Check (iVHC), online bookings, VIDEO1st for sales and aftersales, MOTCleanse and our latest release, Connect. More than 700 dealerships use our applications in the UK, Europe and Australia, including Vantage Motor Group, Sandiccliffe, Holdcroft Group, Vosper, Burrows Motor Company, Endeavour Automotive, Tustain Motors and Dack Motor Group.

Launched in 2010 by three individuals with more than 40 years' experience in the motor trade, eDynamix now has a workforce of 67 – 58 of them in our research, development and support teams – across four global offices.

eDynamix has rapidly grown into a highly respected and trusted supplier, consistently delivering products and support to help improve the performance and profitability in aftersales departments.

“BY USING ONE SUPPLIER, WITH ONE LOGIN, OUR SOLUTIONS PROVIDE A MORE EFFICIENT AND COST-EFFECTIVE OPTION

By using one supplier, with one login, our solutions provide a more efficient and cost-effective option for dealers than using disparate systems for each function. This helps to improve productivity and staff engagement while boosting staff morale and profitability.

Support for all systems is from one supplier, so employees know where to go when they need help. Training new and existing employees proves more effective and reduces staff turnover, with users feeling more confident in their day-to-day job roles. This also results in an increase of customer satisfaction and, ultimately, retention.

Ongoing system reviews, enhancement

requests, and a flexible approach to suggestions are key to the eDynamix strategy. As well as direct relationships with dealers, we have built several key relationships with manufacturers and suppliers in the UK and Europe, including ASE Global and MAPFRE Abraxas. We have also recently become an approved partner for Hyundai 360 with our iVHC application.

Holdcroft Group was first introduced to eDynamix in May 2011. John Walker, group compliance manager, was tasked with introducing our service plan, iVHC and follow-up applications across its 12 franchises. He said: “Over the last five years, we have found eDynamix to be extremely flexible and responsive to suggestions for improvements and process modifications. I would personally recommend this platform to any motor dealer.”

We have many new and exciting developments planned for 2017, in addition to our current portfolio of unified products, all designed to help dealers improve their service profitability and retention.

To find out more about how eDynamix and Connect can boost your profitability, contact us on 0845 413 0000.



Online motor finance that delivers for dealers

Give your customers an end-to-end, fully connected journey from website to showroom

Online motor finance is going to be the most important technology of 2017 for dealers – and iVendi is the market leader in this sector, creating solutions that simply deliver results.

At the heart of our offering is the iVendi Platform, now in its second generation, which brings together all the different elements of each dealer's online motor finance proposition, allowing it to be managed in one place.

James Tew, CEO, said: "More and more car purchases are taking place effectively entirely online, something that our research shows become truer with each passing month, so having the right online motor finance technology in place is essential when it comes to driving sales.

"The iVendi Platform is the most sophisticated online motor finance solution available anywhere. Fundamentally, it is a superb management tool, automatically aggregating all types of online and showroom enquiries against a prospective customer and recording all the quotations presented against each vehicle. While doing this, it also integrates with all the major dealer website providers and leading motor finance lenders."

Tew added that the Platform also bridged the gap between the dealer's website and showroom to enable an end-to-end, fully connected journey for customers.

"We see the Platform as technology that drives sales not only online, but in the showroom. For example, among its most advanced features is a comparator that shows the finance products and risk options available from the dealer's panel of lenders, a concept that is very much in tune with FCA thinking on consumer choice. This comparator works online, as you would expect, but is also used by many of our customers as part of the in-dealership process. The salesperson can sit down with the customer and use this comparator to



“MORE AND MORE CAR PURCHASES ARE TAKING PLACE EFFECTIVELY ENTIRELY ONLINE

look at a range of different finance products and offerings for those with varying risk appetites.

"In fact, the Platform provides such a structured, convenient way of presenting motor finance and aiding compliance, that the salesperson can even leave the customer with a tablet, PC or laptop to decide on their own preferred finance solution."

Tew said this kind of flexibility was crucial because, according to iVendi's research, there are few purely online or in-showroom customers. Instead, they tend to use a range of the channels available to them.

"Someone who visits your showroom may expect to be able to complete their purchase online, while someone who has filled in a finance application on their laptop might pop into the dealership because they have questions. This is real-world behavior.

"The Platform is sufficiently flexible and sophisticated to handle this type of approach and it is this type of insight that marks out iVendi as a business that genuinely understands the needs of dealers and their customers."

ABOUT iVENDI

With offices in Manchester and Abergale, and more than 7,000 connected dealers across the UK, iVendi is the UK's market leader in online motor finance technology. The iVendi Platform provides a complete online motor finance solution for dealers, motor finance providers, car portals and manufacturers.

To find out more, visit ivendi.com, e-mail enquiries@ivendi.com or call 0345 226 0503



Going beyond the survey for true customer insight

Analysing reviews can help dealers improve customer service and target lost prospects

JudgeService is Automotive Management Live's 2017 customer review partner.

JudgeService was established in 2011. We are independent survey specialists in the automotive industry. JudgeService helps car dealers to improve their customer service by asking customers and potential customers for feedback about their experience. This can be in service, used car sales, new car sales or the bodyshop.

We can then publish this customer feedback across digital channels to help consumers understand the levels of customer satisfaction, and how likely recommendation among peers is, for each dealer.

In a nutshell, we help dealers improve customer service. In an ever-changing and competitive world, we share that information with consumers, to help them choose where to buy. Our reviews are shown on Auto Trader, Motors.co.uk and Trusted Dealers.

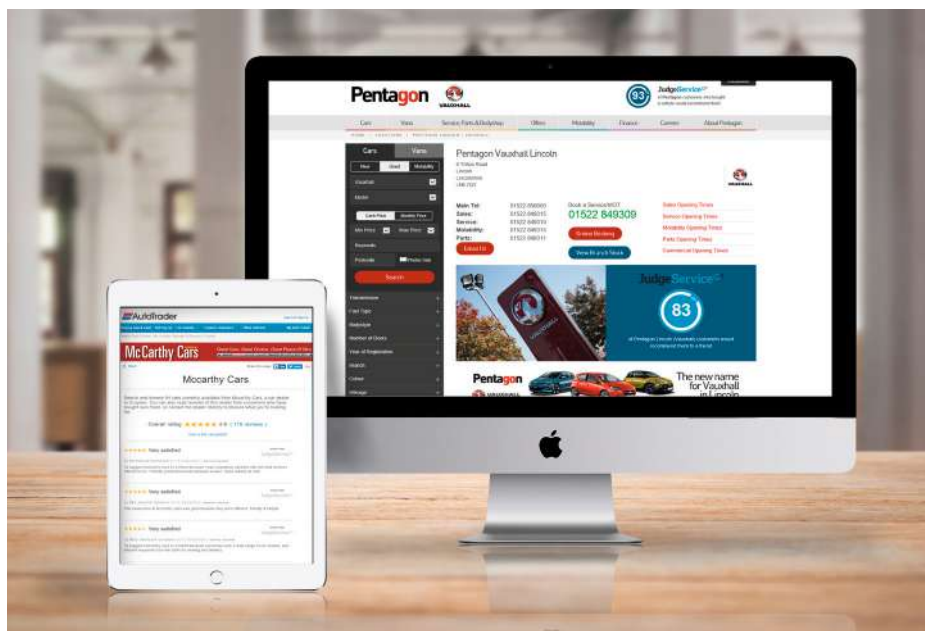
We have four products that are specifically made for the automotive industry:

- ProAct – a customer satisfaction measure for lost prospects on new and used car sales
- ReAct – a customer satisfaction measure for new and used car sales
- AWACS – a customer satisfaction measure on customers in the mid-point of the buying cycle
- Pulse – a survey that enables you to re-engage with lapsed customers across all areas.

We can also create bespoke surveys and have done this for car manufacturers. For more information, please visit business.judgeservice.com/products.

The added benefits of using JudgeService

JudgeService is often mistaken as only providing customer satisfaction ratings online and on social media. We actually do so much more. We use customer reviews as an insight to provide essential services



to the industry that facilitate prospecting and sales process analysis, customer satisfaction surveys, marketing data, customer rankings and reviews.

We have another trick up our sleeve – our easy-to-use reporting suite. It shows you granular data you can really dig into. Our system provides a rich vein of customer data and can generate reports you can present back to your internal teams and use as a training tool to improve performance. Some of our clients even use this to align employee salaries and bonuses.

We use this to gather an average score across more than 1,000 automotive clients to show trends within the automotive industry. All clients get access to our traffic light report – statistical benchmarks so you can see how a dealership is performing within a dealer group and also benchmark how your dealership is comparing against all of our clients.

