

# AMM

AUTOMOTIVE MANAGEMENT

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**MERCEDES-BENZ / P24**

Prepare for direct sales,  
says CEO Gary Savage

**MAAS EFFECT / P6**

'Mobility as a service'  
doesn't worry dealers

**SPOTLIGHT / P33**

# MYTHS BUSTED

CAN YOU OPERATE LIKE APPLE & JOHN LEWIS?  
IS YOUR MARKETING WORTH WHAT YOU PAY?  
HAVE CUSTOMERS REALLY DESERTED  
YOUR FORECOURTS?

**WITH THIS ISSUE:**  
AM100 2017





# The way we buy, choose and use technology is changing

## TIPS FOR CHOOSING YOUR SOFTWARE PROVIDER

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- 1** As the next era of finance technology becomes available, being stuck in a long-term contract that means you can't use it, is not what any progressive dealer wants.
- 2** We see the confidence of companies such as Netflix, which offers a simple monthly billing period that can be ended at any time, as a guiding pioneer.
- 3** A one size fits all approach is not enough. The approach must be fresh, exciting and personalised and ensures you are at the forefront of the industry.

# EDITOR'S LETTER

**N**estled alongside your edition of *AM* this month, you will find your copy of the 2017 AM100 supplement.

Having crunched the numbers, we have determined that the UK's 100 biggest franchised dealer groups grew their total sales by 10%, or £5.7 billion, last year, despite the cooling off of the retail new car market.

With new car registrations having peaked, we have heard several groups talk about the great opportunity to increase their used car sales.

Funnily enough, this is one area Mercedes-Benz UK chief executive Gary Savage highlighted to me a couple of weeks ago. The used car remarketing and retailing process is too slow and clunky – the first dealers and national sales companies (NSCs) to streamline their operations, to get cars to online forecourts and to a customer quickly, will have an enormous advantage.

It will be a welcome advantage in the long term, because Savage is the first UK executive bold enough to publicly envisage new car sales moving from the dealer to the NSC, and agency fees for test drives and handovers replacing volume sales incentives.

He may be looking somewhat into the distance, but the point is to prompt Mercedes-Benz franchisees to begin considering their other sales opportunities.

Shouldn't all dealers be doing this? Perhaps, in the 2035 edition of the AM100, turnover's vanity will finally be replaced by profits' sanity.



## MEET THE TEAM



**Tim Rose**  
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# THE FUTURE OF MOBILITY AND THE FRANCHISED DEALER

Pay-to-use models such as ride-sharing and ride-hailing may kill the current business model, but dealers don't think it will be soon

**W**hen the largest manufacturer by volume in the UK heads in a new direction, it is worth thinking about the long-term consequences.

Mark Fields was replaced as chief executive of Ford by Jim Hackett towards the end of May and if the Michigan-based carmaker is to be believed, this was down to needing to drive forward more decisively with electric vehicles, hybrids and new mobility as a service (MaaS) solutions, such as car-sharing and ride-hailing.

MaaS is a shift away from personally owned modes of transportation and works by combining transport from public and private providers in a unified way to create and manage a trip, which users can pay for with a single account. Users can pay per trip or a monthly fee for a limited distance.

The idea may initially prompt disbelief, but with the rise of PCP acting as an indicator of how unimportant UK consumers find the traditional concept of ownership, is MaaS really so radical?

An April 2017 online survey of 400 UK and US drivers by Nuance, a US-based voice control technology company, found that 25% would sign

up to MaaS. Autonomous vehicles of the future will go hand-in-hand with this type of future transport.

More than half (52%) of respondents said they would still like to own their autonomous vehicle, but may use MaaS, while 14% would like to use an autonomous car through MaaS for most trips, but would still like to own one and use it every now and then.

Before he took over, Hackett was already leading Ford Smart Mobility, a subsidiary formed to design, build, grow and invest in mobility services. Now he is tasked with pushing the Blue Oval as a whole to target alternative ownership solutions and connected motoring innovations.

Ford will open a 'Smart Mobility Innovation Office' in London this summer with space for 40 staff.

Steve Hood, chairman and chief executive at Ford-owned retail group TrustFord, has already said dealers are going to have to be "very-open minded" towards car-sharing and pay-to-use business models.

He said: "Customers' needs and expectations are starting to change. Sooner or later, things are going to change significantly."

Nigel McMinn, Lookers' managing director, acknowledged it is difficult to say how quickly MaaS will grow, but believes the pace of change in

the automotive business model is slow compared with fast moving markets such as digital technology.

McMinn said: "I'm confident we will see the market shifting from a mile off. It's very rare in automotive to get a CD-to-iTunes or an iTunes-to-Spotify-type switch."

"It took 10 years for PCP to really establish itself. If you look at mobility schemes, they are a fraction of the market. Personal leasing is a step on the road."

"There is nothing to suggest right now that MaaS will be at 2% or even 4% in a year or two. I think it's going to take another 20 years before we see some real change in the way the model is in the UK."

Mark Lavery, the chief executive of Cambria Automobiles, does not dismiss MaaS as a potential outcome for the future in the UK, but thinks customers still want to have their own car in the medium term.

He said: "I know companies like Zipcar are disrupting the market and I'm sure MaaS will play a part in the future."

"But if you're looking at the UK public, specifically outside of major urban locations, I think it's going to take a very long time to move away from the outright vehicle ownership model."

"That need to own a vehicle is even more pronounced, I think, when you look at the premium market or for vehicles that fall outside a logical purchasing decision and into the emotional category."

McMinn said even if his views on how quickly the market will grow are wrong, MaaS will have to compete with PCPs on price to be a success.

He said: "The logical option would mean you would have to offer a

subscription model on a much cheaper basis than a PCP. If you look at the monthly cost of an average PCP at £200 a month, that's £6.45 a day. If you look at something like a Skoda Citigo, which would probably be the sort of A to B motoring model you would go for, it's around £100 a month, that's £3.22 a day.

"I'm really struggling to understand how someone can come to the market and offer a solution at a lower entry price than that."

McMinn said dealers will adapt to changes in the market and MaaS will be one part of a range of offers available to customers.

He said: "When the market does grow, dealers will play a part in supplying and servicing them, a bit like a fleet deal."

"I think by the time MaaS takes off in a big way, the entire dealer remuneration model would have changed. My speculative prediction is the market would have to move away from margin schemes and towards a fixed-price-per-model basis."



**“OUTSIDE OF MAJOR URBAN LOCATIONS, I THINK IT'S GOING TO TAKE A VERY LONG TIME TO MOVE AWAY FROM THE OUTRIGHT VEHICLE OWNERSHIP MODEL**  
**MARK LAVERY, CAMBRIA**







Lavery is also confident there will be opportunities, as long as businesses are willing to adapt.

He said: "I think autonomous vehicles will add a huge amount of value in metro areas specifically, and dealers have to be a part of that."

"I can imagine city centres with connected traffic and an 'eye in the sky'-style situation. There could very well be a subscription-style service for autonomous vehicles."

"But as long as there is a need for servicing and supply of those vehicles, there will still be a need for dealers."

#### Shared ownership in action

Nissan has already launched its Get & Go Micra business in Paris. The digital platform will allow users to meet via social networking, with a profile-matching service to find an ideal car-sharing partner.

The service lets customers part-own a brand new Nissan Micra between two and five people for a year, with insurance and servicing thrown in as part of the package.

Those involved in the scheme agree to an annual mileage limit of 9,320 miles. Sharing the car is managed through a dedicated app, which shows where the car is, allows keyless opening, management of use, booking times and a messaging service for owners.

Carlos Ghosn, Nissan and Renault chairman and chief executive, said: "We are moving toward a future where car usage may be more flexible, social and shared."

"At Nissan, we are pioneering new ways to allow drivers to enjoy the freedom and financial benefits of shared car ownership."

While the concept is being trialled on a Micra, a low-cost model, it's easy to imagine the cost of an automated vehicle, which may be expensive before mass market adoption, being more accessible if the price is split between five.

From the dealer's perspective that potentially takes five buyers out of the market, but in areas such as central London, those five people

were unlikely to have bought a car anyway.

Lynk & Co, a new challenger brand from China [it is owned by manufacturer Geely], is launching in the UK with a disruptive ownership model in less than two years' time.

Its business model is based on three concepts, the first of which is common among Asian car manufacturers – all vehicles will be loaded with kit and the price will compete with volume players. This includes a lifetime's free connectivity with 4G Wi-Fi and a guaranteed warranty.

The second concept is that all customers will be able to share ownership of the car with their local community. Access to the car will be possible via voice recognition.

The third is that buying, 'subscribing' and maintaining the 01 SUV, which was revealed at the Shanghai Motor Show earlier this year, will be done directly with Lynk. It will be predominantly a digital interaction, with no franchised dealer network partner. However, it is likely to use high-foot-



**“BY THE TIME MAAS TAKES OFF IN A BIG WAY... THE MARKET WOULD HAVE TO MOVE AWAY FROM MARGIN SCHEMES AND TOWARDS A FIXED-PRICE-PER-MODEL BASIS**

**NIGEL MCMINN, LOOKERS**

fall retail locations, echoing companies such as Tesla and Rockar.

A spokesman for Lynk & Co said: "We will be offering new solutions for car usage and access is to be offered to customers. This will range from traditional ownership and leasing to subscription and sharing-membership."

Lynk is working with Microsoft and Alibaba (the Chinese equivalent of eBay) to build its digital customer infrastructure with new order, supply, sales and CRM systems.

It also has a partnership with Ericsson to create its vehicles' car connectivity cloud. Lynk wouldn't comment on whether it was looking to partner with eBay or Amazon for the UK market, although Amazon is expected to launch a UK car sales trial in 2018 and is already recruiting car sales executives, according to reports.

The 'Lynk & Co community' will be able to control ownership of the vehicle with an app. The car can then be shared through the Ericsson digital platform, based upon a member's service requirements.

The spokesman said: "If you as a customer should want to share your car, you can. If you don't, then members don't have to."

"We have conducted very detailed private market research which has led us down this route."

"It is clear that the ways of purchasing and outright owning a car have changed dramatically over the previous 10 years." **TOM SEYMOUR**

## ADVERTISING FEATURE

# Support is more than just a word

By Andrew Howells, founder, CitNOW



Whatever product or service your dealership signs up to, your provider promises 'support'. But what does that really mean?

There's no doubt a supplier is judged by the level of support delivered. In effect, should anything

go wrong, dealers want the same first-time fix from their suppliers that they themselves strive to achieve in their sales and aftersales departments.

Our support can be split into three areas: getting started, ongoing performance and trouble-shooting.

### Getting started

We provide a range of training, including on-site, one- or three-day foundation packages. We also run regular seminars for current or prospective users.

### On-going support

We create webinars and 'how to' videos to keep users up-to-date and to ensure they continue to get the full use of CitNOW with the help of account managers and our experts.

Our UK-based, in-house support centre deals with any queries or issues, either online or by phone. We're very proud of the fact that 96.7% of queries are resolved within two hours.

### Trouble-shooting

We encourage our customers to use the dealer dashboard, where tutorials, online help articles and videos act as further pointers. We answer frequently asked questions such as how to access CitNOW applications in Apple's App Store, forgotten passwords and adding or removing users. We have even been asked how to restart a flat iPod. Basically, our support staff will address pretty much anything that's asked of them.

Our tech-heads are brilliant at explaining the complicated stuff in layman's terms and never make you feel like you're asking a dumb question. In our book, there aren't any!

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# THIS MONTH'S NEWS HIGH

MAY

22nd

### CAR DEALER FINED £40,000 FOR SPAM TEXT MESSAGES

The Information Commissioner's Office (ICO) fined used car retailer Concept Car Credit Limited £40,000 after it sent about 360,000 unsolicited marketing text messages between April 2015 and March 2016. Steve Eckersley, the ICO's head of enforcement, said: "There's no excuse for getting it wrong and intruding into people's everyday lives with spam texts."

### TURNOVER UP, BUT PROFITS FALL AT JCT600

JCT600 reported revenues up 7% to £1.22 billion amid challenging market conditions that prompted a £2.8 million fall in operating profit. Over-supply was blamed for driving profit margins down and operating costs up as operating profit before exceptionals declined to £17.9m (2015: £20.7m).

7%

24th

£3K

### AVERAGE DEALER STAFF PAY RISES

Dealer staff pay has increased by £3,000, to £35,000 in the past year, according to BDO's annual motor salary survey. A further £14,000 is available in commissions and benefits, up from £11,000. Managing director and chief executive pay was an average £208,000 (up 15% on 2015 at £181,000).

25th

### CAR DEALERS URGED TO JOIN TELEMARKETING LOBBY GROUP

Dealers have been urged to join a group lobbying the Government over the threat of legislation that would prevent them making service and MOT reminder calls. The Call For Action On the TPS (CFAOTTPS) has been formed to prevent a ban on telemarketing. It wants the automotive sector to join an executive lobbying team.



JUN

5th

### MANAGEMENT BUYOUT AT ASTON BARCLAY

Former Manheim, HPI and Experian executive, Neil Hodson, led a management buy-out of motor auction group Aston Barclay. The move, supported by a multi-million pound investment from Rutland Partners, sees former Sytner chairman Laurence Vaughan join the board as investor and non-executive chairman. Aston Barclay also announced the creation of an 18-acre 'super centre' at Donington Park.



From left: Aston Barclay group non-exec director Glenn Scarborough, new group CEO Neil Hodson and Oliver Jones from Rutland Partners





## MARSHALL BUYS LEEDS VOLVO SITE

Marshall Motor Group acquired Leeds Volvo from Harratts Group for £77,000 in a deal completed with the support of Volvo Car UK. The acquisition cemented the group's position as Volvo Car UK's largest franchised partner, with nine locations. Marshalls also announced the sale of a vacant freehold site in Totton, Southampton, for £2 million.

£2M

6th

## LAND ROVER NAMED TOP BRAND FOR CUSTOMER SERVICE

Land Rover was ranked highest among premium brands in the J.D. Power 2017 UK Customer Service Index Study. The study, which explores customer satisfaction levels at franchised dealerships, handed Land Rover 808 points – up 35 on 2016. Mazda, the best of the volume brands, scored 800, an 83-point improvement.

## PENDRAGON BRINGS ROLLS-ROYCE TO YORKSHIRE

Pendragon announced plans to bring Rolls-Royce Motor Cars to Yorkshire for the first time with the creation of a new showroom in Leeds.



It will be the first Rolls-Royce franchise in the group's Stratstone premium division. Trevor Finn, chief executive at Pendragon, said it was important to continue diversifying the group, adding: "Our partnership with Rolls-Royce presents an excellent opportunity."

12th

## PROFITS DOWN AT MOTORPOINT

Motorpoint Group recorded a fall in profits in its annual results. Revenue was up 12.7% to £822 million in the year to March 31, but profit before tax of £11.7m was down £4.9m on 2015's £16.9m. Chief executive Mark Carpenter said Motorpoint was "confident about the group's trading prospects for the year ahead".



## MOTOR RETAILERS APPEAL FOR POLITICAL STABILITY

Automotive retailers and suppliers expressed concern over a continued period of uncertainty after Theresa May's attempt to secure a stronger mandate backfired. Sue Robinson, director of the NFDA, said: "Following the unexpected results of the 2017 general election, it is vital that a stable environment is restored as soon as possible." Mark Lavery, Cambria Automobiles chief executive, added: "The quicker things are concluded, the better."



## ADVERTISING FEATURE

# Data identifies the best used car hagglers

By James Tew, CEO, iVendi



Who do you think are the best hagglers when it comes to buying a used car? New research we have produced at iVendi identifies two, perhaps surprising, groups – divorcees and older people.

We believe that our analysis of 12,500 used car transactions – delivered by our recently created data and insight department – gives what is believed to be the most comprehensive picture of "the haggler" ever seen.

It shows 22% of people haggle on the used car price and are most often angling for a saving of between £300-400. Overall, hagglers tend to be buying more expensive cars than non-hagglers.

Among buyers who haggle, divorcees achieve a higher percentage saving than single, cohabiting and married people, while generally, the older you get, the more likely you are to negotiate a discount.

The research indicates that as average income increases, the sale price of the car increases, yet the percentage savings obtained through haggling decreases. Retirees with the lowest incomes appear to be haggling the biggest savings.

However, hagglers only tend to haggle on screen price. The APR on motor finance paid by hagglers and non-hagglers is only marginally different.

All of this paints a really fascinating picture about 'the haggler' – who they are, what they want and what they are achieving. It is especially interesting that older people appear to be getting the best results. Perhaps they have simply had more practice at buying cars than younger people and have become better at making deals.

As it gets up to speed, the data and insight department is revealing lots of other interesting findings that are commercially useful to dealers and lenders. We plan to share more of them very soon.

■ The iVendi Platform provides a complete online motor finance solution for dealers, motor finance providers, car portals and manufacturers. To find out more, visit [ivendi.com](http://ivendi.com), e-mail [enquiries@ivendi.com](mailto:enquiries@ivendi.com), or call 0345 226 0503.



## LCV REGISTRATIONS

# PICK-UPS BUCK THE TREND AS LCV VOLUMES FALL 5.3% YTD

Vans and 4x4s suffer in the first five months of the year, but trucks add 19% year-on-year

**F**ollowing indisputable signs in the first five months of this year that the new car market is levelling off, registrations of light commercial vehicles (LCV) appear to be following suit.

Having set a new record in 2016 with 375,687 registrations of vans, pick-ups and commercial 4x4s, the market is currently tracking 5.3%, or 7,689 units, behind last year.

Almost all segments have been affected, but dealers representing brands with a pick-up truck in their range, such as the Nissan Navara and Mitsubishi L200, appear poised to capitalise on a product line that bucks the trend.

Registrations of pick-ups, which neared the 50,000 mark in 2016, are already 19%, or 3,556 units, ahead year-on-year in the five months to May 31, to total 22,234. The market could grow further, as the segment is poised to welcome new entrants, such as the Renault Alaskan and the Mercedes-Benz X-Class, although the latter vehicle's target audience is likely to be lifestyle customers and SMEs.

The success with pick-ups was demonstrated by

overall market-leader Ford in 2016, whose Ranger achieved 13,292 registrations and was the 10th most popular vehicle in the whole LCV market. However, five months into 2017, Ranger registrations have declined by 2.4% (4,995 vs 5,116 by the end of May last year).

The Nissan Navara currently leads the segment, with a 55.8% year-on-year rise in the period to May 31 (5,325 vs 3,418 at May 31 last year). Mitsubishi's registrations are up 34.9% (4,730 vs 3,506 at May 31 last year), and Toyota's Hilux is up 42.3% (3,638 vs 2,556). The Fiat Fullback, which launched in the second half of 2016, is having a tiny impact on the segment, with 359 registrations.



Ford Ranger pick-up

Examination of additional market data shows fleets are taking on pick-ups in greater numbers. Fleet demand has risen by almost a third (31.8%) so far this year, to 15,973 of the 22,234 total. In contrast, retail orders have declined by 4.5%.

In dealers' favour, the segment has fresh products to tempt customers. Mitsubishi's L200 is now only 20 months old, Nissan launched the Navara in January 2016 and deliveries of the new Volkswagen Amarok started in January 2017.

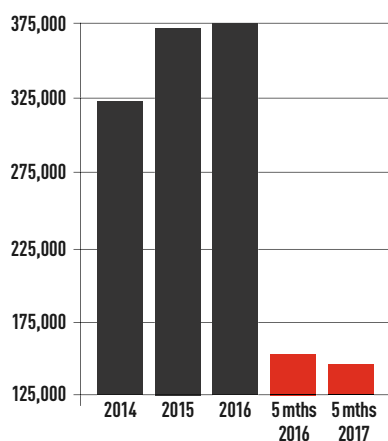
Marketing activity is also strong. Nissan offers 2.99% APR finance and a £650 test drive incentive for the Navara, Volkswagen's business contract hire for the Amarok starts at £380 per month, and Mitsubishi has an L200 Titan on a £199-per-month business contract hire deal.

## VAN MARKET AT FULL CAPACITY

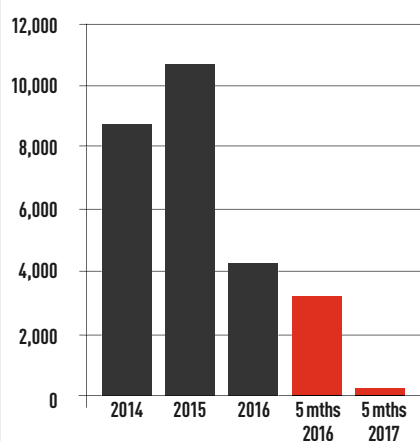
Data for the remaining LCV market segments suggests that van sales have reached saturation point after four consecutive years of growth.

Mike Hawes, SMMT chief executive, said: "LCV registrations have experienced a period of stellar growth in recent years, so this decline was expected

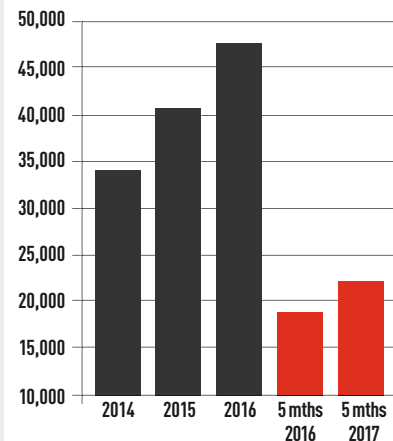
### ALL LCVS TO 3.5T



### 4x4s



### PICK-UPS



# WE'LL HELP YOU GET THERE



## “LCV REGISTRATIONS HAVE EXPERIENCED STELLAR GROWTH IN RECENT YEARS, SO THIS DECLINE WAS EXPECTED



MIKE HAWES, SMMT

as the market stabilises. To put this performance into context, overall demand remains strong, with year-to-date registrations up 51.2% compared with the same period five years ago, and we expect demand to remain stable at similar levels throughout the year.”

The growth in pick-ups may be at the expense of demand for small vans (with gross vehicle weight below two tonnes), which has dropped by a quarter so far this year, continuing the downward trend seen in this segment in 2016, when volumes dropped from 43,018 to 36,918 units. Declines have been heaviest in the Citroën Berlingo (down 25.2%), Vauxhall Combo (down 24.7%) and Vauxhall Corsavan (down 42.5%) ranges.

Vans in the 2- to 2.5-tonne GVW range have remained stable, but registrations of 2.5-3.5-tonne vans, the largest overall segment, declined 4.2%. Demand to the end of May is 4,044 units behind the same period last year, so the segment is unlikely to match its record 232,341 registrations at the year-end. Vauxhall is performing poorly, with Vivaro down 30.4% and Movano down 29%, but this is partly offset by growth in demand for Mercedes-Benz Sprinter (up 9.4%), Fiat Ducato (up 21.5%) and Peugeot Boxer (up 2.1%).

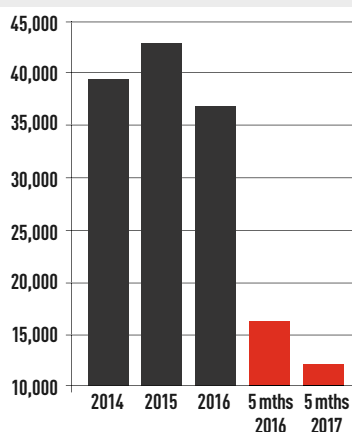
The SMMT recently downgraded its 2017 forecast for the LCV market to a 4.6% decline to 358,000 registrations from an initial forecast to a 4.3% decline, recovering to a 361,000 market in 2018.

Andy Picton, chief commercial vehicle editor at Glass's, said 2016 was a phenomenal year for the industry, with businesses buoyant and confidence apparently unaffected by the EU referendum result.

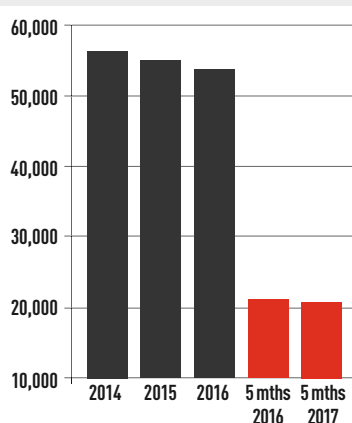
“It's also safe to say that if we are to achieve similar successes in 2017 and beyond, it will be essential that the economic conditions that have kept this sector so buoyant in recent years will need to be maintained,” he said.