Neil Addley, managing director, JudgeService

Neil Addley is an acknowledged expert in automotive marketing and sales in the UK, with a career spanning more than two decades that has seen him holding senior positions in several of the largest car dealer groups and in online car sales. Addley is the managing director of JudgeService and NFDA Trusted Dealers.



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JudgeService 

Car dealers must adopt a multi-platform social strategy to thrive in 2017

Dealers need to engage with customers on Facebook, Instagram, Twitter and Google

Social media use has grown more rapidly than ever over the past two years, yet there are still dealers who believe they can ignore the fundamental changes that are happening in the way customers choose to communicate.

It's now entirely possible for a prospect to begin and end their customer journey on social media, so dealers must adapt their approach to foster and handle these leads effectively.

Even among dealers who understand the benefits that social media can bring, too many companies are using only one tactic or a single platform. At Marketing Delivery, we plan and activate multi-platform social marketing for our clients, incorporating content-led organic engagement as well as paid-for promotion. The latter is particularly important, as a significant number of consumers never engage organically with a business – which means advertising is the only way to reach them on these platforms.

A customer's first encounter with a dealer may be via an advertisement on Facebook or Instagram. This will typically not be enough to secure a lead, though – customers will invariably ask friends and



family for their advice, and will read a range of online reviews. Twitter is effectively the world's biggest customer complaint channel, and it also acts as a 'social search engine' to track down tweets about a particular company. The way a dealer handles customer enquiries and feedback on social media has a significant impact on its reputation, as well as its potential to generate or facilitate enquiries.

We work with dealers to ensure they keep their social platform pages up to date with an appropriate mix of content. Marketing messages for particular car brands or models can feature, but the local audience will be more interested in handover photos,

localised special offers, dealer events and testimonials. Taking Facebook as an example, engagement rates for local business pages are far higher than for national brand pages, because people want to hear about what is happening near them. Marketing Delivery helps dealers to add value for followers by sharing not just promotional content, but also relevant motoring news, traffic alerts and even local weather forecasts.

Consumers will carefully review a dealer's ratings and reviews across various platforms. Facebook ratings now show up in search engine results, and Google will hold a separate rating for the business – they are both vitally important. If a user visits your website, tracking codes from the likes of Google Analytics or the Facebook Pixel can monitor engagement with different pages. In conjunction with data held by the dealer, targeted marketing can then re-engage with the best leads on the most appropriate social platforms.

Marketing Delivery's clients' social media marketing lists integrate with sales data from our eCRM system, to cross-check against vehicle purchases. The social CRM system – which we call 'Social Relationship Management' – can then target those users still looking for a car. Our data-driven Facebook app – SocialStock – can also help drive leads, sales and potential new customers to your dealership.

Even after a car is sold or a service booking is completed, a multi-platform social strategy continues to play a crucial role, corralling positive feedback and carefully managing any criticism, to boost trust and confidence in the dealer.

“EVEN AMONG DEALERS WHO UNDERSTAND THE BENEFITS, TOO MANY USE ONLY ONE TACTIC OR A SINGLE PLATFORM

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Marketing Delivery
DATA DRIVEN MARKETING

Why customer care is the greatest intangible asset

Providing a superb experience at every touchpoint – aftersales, bodyshop and service departments, as well as sales – will help your dealerships' customer retention

How a customer feels when they purchase a car is as important as the vehicle they are buying. It's an important purchase and an emotional moment – a fact that is being increasingly considered by dealerships as they look to improve their buying experience.

So much attention is channeled into getting customers into the showroom that how retailers handle customers when they are not on the forecourt falls by the wayside. This is something many retailers are beginning to address.

Of course, it's important for a customer to be given first-class treatment when they are in the showroom. However, customer care does not begin and end there. A superb customer experience – one that shows in every touchpoint and communication – can be a retailers' greatest intangible asset.

Simply being able to speak to a real person when they need to is enormously important to car buyers. It reassures them that their enquiry is important, which in turn reflects the high quality of the dealership and helps with customer retention. However, it is not just initial calls taken by interested parties that need extra attention. Aftersales, bodyshop and service departments should be given the gold-standard handling usually reserved for new customers.

This is why increasing numbers of retailers are turning to Money Penny for help. Since 2000, Money Penny has been working with thousands of businesses across the UK to sustain and improve their intangible assets in the form of great customer service, either on an overflow or fully outsourced basis. This specialist care is now being sought by a large and rapidly increasing number of automotive retailers.

All of our automotive receptionists are specifically trained to support clients in the sector, with brand knowledge, terminology and a thorough understanding of exactly



what an automotive customer needs to consider a successful buying journey. Just as they would if they were based in the showroom.

Customers have no awareness that their call is being handled by a Money Penny receptionist, and our technology allows us to instantly recognise recurring callers, ensuring we deliver the highest levels of service and build a great relationship with the dealership team – which is why retailers are discovering the benefits of Money Penny for themselves.

“SIMPLY BEING ABLE TO SPEAK TO A REAL PERSON WHEN THEY NEED TO IS ENORMOUSLY IMPORTANT TO CAR BUYERS. IT REASSURES THEM THAT THEIR ENQUIRY IS IMPORTANT

To discuss your needs as well as find out more about Money Penny's no-obligation trial, please contact:
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Helping you to make 2017 an exciting year of growth

Supagard is still the UK's No.1 in automotive paint, fabric and leather protection

As the UK market leader in automotive paint and interior protection, Supagard was uniquely placed to be an AM Best Practice Partner in 2016 and Alan Graham, head of sales, is looking forward to making our contribution to the success of the Dealer Masterclass programme in 2017. His experience and knowledge of both the UK and international markets will prove invaluable when educating and advising dealers through the programme.

Our experience as a Best Practice Partner in 2016 was very positive, culminating in the Automotive Management Live exhibition, where we met many senior decision-makers from UK franchised dealers, had the opportunity to present a workshop and were able to forge new friendships and make numerous new contacts on our stand.

In addition to this, the continued expansion of Supagard's business, both in the UK and internationally, has led us to make several new appointments at the Glasgow head office. Where possible, we pursue a policy of promotion from within, but also seek to recruit the most able individuals as needs arise, so Fraser Callum has joined the team as key account manager for international sales, along with John Wilson as logistics manager, several new office administration staff and a graphic designer who will work alongside our external agencies.

Our commitment to a continuous research and development programme ensures that Supagard offers only market-leading technology proven to make a demonstrable difference. This is recognised by our many industry accreditations, including ISO 9001, NQA, PRA, VBRA Approved and IMI Approved Centre along with AM Reader Recommended Awards in 2012, 2013 and 2014 and AM Dealer Recommended Awards in 2015, 2016 and 2017. The Supagard brand is recognised in many markets globally and our international expansion has led us to develop new paint and interior protection



The Supagard team at Automotive Management Live

“ COMMITMENT TO A CONTINUOUS R&D PROGRAMME ENSURES THAT SUPAGARD OFFERS ONLY MARKET-LEADING TECHNOLOGY PROVEN TO MAKE A DIFFERENCE

**ALAN GRAHAM,
SUPAGARD HEAD OF SALES**



products that are tailored to withstand the extremes of climate encountered across the globe. However hot, humid or harsh local climatic conditions may be, they present no challenge to our products and we do not need to compromise on our model or guarantee offering in any market.

The recent opening of a major Supagard centre in Kuala Lumpur in Malaysia is just the start of our expansion into that market, with many other centres planned in conjunction with existing global partners.

2017 will be an exciting year for Supagard, with regional facilities being created across the world and record growth forecast in all aspects of our business. In addition, we have been developing a number of new and innovative products to be released over the course of the year. We anticipate they will be warmly received by our customers.

Some 29 years after our first venture into the marketplace, Supagard is still the most respected UK company in automotive paint and interior protection and we are certain that your business will benefit from our knowledge and expertise through the AM Dealer Masterclass programme.

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PAINT AND FABRIC
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Boost your sales and profits with smart video

Video can increase sales, trust and repeat business from the showroom to the workshop

CitNOW's intuitive products allow dealerships to connect to their customers through personalised, brand-integrated, smart video solutions. The aim of CitNOW is to help its dealer customers improve the customer experience, increase customer satisfaction index (CSI) scores and, as a result, increase sales and profits in every aspect of the dealer's business.

The video apps that form CitNOW's suite of products enable sales executives to produce and send personalised video presentations of vehicles to potential customers or, using the web app, load a video directly to their used car locator and leading websites, such as Auto Trader and Motors.co.uk. Technicians using the Workshop app can also send videos to individual customers to evidence parts that need replacing when vehicles are brought in for servicing or repairs. In addition, bodyshops can use an app to provide an initial vehicle assessment and show any additional upsell work.