However, he warned against complacency in the strong segments, pointing out earlier this month that 4x4 pick-up values have come under pressure in the used market due to oversupply. **TIM ROSE**

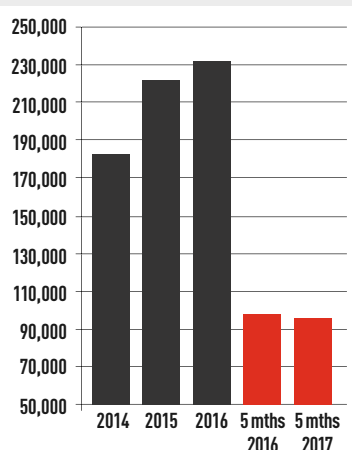
### ≡ VANS <2T



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## SPONSOR'S COMMENT



By Richard Jones, managing director, Black Horse

Last month, I highlighted the increasing media interest in the motor finance market and concern over the way

diesel was being portrayed. Coverage of these topics features plenty of factual inaccuracy and speculation. In response, I said that collectively we need to:

- Educate our customers and the wider public through our engagements.
- Engage Government to deliver a sensible, managed environmental policy following publication of its consultation.
- Ensure every motor finance company is proactive and responsible in their conduct, for example ensuring customer affordability assessments are robust and that guaranteed future value policies are managed prudently.
- Work closely with regulators to ensure the market keeps improving for its customers.

Some are already taking a lead in these areas, most notably the FLA on behalf of the motor finance industry in trying to tackle the inaccuracies and 'hype' around motor finance market risks. Individual companies are also tackling specific matters; Jaguar Land Rover, for example, has been proactive in bringing new customer education materials to their dealers to help customers understand their fuel-type choices. Other manufacturers, such as BMW and Volkswagen, are doing something similar. This is great to see and more must be done. We need to help customers by providing clear facts, supporting them to make informed buying decisions.

With regards to diesel, now the UK election is over (I hope!) we should see some traction on the Government's air quality white paper consultation and, with it, a platform to have a balanced debate. The difference between emissions levels of Euro 1-4, Euro 5 and Euro 6 is vast, and the CO<sub>2</sub> benefits of diesel over petrol must not be ignored either. The current debate is making no distinction between different diesel technologies and that has to change.

As an industry, we must continue to be proactive across all four areas above over the coming months. I will be doing that publicly and privately in my role at Black Horse and as chairman of the FLA.

## NEW CAR REGISTRATIONS

## YTD registrations enter the red

The 2017 new car market has slipped into overall decline after a poor result for May.

The month's market total of 186,265 was down 8.5% compared with May 2016, with 17,320 fewer registrations.

That drop followed a disastrous April. As a result, year-to-date registrations have fallen 6,513 cars behind the same point in 2016.

The Society of Motor Manufacturers and Traders (SMMT) said it had expected May to be down and blamed the result on a number of factors, including the recent change in VED rates and the general election, which may have affected purchasing patterns in the short term.

The SMMT pointed out that the market share for alternatively fuelled vehicles reached a record level, as carmakers continue to launch more competitive hybrids and EVs. However diesel's market share has declined by 4ppts, with petrol taking back the lead.

## ① MERCEDES-BENZ

One of 10 growth brands, two of its core model lines, the A-Class and the C-Class, featured in the top 10 best-sellers in May, with 3,367 and 4,046 registrations respectively.



## ② NISSAN

Nissan almost matched its May 2016 volume with a 10,627 total. Almost half of this was due to the Qashqai, which achieved 4,970 registrations, bettering its 2016 performance of 4,684.

## ③ DS

As PSA's premium wannabe splits away from Citroën it needs a fresh DS 3 and some SUVs to arrest its decline and bed in the new network structure. Registrations in May were half those of a year ago.



Marque	May					Year-to-date				
	2017	% market share	2016	% market share	% change	2017	% market share	2016	% market share	% change
Ford	20,514	11.01	23,740	11.66	-13.59	141,221	12.19	140,948	12.10	0.19
Volkswagen	15,656	8.41	16,050	7.88	-2.45	85,388	7.37	90,370	7.76	-5.51
① Mercedes-Benz	14,660	7.87	13,721	6.74	6.84	82,842	7.15	73,037	6.27	13.42
Vauxhall	14,041	7.54	16,300	8.01	-13.86	91,506	7.90	107,369	9.22	-14.77
Audi	13,764	7.39	13,970	6.86	-1.47	74,638	6.44	75,018	6.44	-0.51
BMW	12,731	6.83	15,423	7.58	-17.45	73,489	6.34	72,898	6.26	0.81
② Nissan	10,627	5.71	10,925	5.37	-2.73	72,018	6.22	64,797	5.56	11.14
Hyundai	7,321	3.93	7,232	3.55	1.23	42,135	3.64	39,783	3.42	5.91
Toyota	6,720	3.61	7,144	3.51	-5.94	46,872	4.05	44,576	3.83	5.15
Škoda	6,713	3.60	6,159	3.03	8.99	35,046	3.03	33,198	2.85	5.57
Kia	6,682	3.59	6,912	3.40	-3.33	42,678	3.68	37,940	3.26	12.49
Peugeot	6,060	3.25	8,208	4.03	-26.17	39,858	3.44	46,003	3.95	-13.36
Land Rover	5,619	3.02	6,290	3.09	-10.67	39,474	3.41	36,890	3.17	7.00
Mini	4,972	2.67	5,073	2.49	-1.99	25,973	2.24	25,245	2.17	2.88
Renault	4,308	2.31	6,259	3.07	-31.17	33,508	2.89	35,414	3.04	-5.38
Fiat	4,075	2.19	4,327	2.13	-5.82	23,633	2.04	26,882	2.31	-12.09
Citroën	4,028	2.16	5,783	2.84	-30.35	25,164	2.17	31,776	2.73	-20.81
Seat	3,882	2.08	3,499	1.72	10.95	24,590	2.12	20,389	1.75	20.60
Honda	3,397	1.82	4,243	2.08	-19.94	24,184	2.09	27,305	2.34	-11.43
Volvo	3,184	1.71	2,973	1.46	7.10	19,501	1.68	17,805	1.53	9.53
Suzuki	2,722	1.46	2,738	1.34	-0.58	18,331	1.58	16,586	1.42	10.52
Jaguar	2,564	1.38	2,590	1.27	-1.00	17,430	1.50	13,675	1.17	27.46
Mazda	2,447	1.31	2,862	1.41	-14.50	19,306	1.67	22,367	1.92	-13.69
Dacia	1,939	1.04	2,137	1.05	-9.27	11,542	1.00	11,488	0.99	0.47
Porsche	1,278	0.69	1,023	0.50	24.93	6,255	0.54	5,710	0.49	9.54
Mitsubishi	1,142	0.61	1,310	0.64	-12.82	7,555	0.65	9,287	0.80	-18.65
Smart	924	0.50	1,001	0.49	-7.69	5,106	0.44	4,738	0.41	7.77
Lexus	715	0.38	874	0.43	-18.19	5,281	0.46	6,046	0.52	-12.65
③ DS	647	0.35	1,478	0.73	-56.22	4,274	0.37	7,664	0.66	-44.23
MG	395	0.21	296	0.15	33.45	1,679	0.14	1,560	0.13	7.63
Infiniti	346	0.19	137	0.07	152.55	1,749	0.15	996	0.09	75.60
Abarth	341	0.18	282	0.14	20.92	1,855	0.16	1,596	0.14	16.23
Jeep	303	0.16	1,078	0.53	-71.89	3,429	0.30	6,127	0.53	-44.03
SsangYong	273	0.15	310	0.15	-11.94	1,914	0.17	1,950	0.17	-1.85
Alfa Romeo	269	0.14	337	0.17	-20.18	2,253	0.19	2,290	0.20	-1.62
Subaru	155	0.08	246	0.12	-36.99	1,210	0.10	1,503	0.13	-19.49
Aston Martin	148	0.08	67	0.03	120.90	870	0.08	382	0.03	127.75
Bentley	115	0.06	120	0.06	-4.17	800	0.07	773	0.07	3.49
Maserati	107	0.06	129	0.06	-17.05	856	0.07	550	0.05	55.64
McLaren	62	0.03		0.00	0.00	208	0.02		0.00	0.00
Chevrolet	4	0.00		0.00	0.00	35	0.00	3	0.00	1,066.67
Lotus	2	0.00	20	0.01	-90.00	119	0.01	131	0.01	-9.16
Other British	51	0.03	98	0.05	-47.96	296	0.03	347	0.03	-14.70
Other Imports	362	0.19	221	0.11	63.80	2,286	0.20	1,458	0.13	56.79
<b>Total</b>	<b>186,265</b>		<b>203,585</b>		<b>-8.51</b>	<b>1,158,357</b>		<b>1,164,870</b>		<b>-0.56</b>



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## USED CARS

# One in three customers is likely to change dealer if same vehicle is cheaper elsewhere

But almost as many buyers will stay with a trusted dealer, irrespective of price

**C**ar buyers believe that trust in the dealer and value for money must go hand-in-hand to win their loyalty in the used car market.

A YouGov poll of 1,433 people who have previously bought a used car found that the key factors that would cause them to return to the same dealer for their next car were value for money and trust.

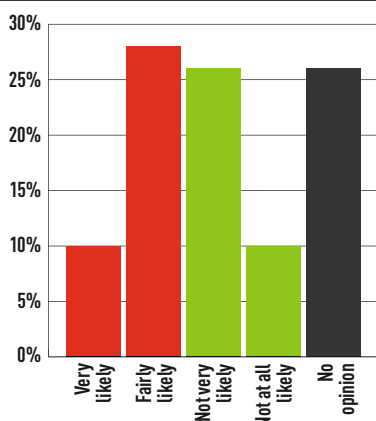
However, many used car buyers remain fickle if they see the opportunity to save some cash. A third were "fairly likely" or "very likely" to abandon their trusted dealer if they found the same make and model of car somewhere else for less money, which will be welcome news for dealer groups, such as Pendragon and Cambria Automobiles, which have plans to rapidly grow their used car revenues. However, almost the same proportion said they were not likely to be tempted to stray, and slightly fewer had no opinion.

The survey also found that most buyers are in the market for a used car priced between

**“WE HAVE BEEN SAYING FOR YEARS THAT TRUST IS AS IMPORTANT AS PRICE, IF NOT MORE IMPORTANT”**

**JIM REID, JIM REID VEHICLE SALES**

## LIKELIHOOD TO LEAVE A DEALER THEY TRUST IF THE SAME CAR AVAILABLE ELSEWHERE FOR LESS MONEY

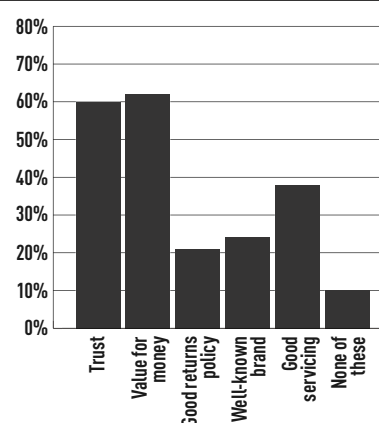


£5,000 and £15,000, which fits well with many franchised dealers' stock policies. However, there is a strong opportunity in cheaper, older used cars if a dealer group is willing to take the risk.

Buyers typically take their time to buy 'the right car', which again may help dealers seeking conquest sales. Almost a third of respondents took up to a week to find their chosen car, and another quarter took between a week and a month.

The research also found that only 21% of

## FACTORS INFLUENCING LIKELIHOOD TO RETURN TO DEALER FOR NEXT CAR PURCHASE



respondents ended up buying the car they originally had in mind. Of all respondents, 26% ultimately upgraded their expectations and bought a car more expensive than they originally planned.

The survey was commissioned by Carsnip, with the aim of exploring the need for trust in the buyer's mindset.

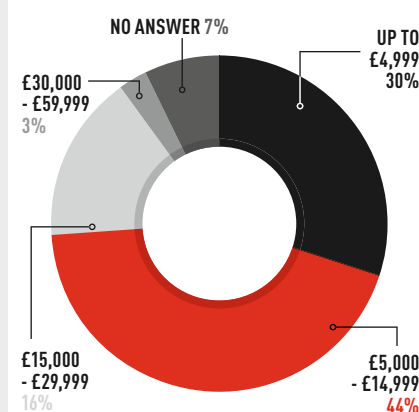
Alastair Campbell, Carsnip chief executive, said: "We wanted to challenge that frustrating cliché that says used car salespeople can't be trusted. Our research shows that they can, and in fact when it comes to the holy grail of repeat business, trust breeds loyalty."

Campbell said trust takes time to develop and this is where the most digitally savvy dealers are winning, by focusing on driving customers to their websites as early as possible, and then positioning themselves as the experts throughout the buyer's journey.

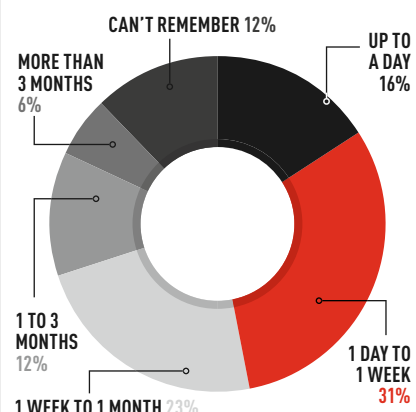
Hamish Livingston, digital manager at Peter Vardy, which operates two used car supermarkets plus franchised dealerships for BMW, Porsche, and Jaguar Land Rover, agreed, adding: "For a long time we have realised that trying to engage earlier in the buying process is important. We invest heavily in our website and online customer experience."

"We have been saying for years that trust is as important as price, if not more important," said independent dealer Jim Reid of Jim Reid Vehicle Sales. **TIM ROSE**

## AMOUNT SPENT ON LAST USED CAR



## TIME TAKEN TO FIND THE RIGHT CAR



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## FINANCE OFFERS

# Good offers prompt growth even in poor Q2

**P**oor sales results in April and May mean it's down to June to pick up the slack in what will be a tough quarter for dealers looking to hit target.

Big buying decisions tend to be put off when it comes to election time and the effects of the result may still be felt towards the end of this month as things settle down.

It's always interesting in a bad month to look at who is still making gains and part of that success has to be down to offering convincing retail offers that persuade consumers to buy.

Volkswagen Group brands Škoda, Seat and Porsche have all posted impressive percentage increases where most other brands have dropped double digits.

Škoda saw growth of 9% in May, to 6,713 units and the brand has a really strong mix of offers and price points for customers to take advantage of. These include 0% deals on the entry-level Citigo, one of the most affordable cars to finance in the UK at just £135 a month after a £751.72 deposit.

The 0% deals at Škoda are spread across models, such as the Rapid, Rapid Spaceback and Yeti. Škoda's more aspirational products, such as the Superb and Kodiaq, attract a higher APR, at 4.9% and 5.8% respectively, but these cars are desirable enough to warrant a bit of a premium. It also shows confidence in the new Kodiaq that it is not being rushed out of showrooms on a cutthroat finance offer.

Core product, such as the Octavia, is at 2.9% at an affordable £229 a month. These deals are clearly hitting their mark with buyers in what has been a slow month for the retail market.

Sister-brand Seat saw its registrations increase even further at 11% to 3,882 units. There's only one 0% deal with the Spanish carmaker, on the Alhambra. Surprisingly, there are no other super-low-rate deals in its range, with 6.5% APR on its entry-level Mii. However, this higher rate is due to the low deposit of £146 and monthly payments at the same price. The finance house and dealer has to make a margin somewhere.

**“A CAYENNE DIESEL FOR £265.28 A MONTH OPENS UP THE BRAND TO A HUGE MARKET... SUDDENLY OWNING A PORSCHE DOESN'T SEEM THAT UNATTAINABLE**

## TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
<b>Škoda</b>							
Citigo 5dr Colour Edition 1.0 MPI 60PS model, with candy white paint	PCP	£751.72	42 months	£135	£3,473.28	0.00%	03/07/2017
Fabia Hatch Monte Carlo 1.2 TSI 90PS model, with corrida red paint	PCP	£854.90	42 months	£195	£6,060.60	2.90%	03/07/2017
Rapid Sport 1.2 TSI 110PS model, with optional candy white paint	PCP	£1,330.50	42 months	£219	£5,035.50	0.00%	03/07/2017
Rapid Spaceback SE Sport 1.2 TSI 110PS model, with race blue metallic paint	PCP	£932.90	42 months	£235	£5,507.10	0.00%	03/07/2017
Octavia Hatch SE Manual 1.0 TSI 115PS	PCP	£2,431.08	41 months	£229	£6,818.40	2.90%	03/07/2017
Superb Estate SportLine 2.0 TDI 150PS model, with moon white metallic paint	PCP	£3,451.92	47 months	£345	£11,365.20	4.90%	03/07/2017
Yeti Outdoor SEL Drive 1.2 TSI 110PS model, with optional candy white	PCP	£2,115.60	41 months	£229	£9,095.40	0.00%	03/07/2017
Kodiaq (5 seat) SE 2.0 TDI 4x4 model, with moon white metallic paint	PCP	£5,031.11	41 months	£329	£12,871.80	5.80%	03/07/2017
<b>Seat</b>							
Mii Design 3dr 1.0 12V 60PS	PCP	£146	48 months	£146	£2,916.42	6.50%	03/07/2017
Ibiza 5DR FR Technology 1.2 TSI 90PS	PCP	£899	48 months	£199	£4,813.34	6.50%	03/07/2017
Toledo Style 1.2 TSI 110PS with metallic paint at £540	PCP	£2,199	48 months	£205	£4,594.98	4.90%	03/07/2017
Leon SC FR Technology 1.4 TSI 125PS with metallic paint	PCP	£2,699	48 months	£215	£6,956.18	4.90%	03/07/2017
Leon 5dr FR Technology 1.4 TSI 125PS with metallic paint	PCP	£2,699	48 months	£215	£7,318.47	4.90%	03/07/2017
Leon ST SE Dynamic Technology 1.2 TSI 110PS with metallic paint	PCP	£2,299	48 months	£209	£6,675.05	4.90%	03/07/2017
Alhambra SE Lux 2.0 TDI 150PS with metallic paint	PCP	£9,999	48 months	£265	£11,321	0.00%	03/07/2017
<b>Porsche</b>							
Macan S Diesel	PCP	£12,000	36 months	£373.46	£30,091.25	6.50%	02/07/2017
Cayenne Diesel	PCP	£15,500	36 months	£265.28	£35,750	6.30%	02/07/2017
Cayenne S	PCP	£14,500	36 months	£639.41	£36,475.80	6.30%	02/07/2017
718 Cayman	PCP	£10,300	36 months	£383.03	£25,159.80	6.40%	02/07/2017
911 Carrera S	PCP	£21,700	36 months	£819.21	£48,489.90	6.10%	02/07/2017
911 Carrera GTS Cabriolet	PCP	£26,100	36 months	£1,130	£51,965	6.10%	02/07/2017



There is no vehicle in Seat's line-up that will cost a customer more than £270 a month in the examples given, making the entire range accessible to the average buyer.

Porsche's sizeable 24.9% increase in May registrations to 1,278 units just shows how the premium sports market is insulated from traditional market pressures. But it's not just a silly jump, it's actually backed up by some strong deals designed to conquest sales.

A Cayenne diesel for £265.28 a month opens up the brand to a huge market of customers and shows that while the car divides Porsche enthusiasts it still works as an entry point for the brand.

There is a £15,500 deposit, but if you're trading in a decent mileage high-spec volume car and fancy being a Porsche owner for the first time, the offer is there. The same goes for the smaller Macan at £373.46 a month. Suddenly owning a Porsche doesn't seem that unattainable.

There are of course the 911 Carrera S and GTS Cabriolet, which get into pricier territory, but the APR on those deals is actually lower than on a Seat Ibiza in Q2. **TOM SEYMOUR**



### SEARCH FOR FINANCE OFFERS

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



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# HOW TO BECOME MORE PROFITABLE

Learn the lessons of the UK's most profitable dealer groups at the ASE profit clinic

**D**ealers attending this year's Automotive Management Live one-day expo will learn how to boost their business's earnings at a profit clinic run by automotive accountancy and management consultancy ASE Global.

Average dealership profitability took a large hit in April, dropping by 92% year-on-year, following an unusually strong end to quarter one. Some industry observers predict May's profitability is likely to continue the trend.

ASE Global has been helping dealer groups to optimise performance and mitigate risk since Trevor Jones founded the company in 1975. It also provides industry insights and commentaries, including its monthly overview of market performance, providing an essential yardstick for dealers.

The profit clinic at AML on November 9 at Birmingham's NEC will be led by ASE Global's chairman Mike Jones, who joined the business in 2001, having gained his accountancy experience with PwC in the UK and Canada.

Jones will look at the top 10 elements the most profitable dealers have put in place that differentiate them from the rest. He will draw on data gathered by ASE on a monthly basis and the thousands of dealer

performance improvement visits the consultancy performs every year.

Jones said: "We have a complete library of best practice and how to implement ideas from some of the UK's top dealer groups. By analysing our data, we can identify the key characteristics of the most profitable dealerships, and they inevitably share commonality. There are several areas where dealers are missing a trick and often it's the simple tweaks which make all the difference."

"We often find dealers only need

to make minor adjustments to their activity in order to boost revenue. That can be anything from ensuring a process is in place and followed through to paying more attention to customer care, such as following up enquiries and calls within a few hours."

ASE finds that dealers often have the right policies, processes and ideas in place to boost revenue, but fall down at the implementation phase, he said.

In some respects, Jones said, it's quite straightforward to come up with a framework which, if put into practice, would effectively generate additional revenue. However, sometimes it can be a question of additional training being required or simply a case of the message becoming 'lost in translation' – the message and objective from management may not be communicated properly to those at the coalface, so good ideas that would

produce the desired result are left floundering.

However, Jones believes there is no 'one size fits all' and solutions need to be geared to an individual dealership and its situation.

"Even within a dealer group itself, we see a variety of results, even though the dealerships are implementing the same strategy. This can be due to anything from the individual location of the dealership, where local factors have an adverse influence, or there could be issues with leadership which need to be addressed," he said.

"Our approach is wide and varied. Some ideas produce quick wins, with dealers able to see an immediate impact on their business, while others are long-term and much more strategic in nature."

The profit clinic sessions form part of a series of industry insights available to dealers throughout the event. **DEBBIE KIRLEW**



**THERE ARE SEVERAL AREAS WHERE DEALERS ARE MISSING A TRICK**  
**MIKE JONES, ASE**

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# VIEWPOINT



## BREXIT CONTINUES TO PROVIDE A CONFUSING STATE OF AFFAIRS FOR DEALERS

**SIMON BENSON** is director of motoring services at AA Vehicle Inspections



## WHO OWNS CUSTOMER DATA? CUSTOMERS DO NOW, SO GET READY

**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

→ Our most recent research found that a significant number of car buyers – somewhere in the region of 400,000 – are considering putting off buying a new car until they know what Brexit really means. The Government is yet to start negotiations in a meaningful way, so any sort of clarity could well be months or even years away.

Combine this with rising inflation and slower wage growth, and the prospect of customers delaying the purchase of big-ticket items could become a reality.

On the other hand, the availability and popularity of car finance continues to drive buyers into dealerships. Despite suggestions that the FCA is looking at potential mis-selling of products, such as PCPs, these deals are increasingly popular and widespread.

In addition, 7% of drivers said they would be more likely to buy a used car while the full impact of leaving the EU is still up in the air.

Dealers have to face the very real prospect that they could be selling to a smaller pool of consumers – and as a result, competing more fiercely for a diminished share of the market.

This will prove to be a true test of agility for new and used car dealers. If, for example, demand drops steeply, dealers will need to

be savvy about picking stock – budget cars are likely to continue in popularity as falling consumer confidence hits the amount car buyers are willing to pay.

The luxury end of the market is unlikely to be hit as hard – it will be the mid-range market that could struggle the most.

Dealers, particularly of second-hand cars, still face the struggle of coping with a somewhat blighted public impression. This isn't going to be fixed simply because car buyers are looking to cut costs and are more likely to head to used car dealerships.