Improving video quality to increase conversion rates and customer experience

Customer relationship management (CRM) is a well known term for managing your customer relationships and interactions. CitNOW has coined the phrase video relationship management (VRM). It's perfectly suited to every dealership using personal video and is based on a 12-stage life cycle. VRM identifies all the stages that a customer goes through where video can be used to assist with the sale and is proven to increase sales, trust and repeat business. Personal video takes less time than writing an email and is more likely to be opened. The VRM life cycle will be explored in more detail in future AM Dealer Masterclass articles.

CitNOW has served more than 10 million videos since its launch in 2008; 5m videos were made in 2016 alone. At peak time, the CitNOW servers upload 21,000 videos – more than 500 hours' worth – every day.

CitNOW smart video products and services



CitNOW Sales app

The CitNOW Sales app is a video tool that has been designed specifically for sales executives. Buying behaviour dictates that most motorists looking for a used vehicle spend the majority of their time online researching and not actually visiting the dealership. CitNOW provides essential convenience, taking the dealership to the motorist.



CitNOW Workshop app

CitNOW Workshop allows technicians to take a short video to show work identified. Trust is gained by the customer as they have a complete view of any work required, making it much easier for them to approve immediately. It is also important to show green 'nothing to report' videos to engender trust, making customers more likely to return.



CitNOW Web app

The CitNOW Web app is used to upload a short video and photos of the vehicle to your website and national used vehicle locator, such as Auto Trader and Motors.co.uk, with added vehicle recognition software to match the vehicle with the details held on the database.

CitNOW Bodyshop app



CitNOW Bodyshop offers the opportunity to build trust, engage with customers, increase retail work conversions and sell more labour and parts more profitably. The app can also provide an unequivocal condition assessment record.

CitNOW Trade In app for consumers



CitNOW Trade In gives the power of a personalised video service to any motorist who has a vehicle to part-exchange.

CitNOW Academy



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Toyota believes the looks of the Coupé High Rider set it apart from its more conventionally styled competitors



TOYOTA C-HR: CONCEPT-CAR LOOKS AIMED AT CONQUESTING BUYERS

The medium SUV segment is one of the fastest-growing sectors in Europe. However, it is also becoming one of the most crowded.

Recent entrants include the Seat Ateca and Renault Kadjar, while the sector also features leviathans such as the Nissan Qashqai and Ford Kuga, posing the question: how can a manufacturer ensure its car stands out from its rivals?

Toyota's answer is the C-HR. Standing for Coupé High Rider, the concept-car looks of the new model set it apart from its more conventionally styled competitors, something the manufacturer hopes will help win conquest sales.

Toyota GB's president and managing director, Paul van der Burgh, said: "We see the C-HR as a car that will resonate with not only private buyers, but also fleet buyers.

"We also feel it can attract buyers from the premium segment, given its quality and characteristics."

Early interest in the model supports this, he said. At the time of the car's press launch in November, Van der Burgh reported that 81% of the 36,000 enquiries received were from customers of other brands.

The manufacturer expects to sell 16,000 C-HRs in the UK each year, with sales split 56:44 between retail and fleet customers. It forecasts C-HR sales will make up 15% of its overall registrations in the UK.

Like other models in the Toyota range, the

C-HR is not available with a diesel engine.

Instead, customers can choose from a 1.2-litre turbo petrol, producing 118PS with CO₂ emissions from 134g/km and official fuel economy from 47.9mpg, or a 1.8-litre hybrid, which offers 122PS, CO₂ from 86g/km and combined fuel economy from 74.3mpg.

The 1.2-litre is available with a manual or CVT automatic gearbox, while the hybrid comes only with the CVT transmission. An all-wheel drive version of the 1.2-litre with the CVT gearbox is also available.

On-the-road prices start from £20,995 for the 1.2-litre version and £23,595 for the hybrid models.

All versions are covered by a five-year/100,000-mile new vehicle warranty. Standard servicing requirements are annually or every 10,000 miles, whichever falls earlier.

The hybrids carry a £1,300 to £1,400 premium over the equivalent 1.2-litre models, but Toyota still expects the petrol-electric powertrain to account for 70% of UK registrations.

Its low CO₂ puts it in the 15% benefit-in-kind tax bracket, strengthening its appeal to company car drivers. From April, this rises to 17% as new tax bands are introduced.

In comparison, the 1.2-litre models are either currently in the 23% or 24% BIK band, depending on specification and gearbox, increasing to 25% or 26% for the 2016/17 tax year.



£20,995-
£27,995



1.2 PETROL TURBO
115PS/1.8 PETROL
HYBRID 122PS



0-62MPH
10.9/11.0 SECONDS;
TOP SPEED
105/118MPH



SIX-SPEED
MANUAL OR CVT
AUTOMATIC



47.1/74.3MPG



86/135G/KM CO₂

KEY RIVALS



Nissan Qashqai



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HONEST JOHN



WE SEE THE C-HR AS A CAR THAT WILL RESONATE WITH NOT ONLY PRIVATE BUYERS, BUT ALSO FLEET BUYERS

PAUL VAN DER BURGH, TOYOTA GB



Spec levels are high across all three trims



Restricted rear visibility due to wide C-pillars may put some customers off

Three trim levels on both power-trains are available. Van der Burgh said: "In the UK, our buyers want specification, so all C-HRs are well equipped. We won't have an 'entry-level' model."

The range's lowest-specced trim level, Icon, features dual-zone air-conditioning, 17-inch alloy wheels, the Toyota Touch 2 multimedia system, front fog lamps, rain-sensing windscreen wipers and an auto-dimming rear-view mirror.

Excel features part-leather seat upholstery, heated front seats, keyless entry, parking sensors and Intelligent Park Assist, rear privacy glass, 18-inch alloy wheels and a complement of driver assistance safety features including a blind-spot monitor, rear cross-traffic alert and lane change assist. An upgraded media system provides satellite navigation and access to online services.

Dynamic features metallic paint with a contrast black roof, grade-specific 18-inch alloy wheels, privacy glass, LED headlights and foglights, and purple upholstery fabric.

All C-HR models feature Toyota Safety Sense, a package of safety systems that can alert the driver to collision risks and intervene if necessary to avoid or mitigate the consequences of a collision.

These include a pre-collision system with autonomous emergency braking and pedestrian recognition, lane departure warning, traffic sign recognition and automatic high-beam headlights.

Toyota expects registrations to be spread fairly evenly between trim levels: Excel and Dynamic are each expected to account for 35% of sales, with Icon the remaining 30%.

A number of optional packs are available, covering areas such as styling and

Q&A



MARK RODEN, SALES DIRECTOR, TOYOTA GB

How important is the C-HR to the Toyota network, and why?

C-HR is incredibly important to the Toyota network as it takes us into a whole new market segment.

The crossover segment is growing rapidly, so introducing an exciting new product such as C-HR to this market gives us a great opportunity to bring new customers to the Toyota brand.

It will be very important to attract and convert these customers to help us grow the franchised network and support our partners' investments.

How many will you sell in a full year, and what proportion are hoped to be conquest, and why?

We are planning to sell about 16,500 C-HRs in 2017, but we are not chasing volume with this car. We are confident that the C-HR will appeal to both retail and corporate customers alike, but we will not be aggressively pursuing high discount fleet channels purely for volume.

We hope conquest sales will account for 80% of the total. While there will inevitably be some cross-shopping from other cars in our range, C-HR has been designed intentionally to appeal to a new customer group – one that is younger and more motivated by qualities such as design,

style and driving experience. Early indications are very encouraging, with the vast majority of enquiries being from people new to Toyota.

What type of customers will Toyota need to reach in order to sell C-HR effectively?

To achieve our 80% conquest target, it is clear that we will need to attract new customer types.

These are typically younger people, who take a more emotional approach to purchasing a car compared with our more traditional customers.

We also believe the C-HR will prove highly attractive to corporate customers, particularly the hybrid versions, which provide extremely competitive CO₂ performance.

What training and/or marketing efforts will Toyota put in place to help the network reach those prospective buyers?

The launch of C-HR has probably been our biggest in terms of focus and investment since we introduced the first-generation Aygo.

Training was hugely important and we embarked on a three-stage programme for our network teams. This included a dedicated digital training app, a drive experience and week-long workshop event at Silverstone, followed with an in-dealership training programme.

We started a comprehensive central marketing campaign at the start of 2017, making a significant investment in media and activation.

Marketing [in the dealership] is equally important and our area field teams have been working very closely with dealers to help them develop and implement their own marketing plans.

“WE SEE THE C-HR AS GIVING US A REAL CHANCE TO WIN NEW CUSTOMERS”
PAUL VAN DER BURGH, TOYOTA GB

entertainment features. The comprehensive equipment levels are supported by the high quality of materials used in the cabin, which reflects the bold styling of the car's interior.