Dealerships could hand themselves a competitive edge here. By looking to overcome continuing consumer uncertainty in the industry, used dealers have the option to partner with big brands that can help to boost the public perception – the AA, for example, launched Approved Dealer earlier this year to support independent and franchised dealers through pre-sale car inspections.

Digital options will also provide fertile ground for dealers looking for greater exposure – after all, car buyers are increasingly looking online before they head to a dealer. Having a digital presence – whether through your own website or via a listings site – plays to the way car buyers are shopping around for vehicles, including buying and finance options.

While dealers have every right to be cautious while the UK negotiates its way out of the EU, the most versatile dealerships will have an opportunity to thrive in these untested times. For dealers to make the best out of this steadily unfolding situation, they will need to act now – rather than when the tide of consumer confidence turns.

→ The recent AM Digitech Conference highlighted the importance of data in the modern business world.

There has been a major shift in the orientation of the motor retail sector over the past three years. Historically, the primary focus was on the product, with manufacturers boasting or claiming their product was class-leading and as a result would undoubtedly outsell the competition. The emphasis has shifted more to market orientation, where information and access to customers is a major factor driving sales success.

For me, the most interesting aspect of the AM conference was the discussion entitled the 'Great Data Debate.' The focus of the discussion was around the new EU General Data Protection Regulation (GDPR), which is due to come into operation in May 2018. For a long time, there has been a tension between dealers and manufacturers over who owns the customer information. GDPR solves this by stating that it is the customer who owns their own data and it is up to them whether they share it with you or not. On top of this, there are rules on increased level of cyber-security, with the appointment of data controllers to record all dealer transactions.

The regulation gives customers the right to opt out or to stop their data being shared between dealers, finance houses or manufacturers. Martin Hickley of GO DPO portrayed a scenario where

the Information Commissioner's Office can step in if non-compliance is found and order a temporary or permanent cessation of data processing and data transfers. The recent malware attack that affected the NHS highlighted the problem of running an organisation without using electronically generated information.

Many dealers rely on third-party providers for much of their data management systems. A number of commentators have suggested that dealers cannot simply rely on these intermediaries to make them compliant. It is highly unlikely that any data system provider will either want to or be able to underwrite the liability for non-compliance to the regulation.

In reality, most data breaches are not caused by machines, but by people, either not understanding their responsibility or how the technology works. One of the biggest issues will be the training of staff in understanding this new regulation and what impact it will have on them or the organisation.

The next biggest issue will be if members of the public request their data not be used in our interactions with them. This would make things such as MOT and service reminders problematic.

Like most legislation, until it is activated we are not likely to know the full implications, but there is definitely a need for preparations to be made as it could radically change our interaction with our customer base.

**"IF THE PUBLIC REQUEST THEIR DATA NOT BE USED... IT WOULD MAKE MOT AND SERVICE REMINDERS PROBLEMATIC"**

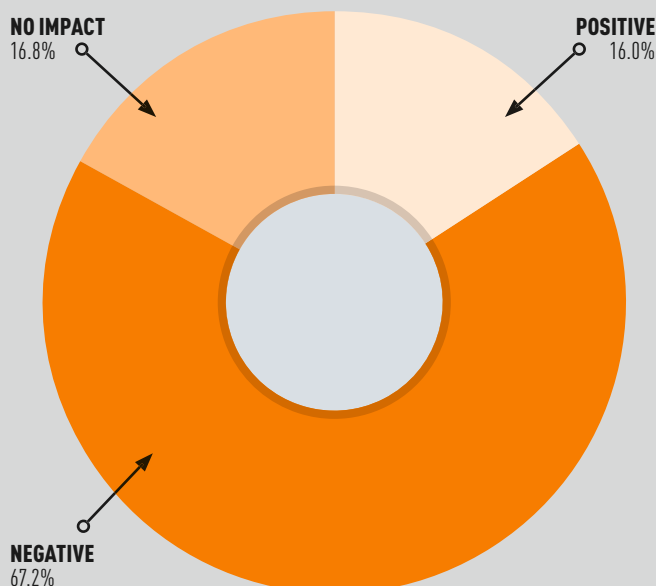
**"DEALERS HAVE TO THE FACE THE VERY REAL PROSPECT THAT THEY COULD BE SELLING TO A SMALLER POOL"**



# AMPOLL

## STORMS ARE FORECAST FOR UK MOTOR FINANCE SECTOR

### WHAT IMPACT MIGHT THE FCA'S 'EXPLORATORY ENQUIRY' INTO MOTOR FINANCE HAVE ON FRANCHISED DEALERS?



The motor retail sector is overwhelmingly pessimistic about the desire of the Financial Conduct Authority (FCA) to look more closely at motor finance.

"Negative, mainly because the FCA could well be right in what they try to achieve, but without customers understanding or caring, as they always want the best deal, with an 'of course I can afford it' mentality. Getting customers to want to understand and take responsibility is important, but difficult. Also remember your manufacturer will still be asking for more sales new and retained," said one respondent to AM's latest poll.

Another comment read: "Think PPI and what this has done for the reputation of the banking industry." The PPI view was echoed by another voter: "The FCA, if their actions in regard to PPI are anything to go by, will be stirring it up for PCP sales. Watch out for the 'ambulance chasers'." Another suggested flat rates will be banned in favour of an APR model and motor finance will suffer from more regulation along the lines of general insurance.

One voter said: "Positive in the long term, but may have a negative impact on dealer groups that are less diligent with documenting the following of regulations around the sale of regulated products to customers. The enquiry will have a greater impact upon finance houses and motor vehicle lenders as it can be interpreted that they incentivise the use of a finance product over an outright purchase through use of deposit contributions and other benefits that only finance customers are eligible for."

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## ADVERTISING FEATURE

# Are you Bettys or Vodafone?

By Neil Addley, managing director,  
NFDA Trusted Dealers



Two quick stories: I ordered some fat rascals to be delivered as a gift from Bettys (Yorkshire's famous tea rooms). I received a text saying they were ready to be delivered, but it said they were on their way to my address, not the

intended recipient's.

I rang them and a helpful guy called Greg said he would try to talk to the couriers and get them switched to a different depot. He rang me back shortly after to say that, against the odds, he had achieved his mission.

The next day, I received a text confirming they were on their way to the right address. Later that day, Greg rang me again, to say they had been delivered.

On Tuesday, I rang Vodafone to see why a service had not been added to my "bundle" when it had been agreed as part of my package. They told me it was impossible to have that "bundle".

Doubting my sanity, I rang off. However, after I checked further, I found a text message confirming it.

I rang back and, after I challenged their assertions, they finally checked their outgoing texts and saw the message. I was told the original operator should not have offered me that package even though I had already been billed.

Now like a dog with a bone, I was put through to the billing team, then later to the customer service team, before finally someone in the retention team spoke to her manager, who said I could have the package I was paying for. It took 94 minutes.

Which are you – Bettys or Vodafone?

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





# Automotive management LIVE

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## Experts tackle industry issues in AM's Best Practice Seminars



### Video

*Alistair Horsburgh, CEO, CitNow*

Reveals findings of consumer research, including changing attitudes to video, and discusses the future of video both as a customer retention and sales conversion tool.

### Aftersales

*Nick Horton, managing director, Profit Box, the training partner for provider eDynamix*

Exploring how achieving the best from aftersales requires a shift away from systems to a customer-centric approach and the case for consumer demand for a self-serve mobile environment.

### Social media

*Jeremy Evans, managing director, Marketing Delivery*

Understanding customers' use of multiple digital channels, how digital engagement can be a key driver of loyalty and the importance of data in a dealer's social media strategy.

### New cars

*Alan Graham, head of sales, Supagard*

Reviewing changing attitudes to car ownership, including a shift in mentality to monthly payments and the rise of mobility as a service (MaaS), and whether the current sales model needs to evolve.

### Live chat

*Contact At Once!*

Focusing on the maturing of the live chat medium as a way for customers to communicate, particularly during the decision-making process and, critically, should an issue arise.

### Customer reviews

*Neil Addley, managing director, JudgeService*

How to create 'raving fans' who act as online ambassadors for businesses and new insights into what behaviours create loyalty plus the practical steps to develop a dealership's community of fans.

## November 9, 2017

### NEC, Birmingham

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Providing the opportunity to further your understanding of an increasingly complex retail environment with the help of seminars and access to an array of exhibitors, Automotive Management Live also acts as a platform for dealers, manufacturers and suppliers to come together to share ideas and shape the future of the sector.

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- 6 Prepare for new data protection regulations
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- 8 Findings from the National Franchised Dealer Association's Dealer Attitude Survey revealed
- 9 Attend a host of best-practice seminar sessions covering a range of topics
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### Website & digital

*Martin Dew, head of operations, Autoweb Design*  
Understanding the latest smartphone trends and meeting the expectations of mobile users as well as providing a genuine end-to-end website for customers.

### Online finance

*James Tew, CEO, iVendi*  
Exploring car-buyers' demands for effective online end-to-end finance solutions and debunking some myths, including how more online control for consumers may actually be better at meeting FCA compliance rules.

### Profit clinic

*Mike Jones, chairman, ASE*  
Highlighting revenue-boosting activities, Jones will draw on ASE's vast library of best practice and will look at the top 10 elements that set the most profitable dealers apart, particularly following tough months, such as April and May. Jones will also discuss how the market is likely to perform in the second half of this year.



## Exhibitors confirmed so far

**ASE**  
**Autoweb Design**  
**Buyacar**  
**Broadplace Advertising**  
**Call it Automotive**  
**CBW Design**  
**CitNOW**  
**Codeweavers**  
**Contact At Once!**  
**Cox Automotive**  
**Dealer Auction**  
**Diamondbrite**  
**Dura**  
**eDynamix**  
**EMaC**  
**Fuchs Lubricants**  
**GardX International**  
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**Insurethat**  
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**Judge Service**  
**Key Tracker**  
**Mallard Vehicle Finance**  
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**MFG Group**  
**Modix**  
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**Sound Marketing**  
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# MERCEDES-BENZ

Direct new car sales are inevitable, says UK chief executive Gary Savage, and the dealers in his network should prepare to extract every opportunity from them, he tells **Tim Rose**

**M**ercedes-Benz franchisees have been challenged to think hard about their business opportunities when manufacturer direct sales take off.

UK chief executive Gary Savage believes it is "an inevitability" that carmakers' national sales companies will take on direct sales of new cars to consumers in the future, but he is convinced it is not a threat to dealers.

"In reality, to genuinely be able to realise online selling, you have to do it direct. Because of all the components of competition law, you have to be in a position where you can set the selling price, in order to offer the customer the best price consistently," he said.

As such, direct sales couldn't happen overnight, but he was unwilling to

suggest a timeframe for the development.

Savage is airing his views to be a "deliberate catalyst" with the Mercedes network, so that more of its dealers will think about the other opportunities in store.

"Very few people in my experience are prepared to have an honest conversation with their retailers to say 'look, the opportunity for new car margin to return to what it might have been is relatively narrow, so we have to accept the new car margin is now driven by the multiple rather than the sum itself'.

"I'm confident that our network can operate there, because we actually have enormous experience of selling direct, because we

have the direct sales programme for the contract hire and leasing company.

"We sold 35,000 cars last year directly out of this office in Milton Keynes. There's a team here that ordered those cars, invoiced those cars and our retailers enabled that to happen by providing the test drive, the delivery, the handover, the whole experiential part of the sales



## KEY PRODUCTS



### A-Class

The entry-level Mercedes hatchback starts at £20,715, but dealers can get a customer into it for less than £270 per month. Registrations reached 41,183 in 2016 and to date are 11% up in 2017.



### C-Class

In saloon, estate, coupé and cabriolet derivatives, C-Class appeals strongly to fleet and private buyers (60/40 split). In 2016, registrations totalled 44,184 units, with 23,284 to date in 2017, up 29.7%.



process, and they got a handling fee for that. It's not so many years ago that they had their full retailer margin for that business, but that has gone to a handling fee. Now it's a very viable part of the retailers' business."

Direct sales would also require a change to the "myopic obsession" with hitting a monthly target, he said, because sales would have to be much more driven by consumer pull than manufacturer push. Savage believes it would also bring an end to manufacturer-imposed new car targets, because these would not be in the spirit of an agency contract.

Savage also believes major brands such as Mercedes-Benz would need to streamline their product ranges. While he doesn't want them to cull model lines, he thinks it will be necessary to reduce the number of trims and configurations, to make decision-making easier for consumers.

"We often have our head in the sand about change. The way people buy cars hasn't evolved, but in reality there's been a lot around the edges. But I think change is coming.

"We've got to accept in the end that we look at this often from the perspective of the manufacturer, the wholesaler and the retailer. We've got



## THE OPPORTUNITY FOR NEW CAR MARGIN TO RETURN TO WHAT IT MIGHT HAVE BEEN IS RELATIVELY NARROW

GARY SAVAGE,  
MERCEDES-BENZ



to look at this from the customers' perspective. Everything else can be purchased on their terms and at their convenience."

Savage believes individual franchise partners should be allowed to adapt at different speeds, to embrace change as they become comfortable with it. Once a new approach is successful for one, others inevitably want to adopt and it spreads organically, he said.

Those new approaches include removing sales desks and introducing product experts – there are now 150 across the network – and the use of temporary stores to put the cars in front of shoppers.

The 'pop-up' stores attracted 600,000 visitors last year, and have led to new and used car sales, Savage said.

### Building the used cars business

Used cars is an area he would like Mercedes dealers to build on. Currently too many pre-owned Mercedes are bought by the independent motor trade, he said. For vehicles two to three years old, only about 50% are kept within the franchised network.

"From my experience, used cars often play second fiddle to new cars. I don't think that's right, but we have to concede that's inevitable. I think that has to change," he said.

Savage would like to see a full overhaul of Mercedes-Benz's culture around used cars: "I would like us to have

the same processes and disciplines around used cars as we have around new."

He is frustrated by franchised dealers thinking every single used car needs individual pricing. PCP and lease contracts that specify a return condition and mileage obligation to the customer mean the "bandwidth of difference" between one car and the next is narrower, he said.

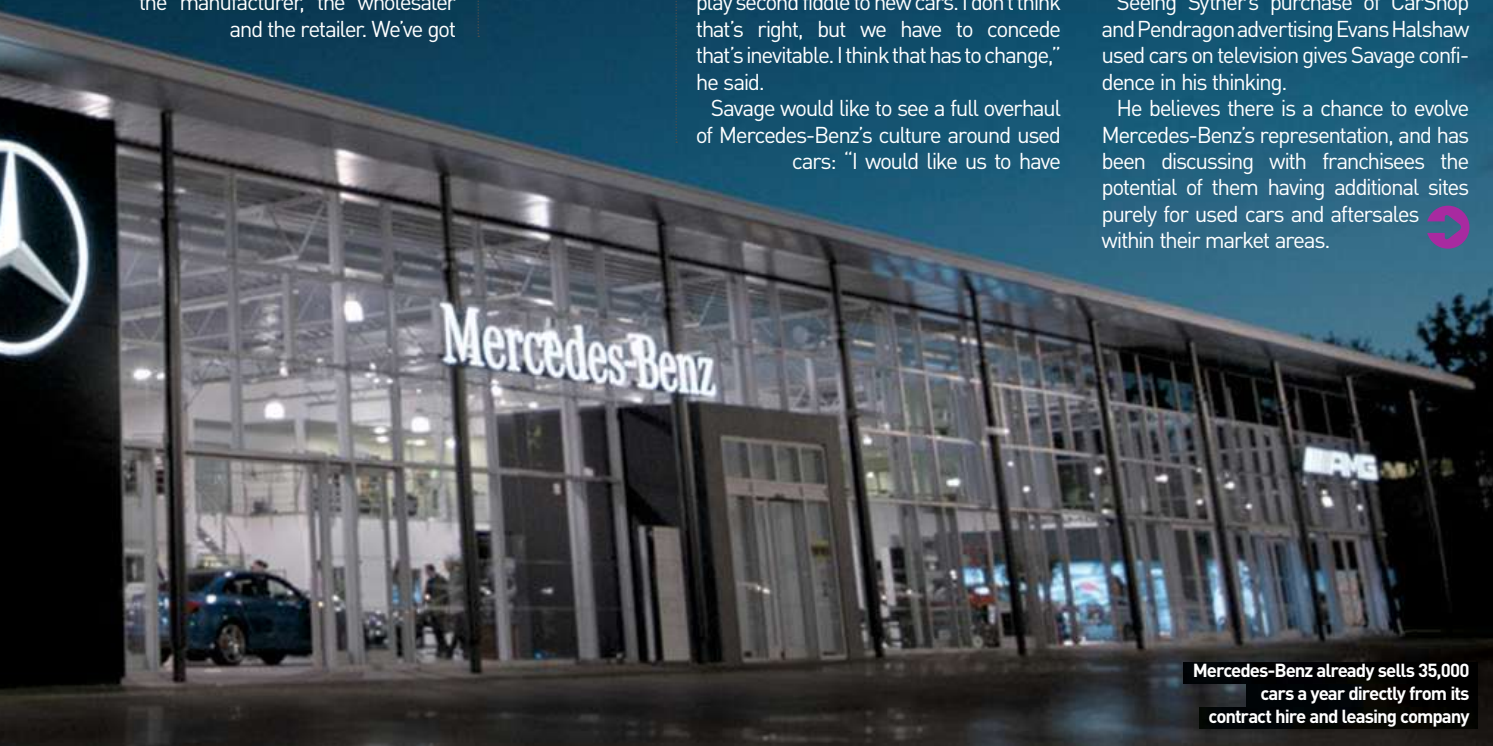
Mercedes believes purchasing used car stock could also be more expedient and process-led in collaboration with its dealers.

"This is where we need to be thinking. There's always going to be the opportunity for our retailers to be selling used cars because it is such an important part of the new car business, and one doesn't exist without the other. That's potentially where we've been slow to really appreciate that, the fact that you can only be selling the number of new cars you do on the [finance] contracts you do if you're selling them at the other end."

For many customers, the entry point to Mercedes-Benz is going to be a used car and Mercedes-Benz UK recently ran TV advertising promoting its approved used scheme.

Seeing Sytner's purchase of CarShop and Pendragon advertising Evans Halshaw used cars on television gives Savage confidence in his thinking.

He believes there is a chance to evolve Mercedes-Benz's representation, and has been discussing with franchisees the potential of them having additional sites purely for used cars and aftersales within their market areas.



Mercedes-Benz already sells 35,000 cars a year directly from its contract hire and leasing company



### E-Class

Registrations of this mid-size executive car in 2016 totalled 25,537, outselling the BMW 5 Series and Audi A6 by almost 6,000 units. To date, there are 12,685 registrations.



### GLC/GLE-Class

Mercedes' fourth-strongest sellers, its mid-size SUVs – the lower-medium GLC (left) from £36,425 and upper-medium GLE, from £51,290 – achieved 18,387 registrations in 2016, 8,551 year-to-date.

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*Andy Barratt, Ford Motor Company, called the new Leicester Ford Store, designed by CBW Design "simply the most impressive Ford dealership I have ever visited."*

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**NO MATTER WHAT HAPPENS IN THE FUTURE WITH DIRECT SALES, THERE'LL ALWAYS BE A NEED FOR SERVICING**

**GARY SAVAGE,  
MERCEDES-BENZ**

These already exist within the manufacturer-owned Mercedes-Benz Retail Group, although their focus is on buying used cars from the manufacturer, so Savage doesn't view them as an ideal blueprint for franchisees.

While he would like to see more progress, Savage believes UK dealers are the most sophisticated used car sellers in Europe. However, he said they could learn from the US, where dealers have a more established end-of-lease returns process in which the finance house, wholesaler and retail network work more collaboratively to improve the experience for the customer and speed up the process. He believes there are too many touchpoints in the UK between a car reaching end of lease and the car being sold to a new owner.

The national sales company should have a role to play in supporting used cars too, said Savage.

"For us, it's about having the same incentive philosophy that we have for used as we do already for new. For example, we don't

negotiate on the price of a new car. However, we put various incentives and consumer offers in place to ensure it's attractive in the market. But with used we don't put many incentives or offers in the market, but we negotiate on the price. That's the bit that has to change."

#### Dealers have got over data-sharing 'hurdles'

The network has agreed to share customer data for aftersales, while in line with data protection legislation. If a vehicle is sold on the south coast to a customer in the Midlands, Mercedes will share with the Midlands dealer that the customer is there and is a service opportunity.

"It really demonstrates the maturity and collaboration of our network that they made that request. They've got over many of the hurdles that others are still struggling with.

"The currency in the future is going to be knowing which Mercedes-Benz customer transactions are happening within your market area. If I had my own market area, my ambition would be to have insight into

all the transactions going on, through new, nearly new, used and aftersales. That's what I think the direct sales model moves you towards."

Aftersales representation may also need to expand. Savage is conscious that, with 126 sites nationwide, the network risks missing out on some customers who will find it inconvenient to crawl across major cities when their car is due a service.

"No matter what happens in the future with direct sales, there'll always be a need for servicing," he said.

Pre-delivery inspections for all 35,000 direct sales are carried out centrally by Mercedes-Benz UK. It is also trialling an express service. An evolution of the former My Service programme, it puts two technicians on each car and completes the service in 45 minutes while the customer waits in a lounge.

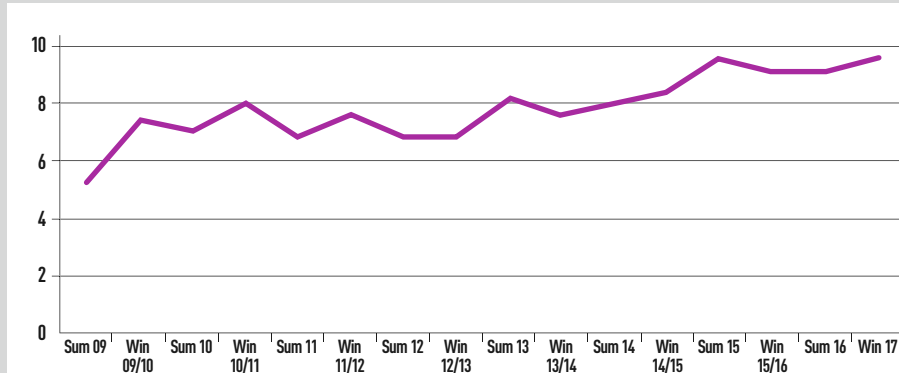
While much of Savage's thinking is given to the longer-term, there is no plan to level off the growth trajectory at Mercedes-Benz in 2017. The German premium brand has had record new car volumes year after record year, finishing with 169,828 new car registrations at the end of 2016, a 17% rise on 2015.

Five months into 2017, it has taken fourth place in the market, behind Volkswagen, Vauxhall and Ford.

Savage wants Mercedes' car registrations to continue to grow this year – although he is coy about the brand's target. The reason he gives for this is that he had not expected Q1 to be so strong, nor for April to be so weak, although he felt "comfortable" about the brand's performance in May (up 6.8% at 14,660 units). The brand has "a reasonable forecast for the year", he said, having planned for a total industry volume (TIV) that would be flat at best. The SMMT's latest forecast for 2017 would see the new car market contract by 2.6% year-on-year.

#### MERCEDES FRANCHISEES' SATISFACTION WITH CURRENT PROFIT RETURN

(SOURCE: NFDA DEALER ATTITUDE SURVEY)



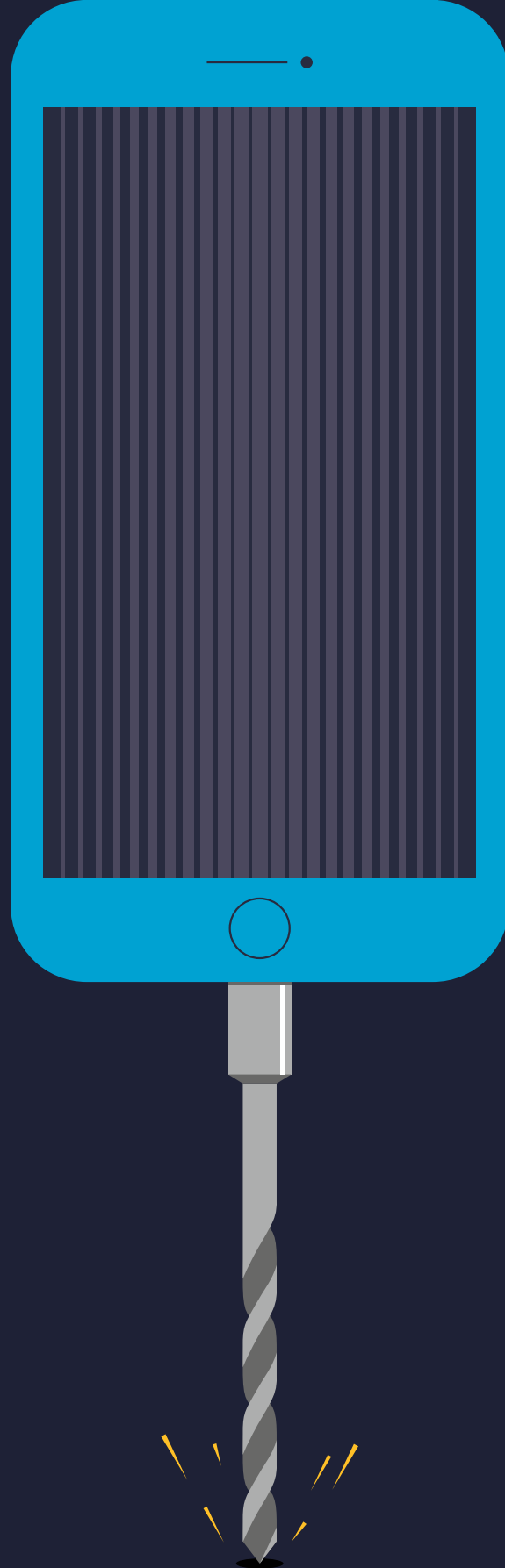


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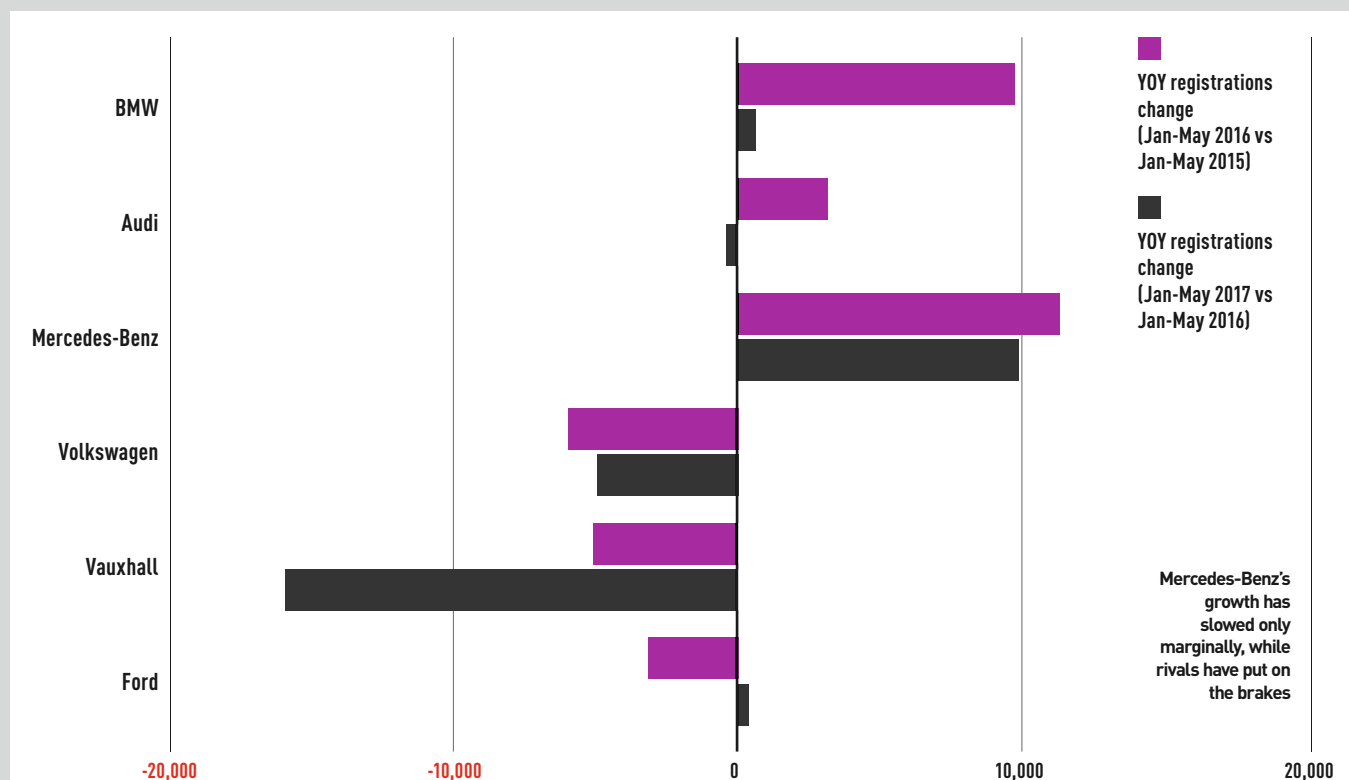
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## CHANGES IN YTD REGISTRATION VOLUMES JAN-MAY 2017 vs JAN-MAY 2016



“This is like a new world order for me. Back in 2010, when I joined, we were outside the top 10 and Volkswagen was about 50,000 ahead of us. Now Mercedes-Benz is fourth in the UK market. I’m still getting used to that,” he said.

Savage conceded the volume growth has been heavily driven by Mercedes’ expanded range and PCP finance, which he sees as a genuine change in consumer behaviour. It has been spurred on by marketing activity and strong brand appeal.

Savage said Mercedes has become very powerful – it now dominates the executive saloon segments, with its C-Class, E-Class and S-Class, plus it sells 40,000 A-Class hatchbacks a year in the C-segment and about 7,000 AMG high-performance cars to wealthy petrolheads.

He added: “We’re competing alongside the mainstream, but we also have delicatessens and boutiques. That’s a real strength to our brand.”

### UK SUVs ‘a fraction behind the curve’

The brand still has “a lot of latent opportunity in SUVs”, he said, because it has been “a fraction behind the curve” in bringing a full range to the UK. Previously the mid-size GLK was not available in the UK, because it was not built in right-hand drive, but its replacement, the GLC, is being imported.

The strength of Mercedes’ network has been another pillar in its success in the UK, said Savage.

**“WHEN I JOINED, WE WERE OUTSIDE THE TOP 10... NOW MERCEDES-BENZ IS FOURTH IN THE UK MARKET. I’M STILL GETTING USED TO THAT**

**GARY SAVAGE, MERCEDES-BENZ**



Each dealership made an average of about £1.1m in profit last year, a 2.1% return on sales. Overhead absorption is running close to 80%.

### Franchisee satisfaction is consistently high

The brand has just 20 partners operating 126 sites in the network, and the Milton Keynes head office has close relationships with the market area directors at those partners. It’s one of the factors that have maintained Mercedes’ position at the top of the National Franchised Dealers Association’s twice-yearly Dealer Attitude Survey.

Despite leading since 2014, the brand doesn’t take the NFDA scores for granted, said Savage, nor does it push franchisees into giving good feedback. It still “looks forensically” at the areas within the survey where it is weakest.

“Provided we’re around the nine out of 10 mark I’m happy. Whether we’re number one or not is out of our hands,” he said.

“It’s a very good barometer. And we do have consistency – Daimler has its own centrally run dealer satisfaction survey and that correlates in terms of how satisfied our network is.

“We do a good job. But let’s be fair, this is a good time for Mercedes-Benz. All the basic ingredients for success have come together at the right time.

“You’ve got to remember the components that make this the success it is today and ensure we don’t become complacent and believe in our own magical touch.”

As Savage brought up the subject of complacency, I end the interview with a light-hearted chiding of the chief executive. When we last met in autumn 2015, he made a point of talking about how settled the network was.

Three months later, Vertu Motors bought Greenoaks’ sites in Ascot, Reading and Slough. Then Hong-Kong based Lei Shing Hong bought the Birmingham and Manchester market area from Mercedes-Benz Retail Group to establish LSH Auto UK and Marshall Motor Holdings took over Ridgeway, including its four Mercedes sites in Hampshire. Finally, in August 2016, Lookers acquired Drayton Group’s seven Mercedes dealerships in the Midlands.

Savage chuckled as he responded: “It was just remarkable. Yet, if our network was a still pond, it would appear to me no one has dropped a pebble in it. That change of ownership has had no disruptive impact whatsoever. We’re delighted.”



# MINUTES WITH...

Robin Hayes, Bridgestone  
managing director, North Region



**Please explain the business rationale behind the worldwide Olympics partnership you launched in March with your new 'chase your dream, no matter what' ambassadors Daley Thompson, Chris Mears and Charley Hull.**

**Robin Hayes:** We have a global position and a brand recognition that gives us a strong position. But we have aspirations to be even stronger, which is why we are doing things like the Olympics worldwide partnership. It reinforces our global position and makes us attractive to the consumer, the person we call the 'boss', and also to the manufacturers for first fit.

In the UK, we do not have the strength in the market that we do elsewhere. So we are looking for growth and this [the Olympics partnership campaign, which was launched in front of an audience of 22,000 on Facebook Live] is the first part of the plan. We are putting the brand in front of people so that they think of us when they are considering changing their tyres.

**Why are you not as strong in the UK?**

**RH:** We have different competitors in [mainland] Europe. Also there are bad habits on tyres in the UK. People don't pay a lot of attention to them, so they buy a lot of budget and part-worn tyres. Part of it is down to climate – we don't have the summer/winter changes. Also, we are more ambivalent when it comes to thinking about servicing cars. In other countries there is greater interest [which results in fewer budget tyre sales as a proportion of the total market].

Our OE [manufacturer] business is starting to perform extremely strongly. We are seeing a lot of growth – more fitments on more vehicles – and we are very pleased. This is important, especially

**THERE ARE BAD HABITS ON TYRES IN THE UK. PEOPLE DON'T PAY A LOT OF ATTENTION TO THEM, SO THEY BUY A LOT OF BUDGET AND PART-WORN TYRES**

**ROBIN HAYES, BRIDGESTONE**

with the high fleet content in the UK, because there is a high follow-through to first and second replacement.

**Farrell Dolan:** First fit gives us a pull into the aftermarket, but also strong brands want to be associated with strong brands. British consumers are more likely to fit like-for-like.

**Where are the opportunities for growth?**

**RH:** We are strong in the CV market, off-road and motorcycle, so the biggest areas are cars and light commercials. We are looking to work with our partners in distribution and retail to convey our messages through to consumers so they remember us and see the benefits in our tyres.

In the UK, our aspiration is to emulate our global position [as number one]. We strive to be at a position in the marketplace that deserves the investment we make. The biggest factor affecting sales is the vehicle parc and that has been growing, so tyre sales follow. The long-term trend is one of growth.

**What impact has tyre labelling had on the market?**

**RH:** Where the tyre is sold in the retail

outlet, we are disappointed with the level of awareness; it hasn't connected with the public yet. Here there is less engagement and a temptation in the industry to make price the leading factor.

But it is making a difference to tyres sold online – a growth area – where there is no one to talk to. They do their research and will use tyre labelling to make an informed choice on a level playing field. Is it a defining attribute for fleets? Probably not. Their purchase decision is around OE fit and safety considerations as well as improved performance over the tyre life.

**What role will tyres play in the development of the connected and autonomous car and are there any concerns?**

**FD:** We are exploring the options. We have done a lot of work to harness the power of connectivity and also the changing nature of ownership and driving style. We know where the trend is going; it's understanding how that picture will develop and adapting the technology to match the need. The tyre is a key area – that feedback for the car and the measurement of attributes, driver style and safety. Over time, manufacturers will gravitate to the tyre manufacturers that are willing to invest and that will change the market. Investment will dictate the long-term winners in the tyre world.

There are concerns. For example, where the driver does not own the car or [in the case of future autonomous vehicles] is not driving it, how do we ensure that they understand the tyres and the condition? When someone is the occupant and not the driver, what is their mind-set going to be regarding maintenance and ensuring the car is safe – whose responsibility is it?"





Farrell Dolan, Bridgestone  
sales and marketing  
director, North Europe



#### What are your core brand values?

**FD:** Safety comes first; that's the pre-eminent attribute. We look at what the 'boss' needs and harness that. It's an ever-more complex world with different driving styles and vehicle ranges. Tyre awareness has grown and needs are changing with the composition of vehicles, for example, for SUVs, so we have had to respond by improving products in those areas.

#### Do you support the 3mm campaign, which wants the legal tread depth limit to be raised from 1.6mm to 3mm on safety grounds?

**FD:** The minimum tread depth is the only barometer we have. We have a voice, but for us it's what meets the needs of the customer. If they want to drive that change, we will listen to them. We have seen little change in the proportion of tyres replaced below the legal limit, it's a long-term campaign. We are investing in this area to change perceptions and improve understanding.

#### Are franchised dealers any good (or getting better) at selling tyres?

**FD:** There is certainly more interest in tyres – they see it as a good source of

turnover and profit, and also an opportunity to connect with the customer. With extended servicing intervals, there are fewer opportunities, but tyres is one. They are also more aware on how to sell tyres; they are improving all the time.

#### Do you anticipate growth in the run-flat market [Bridgestone launched its DriveGuard run-flat tyre last year]?

**FD:** There has been growth fuelled by the vehicle parc growth, but also a growing awareness by consumers of the increased mobility in the event of a flat tyre. They want the assurance that they will not be stuck on the hard shoulder. DriveGuard was a big step forward for us and the

industry in terms of offering a universal choice. You can fit to any car which has a tyre pressure monitoring system. We have been very pleased with both sales and the reception after the first full year.

#### Five years ago, all the talk was about winter tyres; that's now gone quiet and we are starting to see more all-season tyres. What's the future?

**FD:** All-season tyres are a compromise, but it's a thought-through compromise. But there are different attributes that people look for, so it can't just be segmented into all-season or winter tyres. Also, it is something for the UK with its fairly benign climate; other countries can't compromise. Our view is that demand has to be consumer-driven.

We see no huge trend in any direction because there is no single answer. They make their choices based on a multitude of factors, although brand recognition is important.

When someone goes into a retailer, we want them to think about Bridgestone. Consumers rely on trusted brands so we have to continue to invest to get our messages out about safety and performance. **STEPHEN BRIERS**

**“ WITH EXTENDED  
SERVICING  
INTERVALS,  
THERE ARE FEWER  
OPPORTUNITIES [FOR  
DEALERS], BUT TYRES IS ONE  
FARRELL DOLAN, BRIDGESTONE**

#### FACT FILE

**COMPANY:**  
BRIDGESTONE  
**HEADQUARTERS:**  
WARWICK  
**UK SALES:**  
£188.8M (2015)  
**PRE-TAX PROFIT:**  
£2.6M (2015)  
**STAFF:**  
187

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# CARSHOP IS NOT LETTING THE DIGITAL GRASS GROW UNDERFOOT

Just months since lifting an AM Award, CarShop has introduced new features on its mobile-first website. The aim is for continuous improvement, says IT director Leo Nelson

**I**n the few months since CarShop won AM's best website award, the car supermarket has not been standing still.

Its latest iteration was published in April and contained a number of enhancements. One of the biggest was 'elastic search', allowing car buyers to find the car that best suits them by selecting from a range of features such as air-conditioning, Bluetooth, 18-inch alloy wheels and even colour rather than by make and model (although the traditional approach is still available).

CarShop's marketing and IT director, Leo Nelson, explained: "This approach has been widely adopted by the hotel sector. It very quickly refines searches and narrows down the car search, eliminating those that don't match the criteria."

The website also captures postcode information, said Nelson.

"The postcode is a unique piece of information which we can use for analysis.

"Even though we don't know the person's name, we can match up the information. Over time we will have the ability to see if certain channels or even keywords are driving traffic which converts."



**THE WEBSITE IS IN A CONSTANT STATE OF EVOLUTION. WE CONTINUALLY OPTIMISE THE EXPERIENCE OUR WEBSITE OFFERS – IT IS BUILD, RELEASE AND REPEAT**

**LEO NELSON,  
CARSHOP**

Other upgrades include an enhancement of the previous valuation tool, which CarShop uses for guaranteed car valuation.

As long as all the details of the self-appraisal process are correct and any damage or scratches declared, CarShop promises to stand by the online valuation.

Nelson said: "It will remove some of the friction in the sales process, which often occurs when valuations are based on certain assumptions including good condition and mileage and are invariably revised when the car is inspected on site."

CarShop is working on a feature called 'build my deal', which will bring together the three parts of the car-buying journey – search, finance and part-exchange. It will include a secure customer log-in and the creation of a 'MyCarShop' account area. Nelson believes it will eventually be possible to complete the entire transaction in this space.

"The website is in a constant state of evolution. We continually optimise the experience our website offers by monitoring its performance – it is build, release and repeat."

This year was the second time CarShop won the award. Its first win, two years ago, recognised its fully responsive design, but its latest incarnation is mobile-first.

Nelson said: "Around 75% of our web traffic comes from phones and tablets, so we designed our website with a mobile experience in mind."

The strategy has been quick to pay off. Launched in August last year, visitors are up 18% year-on-year in the first quarter of 2017 compared with the same period in 2016.

"We are very focused on driving traffic, but we are also conscious that we attract good qualified leads," said Nelson. "We want in-market car buyers to engage with the website and drive footfall to our stores."

That also seems to be the case as used car enquiries are up 70% year-on-year, measured by criteria such as completing a finance quote or undertaking a web chat. The conversion rate has increased from 2.9% in quarter one in 2016 to 4.1% this year.


By combining the IT and marketing role, Nelson brings the elements together vital for maximising CarShop's digital presence with roles as diverse as. The team of 19, which includes digital marketing practitioners, content specialists, social media executives, software developers and data analysts "gives us the agility we need", said Nelson.

"We can go from concept to release in just a few weeks." **DEBBIE KIRLEW**



# SPOTLIGHT:

## MYTHBUSTERS



MYTHS  
BUSTED



### A RETAIL MODEL THAT FITS

APPLE STORE? AMAZON? JOHN LEWIS?  
WHAT DEALERS CAN REALLY LEARN  
FROM THE GIANTS OF RETAIL

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### DOES YOUR MARKETING PAY ITS WAY?

DEALERS TELL AM'S POLL WHICH OF THEIR  
MARKETING CHANNELS WORK AND WHICH  
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### BUSTING MOTOR RETAIL'S MYTHS

DO SOME OF MOTOR RETAIL'S LONG-  
HELD BELIEFS STILL HOLD WATER?  
WE ASK THE EXPERTS

PAGES 41-42



# ARE HIGH S A GOOD FIT

Many motor retailers say they would like to emulate Apple or John Lewis, but to do so would require radical change

**D**ealers are constantly told they should model their businesses on the paragons of customer care, such as John Lewis, Ritz-Carlton and the Apple Store. But how fair and, more importantly, realistic are these suggestions?

The John Lewis Partnership (JLP) is employee-owned, its staff are partners who share in the store's profits and are involved in the direction of the company through workers' boards. Executives' pay is limited to a multiple of its workers' remuneration.

Like other retailers, the John Lewis model is not immune to market forces. Its latest figures reported sales increased 4% to £4.7 billion in the 52 weeks to January 28, but operating profit before the partnership bonus fell 7.5% to £231.4 million compared with the same period last year.

Following the annual results, this year's staff bonus was down to 6% from 10%, the lowest since 1954. New managing director Paula Nickolds told retail magazine *Drapers* that JLP has deployed a number of measures to remain competitive, including equipping staff on the shop floor with laptops, so customers don't have to queue for a cashier. However, she didn't rule out the possibility of

job losses or using agency staff (who would not have the same benefits as John Lewis employees).

JLP also benefits from strength in its relationship with suppliers – it is not required to flood the market with particular products, weakening its margins. One sign of that strength is that it audits its suppliers' factories and recently required them to undertake training on employment rights and the Modern Slavery Act.

Andrew McMillan is a former head of customer experience at John Lewis, who now runs his own consultancy and has advised a number of dealer groups in the AM100. He said dealers could adopt certain aspects of the JLP model, but believes it would require a different mindset, which so far the industry has been reluctant to embrace.

He said: "Would some of the CEOs I have worked for willingly hand over what for many is essentially a family business, which has taken decades to establish, to their employees? That's unlikely."

"JLP employees have a strong voice on the board and are involved in some of the key decisions, while there is heavy involvement through staff councils in each branch. To my

knowledge, there is nothing like that level of employees' voices on the board of dealer groups."

McMillan believes dealers could adapt the employee bonus scheme, because it's similar to the commission structure that already exists. But rather than paying out to individuals, a model which he said is broken and has been for a while, dealers could pay a collective commission.

"Collective commission means everyone from sales to service has the same objective and benefits from the outcome. But the problem with the current model is that it is also heavily influenced by the manufacturer, which means there is a massive industry-wide change that's needed. I don't think anyone is ready to make the first move."

McMillan said John Lewis does have sales

**“THE PROBLEM WITH THE  
CURRENT MODEL IS THAT  
IT IS HEAVILY INFLUENCED  
BY THE MANUFACTURER**

**ANDREW MCMILLAN, RETAIL CONSULTANT**

# STREET RETAIL MODELS FOR CAR DEALERS?



targets, and is still a commercial organisation that has to make a lot of money to pay a lot of people, but staff are not bonused against the sales target as such. They are not the kind of targets that are managed aggressively by months and quarters.

"At John Lewis, everyone gets the same percentage of their salary in their bonus and I understand that if this collective system was in operation [in motor retail] a sales executive earning around £60,000 may simply find another position elsewhere.

"But if an organisation is relying on one person to make up a sizeable part of its bonus, then there's something wrong. Often if the team isn't delivering, it's a leadership problem," he said.

He believes there is an opportunity to do something and the business that takes the initiative will be ahead of the pack.

## The Apple Store

While the motor industry does not have the luxury of starting from scratch, Apple was able to do so when it opened its first store in 2001.

Steve Jobs, then CEO, decided that if it was to win on innovation it "had to control the last mile" and have its own shops. With a template

## ≈ HOW MANY FORECOURTS DO CAR BUYERS VISIT?

Do car buyers visit just one or two dealerships on average during the purchase process?

It depends on which figures you read.

A 2016 BDO report from the US National Automotive Dealers Association (NADA) included an analysis by Google that found consumers visit one or two dealerships when purchasing their next car, down from five in 2005.

The latest figures from Google's Gearshift survey, which asks new car buyers in the UK about their purchase journey, found the average number of dealership visits was 2.1 in 2016, down from 2.2 in 2015. The average number of test drives by consumers for both years was 1.3.

Research by Auto Trader in 2015 also showed car buyers visited 2.2 dealerships, a

figure the classified website confirmed remains current.

However, research last year by Buyacar.co.uk revealed a third of consumers visit three dealerships and just under (33.4%) visit four or more, which means more than two thirds visit at least three.

According to McKinsey's 2013 Retail Innovation Consumer Survey, car buyers in some locations for some brands visit just one dealership on average. However, its figures are based on a survey of 4,500 customers across the US, Europe and China.

All agree consumers use the internet to undertake the bulk of research, with the Auto Trader Market Report 2016 indicating that 74% of consumers did their car buying research online.

for 6,000-square-foot retail premises, Apple leased units in shopping centres, kept them spartan and ensured people could focus on the products.

Car manufacturers have long followed the principle of creating a destination business and, in motor retail, the trend from brands and dealers has been toward building larger glass palaces that adhere to strict corporate standards.

Interestingly, the 'destination' concept is one Apple may actually be borrowing from car dealers. Its goal is to create customer lounges, with Wi-Fi and great coffee, where its customers want to spend time rather than just when they need to upgrade their phone or to queue ahead of a product launch.

It opened a flagship store in San Francisco last year, complete with a 50-foot-tall video wall and areas where visitors could relax. Its 'Genius Bar' customer service stand was upgraded to a 'Genius Grove', complete with rows of potted trees.

Apple is even appealing to the business community, providing a 'boardroom' area

where its staff are on hand to deliver business 'consultations'.

Many franchised dealers have been striving to deliver a similar experience to their customers for years.

Apple's descriptions of its new store layout include a 'town square' and some stores incorporate 'The Plaza', which includes a comfortable chill-out zone and even offers weekend concerts. It is not a million miles from Volvo's Retail Experience CI, which divided the dealership into the 'living room' where customers can relax and 'the street', where the cars are displayed.