However, the C-HR's concept-car looks restrict its practicality: it is not as roomy as the similarly sized Qashqai, while its wide C-pillars mean the rear side windows are small, restricting rear visibility. It can also make rear seat passengers feel hemmed in.

On the road, there is plenty to commend

the C-HR. Toyota has said it engineered the car to drive 'on par with a good C-segment hatchback' rather than an SUV, and that is an accurate way to describe it.

While its road manners and the BIK tax status of the hybrid version add to its appeal, the C-HR's looks will be key to its success, something Toyota is confident of.

"We see the C-HR as giving us a real chance to win new customers," said Van der Burgh. **ANDREW RYAN**



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SUZUKI IGNIS: OFFERING MILLENNIALS 'A



The Ignis aims to steal sales from the Citroën DS 3, Fiat 500 and Renault Twingo

On the flight to Rome for the launch of the new Suzuki Ignis, I encountered my first 'influencer'.

My new acquaintance was not Kim Kardashian or Taylor Swift, but his 11,000 Instagram followers qualify him as a recipient of free holidays, fashion and technology in return for online exposure.

His presence on the Ignis launch illustrates just how much Suzuki wants its new product to reach a millennial audience.

Suzuki's European sales director, Masao Fujitani, believes the Ignis – back after an eight-year absence – creates a new segment, the A-segment crossover.

Suzuki aims to steal sales from the Citroën DS 3, Fiat 500 and Renault Twingo, but with the Ignis's 180mm ground clearance and the option of four-wheel-drive – plus a mild hybrid drivetrain – the closest rival identified along the Italian test route was a Fiat Panda 4x4.

The Suzuki is cheaper than the Panda 4x4 at £9,999 for the entry-level SZ3, £11,499 for the SZ-T mid-grade and £12,999 for the range-topping SZ5.

Residual values at three years and 60,000 miles are £4,450 (39%) for the Ignis 1.2 SZ-T Dualjet MT (the volume model), increasing to £5,300 (46%) with half that mileage.

A 90PS 1.2 Dualjet engine claims 61.4mpg fuel economy and 104g/km CO₂ emissions, does 0-62mph in 13.5 seconds and has a top speed of 106mph.

The SZ5 specification introduces Suzuki's SHVS mild hybrid system, which boosts power by 2.4kW. SHVS adds just 6.7kg – in a car with a basic kerb weight of 855kg – and the result is 67.5mpg, 97g/km CO₂ emissions and 0-62mph in 11.4 seconds.

AllGrip four-wheel-drive delivers the quickest Ignis, claiming 11.1 seconds to 62mph, but costs 9g/km and 5.6mpg.

All Ignis models feature DAB radio, Bluetooth, daytime running lights and

“

SUB-30-SOMETHINGS ARE OUR KEY TARGET MARKET

ED NORMAN,
SUZUKI UK

privacy glass. The SZT adds roof rails, 16-inch alloys, a seven-inch touchscreen sat-nav infotainment system supporting Apple CarPlay and Mirrorlink and a reversing camera.

The rear seats slide forward by 165mm to expand the standard 267-litre boot.

The dual-camera brake support (DCBS) system standard on the range-topping SZ5 provides automated braking assistance, lane departure and weave warning systems and brings the Ignis up to a five-star Euro NCAP rating from three stars without.

The SZ5 also adds LED headlights and daytime running lights, cruise control and keyless entry and engine starting.

The Ignis' styling represents Suzuki's greatest departure.

A grille and headlights evocative of the Swift and old Grand Vitara look good, but the rear looks taller and more awkward. That said, the high roofline liberates impressive headroom.

LITTLE BIT MORE'



A high roofline liberates impressive headroom



The cabin is colourful and quirky



£9,999 -
£12,999



1.2-LITRE, FOUR-CYLINDER PETROL WITH OPTIONAL MILD-HYBRID SYSTEM, 90PS



0-62MPH
11.1-13.5 SECONDS;
TOP SPEED
106MPH



5SP MANUAL,
6SP AUTOMATIC



60.1-65.7MPG



97-106G/KM

The cabin is colourful and quirky, with the option of a largely white interior complemented by orange or titanium-coloured highlights. Rocker switches add style, but the Ignis' budget car status is evident in some flexy plastic surfaces.

On the road, the 1.2-litre felt a little slow to respond, the brakes did not deliver immediate bite and the steering was light.

The Ignis is more composed and assured at speed with the addition of the SHVS system's added torque. The steering of the 4x4 SZ5 also boasts reassuring weight.

On the return flight, the 'influencer' told me his coverage would not include the Ignis' specification or dynamics.

The truth is, most 25- to 30-somethings looking on Instagram for an A-segment car offering "something different" probably won't be bothered either.

They should pay more attention. The Ignis serves up a lot of car in an affordable package. **TOM SHARPE**

Q&A



ED NORMAN,
SUZUKI UK
PRODUCT
MANAGER

There has been lots of talk of the Ignis creating a 'new segment', what do you see as the key rivals?

I'd rather downplay talk of the car creating a new segment, it sets expectations and leads people down a route of perhaps not understanding the car.

For me, it is a car that will appeal to people looking at vehicles in the A-segment that deliver a little bit more than the average contender, cars like the Citroën DS 3, Fiat 500 and Renault Twingo.

Sub-30-somethings are our key target market. We already have the Swift Sport, which occupies a similar area, but the Ignis should attract a high proportion of conquest customers.

Suzuki registered 38,167 vehicles in the UK in 2016. How will the Ignis boost Suzuki's UK sales?

The big change next year will be the introduction of Ignis and our target for Ignis sales is around 6,000 cars a year, which would represent another step up in volume.

Which Ignis do you expect to be the 'big seller'?

The mid-range SZ-T should be the biggest seller. It has all the appearance of a top-of-the-range car, with the larger alloy wheels, roof rails and running daylight. But the Vitara S is the most expensive car we produce and accounts for 25% of sales, so we are open to surprises.

Where else might Suzuki target growth in 2017?

Motability and contract hire and leasing. At the moment, we have around 1% market share and are 27th in the biggest car brands in the UK. Think about Suzuki in terms of purely private sales, though, and we move up to 17th, with a market share of around 2.7%. That's something that we are very proud of, but also shows the potential of a greater emphasis on new areas of business.

Did Suzuki dealers make a profit in 2016?

Our dealers have performed very well. We have a network to be proud of, with good levels of trust and customer loyalty. That has translated into good profits. In terms of return on sale, I believe only Ferrari compares in percentage terms. Our network returns an average of 2.1% RoS and our solus dealers stand at 3.1%. It's something we're proud of, and rightly so.

≈ KEY RIVALS



DS 3



STYLISH DESIGN AND HIGH QUALITY INTERIOR TRIM



PRICEY, LESS INTERIOR SPACE THAN THE IGNIS



Fiat 500



ITALIAN CHARM, LOW RUNNING COSTS



ONLY THREE DOORS, SHORT ON SPACE



Renault Twingo



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WHAT CAR?



CAR MAGAZINE



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NISSAN NP300 NAVARA TEKNA

REPORT
PROGRESS



WILL PICK-UP PRIZES CONVERT TO SALES?

Even before the Nissan Navara reached UK showrooms, it had won awards – the coveted International Pick-Up Award 2016 is proudly displayed on the tailgate and What Van? recently named it Pick-Up of the Year 2016.

AM is running a Navara Tekna for three months to better understand what the awards will mean for sales.

Nissan has made all new Navaras compliant with Euro 6 emissions limits, improving emissions by 4.5% and it claims buyers swapping from an older generation Navara could spend £1,350 less on fuel over a three year/60,000-mile ownership cycle.

Strengths include a sector-best 1.578-metre load bed length, a 1.05-tonne maximum payload and a 3.5-tonne towing capability (400kg more than the Mitsubishi L200).

There are significant invoice-boosting opportunities for the sales executive. Unless buyers want their Navara in white or red, they'll have to pay £520 for a metallic colour, such as our Savannah Yellow. Other upsells include a £299 Protection Pack, which includes a plastic bedliner, tailgate liner, safety kit and rubber cabin mats, or a £3,300 premium hard top with central locking and interior lighting. For those with smaller budgets, there's a £2,600 basic hard top, otherwise a £1,800 aluminium tonneau cover or £450 soft tonneau cover.