Dealers have long provided customer lounges, where customers can enjoy refreshments, watch TV and read the day's paper while their car is serviced and business customers are able to set themselves up to work in an office environment with coffee on tap.

One area where Apple definitely led the way, however, was in its reluctance to use traditional salespeople. It hired 'concierges', not 'cashiers', an approach



# Offering dealers a holistic finance solution

**M**allard Vehicle Finance is seeking dealers to help it on its quest to triple its business in the years ahead.

The company is typically a second- or third-string lender among a dealer's panel of motor finance partners, and specialises in used car finance. It currently has about 9,000 dealers on its books and receives proposals from about 1,000 different dealers a month.

Currently, most are privately owned used car dealerships, but it believes it has a service that will also suit small franchised dealers.

In the near-term, Mallard plans to expand its current 24-strong workforce as it triples the quantity of lending it writes (currently just below £1 million per month), and is extending its Colchester offices.

Developments will include online portals for dealers, so they can upload proposals directly to their file, and a finance application process that will embed into dealers' websites so Mallard could take deals straight from the point of enquiry.

Paul Warland, sales and marketing manager, said: "We take a common-sense approach to lending and, because we lend our own money, we are able to flex our product to cater for all types of dealers, customers and vehicles."

Although it has no maximum age or mileage cap, it only provides hire purchase finance. This is because it believes PCPs are less suitable for non-prime customers who want to get into a vehicle, but don't necessarily wish to change it after three years.

It is also targeting PCP customers who decide to keep their car rather than hand it back, and allows them to refinance the balloon payment with a product called PCP Plus. The finance product, at 9.99% APR representative, allows the customer to spread payments over 24-60 months.

Ed Stevenson, director, said: "Some customers who have a PCP get near the end of the PCP, and they are perfectly happy with the car they are in, but there's the balloon to deal with. We think there is quite a lot of opportunity here."

Mallard believes franchised dealers will also see an opportunity in a third product that is designed to help car buyers who want to change, but still owe more on



**SOME CUSTOMERS GET NEAR THE END OF THE PCP, AND THEY ARE PERFECTLY HAPPY WITH THE CAR THEY ARE IN**

**ED STEVENSON,  
MALLARD VEHICLE FINANCE**

their existing motor finance than their vehicle is worth.

It works by splitting the negative equity out into a personal loan while the hire purchase is provided for the balance. Doing so helps the customer get back into equity more quickly. It's a new solution and, as yet, doesn't have a name, but Mallard is working with its dealers to ensure they, and their customers, will understand it.

Every application is manually underwritten – each is considered by a human rather than software, so Mallard's underwriters can assess applicants who have special circumstances or who have had credit problems.

Recent successful applicants included a man in his mid-60s who sought finance for a high-mileage Land Rover. Senior underwriter Jen Hitchen said he would likely have failed with many mainstream lenders, but Mallard's underwriting process considered aspects such as that he owned his own

home, had an excellent payment record and was a farmer who required the vehicle for agricultural purposes, so the high-mileage car and applicant's age were not considered barriers to the loan.

Hitchen said: "Rather than automatically declining something for one or two of those reasons, we take a view on the whole case."

The company has developed its own identity verification software, which it uses directly with the customer to take the workload away from the dealer. Warland said: "We've identified that time kills the deal, so having that technology behind us helps us speed our service."

"Dealers want to get their vehicle sold, but sometimes if they don't have all the customer's information up-front they can't credit search the customer up-front and even if they could, they might not understand what the implications of that credit search might mean."

Hitchen said: "Where there is something that the customer might fail on, or where the dealer knows there is something that will not quite fit with their primary lender, that's the sort of business that we help with."

Mallard encourages its dealer partners to phone the underwriters if they have any situations where they can help by giving an indication if a customer is likely to gain approval before the application is submitted and recorded against their credit history.

Its service level agreement with dealers is to give a definitive answer within an hour. The acceptance rate is variable, said Hitchen, but on average is between 35-45%. Where some used car dealers have Mallard as their first-string lender, these acceptance rates are higher, added Warland.

If the customer has the correct documentation there and then, Mallard can go from application to releasing funds within two hours.

"We could in theory do the finance while the customer sits and waits at the dealership," said Hitchen.

"People are excited, they've seen and test-driven their new car, and they want it. We understand that, so wherever we can we will get those deals done."

"Of course, this is not to the extent that we compromise our security checks and demands for proof of identification, but if a dealer has advance warning that a customer is coming and wants to take the





vehicle away we can advise which items to ask the customer to bring so we can get it done there and then."

Mallard also finances vans up to 3.5 tonnes. Its manual underwriting process can overcome common challenges such as self-employed tradespeople and start-up businesses that do not have management accounts, by, for example, allowing the directors to provide personal guarantees. It also provides unregulated finance agreements for limited companies.

Stevenson said the industry's concept of 20-minute proposal-to-payout finance is much easier for companies that work only with prime customers. Outside the prime space, it is hard to achieve, he said, but Mallard is working on it.



**“WE’VE IDENTIFIED THAT TIME KILLS THE DEAL, SO HAVING [ID] TECHNOLOGY HELPS US SPEED OUR SERVICE**

**PAUL WARLAND, MALLARD VEHICLE FINANCE**

Warland said Mallard's commission structure is constantly under review to ensure it is competitive within the marketplace.

There is also a commission multiplier, so that if a dealer completes five deals with Mallard in a calendar month, they earn an

extra £100 on top of the commission for each subsequent deal.

Warland said: "Dealers have noticed it's quite straightforward to work with us, so once they have done one deal it's fairly easy to commit to doing another. We'd like to deal more with the people we already work with."

**01206 243 100**  
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**Mallard Vehicle Finance**  
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### ADVERTISING FEATURE

## A new era for Aston Barclay

By Neil Hodson, CEO, Aston Barclay



Aston Barclay has embarked on an exciting development phase following a management buy-out led by myself and funded by Rutland Partners.

Heralding a new era for the group, we are focusing on our people, digital innovations and a new auction centre in the Midlands, cementing our position as the UK's leading national independent vehicle remarketing provider.

At the end of 2017, we will open our fifth facility at the new 18-acre Super Centre at Donington Park, with space for 350-400 cars. Led by group operations director, Martin Potter, the new site will become our operations hub and home to our new buyer services team. The highly experienced Zaiga Jinkinson has already been appointed as its general manager.

This follows the redevelopment of our Leeds centre, which is completely aligned with our Chelmsford, Prees Heath and Westbury sites, after a £1.5m group investment in infrastructure over the past two years.

Alongside the new investment, we are proud to retain our all-important family-run ethos, with Glenn and David Scarborough, formerly group managing director and commercial director respectively, staying on as shareholders and non-executive directors.

We are also delighted to welcome Laurence Vaughan, previously CEO and now non-executive chairman of Sytner Group, who will represent Rutland Partners on our board.

We continue to pride ourselves on consultative and friendly service and, as a management team, continue to be hands-on, driving vendor results on price and conversion rates even in a tough market.

We see the future of remarketing rooted in the integration of sophisticated digital tools and impressive physical spaces, to support both buyers and vendors. Our recently appointed group IT director, Stewart Ford, is pioneering these efforts with our soon-to-be-launched Buyer App.

There has never been a better time to try us out. Large numbers of like-minded customers, favouring independent remarketers focused on service and results, are signing up as they have found we offer a viable alternative within the industry.

Visit our website, [www.astonbarclay.net](http://www.astonbarclay.net), to find out more or if you would like a tour of any of our facilities please contact [info@astonbarclay.net](mailto:info@astonbarclay.net).



that motor retailers have definitely adopted, with increasing numbers of manufacturers and dealers staffing showrooms with 'product geniuses' rather than sales executives.

However, it wasn't plain sailing for Apple Stores. Ron Johnson, a former vice-president for retail at Apple, told the *Harvard Business Review* that no one came to the 'genius bar' for the first two years. Eventually, it became so popular stores began booking appointments.

The company now seems to be dropping the word 'store' – its Aberdeen Apple Store was rebranded as 'Apple Union Square', reminiscent of many dealership names.

But it is worth bearing in mind that the Apple Store's new corporate identity has come after 16 years, not every seven or eight as is now typical for many franchised dealerships.

Apple's new retail design has been created for browsing, encouraging customers to come in and touch and feel the products and even try out their products before they buy, rather like a test drive.

#### Must the model change?

Car dealers can be forgiven for thinking that allowing customers to test products before buying, providing comfortable customer waiting areas with Wi-Fi and coffee, or organising customer-focused events and business solutions, is far from revolutionary.

Online magazine [Retail-focus.co.uk](http://Retail-focus.co.uk) reported on experimental trends enticing customers away from clicks and into bricks with the likes of YouTube opening its first Creators Store in London and The Dyson Demo retail space opening its doors in July last year

in Oxford Street.

Meanwhile, Amazon opened its first physical store, albeit minus the sales assistant or cashier, in Seattle.

While physical retailers, including automotive, have been playing digital catch-up, the digital disruptors themselves have recognised the currency of the physical connection with the customer.

However, many of these successful online companies are applying their digital lessons to the physical world. Take Amazon's Seattle store, which has taken its online payment framework and installed it in its physical store.

There is much talk in the motor retail sector about changing the retail model

and there is some evidence of an appetite for change. But, as McMillan says, the will to change is not that of the dealers alone – an industry-wide shift in thinking would be required.

Overnight change in how dealers sell cars is unlikely. However, should companies such as Rockar and Tesla prove successful with their models, the retailing landscape may change. In this magazine, the UK chief executive of Mercedes-Benz boldly predicts that direct manufacturer sales are "inevitable" (Page 24).

Maybe the most realistic outcome is that we

will see even more choice for car buyers as new models of retailing are established. After all, the High Street doesn't support just one type of shop. Just look at our supermarkets – from Waitrose, with its complimentary coffee, and M&S food halls, to the big four of Sainsbury's, Tesco, Morrisons and Asda, and the up-and-coming budget outlets of Lidl and Aldi. Perhaps dealers will look to them for a new model. **DEBBIE KIRLEW**

“  
**NO ONE CAME  
TO APPLE'S  
'GENIUS BAR'  
FOR THE FIRST  
TWO YEARS.  
EVENTUALLY, IT  
BECAME SO  
POPULAR  
STORES BEGAN  
BOOKING  
APPOINTMENTS**”

# IS YOUR MARKETING WORTH WHAT IT COSTS?

Websites and online classifieds offer the best bang for your marketing buck, says AM's poll

**A**s manufacturers push ahead with plans to transform their online offering to facilitate new car sales, retailers seem to have identified the value of their own window on the web.

A dealer website emerged as the clear favourite in terms of both effectiveness and return on investment (ROI) when AM posed a series of questions to determine which channels best serve our readers' marketing needs.

Online classified adverts, direct mail and pay-per-click marketing followed.

Among our survey respondents, 88% listed a website among their marketing methods, unsurprising at a time when it might be assumed that a car sales operation without one would struggle to survive.

Of those, 95% described it as "somewhat or very effective", the same percentage reporting that they found the medium offered "good or very good return on investment".

One marketing manager at an AM100 retail group clearly realised the need for a high-

**EACH MEDIA CHANNEL HAS ITS OWN UNIQUE FEATURES AND BENEFITS... A MULTI-CHANNEL APPROACH WILL PERFORM BEST**

**CAMILLE JOHNSON, PAB STUDIOS**

quality website, stating that the business needed to update its website, but conceding that improvements were part of a "very long-term plan". She added that the business was "still spending too much on print and post with a poor ROI".

Our poll raised clear questions of the relationship between the most popular marketing channels and their ROI.

Facebook ranked second in popularity, with 83% of dealers availing of its ability to reach specific audience demographics, ahead of online classifieds (63%).

However, the positions were reversed when it came to effectiveness and ROI. Ratings of "somewhat or very effective" and "good or very good ROI" were agreed by 74% each for Facebook versus 85.7% and 78.6% for online classifieds.

Twitter, now central to many dealers' social media relationship-building and reputation management, is clearly not performing well as a marketing tool for them.

Used by 50% of respondents – the same as pay per click – just 25% of users deemed Twitter effective while just a third (33.3%) said it offered a good ROI.

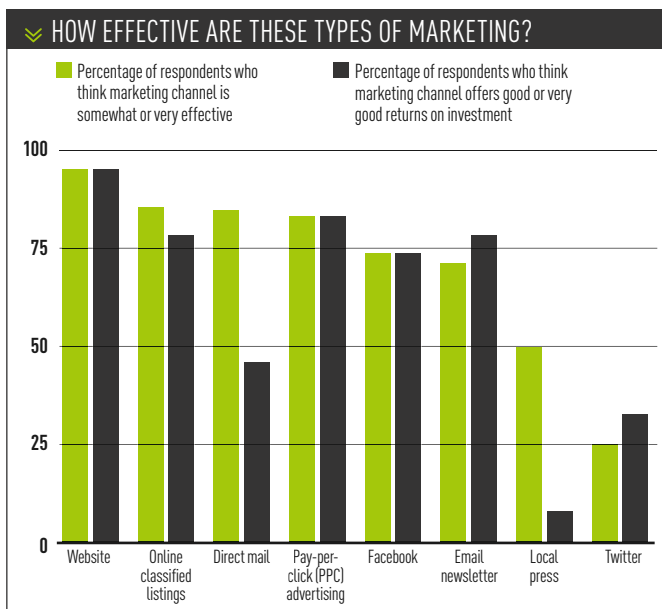
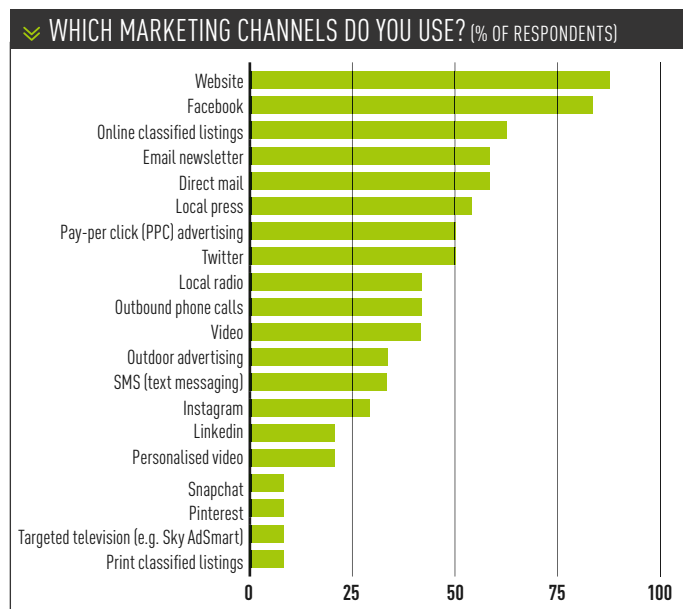
Snapchat, meanwhile, tied with print classified listings in the least used marketing tool among respondents.

The local press' issues as an effective marketing tool for car retailers seem to be centred on value for money.

Of the 54% that still use local press, 50% scored it highly for effectiveness, but only 8.3% found it good value.

Camille Johnson, director at Wakefield-based marketing agency PAB Studios, said in her survey comments that "each media channel has its own unique features and benefits", depending on the product or service being promoted.

She said: "A multi-channel approach that leverages the unique benefits of paper with the convenience and accessibility of digital will perform best." **TOM SHARPE**





# Sign up to a free Auto Trader Masterclass

## Have you registered for a free Auto Trader Masterclass yet?

As part of our commitment to providing our customers with the right tools and the right insight to help them compete in today's fast evolving digital marketplace, we run free Masterclasses throughout the year and right across the UK.

During each session, our dedicated insight team share digital best practice and offer their guidance on unlocking the full potential of Auto Trader packages. Over the course of a few hours, the team cover a broad range of topics including how consumer expectations have evolved, how it affects you and your business, and, most importantly, how you can be more successful. We'll show you the most impactful steps that every dealer can take to help sell more cars, more quickly – those incremental improvements that soon mount up to produce real, tangible benefits to your bottom line.



What's more our Masterclasses are a great opportunity to network with other independent and franchise dealers. What are you waiting for? Sign up to a free Auto Trader Masterclass today and help take your business to the next level.

## Learning how I can improve and do things better

"It's a really good idea from Auto Trader. It gives us independent dealers an opportunity to meet franchise dealers, and other independents. It gives us a chance to find out about best practice. I'll focus on overage cars, and making sure I'm turning stock quicker.

"It's an opportunity to meet people. Yes our time is valuable – I run the business so it is very valuable to me, but it's also valuable to me to be out learning how I can improve and do things better."

Jonathan May, Chequers Motor Company



## Meet your team:

Our dedicated insight team share decades of automotive retail experience, and includes digital specialists who'll help you take your business further.



**Marc Thornborough**  
Independent Brand Director



**Chris Penny**  
Franchise Brand Director



**Andrew Korpela**  
Retailer Insight Manager



**Guy Dunn**  
Photography & Video Expert

## How to register:

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<https://trade.autotrader.co.uk/masterclass-registration/>

# BUSTING MOTOR RETAIL'S MYTHS

AM spoke to industry experts to find out if some of the motor retail industry's long-held beliefs still apply today

## IS 100% OVERHEAD ABSORPTION FEASIBLE ANY MORE?

Overhead absorption boosts resilience within a dealership, as the service department helps to minimise the impact of fluctuations in the new car market.

Mike Jones, ASE chairman, said its benchmarking target for overhead absorption has always been 80%.

He said: "100% is obviously the ideal, but we feel 80% is achievable."

However, figures from ASE show the average rate among UK dealers has been below 55% for the past 12 months.

Jones said the reason the average has slipped is due to bigger dealerships with higher overheads.

Miles Alvis, Lookers Volvo franchise manager, said its overhead absorption target is 100%, but manufacturers have insisted on large increases in resources, mainly around personnel, which have seen greater rises in direct costs that are not in line with gross profit growth.

Alvis said: "For example, dealer demonstrators are costing more to write down, increases in the national minimum wage and infrastructure costs have meant a decline in the level of absorption."

Jones said: "Some manufacturer brands struggle to get near 80%, while some, mostly premium brands, are close to 80%. There are the top performing dealers in the UK where they are smashing 100%, so it is possible."

Jones said overhead absorption rates are starting to creep up. He believes this is due to steady demand from the new car market and used cars. There have also been manufacturer recalls, which have increased warranty work.

The retail parc has also increased, with many on service plans, so that means more people are coming in to get their car serviced.

**PLAUSIBLE**

100% is possible, but many dealers face mounting overheads, which pull down the average.

## IS IT MORE EFFICIENT TO RETAIN CUSTOMERS THAN WIN NEW ONES?

Jones said there can be no doubt retaining customers is better for business.

He said: "Even if you ignore the marketing costs involved with attracting new customers, recent examples we have seen show a 15% difference in favour for gross profit on retaining existing customers vs winning new ones."

He attributed some of that to the battle new customers have with sales executives when looking for a deal.

"The key on profits for existing customers is selling when they're actually not shopping for a new car. They are much less price-sensitive when they haven't been researching the market to a granular level," said Jones.

Alvis agreed that retaining customers is vital for long-term viability and growth.

He said: "The more customers you retain will demonstrate the health of your business as you will be doing something your

customers very much like. Stability of frontline staff is key to this."

Alvis said statistics from within his business (he was unable to share figures) show there is more profit to be made from satisfied repeat customers.

He said: "New customers tend to be gained because of manufacturer marketing or offers, but those that are gained through existing customer recommendation further prove you have great processes delivered by great people."

**“EVEN IF YOU IGNORE THE MARKETING COSTS INVOLVED WITH ATTRACTING NEW CUSTOMERS, EXAMPLES WE HAVE SEEN SHOW A 15% DIFFERENCE IN FAVOUR FOR GROSS PROFIT ON RETAINING EXISTING CUSTOMERS**

**MIKE JONES, ASE**

**CONFIRMED**

ASE figures suggest retained customers generate up to 15% more gross profit



### ADVERTISING FEATURE

## Improve image ratios... valet, image, web

By Michaela Gunney, UK sales director,  
Secure Valeting Group



Secure Valeting Group has provided vehicle preparation services to the UK motor industry for almost 20 years. We can now offer total dealership support services to include valeting, imaging, backdrops, video, drivers, appraisers and progress-chasers.

Our valeting teams can streamline the valeting/imaging process by producing high-quality images, video and 360-degree tours at the point of valet. The progress-chaser portal is provided free of charge by Secure and integrates with dealers' DMS systems, significantly reducing the need for data inputs. We can also quote for a full-time progress-chaser operative if required.

The great advantage of Secure and our Auto Imaging division is that all valeting, image capture, video production, branding, digital backdrop, quality control and uploading happen at the same time.

### Improve image ratios instantly

The progress-chaser portal means that when a vehicle finishes in the workshop, a valet and image can be booked automatically. The portal data can also identify at what point in the process there may be departmental issues causing delays, therefore instantly improving efficiency for your line management. To summarise, the portal provides image ratios and live reporting on all vehicles through all departments.

Auto Imaging and Secure work alongside marketing companies to ensure we find you images for backdrops that are in keeping with your dealership and the wider brand. Dealerships using Auto Imaging backdrops report a significant increase in online views.

Safe in the knowledge... it's Secure.

■ For more information, please call 01480 216 700 or visit [www.secureplc.com](http://www.secureplc.com)



## ARE DEALERS REALLY FOCUSED ON RECRUITING OUTSIDE THE INDUSTRY?

Ed Steele, managing director at automotive retail recruitment specialist Steele Dixon, said none of the senior positions he has been asked to recruit for in the past year have asked specifically to target talent from outside the industry.

He said: "I can't remember a conversation where the brief was to specifically recruit someone from outside the industry and we do around 1,000 positions a year."

Steele said there is a genuine desire from within the industry to recruit entry-level positions from outside the existing pool of candidates, but most vacancies seek tried and tested personnel.

He said: "For senior positions, it's just too risky to get someone in that is cold to the industry."

"It's absolutely possible for entry-level positions, but even then if

you've got a problem dealership, you need someone that can hit the ground running."

Most recruitment companies operate on a rebate basis if candidates don't last their probationary period. This can mean that even recruitment companies will be risk-averse when putting forward candidates that are new to automotive retail sales, as turnover of staff can be high.

Alvis said if dealers aren't looking at non-industry, they should be.

He said: "Marketing, selling and servicing cars have moved on significantly in the last 10 years."

"Dealers must employ customer service-focused individuals, social media experts and experienced individuals in people development, who are not necessarily trained in the motor trade."

## BUSTED

A leading recruitment company hasn't had a single request to recruit from outside the industry in the past 12 months

## WERE THERE REALLY ONLY 324 PRE-REGISTRATIONS IN MARCH?

No. The pre-registration figures published monthly by the SMMT are clearly not related to the practice of dealers self-registering cars to hit manufacturer bonus targets.

According to the SMMT's March 2017 figures, there were 324 pre-registrations.

AM sources have said as much as 20% of some manufacturers' volume is being pre-registered in the last four days of a month. In March, that ratio would mean up to 112,467 of the total 562,337 registrations could be pre-registrations.

So what are the SMMT figures? A source who preferred not to be named told AM: "These cars are vehicles registered by the manufacturers themselves and retained for less than three months."

"They're totally separate to what the industry looks at as pre-registrations."

Jones said pre-registrations are not inherently bad: "If you're doing a good deal on stock and you can retail them quickly, they can be a good profit stream. The problems come when groups buy vehicles specifically to hit a bonus target in an inorganic way."

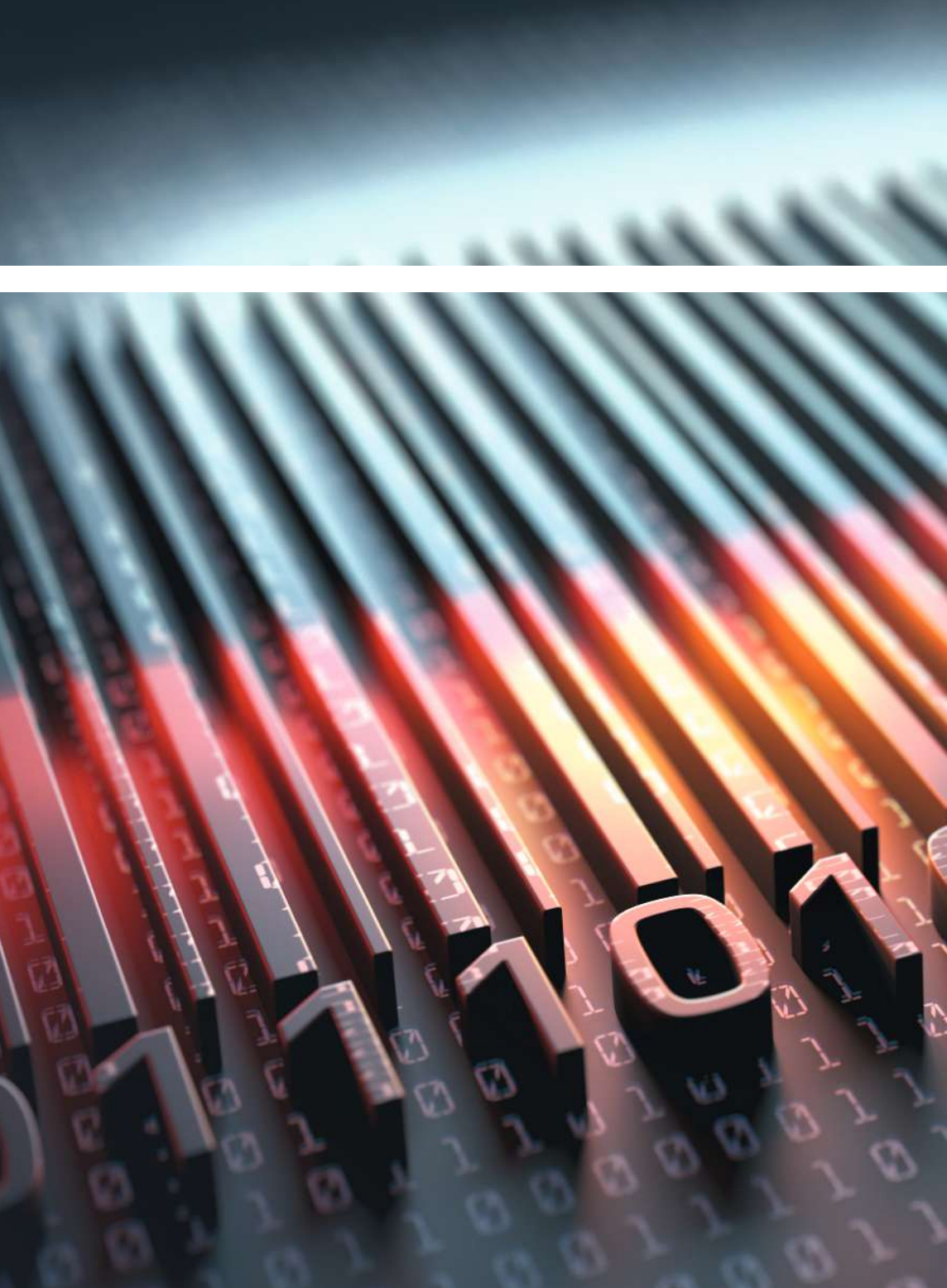
"There has been a decrease in pre-registrations in Q1 year-on-year. But no one really has in-depth access to the statistics, other than dealers and manufacturers."

"We did speak to the RMI and dealer groups about sharing data. However, it has never really gone further than that. A lot of dealers just don't want to share their business information."

## BUSTED

The SMMT's monthly figures clearly have no relation to what the industry thinks of as pre-registrations.





# MODERN RETAILING

An AM commercial supplement showcasing motor retail suppliers' forward thinking and highlighting the difference their future insights can make to dealers



# Smart automotive retail

## Why all dealerships should be 'smart automotive retailers'

**C**DK Global's work with dealerships across the country shows that businesses are potentially wasting hundreds of man-days every year, by continuing to operate fragmented business models. While it is important for a dealership's DMS to be fully integrated across all business functions and provide a holistic view of all customer interactions, it is even more vital that they work with vehicle manufacturers to share data and provide customers with a complete, consistent brand experience.

Our vision for a 'smart automotive retail' future includes dealers' online car configurators, populated with the latest product specification data that also filters into dealer marketing materials, sales and customer records, without having to rely on potentially out-of-date third-party data. This would ensure that every lead sourced from the manufacturer's website is delivered straight into a retailer's automated customer contact processes.

Smart automotive retailers will know

exactly what a customer wants when they arrive at the dealership for the first time – the first step in exceptional customer service. Every customer will also receive a bespoke 'customer journey' throughout their ownership cycle, helping to drive sales, boost service bookings, and streamline aftersales and parts operations to maximise all revenue-generating opportunities.

### From factory to desktop to driveway – seamless vehicle specification integration

As part of CDK's smart automotive retail approach, DMS processes and workflows are integrated with manufacturer applications to access franchise data. This enables retailers to import a vehicle configured by the customer online, using specified 'short code' factory data, to review with a customer.

This sort of advanced integration with vehicle manufacturer systems provides a seamless link between customer, retailer, and manufacturer at any point in the sales process. This enables dealers to generate

exact delivery lead times, look up exact vehicle data and increase efficiency through real-time stock management and parts ordering.

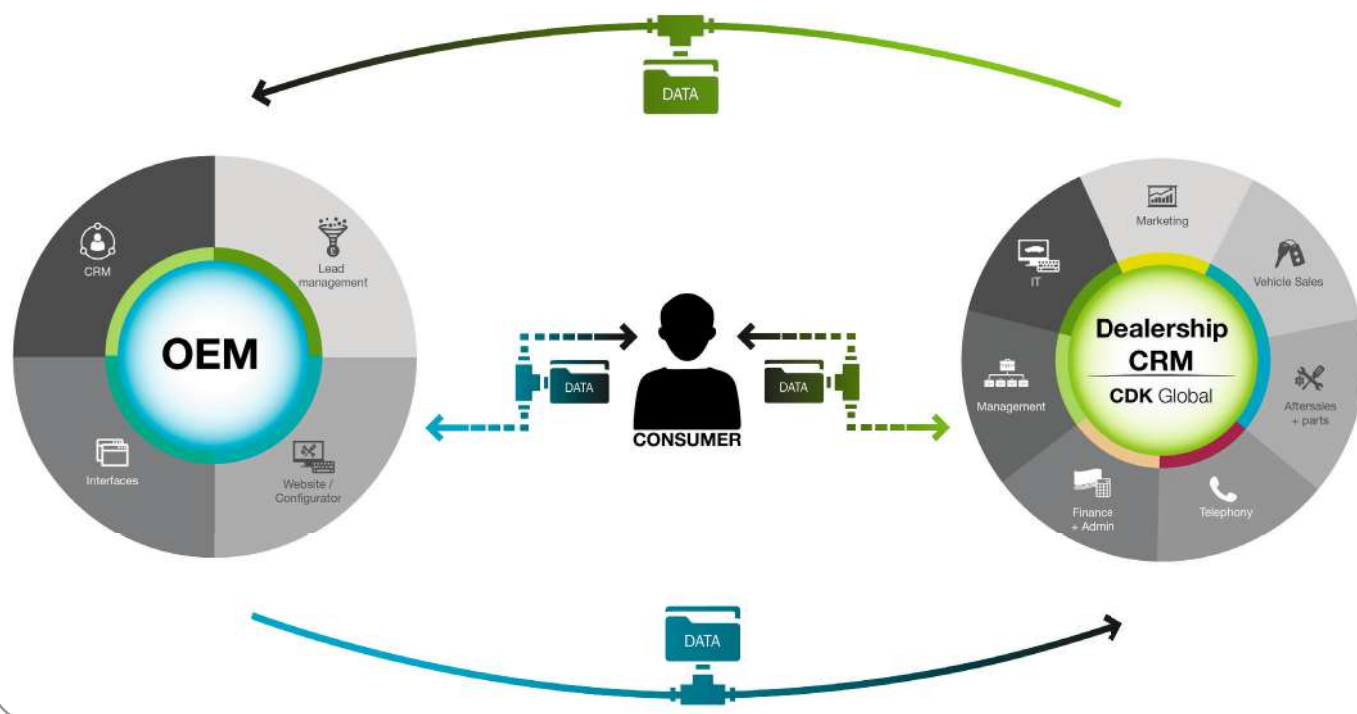
By removing the need to re-key information, look up or validate data from multiple sources, a sales person has more time to focus on upselling and delivering a personalised customer experience.

### Consumer experience boosted by single customer record

As part of its smart automotive retail optimisation of dealerships, CDK Global's DMS can combine customer data from multiple sources, including manufacturer website, dealer records and retailer websites. Providing access to a single view of a customer's records that can be updated across all departments will enable a seamless, personalised customer journey to help boost retention.

A hosted telephony system that integrates with the central pool of customer data can inform dealership staff who is calling and

### Consumer at the centre of a dealership / OEM





**“Smart automotive retailers will know exactly what a customer wants when they arrive at the dealership for the first time”**  
**PHIL STUBBS, CDK**



provide detailed information, including detail on their last visit, their vehicle, when a service or MOT is due, or even when their finance offer is due to expire.

#### **Integrating business management software**

CDK Global works with vehicle manufacturers to enable their vehicle information systems to be administered in the DMS, including parts ordering and inventory management systems and warranty claim applications. Vehicle manufacturer KPIs can be monitored, including contact response times, with processes defined to ensure all targets are met and analyse parts of the dealership where processes are less efficient.

Dealers can also run personalised and targeted marketing campaigns with more confidence and potentially deliver more accurate results due to the consistency of the data. By analysing a variety of marketing channels, customer preferences and cost-effective means of communication can be identified.

#### **Top tech delivers the best customer experience**

Staff can boost efficiency and customer experience by using mobile devices to capture customer data and preferences anywhere from the forecourt, to inside a car or on a sofa with a cup of coffee. Aftersales teams can use the same mobile devices to check customers in and out, helping to reduce queues at peak times and enhance the customer experience.

To ensure a lead is never lost, dealers can instantly act upon lead data from online, showroom enquiries and third-party sources. The DMS integrates with customer relationship management (CRM) systems to generate an automatic enquiry acknowledgement email at any time and manage initiatives such as real-time online booking systems, saving time and effort for both customers and dealership staff.

## **SERE Motors – adopting the smart automotive retail model**



Stanley Edgar, managing director of SERE Motors in Northern Ireland, explained why it decided to integrate a CDK Global DMS in 2011: “Traditional forms of communication, such as newspaper and radio, are becoming less effective. We have a customer database of just over 41,000 to contact throughout the ownership cycle for anniversaries, service and MOT reminders and special offers.

“Autoline Drive ensures that communications are carried out on time and using the preferred method of contact, whether that is by email, text, phone or letter. Thanks to our DMS, we can achieve a higher level of effective communication and therefore customer service. We have also substantially reduced our yearly mailing expenses.”

CDK Global worked closely with SERE, a Seat, Mitsubishi and SsangYong dealer, to install the Autoline Drive DMS, reviewing all dealership processes and database interactions. Since then, SERE Motors has more than doubled its turnover from £28.8 million in 2011 and is on target to exceed £60m in 2017. Profits have also improved from £147,000 to

£849,000. While these financial results are due to a variety of factors, SERE is convinced that the efficiencies they have achieved through using Drive have contributed to their success.

One of the key benefits offered by Drive is the workflow integration between dealership and manufacturer. The DMS ensures that new leads provided by manufacturers are responded to immediately. The workflow process also ensures that data is only entered once and populated between departments, reducing administration time by an estimated 80% and allowing SERE staff to concentrate more on improving the customer experience.

The new system was also an opportunity for SERE Motors to look at alternative ways to invest in the future.

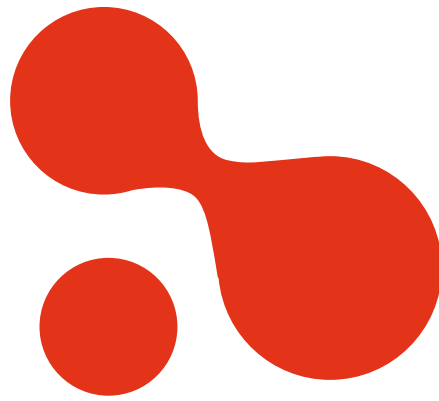
“We are looking at trialling the use of mobile devices to make the dealership experience more customer-facing,” said Edgar.

“For the used car market, for example, it means staff can look up vehicle details while with customers on the forecourt.”

**For more information, please visit [www.cdkglobal.co.uk](http://www.cdkglobal.co.uk)**







# BIONIC

## TECHNOLOGY

A NEW CHAPTER IN  
PAINT PROTECTION FROM

*Supagard*<sup>®</sup>

[supagard.com](http://supagard.com)

# Bionic: adj – having amazing strengths and capabilities

**S**upagard is already the UK's market-leading paint, fabric and leather protection product, with more than 400,000 vehicles being protected in 2016 in the UK alone. The launch of the all-new Supagard Bionic Technology range is an exciting prospect and has been greeted with an almost 100% uptake from our dealer and manufacturer partners within the first four weeks of our pre-launch programme.

Supagard Bionic Technology is available to all and offers consumers an advanced quality of products for paintwork, fabric and leather and a market-leading guarantee.

They say good things come to those who wait and this has certainly been the case with our Bionic Technology range. It has been under development for the past 24 months, in laboratories and in the field across Europe, US and Asia, to develop outstanding protection against even the most extreme climates across the globe and a marketing brand to match.

James Smyth, our technical director, said: "Our Bionic Technology range is a real progression and has pushed the boundaries of what is currently possible while still operating within current legislative guidelines."

"Myself and our team had a vision 24 months ago to push protection to the limit for some of our international markets, such as South-east Asia, where the climate is hugely challenging. With that in mind, we have created specific protection that is unrivalled in the marketplace – our partners love it, their customers love it and their consumers love it, so it's fantastic news all round."

Supagard Bionic is an all-round upgrade to the programme, with a new brand, fresh design, new web-based portals and an enhanced consumer guarantee.

In addition, our customer aftercare products have been upgraded and comprise a unique range of handy products to help maintain that showroom finish on your car. We pride ourselves on offering products that have our impressive "wow factor" when used to clean your car.

The new range comprises six easy-to-use trigger sprays – our wheel cleaner, glass cleaner, dash and door enhancer, upholstery



**James Smyth, Supagard technical director: 'We have created specific protection that is unrivalled in the marketplace'**

**“Our Bionic Technology range is a real progression and has pushed the boundaries of what is currently possible”**  
**JAMES SMYTH, SUPAGARD**

cleaner, tyre dressing (which lasts up to a week on your tyres) and a bug remover that makes bug splats easy to remove. We complement the range with our premium car shampoo, which adds another layer of shine to paintwork, a wheel brush, sponge and a quality microfibre cloth.

Our Bionic Technology does not just stop at our chemical range; this August will see the introduction of an industry-first lifestyle bag for our customers. Our new aftercare bag was designed with features such as an internal compartment to carry a laptop and red reflective piping for night-time use, increasing safety when walking to your car

or even cycling. We also added a zipped storage compartment to the rear of the bag, large enough to hold documents.

With safety on the mind of every driver, we have developed our new Bionic SupaVision application, which will dramatically improve both day and night visibility while driving in the rain, sleet or snow. This hydrophobic invisible film over the windscreen alters the surface tension, which aids the removal of water and other contamination from the surface of the glass. Following our 24 months of research and development, we have managed to chemically build a formulation that can last up to 12 months on the glass.

A study last year by the European and Economic Social Committee showed that consumers are willing to pay more and are more likely to purchase products that they understand will last longer.

David Paterson, Supagard's marketing director, said: "This is a message we are introducing throughout our marketing collateral and on our newly launched website. Supagard is now a global business and it's important we have a brand to match, which conveys the correct message to consumers."

For more information, please contact Supagard at:  
19-29 Gavinton Street, Muirend, Glasgow, G44 3EF;  
phone: 0141 663 5933; email: [info@supagard.com](mailto:info@supagard.com);  
or visit: [www.supagard.com](http://www.supagard.com)

**Supagard®**

# CREDIT HIRE COVERED

## YOUR BRAND VALUES REINFORCED



Get in touch to find out more about working with us today.

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# How do your partners' levels of service score?

**C**hanging consumer attitudes towards car ownership, as people increasingly move away from traditional purchases in favour of fixed-term agreements, such as personal contract purchases, bring with them a host of new opportunities for a dealership to consider.

On one hand, a fixed-term deal guarantees an additional point of contact with the customer, and a new sales opportunity when the deal expires. On the other, drivers are increasingly seeing their cars as commodities, so are more likely to switch brands or dealerships if they feel a better deal, or better service, can be found elsewhere.

Loyalty must be instilled during the period of ownership through the quality of the service delivered. A customer that feels they are in safe hands with their dealership is much more likely to keep coming back when changing vehicle, and this can be achieved by only choosing to work with suppliers that share the same customer-focused, added-value ethos.

Indeed, in a service-led industry, the companies that thrive are the ones that pay close attention to their customers' experiences and develop relationships through mutual trust. But how can a dealership be sure it is working with the right companies and getting the service it deserves?

## Measuring success to pick the right partner

The net promoter score (NPS) metric is a key way to establish a company's customer satisfaction levels, yet is something that is often overlooked in the automotive industry. Calculated using feedback scores, NPS results show how companies compare when it comes to customer satisfaction, and scores can fall anywhere between -100 and +100.

When it comes to customer service, a key way for a dealer to add value is by keeping its customers mobile in the event of an accident. This can be achieved through working with a trustworthy credit hire supplier, such as EDAM Group. Supporting a customer at a time when they would



L-R: Edam Group chief revenue officer Marc Lafferty; chief executive Steve Turner; and chief financial officer Ken McPherson

otherwise be without a vehicle can reinforce the group vision, brand experience, encourage customer loyalty and push more revenue through their bodyshop/repair bays.

Choosing the right credit hire supplier is an important decision for a dealership to make, as it is much more than just finding a company that can handle non-fault claims. A dealership needs to be confident that their partner will reinforce their values at every stage, while providing the customer with a brand-matched vehicle of equal or higher value than the vehicle being repaired.

## Giving credit hire where it's due

EDAM Group is the only credit hire supplier to the automotive industry to make its net promoter score public. The company's NPS recently increased to +76, underlining the importance EDAM Group places on its service, and the positive impact on customer satisfaction as a result.

A strong NPS, supported by an up-to-date

fleet of vehicles and ability to white-label the service to retain brand presence, are key elements that a dealership should consider when looking for a credit hire partner. All underpin EDAM Group's approach, and together, deliver a seamless experience to the customer and will help reinforce their positive views towards the dealership.

If the developing approach towards car ownership means that cars are seen as more consumable and disposable than ever before, dealerships need to keep pace with these changes and ensure they tailor their business to suit.

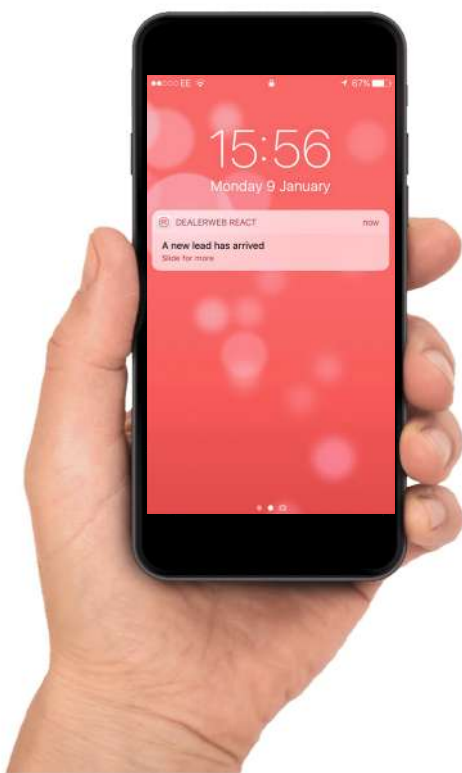
Focusing more on the service than the product is essential. Using trustworthy third-party specialists – with customer service levels proven by a strong NPS – is a key way for a dealership to provide more value-added services, without adding strain to an already stretched internal workforce.


**For more information on how to add value to your customer journey and reinforce your brand values, please contact one of our business development directors: Kelly Holden (07854 289 240) or Nigel Evans (07712 653 281)**








If you don't react to online enquiries within 4 hours,  
they will!



 Alerts the sales team as soon as web leads hit the dealership

 One click and personalised email response options become actionable

 Also available as an App to enable true time-saving mobile access

 Complete process can be completed within a minute

 **Dealerweb React**

[www.dealerweb.org/products/react](http://www.dealerweb.org/products/react)

# Helping dealers 'react' to buyers' changing needs

**T**here is an increasing appetite among digital-savvy car buyers for online contact with sales staff – and the pressure is on dealers to respond. In a recent poll of 1,000 motorists exploring attitudes towards the car-buying process, Dealerweb found an increasing preference for electronic communications.

Dealerweb's findings highlight that younger generations of car buyers are more likely to prefer electronic communications with dealership staff. Some 52% of buyers under the age of 35 expressed a preference for contact via messaging apps, SMS, email and social media – compared with just 24% of buyers over the age of 55.

What's more, the shift towards electronic forms of communications means customers expect quicker responses to enquiries. When enquiring online about a vehicle, 49% of prospective buyers (across all age groups) expect a response within one hour. And 25% expect a response in under 30 minutes.

Crucially, the research found that more than a third of prospective customers (34%) would take their enquiry elsewhere if the dealer didn't respond in under four hours. After just an hour without a response, 10% of prospective buyers would take their custom elsewhere.

Consumers researching a potential car purchase increasingly favour digital contact with sales staff, and demand ever faster, more personalised responses. To meet



these changing expectations, Dealerweb has launched React, a new tool that enables dealers to respond more efficiently to web enquiries, in a consistent, professional manner.

## The growth in online enquiries

The volume of web leads continues to rise each year. In the first quarter of 2017, Dealerweb data from UK volume- and premium-brand dealers showed that online leads increased by 21% compared with the same three-month period in 2016. The volume of walk-in leads over the same period remained static. This is a continuation of a trend towards online enquiries witnessed over recent years.

James Hill, operations director at Dealerweb, said: "Dealers are witnessing a dramatic growth in the number of web-based customer enquiries, representing a clear shift in consumer behaviour. Dealerweb has developed React to help dealers stand apart from their competition and make the most of the growing online opportunity."

## The answer: Dealerweb React

Dealerweb React enables dealers to respond quickly and efficiently to online customer enquiries. React is designed as a smartphone app and desktop application, channelling all customer leads into one location. It also allows dealers to create swift and personalised responses.

React captures online leads from different sources, and guides sales staff through a step-by-step process to create professional and personalised HTML emails. Specific content can be added, such as file attachments and web links, further personalising the response and boosting customer engagement.

Operating alongside Dealerweb's Showroom lead management system, or as a stand-alone solution, React delivers a smooth progression from the customer's online experience to their eventual visit to a dealership. Dealerweb Showroom customers benefit from a seamless integration, with full data synchronisation between React and Showroom.

Real-time reporting and analysis in React empowers managers to assess the performance of different lead sources and individual sales personnel.



**“Dealers are witnessing a dramatic growth in the number of web-based customer enquiries, representing a clear shift in consumer behaviour**

**JAMES HILL, DEALERWEB**

To learn more about React, contact Dealerweb on 01392 247 477 or visit [Dealerweb.org](http://Dealerweb.org)

 **Dealerweb**



**Marketing Delivery**

**DATA DRIVEN MARKETING**

**Add Social Media  
to your CRM**

# Social Relationship Management

How do I keep up with Digital Communications?!

What are my customers doing online?