Nissan is currently promoting a £99-a-year five-year service plan. **TIM ROSE**

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≡ KEY RIVALS

Mitsubishi L200

✓ FIVE-YEAR
WARRANTY
✗ LOWER
TOWING
WEIGHT

Ford Ranger

✓ LONG
SERVICE
INTERVALS
✗ HIGHER
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2.3-LITRE 190PS



0-62MPH 10.8SECS,
114MPH TOP SPEED



6SP MANUAL



44.1MPG



169G/KM CO₂

MITSUBISHI OUTLANDER 2.2 DI-D GX4

REPORT
PROGRESS



ONLINE FANS LOVE EVERYTHING, BUT THE MIT SHUNS SYNC

Conversations with dealers before Christmas led me to the conclusion that Mitsubishi drivers are a loyal bunch.

For this month's review, I thought I would see how positive drivers are and compare their views with my own. It turns out Outlander owners are extremely positive about the car.

The Carbuyer website has 13 Outlander reviews for the latest model. Twelve owners gave it a four- or five-star rating out of a maximum of five, with 77% saying they would recommend the car to a friend.

The majority of reviewers own a GX diesel or petrol, so it's not the eco-wizardry of the PHEV that is winning hearts exclusively.

Features singled out for praise include the improvement in build quality, roominess, driving comfort and performance, handling and economy.

Problems were highlighted with brakes, electrics and wear and tear on trim and carpet.

While I agree with the positives espoused, I was looking for a companion for my own frustrations with the Outlander – the refusal of the media player to 'remember' the last song playing on my iPod when I left the car and insistence on playing songs in alphabetical order when I get back in it and the rattle somewhere in the front passenger seat, which prompts the question: why provide a powerful stereo system if your build quality can't cope with it? **JEREMY BENNETT**



SUB ONE-YEAR/10K
MODELS CURRENTLY
ON AUTO TRADER: 58



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AUTO TRADER



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(2.2 DI-D 3 LEATHER MANUAL
DEPOSIT £9,333.60)



DAYS TO SELL: 24
(SOURCE: AUTO TRADER)

✓ INTERIOR QUALITY; DRIVER
COMFORT; AUTOMATIC GEARBOX

✗ THE SYNCING OF MY IPOD AND
OUTLANDER'S MEDIA SYSTEM

CURRENT
MILEAGE 0 1 5 3 1

START
MILEAGE 0 1 3 0 7

CURRENT
MILEAGE 0 7 0 3 0

START
MILEAGE 0 3 6 4 4

≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



John Beckingham,
brand manager at
Proven Subaru,
Isuzu and Kia in
Haslemere,
correctly named
the Rolls-Royce
Silver Seraph in
last month's issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, February 10.





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ADVERTISING FEATURE EXECUTIVE PANEL

Industry professionals share

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.

PEOPLE

What truly motivates people at work?

By Nigel Banister, director, GMD People



Since Frederick Herzberg carried out his research in the 1950s on what motivates us at work, various other studies have been undertaken. These include on the different generations since the 1950s' baby boomers (including Gen X and Millennials) and genders. Interestingly, the results are still very similar, despite the changes we are witnessing in the workplace.

The top three motivators are:

- Achievement (knowing that we are adding value to the organisation)
- Recognition (as simple as being thanked and/or praised for doing a good job)
- Varied and interesting work.

Some people may think a salary and work conditions would feature high on the list of motivators, but generally they do not.

The top three de-motivators are:

- Organisational politics
- Negative experience with colleagues
- Lack of recognition.

As leaders of people in the retail motor industry, we need to ensure we keep our staff fully engaged and retain them. The competition for good people is fierce and the cost of replacing staff directly affects the bottom line, as mentioned in previous articles we published in AM.

Other research suggests that staff leave managers, not the organisation. So, take a moment to think about how you motivate your teams and the individuals within them. Some of the motivating factors mentioned above do not cost money – but they can go a long way in ensuring you have a motivated and engaged team.

■ Visit our website for our previous AM articles at gmdpeople.com/news or contact us on 01327 831 371.



VIDEO

Join the social media conversation

By Adam Price, MD & founder, AutosOnShow.tv



For retailers of all sizes, social media can be a daunting proposition. Finding a constant stream of content to feed various channels can seem like a full-time job.

But every dealer has a wealth of content they can share, sitting on their forecourts. Images and videos of vehicles can be easily captured and shared in minutes to

provide an authentic and sales-focused way to engage with prospective customers.

People are passionate about cars, and sharing images of the vehicles they love can prove a simple way to build community engagement. Social media creates a conversation with customers and from this comes engagement, recommendation and purchase. More than two billion images are shared every day across Facebook, Instagram, Snapchat and Twitter and cars are a staple element of social media.

While social networks may seem like a strange place to explore such a big-ticket purchase, today's consumers prove car shopping is increasingly a social experience.

According to a CMO Council report on social analytics, 23% of car buyers used social media to talk about buying their last car. In fact, the next generation of younger car buyers consume media in an entirely different way and are much less likely to be listening to the local radio station or watching television advertising.

As part of BCA, Autos On Show understands the automotive industry and has developed a holistic system that allows dealers to take advantage of the opportunities presented by social media. Its technology makes engaging customers easier and more convenient, delivering high-quality images and video with real impact.

Grasp the power of social media and become part of the conversation with your customers.



FOR THE LATEST INFORMATION FROM
DEALER SUPPLIERS VISIT:
am-online.com/news/supplier-news/



VALETING

Improve used car performance

By Martin Peters, sales director, Autoclenz Group



This month, for the third time, Autoclenz will be sponsoring the "Best Used Car Performance" category at the AM Awards in Birmingham.

Just "getting the car cleaned" and on the forecourt with a price in it is nowhere near enough to run a successful used car operation.

From appraisal through to sale, a slick process is required to ensure maximum profit can be realised through every used unit. Autoclenz has the right IT, processes and management to ensure this happens every time.

Using our Paperless Vehicle Management System (PVMS), after appraisal a used car can be booked into SMART repair with a controlled cost, the work completed, monitored on the system and then passed in valet with a controlled cost, the work completed, and finally imaged, all at a controlled cost.

Apart from mechanical appraisal and rectification, Autoclenz will manage the remainder of the process to "ready to retail" on the forecourt at a controlled and transparent cost. All of it is completely visible, with the ability to interrogate and report on any aspect of the process through our IT system.

Set your budget subject to your used car profile – typically around the £150 mark to include SMART, valet & image / upload with a turnaround of 72 hours – and you have a slick used car process to maximise profits in this area.

We look forward to seeing you at the AM Awards on February 9. Come and say hello.

■ For more information on the difference at Autoclenz, contact Rebecca King on 01283 554682.



AUCTIONS

Get the remarketing balance right

By Simon Henstock, BCA chief operating officer, UK remarketing



From time to time, a market commentator will suggest that traditional vehicle auctions are losing ground to digital-only marketplaces, either in the quality of stock available or time to sale, for example.

Typically, the different remarketing channels are portrayed as being mutually exclusive and in competition with one another. It's 'online vs physical', when the reality is both have a vital role to play.

These routes to market are complementary in delivering an efficient and effective marketplace that meets the needs of sellers and buyers alike. In fact, the quality and average value of vehicles reaching the physical remarketing sector continues to rise, while time-to-sale continues to fall.

The availability of stock is crucial and while some buyers prefer the convenience of buying online, others will prefer to buy vehicles they have seen 'in the metal'. Customers can move between physical and digital seamlessly and it is not uncommon to see buyers in attendance in one location bidding for vehicles elsewhere.

The real competition is for the buyer's wallet and that requires a choice of ways to buy and a wide range of good quality vehicles to meet the needs of businesses ranging from sole traders to the biggest dealer groups.

At BCA, the growth of digital sales is supported by an ongoing expansion and investment in the infrastructure of BCA's physical auction network. The continued growth of our Live Online and other digital channels is underpinned by some significant investments in our imaging, appraisal, payment and platform technology that provides buyers with a consistent, reliable environment in which to trade.

In short, it is about being easy to do business with, whether customers choose to use the physical or virtual world.



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11993 Trainee Auditor
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Berkshire £22k pa
Cambridgeshire ENeg
Cambridgeshire To £38k ++
Cambridgeshire To £35k pa +
Devon £35k
London £45kpa ++
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Cambridgeshire To £38k ++
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Staffordshire £40kpa ++

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12032 Ops Serv & Planning Mgr Bedfordshire £45k + OTE +
12031 National Parts Manager Bedfordshire To £45k + OTE ++
12025 General Manager Essex To £85k OTE
12020 Field Operations Manager Warwickshire OTE £33k + Car
12019 Field Operations Manager Lanarkshire OTE £33k + Car
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12013 General Sales Manager Bucks OTE £70k

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WHY STRESSED EMPLOYEES MAY BE COSTING YOU SALES

Mental health problems linked to work pressure cost UK employers £30bn a year

Do you need to better protect the health of the talent pool at your dealerships?