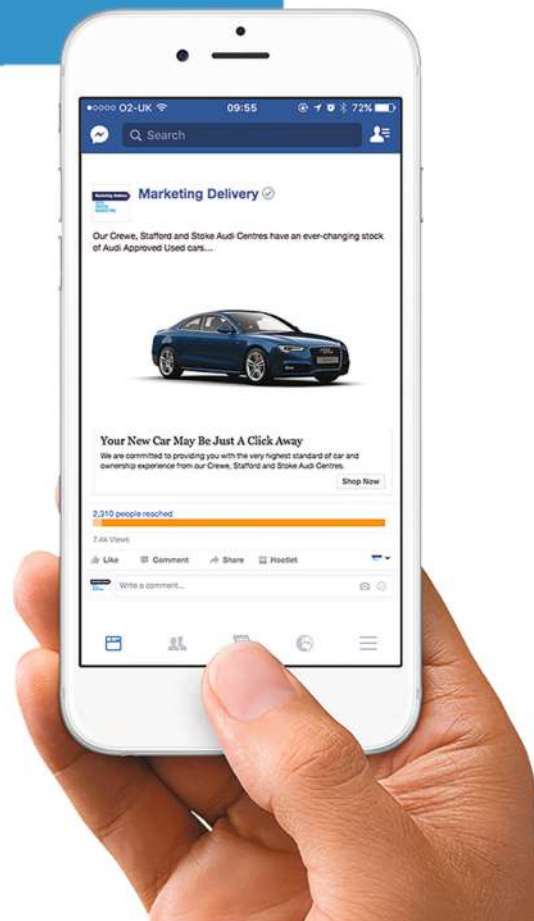
If you want to keep up with the ever-changing online environment, you need to be doing more than just eCRM.

Personalise your Lead Management

Follow up on Leads

Utilise Tracking and Targeting Tools

Promote New and Used Stock to Existing Prospects



**Get in touch to learn how we can improve your business!**

**T: 01892 599 913**

**W: [marketingdelivery.co.uk](http://marketingdelivery.co.uk)**

# Take your electronic CRM to the next level

Online shopping behaviour has changed significantly over the past decade, with a recent survey by Capgemini highlighting that a staggering 72% of customers would now consider buying a new car online, and 57% would consider buying directly from a manufacturer website. To keep up with the needs and expectations of the internet-savvy customer, a personalised and engaging digital marketing strategy is now more essential than ever.

Marketing Delivery provides tailor-made digital marketing solutions for car dealerships across the UK. Our focus is on implementing bespoke electronic customer relationship management (eCRM) and social media campaigns that make interactions with customers more productive, ultimately driving up sales and retention rates.

We are now taking the eCRM approach to the next level, by working across multiple platforms to deliver comprehensive social relationship management (SRM) that underpins highly targeted, personalised engagement. For example, Car Alerts acts as a 'silent salesperson', streamlining the processes of following up on leads and promoting new stock to existing prospects via email and social media.

While eCRM has proven hugely successful, if dealers want to keep up with the ever-changing and increasingly competitive online environment, they need to do more. SRM 'hyper-targeting' techniques make that possible. For example, Facebook advertising allows dealers to target and engage directly with all relevant users according to their

location and the vehicle they currently drive, as well as by their search preferences when investigating a potential new car purchase.

We can identify and respond to online behaviours, such as customers researching a dealership on their Facebook webpage. Customers often access ratings and reviews on the platform. If the user then visits the dealer's website, a 'Facebook pixel' tracking code can monitor their engagement with different pages.

At the highest level, we can use the data from this tracking feature to target existing customers as well as a 'lookalike audience'. This is where we can analyse the characteristics of a large enough sample audience to create an expanded group with similar demographics and interests.

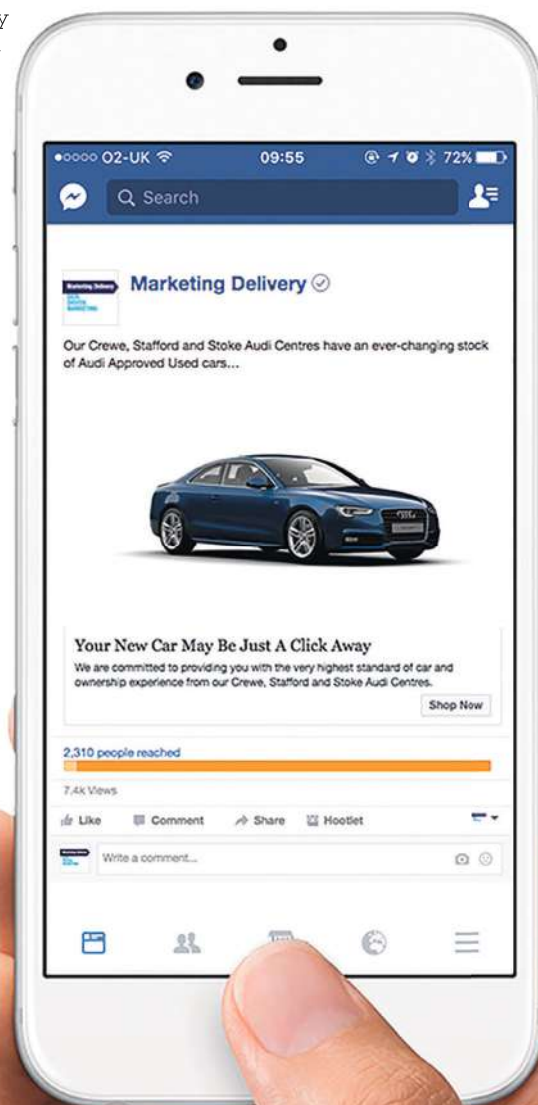
An even more relevant audience can be filtered according to their interaction with the dealer's website. For example, targeting only those people who clicked on used cars, and serving them with relevant advertising tied to the dealer's pre-owned stock. A database of contacts can be taken from a dealer's DMS and uploaded to Facebook. If the set of contacts is large enough, it can be matched to known customers with existing profiles on Facebook, giving dealers a new way to communicate with current and potential customers.

'Micro-audience' targeting takes this a step further, by using additional data from our eCRM system's customer records to narrow down a group of 'live' used car prospects. The resulting highly relevant audience can then be served with data-driven marketing that follows up on their initial enquiry.

A key benefit of SRM is the personalisation of lead management. Using tracking and targeting tools on social platforms, Marketing Delivery can help dealers communicate with customers looking for particular marques and models, to deliver an unrivalled personalised experience for the customer.

**If dealers want to keep in touch with their customers, they need to work across multiple platforms to deliver comprehensive Social Relationship Management**

**JEREMY EVANS,  
MARKETING DELIVERY**



Telephone: 01892 599 913  
Website: [marketingdelivery.co.uk](http://marketingdelivery.co.uk)  
Email: [get.in.touch@marketingdelivery.co.uk](mailto:get.in.touch@marketingdelivery.co.uk)

**Marketing Delivery**  
DATA DRIVEN MARKETING

# carwow

## It's car selling with you in the driving seat.



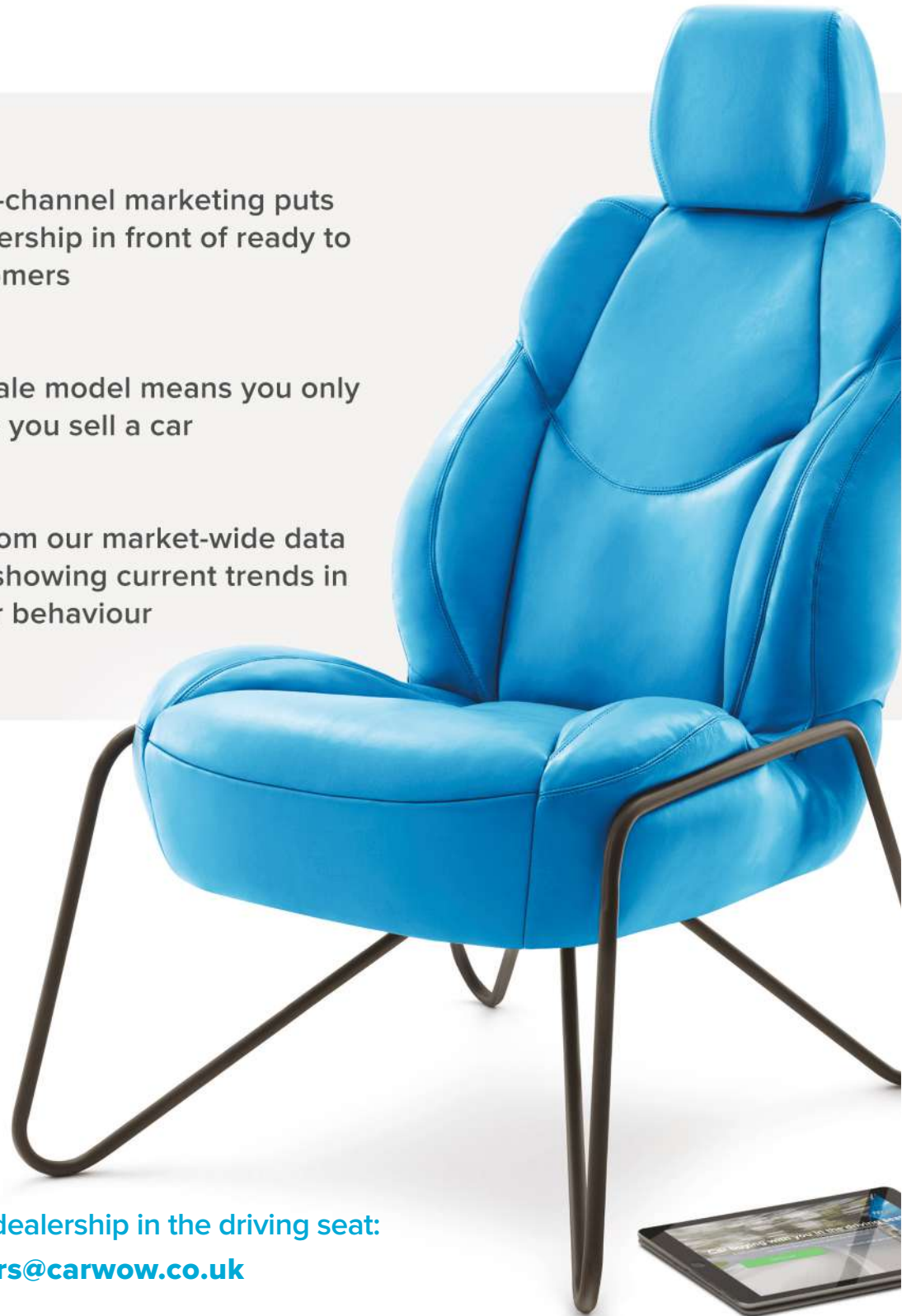
Our multi-channel marketing puts your dealership in front of ready to buy customers



Pay per sale model means you only pay when you sell a car



Benefit from our market-wide data insights, showing current trends in consumer behaviour



Join us now to put your dealership in the driving seat:

0203 780 7175 | [dealers@carwow.co.uk](mailto:dealers@carwow.co.uk)



# How dealers are winning in the online revolution

As car buyers increasingly start their purchase journey browsing the internet rather than the forecourt, dealers and manufacturers are racing to turn e-browsers into buyers.

carwow is helping its network of 1,500 dealers to make online offers to interested customers quickly and efficiently using their online platform.

Generating thousands of qualified leads every day, carwow has helped bring £1.6 billion worth of sales of new and nearly new cars to dealers since 2013.

Traffic to the site continues to boom as more customers learn about its unique proposition through a £10 million marketing spend nationally and locally.

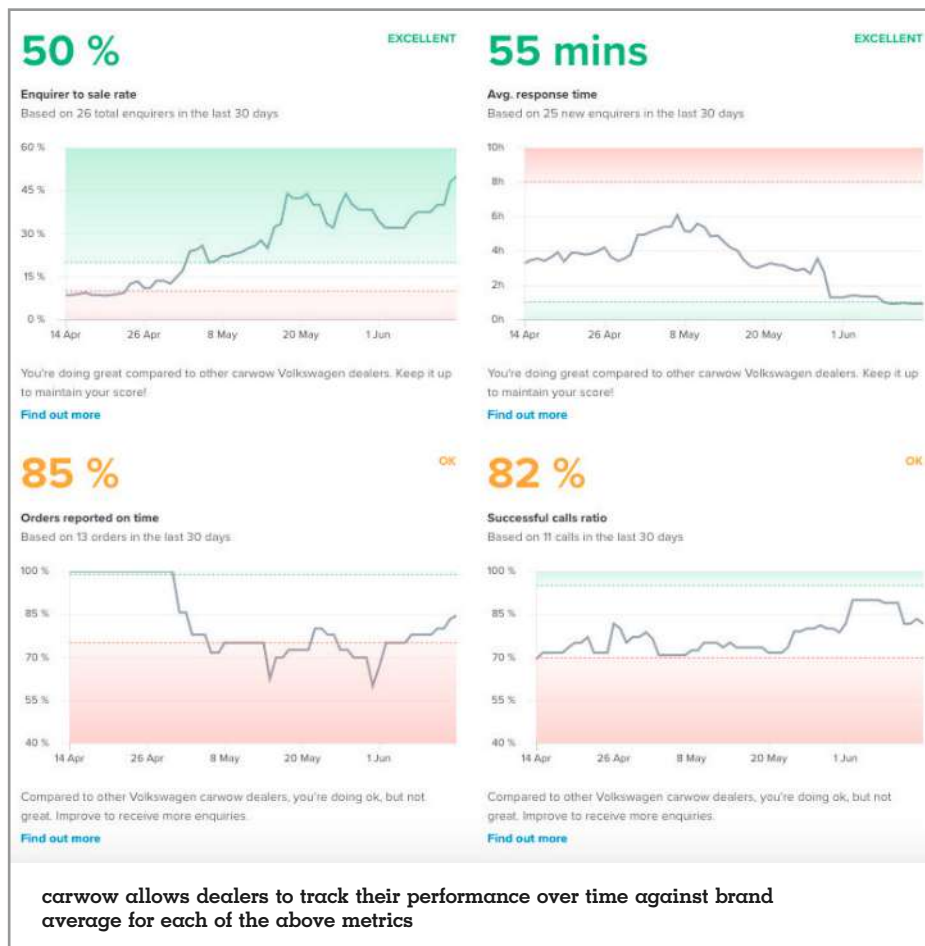
Karen Hilton, head of sales operations at carwow, said: "With four in five UK internet users now shopping online\* the public has the expectation that anything and everything can be bought online at the tap of a smartphone screen."

carwow ensures its website has everything a shopper needs to start their buying journey from the comfort of their sofa. Its YouTube channel has more than 7.5m views and its online guides cover model launches, comparison tables and benefit lists, all delivered in an easy-to-understand, unbiased format.

The offer delivered on behalf of carwow partner dealers is much more than just a transparent price – location and customer reviews are also key. Data shows that more than half of customers (57%) buy from the carwow dealership that is closest to them.

Westover Group, one of the largest privately owned motoring groups in the south of England, with 24 showrooms, added the carwow arm to the business in 2016. It has now become the busiest department at the dealership. Originally receiving only one or two enquiries a day, it now handles about 30 a day, compared with the general forecourt sales team that meets about 60 people in total per franchise a week.

Kian James, who runs the Westover Group carwow department, said: "We recognised that the way people shop has changed dramatically over the past decade and that we as a business needed to adapt. The results since taking the business online



“THE PUBLIC HAS THE EXPECTATION THAT ANYTHING AND EVERYTHING CAN BE BOUGHT ONLINE” KAREN HILTON, CARWOW

through carwow have echoed this, not only with the large amount of enquiries the dealership receives, but also our ability to hit sales targets.

"It has allowed us to tap into a new set of customers – reaching potential car buyers from further afield as they don't have to visit

the dealership, as well as making the process of car buying a lot quicker and easier."

For dealers in the network, there's a host of other benefits, including local competitor insight, which highlights customers who have been won and lost and shows why that customer has been lost, as well as additional, targeted marketing activity to its in-market customers.

carwow is ambitious for growth and is looking for dealers to share in that growth – are you ready to embrace the digital revolution? To find out more about carwow and how to start selling, visit [dealers.carwow.co.uk](http://dealers.carwow.co.uk). \*Eurostat, December 2016

For more information, contact Jag Atwal  
on [dealers@carwow.co.uk](mailto:dealers@carwow.co.uk)

**carwow**

# AM PORTFOLIO

WHAT WE DO IN YOUR INDUSTRY

## AM magazine

Your monthly publication, in print and digital form, brings the latest news insights, market intelligence and in-depth interviews with franchised dealers and the heads of manufacturer national sales companies. Every issue also tackles a specific topic of dealer operations and gathers inspiration for readers from sector experts.

## Independent Dealer magazine

Essential reading for anyone managing an independent used car retailer, Independent Dealer is published every spring and autumn. The spring edition brings you the ID50 rankings and analysis of the largest used car retailers in the UK. The autumn edition shares best practice to help readers understand where the growth opportunities lie.







## AM Awards

More than 1,000 people gather each year at the ICC in Birmingham to see the UK's best in motor retail rewarded with a prestigious AM Award. More than 20 trophies are presented during the gala dinner, in categories for dealers and carmakers. Every winner is celebrated, culminating in the headline awards of Retailer of the Year, Business Leader of the Year, Manufacturer of the Year and Hall of Fame.

## AM EXECUTIVE BREAKFAST Club

This free-to-attend networking and business improvement club is exclusively for directors of franchised dealer groups. Its meetings are quarterly, confidential, and always bring inspiration from a non-automotive guest speaker. Past presenters have included a director of customer service at John Lewis, a head of HR at the BBC, a co-founder of budget airline BMI Baby and a head of event services at the London 2012 Olympics.



Profitability, growth and acquisitions are regular subjects of conversation at the annual AM100 gala dinner in London. It is here that AM presents the latest AM100 rankings of the UK's largest franchised dealer groups, and previews its AM100 supplement, complete with analysis of the trends.

## AM conferences

Inspiring case studies, sector specialists' advice, peer networking and interactive problem-solving workshops all feature in AM's conferences designed to support motor retailers in their thirst for knowledge. Our recent conferences have tackled critical areas such as people and skills, digital marketing and technology, customer service and regulation of F&I.



## AM-online

A daily source of UK motor retail news, insight and opinions for franchised and independent dealers. Register to receive our daily newsletter direct to your email inbox, and on Saturday a digest email brings you the most important news of the week.

## Automotive Management Live

The success of our newest event, combining an exhibition hall packed with more than 60 exhibitors with best practice workshops spanning important aspects of dealer operations, has prompted a decision to move it to the National Exhibition Centre at Birmingham in 2017. As ever, it will remain free for all franchised and independent dealers to attend.







The Q5 is the second-highest seller  
in Audi's SUV sub-brand

# AUDI Q5: NEW SUV BODES WELL FOR RETAIL PROFIT – IF UK CAN SECURE SUPPLY



**S**ince Audi launched the Q5 in 2008, it has sold 1.6 million worldwide. In that time, Audi's UK dealers have registered 66,365 Q5s and have been well placed to capitalise on the trend for SUVs. That position will only be strengthened by Audi's plans to add Q4 and Q8 SUV/fastback crossovers in 2018, making a total of six SUVs under its Q sub-brand.

"Audi now has as many SUVs as it does sedans or conventional bodystyles," said Jon Zammatt, head of PR.

"With the new model, the Q5 really does come of age, and we believe it sets a new benchmark for quality and refinement."

The Q5 is a crucial part of the Q family – only the smaller Q3 outsells it – and only a third of its annual sales are in the fleet market, so Audi dealers can capitalise on the retail profit opportunity.

Launched at the end of March, the Q5 is built in a new factory, using advanced materials, such as hot formed steel and aluminium, to save 90kg in weight.

"This is a big evolutionary stage for us in lightweight construction. We are really paring the weight down with every generation of car we launch," said Zammatt.

While the previous Q5 had permanent all-wheel drive, all the UK versions of the new Q5 have an 'intelligent' all-wheel drive system, which Audi described as "Quattro with ultra technology". It's a sensible step,

as few customers regularly require four-wheel drive. Designed to improve fuel and emissions efficiency, the vehicle runs in front-wheel drive in normal conditions. However, by evaluating a number of factors, such as steering angle and acceleration, it engages the all-wheel drive if tyre slip is detected.

As buyers may expect of a car that starts at £37,000, plenty of other premium features are included as standard: 18-inch alloys; leather upholstery; heated front seats; keyless start; three-zone climate control; Xenon headlights; and LED rear lamps. Also standard are Audi Drive Select, which lets the driver switch between pre-set characteristics in comfort, auto, dynamic, efficient and off-road modes, and Audi's MMI multimedia interface, which links with the driver's smartphone for navigation, phone and music use.

Behind the standard power-operated tailgate (opened by a button press, or a foot wave beneath the bumper if the optional advanced key is specified), luggage capacity has increased by 10 litres to 550 litres, but sliding rear seats allow this to expand to 610 litres if the rear occupants are happy to sacrifice some legroom.

Above the entry-level SE car sits Sport, which adds MMI-integrated navigation, connected infotainment, LED interior lighting and small external styling changes. S Line tops the range with more body-styling, 19-inch alloys and liberal use



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£51,200



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252PS, 2.0TDI  
DIESEL 190PS,  
3.0TFSI PETROL  
354PS



0-62MPH  
5.4-7.9SECS;  
TOP SPEED  
135-155MPH



SEVEN-SPEED  
AUTOMATIC,  
EIGHT-SPEED  
TIPTRONIC AUTO



34.0-56.5MPG



132-189G/KM CO2

## ≡ KEY RIVALS



**Volvo XC60**

✓ MORE EFFICIENT FWD MODELS, AVAILABLE AS A HYBRID

✗ SMALLER LUGGAGE CAPACITY



**BMW X3**

✓ RAPID PACE, SPORTY DRIVE

✗ GETTING OLD, NO PETROL ENGINES OFFERED



**Jaguar F-Pace**

✓ DRIVING DYNAMICS, BIG BOOT

✗ DIESEL IS SLOWER ON THE 0-62MPH SPRINT

## ≡ REVIEW RATINGS

**AUTOCAR**



**WHAT CAR**



**EVO**



AUDI NOW HAS AS MANY SUVs AS IT DOES SEDANS OR CONVENTIONAL BODYSTYLES

JON ZAMMATT,  
HEAD OF PR





The SUV comes with an optional 'virtual cockpit' (£250)



A power-operated tailgate is standard

## THE TREND FOR SUVs IS WORLDWIDE.

EVEN WITH OUR NEW [Q5] FACTORY IT IS STILL DIFFICULT TO MEET DEMAND

MARTIN BAKER, AUDI

of branding inside and out. Accompanying these is a performance-orientated SQ5, which is offered only with the range's most powerful 3.0-litre V6 petrol engine, so it will be a small part of the model mix.

The 190PS 2.0-litre TDI turbodiesel will be more prominent in the line-up. Its 51.5mpg official combined fuel economy and 132g/km CO<sub>2</sub> make it the most efficient in the range. A 252PS 2.0-litre TFSI petrol completes the range, although it is likely to account for less than 10% of sales.

There are plenty of profit-boosting opportunities in the options list across all Q5 models, including: adaptive air suspension (£2,000), which is configurable using the Q5's 'Drive Select' button; a panoramic glass sunroof (£1,400); and a 'virtual cockpit' (£250) that lets the driver switch the 12-inch digital instrument display between large dials and smaller dials with navigation/MMI display at the touch of a button on the steering wheel.

The most popular optional equipment has been bundled into packs. A technology pack (£1,100) comprises MMI Navigation Plus with a 10GB hard drive, wireless phone charging and three years' 4G internet connectivity, while a comfort and sound pack (£1,250) adds electric front seats, keyless entry and a Bang & Olufsen 19-speaker surround sound system. **TIM ROSE**

## Q&A



MARTIN BAKER,  
Q5 PRODUCT MANAGER,  
AUDI UK

**What opportunities does this new model offer Audi and its franchised network?**

Q5 has always been really popular with our customers and it has always been good for us. We have never been able to get the supply to meet the demand.

For us, the biggest opportunity is in the retail market. That's where the car has always been successful in the past, and we still feel that even with the new competitor landscape it's the best in class. Inside and out, it is a completely different car. It's packaged differently, it's quiet, refined and the build quality is superb.

But there is more opportunity within the fleet segment as well, because Q5's CO<sub>2</sub> has come down by 27g/km.

**So the previous model was supply-constrained – will that change with this one?**

Well it's similar with this one, because the trend for SUVs is worldwide. Even with our new factory (in Mexico, exclusively for Q5, building 150,000 annually) it is still difficult to meet demand. The previous model had a record year in 2013 with just above 13,000 UK sales, and last year we had a strong result with 12,680. While we continue to put our hand up for more and more, the question remains whether we can get it.

**Are there benefits from supply constraints?**

It continues to help with residual values and ensures the car is desirable.