As Prime Minister Theresa May pledged this month to instigate a parliamentary review to help companies transform attitudes to mental health problems, MIND, the mental health charity, published research claiming that one in six UK workers experiences a common mental health issue, such as anxiety, stress or depression. ACAS, the Government dispute resolution service, estimates that mental health problems cost UK employers £30 billion a year in lost production, absence and recruitment.

Warning signs that an employee's mental health may be suffering include:

- Physical symptoms, such as raised blood pressure, dizziness, headaches.
- Behavioural symptoms, such as irritability, changes to appetite, procrastination, mood swings.

A study for the Mental Health At Work Report 2016, published by Business In The Community, showed the disconnect between company policy and practice. It found 60% of board members and senior managers believe their organisation supports people with mental health issues. However, only 11% of workers said they had discussed a recent mental health problem with their line manager, and half said they never would.

Taking a proper break

Jon Heuvel, an employment law partner at Shakespeare Martineau, said workers at any company in France with more than 50 staff recently won the 'right to disconnect' from work emails and text messages outside of normal working hours. Such action is unlikely in the UK,



“THE PROLIFERATION OF SMARTPHONES AND OTHER DIGITAL DEVICES HAS CONTRIBUTED TO A CULTURE WHERE CUSTOMERS ASSUME WORKERS ARE AVAILABLE ON A 24-HOUR BASIS

JON HEUVEL, SHAKESPEARE MARTINEAU

said Heuvel, but it was a timely reminder that dealers and carmakers need to take the health and well-being of their employees seriously.

He said the proportion of tribunal claims citing work-related stress as a contributing factor has increased significantly in recent years, and employers are understandably concerned about how excessive job pressure affects productivity.

Heuvel believes employers should take care to ensure that workers are not over-using digital devices during downtime or holidays. A poll of 2,000 workers by Glassdoor, a recruitment website, found half had done some work during their holidays.

“The proliferation of smartphones and other digital devices, and the increasingly widespread use of remote access facilities has almost certainly contributed to a culture where customers assume workers are available on a 24-hour basis,” he said.

For consumer-driven businesses,

banning workers from accessing their inboxes or communicating with clients out of hours is not practical or realistic. However, employers could introduce procedures that encourage employees to take a proper break during their time off.

In 2014, Daimler allowed workers to use an out-of-office message stating that emails are being deleted while they are on leave. Dealer group Peter Vardy closes the business on Sundays to allow staff to have a proper break to enjoy family time. Peter Vardy, chief executive, said his colleagues are happier, and sell more cars over six days, as a result.

“Annual leave shouldn't be an extension of the workplace, so don't make it that way by sending employees countless emails that could probably be held off for a few days,” said David Price, a director at Health Assured.

Wearables for workers

Dealers should have a process to identify and minimise harmful stress in the workplace, but technology may also help. Research from AXA PPP, for its Health Tech & You State of the Nation survey, found 57% of 1,200 working adults surveyed would be open to wearing a fitness band or similar health-monitoring device if it was supplied for free by their employer. The figure falls to 34% if the device was not paid for by the employer.

Chris Tomkins, AXA PPP's head of proactive health, said the increased use of health tech in the workplace “could so easily be a win-win for both employer and employee. For the first time, it is possible to support an individual throughout their journey from better understanding of their health to actual improvements through smart digital platforms.” **TIM ROSE**

RESOURCES

MENTAL WELL-BEING WEBINAR

MIND, the mental health charity, has a webinar aimed at companies wanting to improve workers' well-being and engagement. It provides general recommendations, and features a discussion between several experts in the field.
am-online.com/MINDwebinar

HSE GUIDANCE

The Health and Safety Executive (HSE) website has guidance for employers on managing employees' stress and mental health at work, plus case studies on various companies and public bodies, links to sector specialists and downloadable guides.
am-online.com/HSEguidance

USEFUL INSPIRATION



Mary-Clare Race and Adrian Furnham wrote *Mental Illness At Work* in 2014 as a guide to help people managers to identify potential sources of work-related stress. Lauded by a number of academics, the book aims to transform the way mental illness at work is viewed.
am-online.com/MentalIllnessAtWork

TALENT ON THE MOVE

ADVERTISING FEATURE

Objections to tyre sales

Never let the customer get away with saying 'I'll get back to you', says Simon Bowkett of Symco Training



Last month in this column, I talked about how you can increase your sales of replacement tyres off the back of a vehicle health check – either by calling the customer to tell them their tyres are 94% worn (when they have 2mm of tread left), or that their tread is about the same thickness as a credit card (3mm of tread left).

Overcome the objection

Of course, you are going to get objections from some customers who don't want to go ahead with the work immediately, so this month I want to talk about how you can overcome them. Because when customers tell you they'll get back to you, you certainly shouldn't just accept it by saying "OK, fine, we will always be here when you are ready to change your tyres." If you do, you are simply telling them that it's fine to drive around with 3mm or even 2mm of tread left on their car.

Word track

Instead, you should say something like this: "Well, Mr Customer, that does surprise me. With only the thickness of a credit card until your car's illegal, you are doubling your braking distance on a wet road. So when you say you need to get back to me, is it because of the cost of the tyre, or the time frame when you want them fitted?"

If it's the time frame, qualify the customer by saying: "OK, so how many miles a week are you doing, Mr Customer? So why don't we just do the service today, and then book you in to get the tyres done next month? That makes sense, doesn't it?"

Most of the time, of course, it will be cost, in which case you can reply: "Well, sir, that is for the same tyre that [car manufacturer] recommends. But listen, on this occasion, why don't I look at a more cost-effective alternative for you? That makes sense, doesn't it?"

Try that the next time you are faced with an objection to tyre sales in your dealership, and watch my new sales training video on the AM website (am-online.com/symcotraining, or at www.symcotraining.co.uk) for some practical tips on upselling replacement tyres.

Visit our website for free training trial

To find out how our low cost, IMI-Approved online training programme can help train your team, visit www.symcotraining.co.uk/freetrial and get your FREE trial today.



**JAMES BREARLEY,
CHIEF EXECUTIVE,
INCHCAPE**

Former Stratstone managing director James Brearley has been appointed as chief executive of Inchcape's UK retail business.

Succeeding Louis Fallenstein, who stepped down from the role at the end of 2016, Brearley's move could draw a line under a feud with former employer Pendragon after he clashed with it over plans for a Jaguar Land Rover franchise in Wolverhampton.

Brearley ended his 10-year spell heading Stratstone in August 2015 to set up his own business, JRB Automotive, and open the Wolverhampton dealership, but was forced to stop development of the £14 million site by a High Court order sought by his former employer in January 2016. Pendragon previously operated its own Land Rover business in Wolverhampton, but closed it in 2012.

The project had been part of a partnership deal between JLR and JRB Automotive, but has since been developed by Jardine Motors.

Brearley has since spent several months working with Inchcape as a consultant, developing its Ignite training programme. Welcoming Brearley, Stefan Bomhard, the chief executive of Inchcape Group, said: "Brearley is almost uniquely positioned to join the company in this critical central role, having over 30 years' experience in the volume and premium automotive industries, most recently for one of our key UK competitors.

"With strategic responsibility for a wide range of premium brands, including JLR, BMW and Mercedes-Benz, Brearley managed a £1.6 billion turnover business with 2,500 employees over 130 sites.

"He has exceptional credentials in UK automotive, with very strong experience in F&I, aftersales and used cars, the three central tenets of our Ignite 3 programme."

**“ HE HAS
EXCEPTIONAL
CREDENTIALS
IN UK AUTOMOTIVE,
WITH VERY STRONG
EXPERIENCE IN F&I,
AFTERSALES AND
USED CARS**

**STEFAN BOMHARD,
INCHCAPE**



**ALLAN RUSHFORTH,
MANAGING DIRECTOR
AT LOOKERS**

The former Nissan vice-president of global sales, Allan Rushforth, has joined AM100 dealer group Lookers as its managing director.

His appointment follows the promotion of Nigel McMinn, the existing managing director, to chief operating officer.

A spokesman said the moves were to strengthen the company's senior management team following significant growth.



**RICHARD HAYTACK,
MANAGING DIRECTOR
OF BCCARS.COM**

BCCcars.com (formerly BCC Group) has made three appointments to its leadership team. Richard Haytack joins as managing director from Lookers, where he was a general manager. He will work alongside Martin Butler, who moves from group operations manager to operations director. They are joined by William How, who progressed from financial controller to finance director.



**CHRIS EADY, HEAD OF
NETWORK & DISTRIBUTION
STRATEGY AT VOLVO**

Volvo has named Chris Eady its new head of network and distribution strategy. Eady will assume responsibility for exploiting new retail opportunities in the newly created post. He has previously worked for Porsche, Volkswagen Group and Citroën. Eady said: "I'm looking forward to helping the company capitalise on the many opportunities ahead as it looks to expand its sales operations in the UK."



AM AWARDS: 2017

February 9 2017
The ICC, Birmingham

An evening dedicated to acknowledging exemplary performance and innovation is fundamentally important to our industry; high achievers deserve their time in the spotlight.

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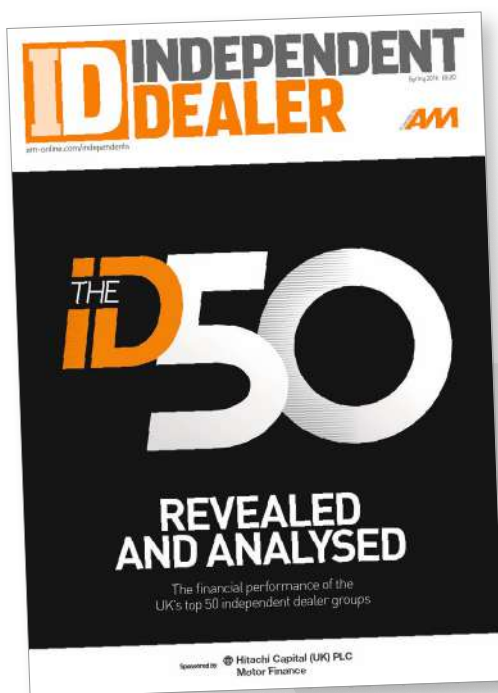
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AM PORTFOLIO

WHAT WE DO IN YOUR INDUSTRY



AM magazine

Your monthly publication, in print and digital form, brings the latest news insights, market intelligence and in-depth interviews with franchised dealers and the heads of manufacturer national sales companies. Every issue also tackles a specific topic of dealer operations and gathers inspiration for readers from sector experts.

Independent Dealer magazine

Independent Dealer is published every spring and autumn. The spring edition brings you the ID50 rankings and analysis of the largest used car retailers in the UK. The autumn edition shares best practice to help readers understand where the growth opportunities lie.



AM Awards

More than 1,000 people gather each year at the ICC in Birmingham to see the UK's best in motor retail rewarded with a prestigious AM Award. More than 20 trophies are presented during the gala dinner, in categories for dealers and carmakers. Every winner is celebrated, culminating in the headline awards of Retailer of the Year, Business Leader of the Year, Manufacturer of the Year and Hall of Fame.



AM-online

A daily source of UK motor retail news, insight and opinions for franchised and independent dealers. Register to receive our daily newsletter direct to your email inbox, and on Saturday a digest email brings you the most important news of the week.

AM Executive breakfast club

This free-to-attend networking and business improvement club is exclusively for directors of franchised dealer groups. Its meetings are quarterly, confidential, and always bring inspiration from a non-automotive guest speaker. Past presenters have included a director of customer service at John Lewis, a head of HR at the BBC, a co-founder of budget airline BMI Baby and a head of event services at the London 2012 Olympics.

AM conferences

Inspiring case studies, sector specialists' advice, peer networking and interactive problem-solving workshops all feature in AM's conferences designed to support motor retailers in their thirst for knowledge. Our recent conferences have tackled critical areas such as people and skills, digital marketing and technology, customer service and regulation of F&I.

Automotive Management Live

The success of our newest event, combining an exhibition hall packed with more than 60 exhibitors with best practice workshops spanning important aspects of dealer operations, has prompted a decision to move it to the National Exhibition Centre at Birmingham in 2017. As ever, it will remain free for all franchised and independent dealers to attend.

AM100

Profitability, growth and acquisitions are regular subjects of conversation at the annual AM100 gala dinner in London. It is here that AM presents the latest AM100 rankings of the UK's largest franchised dealer groups, and previews its AM100 supplement, complete with analysis of the trends.

'IT WAS A BRILLIANT TIME, BUT IT CHANGED THE WHOLE BUSINESS'

Stock market flotations offer huge opportunities, but retailers need to make sure they are prepared for change, with the right systems and people in place to take advantage

CHAS HOWES

FORMER CHIEF FINANCIAL OFFICER, SUPERDRY

Taking a business public enables growth and cuts risk for owner-operators, but can lead to a loss of entrepreneurialism and a 'family-run' feel, warned Chas Howes, the former chief financial officer of Superdry.

Howes told members of the AM Executive Breakfast Club that he joined Superdry when it was a small business in the early stages of its development, and spent the next five years helping founders CEO Julian Dunkerton and brand director James Holder turn it into a publicly listed company that trades globally.

Although it launched in 2003, Superdry's roots were in a partnership created in 1983 when Dunkerton was working on a market stall in Cheltenham, selling T-shirts created by Holden. By 2011, Dunkerton was worth about £500 million.

The pair started out by defining how they wanted the consumer to describe Superdry, and then creating the products and experience to match. The brand positioning was deliberate: approachable fashion; core, in-demand products such as jeans, T-shirts and hoodies' and a premium price to secure big margins.

Superdry has kept product pricing consistent – it does not hold sales – and this has created trust.

"Customers know what they're

going to get," said Howes. "It is phenomenally insulting to someone who goes in before Christmas and pays £24.99 for a T-shirt, then two days after Christmas it's £12.99. How would you feel about that? Pricing is really important. Keep it consistent and it deepens the emotional engagement you have with the customer."

When Howes arrived in 2007, he found a management team averse to debt, so all its growth had been self-funded to that point. He said another challenge was a lack of investment in infrastructure – "if you're a retail business you have to have infrastructure, you cannot survive without systems, supply chain, warehouse and so on".

As the company didn't like debt, Howes said it had to become as efficient as possible. It reduced debtor days from 71 to 35 to generate cash, did letters of credit and import loans, tackled slow-moving stock, and kept its number of suppliers low so it could leverage the relationships.

"Contrary to opinion, entrepreneurs don't take risks. What they do is get others to share risks," he said.

When the business was turning



“
**ENTREPRENEURS
DON'T TAKE RISKS.
WHAT THEY DO IS
GET OTHERS TO
SHARE RISKS**

over £100m in 2009, Dunkerton decided to list the company on the London Stock Exchange.

Howes said: "It was a brilliant time. But it changed the whole business, its management style. The organisation is very corporate, which is a shame, because it was a family business."

However, he said Dunkerton and Holder knew a PLC would attract the management talent to take the business to the next stage. They have since stepped down from their leadership roles.

"They're brand and business builders, not doing it for a lifestyle," said Howes.

Howes' top tips from the Superdry story:

- "Look outside your industry, look beyond the obvious to try to create a brand, a business profile that makes you slightly different."
- "How do you think your customers would describe your business? Is that what you'd want them to say, or not?"
- "Steal or borrow brand equity from other people." Superdry created rugby shirts to coincide with Britain hosting the Rugby World Cup and partnered with British actor Idris Elba to create his own range.
- "Grow retail, but keep it select. You want people who know the local market."

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"WE NEED TO LEAD OUR OWN BUSINESSES AS DEALERS"

Motor retailers are feeling the strain from falling margins, recruitment woes and manufacturer 'micro-management'



Registrations pressure is no longer confined to the end of the month, delegates said

Dealers were feeling under pressure when they gathered for an AM Round Table discussion at Automotive Management Live.

The pressures for many at the November meeting included a need to win Q4 bonuses in order to ensure 2016's trading remained profitable, seeing their margins eroded by tough competition, and trying to negotiate with manufacturers over 2017 targets. Used car margins were also being hurt by the level of stock being carried, including pre-registrations.

Many felt that although manufacturers were heavily into "micro-management" of their franchisees through standards and controls, carmakers were not supporting franchisees enough in attracting new talent and some of their actions were actually driving existing talent to leave.

Stephen Brighton, managing director of Hepworth Motor Group, warned that unless dealers make an average £1,000 margin per car then the franchised business model cannot stack up. The pressure to push sales volume is eroding margin and morale – salespeople are dealing with customers who expect the car to be almost given away and give poor CSI scores because the dealership fought to retain some profit, he said. Brighton believes staff do not leave because of money, they leave because of the hours, the Sundays spent working, and the stress caused by the demands placed on them.