**What finance programmes are in place?**

We have a PCP and PCH. Finance is always

important on this car because it has had such strong RVs. We expect that to continue.

**Are there any financial incentives for existing customers?**

There are no loyalty incentives on the new car. Because the old one is still sought after, customers coming to the end of their finance will be in a great position to move into the new one.

**What will dealers sell most?**

We expect the 2.0-litre TDI in S-Line to be the most popular combination, as on the previous generation. A customer in an S-line Plus that they bought two to three years ago could easily go straight into the new S-line and get better refinement with the engine, the same level of quality and all the equipment they are used to.

**Do you expect conquest sales?**

This market segment has changed so much in the past 18 months, with a lot of new competitors, such as the Jaguar F-Pace and Mercedes GLC, but we know that the Q5 is strong enough to go up against these competitors and give us a conquest opportunity, not just from SUVs, but from people moving out of BMW 3 Series or Mercedes-Benz C-Class for example.

**What marketing are you doing around Q5's launch?**

Audi Centres held their launch event in March, and we have rolled out TV advertising as our main campaign, with the message 'Now Is Calling'. The aim is to demonstrate how versatile the Q5 is, by showing it dynamically, as a lifestyle choice and a family car. It ticks every box. We did central launch training at the start of the year and dealers were very excited. They saw the technologies in action, experienced Quattro on demand through an iPad, which showed when it was engaged and when not, and how much fuel they saved. Dealers know they have customers who have been waiting for this car. **TIM ROSE**





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## MAZDA MX-5 RF 2.0-LITRE SPORT NAV

REPORT  
PROGRESS



## MAZDA'S MODEST COMFORTS GO A LONG, LONG WAY

**M**ost people in the market for a Mazda MX-5 RF are unlikely to be planning major commutes in it – a two-seater with a boot so small it is almost filled by an overnight bag (at 127 litres, it has half the cargo capacity of a Smart ForTwo) clearly has limitations.

However, having used it for long-haul work trips, including from our office in Peterborough to Harrogate (130 miles each way) and an epic from Peterborough to Plymouth (280 miles each way), I have found the modest comforts of our long-term test car particularly useful.

Five hours behind the wheel with the road just a few inches beneath you makes you grateful for the cruise control that comes as standard on all RF models.

The speakers in the driver's headrest are also handy to hear the audio system and Bluetooth hands-free phone system, because tyre noise is quite pronounced at motorway speeds and, with the roof down to enjoy Britain's brief sunshine, the journey can be quite blustery.

Sat-nav was unavailable on older generation MX-5s, but buyers now have the option of SEL-Nav and Sport Nav trims. The navigation system is very intuitive, and setting it is quick and simple through the multimedia commander just to the left of the driver.

What's remarkable is that this car now has equipment traditionally shunned by sports car purists for whom weight-saving is paramount, yet in a package which, at 1.1 tonnes, still weighs almost a quarter less than the next lightest mainstream car in the market. **TIM ROSE**

☒ EQUIPMENT, FEEL-GOOD FACTOR

☐ ROAD NOISE, BEST FOR DRIVING SOLO

  
OFFICIAL COMBINED  
CYCLE FUEL ECONOMY  
40.9MPG

  
AVERAGE FUEL  
ECONOMY ON TRIP  
COMPUTER  
NOW INCREASED  
FROM 40.8MPG TO  
42.0MPG

  
REPRESENTATIVE  
PCP APR  
3.9%

  
MAZDA DEPOSIT  
CONTRIBUTION  
£500

## SUZUKI BALENO BOOSTERJET SZ5 AUTO

REPORT  
PROGRESS



## BALENO'S REAL-WORLD MPG IS A SHOWROOM TALKING POINT

**J**ust as *AM* published my first review of the Baleno, where I noted the lack of publicity for what is a very compelling car, out came a release from Suzuki acknowledging an award from HonestJohn.co.uk.

The consumer website voted the Baleno its 'best real mpg performer'. What made the accolade so relevant was the fact it stems from readers logging the 'true' fuel economy of their vehicles into the website, which has a database of more than 121,000 'real mpg' submissions.

In the past 12 months, Baleno drivers reported that its 1.0 Boosterjet manual engine returned an average 59.3mpg, or 99 per cent of its manufacturer-advertised figure. This is surely a point to raise in the showroom.

Concerns around the relevance of manufacturers' mpg figures to real-world driving has led *AM*'s sister title *Fleet News* to introduce Emissions Analytics' independent testing data to its CO<sub>2</sub> and mpg look-up tool. It gives the 'real world' mpg of our automatic test model as 48.7mpg, or 85% of Suzuki's official figure of 57.6mpg.

In my own experience of driving the Baleno in the past month, I can't get the average mpg figure to budge beyond 52.1mpg, or almost 91% of the official figure, which is impressive as most of my driving is the three-mile commute to and from work, with the only exceptions being trips to Warwickshire and Cambridge from Peterborough.

I'm happy with that. **JEREMY BENNETT**

### KEY RIVALS

#### Ford Fiesta



☒ MASS MARKET APPEAL, THE INDUSTRY STANDARD FOR A SMALL CAR  
☐ BASE SPEC MODELS A LITTLE LACKING IN GOODIES IN COMPARISON

#### Hyundai i20



☒ ROOMY, GOOD STANDARD OF EQUIPMENT FROM SE SPEC ONWARDS  
☐ 'CHEAP' INTERIOR PLASTICS

☒ NIPPY ENGINE WITH RESPONSIVE AUTO TRANSMISSION

☐ THE BEEP EVERY TIME YOU UNLOCK THE DOORS

CURRENT MILEAGE 0 3 0 7 5

START MILEAGE 0 0 8 7 0

CURRENT MILEAGE 0 3 6 6 9

START MILEAGE 0 1 5 1 0

## ≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Chris Simons, sales manager at Unity Leicester, correctly named the Subaru Tribeca in last 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](mailto:am@bauermedia.co.uk) with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, July 7.





## ADVERTISING FEATURE EXECUTIVE PANEL

# Industry professionals share

**K**nowledge is power, and businesses need as much expert advice and insight as possible to succeed. For senior managers in franchised dealerships, who are ultimately responsible for a multi-faceted service, retail and business-to-business operation, that need is even more pronounced. This is where AM's Executive Panel can be of real help. The Executive Panel is made up of AM commercial partners who are all experts in their key industry segment – segments that can have a major influence on a motor retail business's bottom-line profitability and customer experience.

### AUCTIONS

## Profit springs from good appraisal

By Simon Henstock, BCA chief operating officer, UK remarketing



Advances in technology continue to accelerate the used vehicle sales and remarketing process, which means accurate vehicle appraisal has never been more important. As sourcing quality stock becomes more competitive for dealers, identifying and retaining retail-quality part-exchange cars is vital.

With fewer customers stepping through dealership doors, it's important for dealers to be able to offer a quick and efficient valuation process on a part-exchange. It's also important that this fits seamlessly with existing systems and processes.

BCA Dealer Pro is an easy-to-use, cloud-based car appraisal tool that allows the part-exchange process to be managed quickly and easily. Using a simple guided process to appraise, image and then accurately value part-exchange vehicles, Dealer Pro captures all the information needed to do deals with confidence.

Dealers can maintain inventory at the touch of a screen, with the freedom to see what is available across the entire dealer group in real time, as and when they are uploaded.

Once the car's information is entered into the system, BCA Dealer Pro can offer market values to the user, allowing them to relay accurate and dependable prices to the customer. For non-retail stock, Dealer Pro has already captured all the information needed to start the remarketing process. Vehicles can then be sent to the BCA online catalogue straight from the device.

There are huge benefits from getting vehicle appraisals right first time. Choosing the right tools helps to ensure a consistent approach that will drive sales, build customer confidence and help close deals profitably.



### PEOPLE

## How to become a trusted leader

By Michelle Banister, director, GMD People



If you truly lead others, you have to trust those that follow you to get on and do their job without you being a blockage to them. Importantly, they need to trust you too.

So, why is it that we trust some people and for some reason(s) simply do not trust others? How we build trust can be measured by using a formula called the

trust equation originated by Charles H Green and colleagues from New Jersey.

■ **Credibility** is about what we say – how believable are you? **Words**

■ **Reliability** relates to our actions – can you be counted upon to do what you say you are going to do? **Actions**

■ **Intimacy** (not a word used much in business) considers

how safe people feel sharing information with you – will your colleague (or customer) answer deep and relevant questions to so you can better understand their needs? **Emotions**

■ **Self (Orientation) Interest** refers to where you put your focus – on yourself or your colleague. Will you work together towards common goals, or are you more focused on what the relationship can do for you? **Motives**

■ **Visit our website for our previous AM articles** [www.gmdpeople.com](http://www.gmdpeople.com) or contact us on 01327 831371. Visit us at Automotive Management Live at the NEC on November 9 – [automotivemanagementlive.co.uk](http://automotivemanagementlive.co.uk).

### The TRUST EQUATION

$$T = \frac{C + R + I}{S}$$

T=Trustworthiness C=Credibility R=Reliability I=Intimacy S=Self-Orientation



# Give their best advice on motor retail issues

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[am-online.com/news/supplier-news/](http://am-online.com/news/supplier-news/)



## VIDEO

### Innovation can unlock growth

By Adam Price, MD & founder, AutosOnShow.tv



Automotive retail continues to evolve apace. The use of data to understand customers has helped to engage buyers in new ways and a continued focus on innovation will help drive sales through the quieter summer months.

The desire to innovate has underpinned the constantly evolving range of products and services at AutosOnShow.

A sales focused approach has driven the development of a flexible range of products, from a full 360° external walk-around video to a sophisticated guided video product that produces a consistent, on-brand video for the exterior and interior.

The men and women who make up Generation X, born from the mid-1960s to the mid-1980s, are now 40 or 50 years old. They consume more than 1.5 billion YouTube views every day, and 64% have bought a product or service they saw in a video.

Engaging this affluent audience requires a wealth of digital content that can be used to match the buyer's digital journey. High-quality video is now an essential part of automotive retail. It feeds websites, classified sites and social media feeds.

Producing large volumes of content can seem challenging, but AutosOnShow has led the industry in streamlining the process to provide a consistently high-quality video with the minimum of training.

Changes in customer behaviour need new ways to interact with buyers at every stage of the purchase process. Automotive can lead in digital retail if it continues to innovate and adopt new technologies in sales and service.

■ To find out how AutosOnShow can help you, visit [AutosOnShow.tv](http://AutosOnShow.tv).

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## VALETING

### Autoclenz, more than valeting...

By Martin Peters, sales director, Autoclenz Group



Autoclenz's success has come from listening to clients and creating a portfolio of services that can either save money, increase revenues or improve customer satisfaction.

Saving money comes from the efficiency of a specialist outsourcing company managing your valet bay, the economies of scale in supporting the operation and transparent IT to track productivity, control spending and promote efficiency.

Simplify your preparation process with Autoclenz managing your valeting, SMART repair and imaging/upload.

Increasing revenues comes from the speed of vehicles being available for sale and the added value of upselling over the aftersales desk. This can be the upsell from a standard service wash to a mini-valet or a full valet, or, if you have the Autoclenz SMART solution, it could be the ability to repair the customer's car on-site while in for service.

Finally, improved customer satisfaction. All of the above will certainly help with a customer's perception of your business.

Our value-add portfolio includes a car park concierge to help your customers park, meet and greet operators to set the scene for your customers' dealership visit and collection & delivery, again to enhance the offering to your customers.

All of these elements could prove to be the difference why a customer chooses you as opposed to your competition.

Autoclenz – certainly more than just valeting.

■ To find out more about the difference at Autoclenz, please call Lucy on 01283 554 682.

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# LEADERS MUST SET THE RIGHT TONE TO PREVENT BULLYING

Workplace anti-bullying policies are vital, but will only take employers so far

**T**he recent inquest into the suicide of an 18-year-old apprentice mechanic should serve as a tragic reminder to motor retail companies to ensure they have robust procedures in place to prevent workplace bullying.

The inquest into the death of George Cheese ended last month with a ruling that his employer, Reading Audi, was not to blame, and that contributing factors included Cheese's mental health issues and a failing relationship.

However, the coroner, Peter Bedford, described the behaviour of some of Cheese's colleagues at the Sytner-owned dealership as "unacceptable".

The inquest heard from Cheese's parents that he had been "over the moon" when he got the apprenticeship, but he soon started coming home bruised and with holes burned in his clothes. The coroner heard details of the abuse suffered, including when workmates locked Cheese in a cage, sprayed his trousers with a flammable liquid and set his clothes alight.

His line manager, Simon Wright, admitted being there and described it as a "prank". He said: "We knew where to draw the line... it was not bullying."

On another occasion, four men held Cheese down while a fifth punched his leg repeatedly, leaving him with a limp, and the inquest was told of a third time when the apprentice was taken on a test drive and made to walk back to the dealership.

ACAS, the independent employment advisory and conciliation service, defines bullying as "offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient".

David Taylor, senior policy analyst at



**“IF PEOPLE DON'T TRUST THAT THE PROBLEM WILL BE TAKEN SERIOUSLY, THEY'RE LESS LIKELY TO FLAG UP BULLYING BEHAVIOUR, EVEN WHERE AN ANTI-BULLYING POLICY IS IN PLACE**

DAVID TAYLOR, ACAS

ACAS, said many employers recognise that bullying is a serious problem, and anti-bullying policies are widespread in organisations across the UK.

"These offer a vital safety net when things go wrong, but policies can only take you so far," he said. "If people don't trust that the problem will be taken seriously, they're less likely to flag up bullying behaviour, even where an anti-bullying policy is in place."

The inquest was told Cheese's parents met his boss, Terry Kindeleit, to discuss the abuse, but Cheese later said he didn't want to make a formal complaint. Kindeleit concluded Cheese had made it up, according to a transcript of his interview with Thames Valley Police handed to the inquest.

Following the suicide, Sytner and Audi UK have taken steps to improve conditions at the dealership, including bringing in mental health charity MIND to run a management course, and weekly employee appraisals to improve the

conduct of managers and supervisors.

ACAS recommends developing a sense of collective responsibility for the way people treat each other at work, with leaders setting the right tone and line managers encouraging their staff to talk openly about how they feel. Larger employers might also adopt an employee assistance programme – typically an outsourced free helpline that lets staff talk to an independent specialist in times of stress, ill health or bereavement.

"Increasing awareness of how we treat each other at work should get more people talking openly about what feels fair, but this is not necessarily an easy thing to achieve in practice," added Taylor.

Poor job design, work intensification, stress, job insecurity and cultures of self-interest have all been identified as organisational factors that can create a climate conducive to ill-treatment and bullying, according to ACAS. What may start as low-level rudeness or disrespect can, if unchecked, contribute to the emergence of a culture that tacitly accepts bullying.

The advisory service also pointed out that employees can be exposed to bullying and ill treatment from customers, and employers have a duty to protect staff.

AM knows one AM100 dealer group that has banned a small number of 'difficult' customers from its businesses. Its chief executive told AM that a customer who acts so badly as to bring a staff member to tears is "a customer who can go elsewhere". He intervenes personally to ban such customers if necessary, and to ensure the employee is able to step out of the situation and receive support.

Although Audi UK and Sytner Group were found to be free of blame by the inquest, they said they will review its full written findings. **TIM ROSE**

## RESOURCES

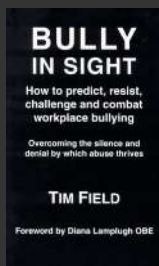
### GUIDE ON AT-WORK BULLYING

ACAS guide for managers and employers on workplace bullying.  
[am-online.com/WorkplaceBullying](http://am-online.com/WorkplaceBullying)



### BOOKS ON BULLYING

**Bully In Sight: How to predict, resist, challenge and combat workplace bullying**, authored by Tim Field.  
[am-online.com/BullyingBook](http://am-online.com/BullyingBook)



### TRAINING AND AWARENESS

MIND, the mental health charity, offers training and consultancy for businesses to promote mental wellbeing in the organisation and to raise awareness and understanding of mental health. [www.mind.org.uk/workplace/training-consultancy/](http://www.mind.org.uk/workplace/training-consultancy/)



# TALENT ON THE MOVE

## ADVERTISING FEATURE

### How to control a telephone call

**Don't give customers what they want until you have got what you want, says Simon Bowkett of Symco Training**



This month I want to talk about the actual process of dealing with customers who call to ask how much a particular new car costs. It's all about controlling the conversation – and that's what my new sales training video on the AM website ([am-online.com/symcotraining](http://am-online.com/symcotraining), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)) is all about this month.

#### How to take control

The best questions to use are what we call alternatives questions. First we need to qualify what car the customer is interested in.

Mr Customer: "Hi! I was wondering if you could tell me the price on a new Honda Civic?"

You: "Sure, I'd be happy to. But do you mean brand new or nearly new? OK, a new one, great. Did you have a preference for manual or automatic? Petrol or diesel? Darker or lighter colour?"

And so on. The colour question is a good one because it helps to identify how far into the buying process the customer actually is.

#### Special offer hook

Once you have all the qualifying information you need and, more importantly, gained control, then you can say: "OK, what I'll do now is have a quick check to see what I've got in stock. But while I'm doing that, let me see if we have any special offer cars coming in from the manufacturer. That's going to take me 10 or 15 minutes. Where are you calling from, home or work? And your number there is...? And your name is...?"

However, what I'm not going to do at this point is say I'll ring back soon. Let's keep them on the line instead: "In fact, while you're on the phone, Mr Customer, I might be able to save us both a bit of time here. Is it OK if I have a quick check?"

#### Go for the appointment

Ten seconds or so later, I'm going to come back and say: "Good news Mr Customer, I've got two or three cars that might suit what you're looking for, when's a good time to pop in and have a look? Later on this afternoon, or would the weekend be better?"

Of course, there's a lot more to answering enquiries effectively, so don't forget to watch my sales training video for the full telephone format.

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**JIM HACKETT,  
FORD MOTOR  
COMPANY**

Ford Motor Company has announced the appointment of "true visionary" Jim Hackett as its new president and chief executive among a series of changes at the top of its senior leadership team.

The US automotive giant said the move, which sees Mark Fields retiring after 28 years with the blue oval, was "designed to further strengthen its core automotive business and accelerate a strategic shift to capitalise on emerging opportunities".

Hackett was formerly chief executive of Steelcase and has been executive chairman of Ford Smart Mobility since March 2016.

Reporting to executive chairman Bill Ford, Hackett will focus his attentions on: sharpening operational execution across the global business and addressing underperforming parts of the business; modernising Ford's business to speed up decision-making and improve efficiency; transforming the company to meet future challenges.

Ford said: "Jim Hackett is a true visionary who brings a unique, human-centred leadership approach to our culture, products and services that will unlock the potential of our people and our business."

As part of the changes at Ford, Jim Farley has been appointed as executive vice-president and president, global markets.

**HE'S A TRUE  
VISIONARY  
WHO  
BRINGS A UNIQUE,  
HUMAN-CENTRED  
LEADERSHIP  
APPROACH TO OUR  
CULTURE, PRODUCTS  
AND SERVICES FORD**



**MICHAEL LOHSCHELLER,  
OPEL/VAUXHALL**

Groupe PSA has appointed Michael Lohscheller as Opel/Vauxhall's new chief executive following the departure of Karl-Thomas Neumann.

Neumann, who had held the post since 2013, said his decision to leave the brands had been a "difficult personal decision". He is expected to remain on Opel's board until the £1.9 billion PSA-GM deal is completed.

Lohscheller takes up the post of Opel/Vauxhall chief executive from his previous role as chief financial officer.

The chairman of the managing board of Groupe PSA, Carlos Tavares, said Lohscheller had "a solid understanding of the international marketplace", adding: "I am enthusiastic about the idea of contributing to the rebirth of Opel as a sustainable German-based company within Groupe PSA."

Nissan Motor GB has appointed Iker Lazzari as fleet sales director.

Lazzari was head of sales and marketing at VW Financial Services, where he focused on fleet marketing, contract hire and leasing, tactical planning and corporate financial services.

Nissan also appointed Chris Marsh as its UK aftersales director. Marsh previously held positions in senior marketing, operations and dealer networks.



**IKER LAZZARI,  
NISSAN MOTOR GB**

JCT600 has appointed Gavin Dawes as its new Audi head of fleet and Paul Noon as head of fleet for its Volkswagen division.

Noon joins JCT600 from RMB Automotive in Stockton, where he worked as corporate sales manager having previously spent 11 years at Benfield Motor Group. Dawes has more than 15 years' experience in B2B sales management and has worked with Audi UK for the past four years.



**PAUL NOON,  
JCT600**

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## EIGHT QUESTIONS TO...

# A HEAD OF CAR SALES

Phil Webb, head of cars at Honda UK, on why the new Civic means so much to his dealers and why he never wants to be introduced as 'the boss'



### What are the main responsibilities of your role?

**WEBB:** My main responsibilities are to sell vehicles and to motivate and develop the team – that includes those in head office, the sales team out on the road and our dealer network – ensuring our brand is represented at the right level in the market.

I also have to set the volume targets each month and make commitments to both Honda Motor Europe (HME) and the Honda factories across the world in terms of what we will sell.

Honda UK sales make up 35-40% of the total volume across Europe, so I spend a lot of time working with the HME team on best practice and assisting in rolling out our strategies across the rest of Europe.

### What are the most significant challenges ahead in your field of work?

**WEBB:** The most significant challenge for us in 2017 is the launch of the 10th-generation Civic. The car is not just seen as a new Civic, it is seen as a new Honda car.

We are well underway with our 12-month programme to roll the car out, starting with our new range of turbo-charged petrol derivatives.

Shortly, we will launch the new Civic Type R, which will be the most powerful Civic ever produced.

Towards the end of the year, we will expand the range to include a diesel derivative, which will then complete the line-up.

### How might these challenges be overcome?

**WEBB:** We see 2017 as a huge opportunity and we are working very hard alongside our dealer network in order to make this car launch the best ever for Honda in the UK. There is a real buzz of anticipation across the business and the dealer network for this new model.

Honda had a fantastic 2016 and there's a positive vibe for 2017 both internally and externally.

We are confident the Civic will be a success – already more than half of the dealer network teams have completed their online training for the new Civic on the first day it was available to them.

I think also because the launch is spread over a 12-month period – it gives us a 12-month opportunity. We aren't taking a short-term viewpoint on the launch of this car.

### What attracted you to this area of expertise?

**WEBB:** I've been working for Honda for 19 years and have held two senior management posts prior to my current role – head of power products and head of dealer development – so have been involved in and around the car business for a long time.

I originally started off as area sales manager, so have got the knowledge and know-how of the business and how it works in the UK. It was a natural fit for me when the role became available and I went for it.

### What's the most important thing you've learned in your career, and how have you made use of it at your company?

**WEBB:** It's the people that make it. Plain and simple, it is the people that you work with. As such, I never want to be introduced to anyone as their boss – we work together to achieve our goals.

That is something we have put across to our dealer network – and that is also why we use the word 'partnership' a lot in our communications and dealings with the network. We are a team and that is the most important thing I have learned in my career.

MATT DE PREZ

## QUICK-FIRE QUESTIONS

### What drives you?

Success and achievement: Seeing the associates within Honda develop and progress and hitting the numbers at the end of the month.

### What's your favourite app?

BBC Sport.

### How do you relax?

I do a lot of walking and listen to a lot of music, but my kids are incredibly important. I watch my son play semi-professional football at the weekend and my daughter, who represents the UK in cheerleading, is about to head to the US to compete.

# AM

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### THIS MONTH'S QUESTION TO THE AM TEAM:

What are the best and worst things about summer?

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► **Best:** Cool beers & BBQs. **Worst:** Trying to dry off after a post-exercise shower

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► **Best:** Picnics and dog walks in the sunshine. **Worst:** Insect bites

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► **Best:** Firing up the BBQ. **Worst:** Hayfever... and finding your air con needs re-charging

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► **Best:** Hot feet on cold grass. **Worst:** Music in neighbours' gardens

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► **Best:** A beer garden. **Worst:** Not being in one

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**Head of publishing** Luke Neal 01733 468262

► **Best:** Holidays. **Worst:** An office job

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► **Best:** Ice cream. **Worst:** Sunburned drunks with football shirts hanging from their back pockets

**Designer** Erika Small 01733 468312

► **Best:** Having BBQs. **Worst:** when it rains while you're having a BBQ

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