Young people starting their careers are driven as much by the additional lifestyle benefits on offer as

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DELEGATES



PAUL BARNETT
director,
Barnetts Motor
Group



SIMON BOTTOMLEY
chairman and group
managing director,
Thurlow Nunn



STEPHEN BRIGHTON
managing director,
Hepworth Motor
Group



LUCY BURNFORD
director,
AA Garage Guide



GARETH COPLING
group financial
director, Sandown
Group



DARREN EDWARDS
group managing
director, Sytner



CHRIS HARRIS
group marketing,
data and insight
director, The AA



LUCIE HERMAN
director, Humming
Bird Motors



MARCUS JOY
managing director,
Humphries and
Parks



AMARJIT SHOKAR
managing director,
Romford Mazda



JOHN SMYTH
director, Swansway
Group



RAY SOMMERVILLE
non-executive
director, Now
Vauxhall Group



MARK SQUIRES
chairman, National
Franchised Dealers
Association



LARRY WOOD
director, Humming
Bird Motors

the money, suggested Marcus Joy, Humphries & Parks managing director.

It was a point echoed by Amarjit Shokar, managing director of Romford Mazda. Shokar said high targets create a need for more aggressive, driven sales people, but then customer satisfaction suffers.

"Our success is based on whether the manufacturer is kind enough with our targets. We need to lead our own businesses as dealers," said Simon Bottomley, managing director of Thurlow Nunn.

Ray Sommerville, former Perrys chief executive and now a non-executive director of Now Vauxhall Group, said in the past dealers were pressured to register cars on the last two days of the month to reach their targets, but now that pressure is felt from the first days of the month. The problem stems from manufacturers making too many cars, and the national sales companies are unable to refuse them – the sudden exit of Tim Tozer from Vauxhall in 2015 was cited as an example after he tried to resist oversupply from its General Motors parent.

Most delegates agreed they must give more time and thought to the other aspects of the business, and not allow profitability to wholly depend upon new car sales.

Chris Harris, a director at The AA and former marketing and customer director at dealer group HR Owen, said dealers can choose to either sit there and take it or try different things focused around the customer.

"You know the customer; you can get the data around the customer and do exciting things with it. It's the only option you have. But manufacturers will not help you to do that," he said.

Sytner managing director Darren Edwards said: "Dealers are fixated on new cars. But there are so many other areas in our businesses. Look at the size of the three-year car parc coming over the next three years – it's massive, but we're not geared up for that yet."

People and pay

Payroll and the National Living Wage are causing headaches for dealers.

In April, the National Living Wage for any worker aged 25+ will rise from £7.20 to £7.50 per hour. The increases create the possi-

“DEALERS ARE FIXATED ON NEW CARS. BUT THERE ARE SO MANY OTHER AREAS IN OUR BUSINESSES

DARREN EDWARDS, SYTNER

bility that a person in a low-skilled role such as a driver or valet could be earning nearly as much as a service adviser.

Lucie Herman, a director of Humming Bird Motors, which operates Kia and Mitsubishi dealerships in north London, said she has had to recruit staff by offering higher salaries than some people who have worked for the company for years. In parts of London, there are technicians earning £50,000 salaries, and it is impossible for a small family business to compete for their talents.

Delegates had varied strategies for recruitment. Paul Barnett, managing director of Barnetts Motor Group, has held recruitment nights on Facebook, with evangelical staff talking about their work for the company. Gareth Copling of Sandown Group has made extensive use of LinkedIn to find prospective recruits for sales and administration posts.

Rather than poach people from elsewhere, AM100 group Sytner recruits most of its sales executives after A-levels or university and puts them through a nine-month training academy. Managing director Darren Edwards said its attrition rate is 5% – "if you train them properly they tend to stay", he said. The group's board believes it should "over-invest in people", and Edwards conceded it was a cost Sytner could bear because of its more profitable premium and specialist franchises.

"You know your staff turnover, so just as you structure yourselves for selling cars you need to structure yourselves for how many people you will need to recruit," he said.

Edwards added that rather than expecting the industry to tackle recruitment and perception issues, dealer groups must do it themselves and make their businesses famous in the local community.

Harris said: "In my experience, if you only start to think about recruitment when you need someone, you have missed the boat. The way you think about your business, and how you promote it, is priming people to join you."

Finding the right people is vital, because as Swansway director John Smyth described it: "You cannot train people to care." Bottomley suggested that rather than rewarding staff based on the bottom line or satisfaction scores, dealers should reward them for demonstrating the right behaviours in business. **TIM ROSE**

ADVERTISING FEATURE

Digital routes to success in aftersales

By Lucy Burnford, director, AA Garage Guide



While the long-standing issues dealers face were discussed and debated, the hot topic that really raised the engagement of delegates at the senior strategy session was the

emergence of third-party digital platforms for sales and particularly for aftersales.

Although there are established players in the online lead generation space for car sales, the emergence of third-party digital platforms, including The AA's Garage Guide, for aftersales is relatively new territory for most dealers, and one that sparked great interest and lively debate.

The conversation addressed several aftersales-related challenges, including:

- Can your CRM system and marketing teams drive real customer engagement and deliver aftersales growth?
- How accurate and how granular is your customer data?
- If your existing and potential customers use online third parties to aid their aftersales needs and decision-making, can you afford not to participate?
- Differentiating yourself from the competition relies on customers being able to easily and clearly distinguish your product versus your competitors'.
- Can aftersales actually be the key driver for delivering significant sales growth?

We believe 2017 will see a seismic shift in consumer behaviour and demand via online channels. Inevitably, the winners will be those who offer and participate in a best-in-class digital experience, and in turn deliver transparent and tangible value for consumers.

■ **For more information, visit**
GarageGuide.TheAA.com.

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EIGHT QUESTIONS TO...

A DEALER FLEET BOSS

An 80s music fan and lapsed tennis player, Mark Wilkie, TrustFord's fleet and CV director, still gets a kick from working with customers



What are the main responsibilities of your role?

WILKIE: I am responsible for the strategy and delivery of corporate sales, compounding and logistics and the strategy for fleet aftersales. We sell about 45,000 vehicles annually, about 42% of TrustFord's total volume. My main objective is to deliver volume and drive loyalty by consistently delivering the best possible service.

What are the most significant challenges ahead in your field of work?

WILKIE: There has been some commentary around the potential sensitivity of the market in relation to Brexit, but we're seeing a very strong trend in order take over recent months. On that basis, there is every reason to be positive about the year ahead.

The competitive nature of the market means we have to constantly evolve to stay ahead. Aftersales is now at the top of many customers' checklists, which marks a change from the focus being around product and pricing, with a requirement for bespoke packages to be tailored to the needs of each individual fleet.

Our drive to maintain quality with volume is relentless.

How might these challenges be overcome?

WILKIE: We are investing significant resources in aftersales. Many of our sites now work twilight hours, with some working through the night and across extended weekend hours. We want to offer customers more flexibility and reduce the impact of downtime to their business. Recognising the importance of keeping vehicles on the road, in 2016 we invested in a fleet of mobile servicing units. Recently, we opened our new 22-acre fleet preparation and distribution centre in the Midlands. This facilitates the preparation of 30,000 vehicles a year and storage for more than 6,000 units. Most importantly, we have invested in recruiting more colleagues – to five times that of the previous team.

What attracted you to this area of expertise?

WILKIE: I'm very lucky to have one of the few jobs at this level that still offers ongoing direct customer contact. This type of role within TrustFord does not come around very often and I was delighted when it was offered to me. I was given the opportunity to make a difference at a critical time for the business and am pleased that the support I was given by the board and

my own team has led to such a strong performance. We don't stand still – 2017 should offer more opportunity to build on the success of the past two years.

What's the most important thing you've learned in your career, and how have you made use of it at your company?

WILKIE: The importance of care and respect for our colleagues. I am extremely lucky to have a first-rate team around me and we operate in an organisation that understands we can only hope to have truly satisfied customers if our colleagues are equally happy.

I also try, every day, to create an atmosphere where people want to come to work and where my team are free to exhibit flair. We work hard, but we do it with a great spirit and an absolute belief that we will succeed as a team. **MATT DE PREZ**

QUICK-FIRE QUESTIONS

What drives you?

I get huge satisfaction from doing a good job. I'm probably fairly driven anyway, but it's easy to be motivated when you're surrounded by great people who all want to succeed for each other.

What's your favourite app?

I probably spend too much on iTunes, but would rather not publicise some of the 80s names in my music collection. I've also become a bit of a LinkedIn devotee and use apps more and more. We have developed our own colleague app and have recently launched our customer app. Our TrustFord apps are all about ensuring customers and colleagues are kept informed.

How do you relax?

Other than the 80s music catalogue, I love getting back to Scotland to spend time with family and friends. I was an avid tennis player, but have let it go over the past few years, so need to get back into it. Perhaps that could be the new year resolution for 2017.

AM

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THE BURNING QUESTION:

What was the first car you bought and for how much?

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27th April 2017 Ricoh Arena, Coventry



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