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April 2019 €8.00

# **TAKING FINANCE TO THE NEXT LEVEL**





# EMPOWERING YOU TO BUILD STRONGER CUSTOMER RELATIONSHIPS

You told us that you want a simpler, faster finance process.  
One that helps you build customer relationships. So we've done it.

We've two new ways to help unlock customer opportunities:

- **Portfolio 3Sixty**, a tool to enhance customer retention
- **Finance Online**, our tool that encourages a seamless, flexible finance conversation between you and your customers

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Our dealers have told us they want a simpler, faster finance process. One that helps build customer relationships. So we've done it.

**Two new ways to help you unlock customer opportunities:**

- **Portfolio 3Sixty**, our market leading retention tool
- **Finance Online**, our POS system provides a more bespoke service to your customers

**Discover the next level of dealer finance.**

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# AM

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## MOTOR FINANCE / P6

Will the FCA's critical report drive consolidation in the industry?

## KIA MOTORS UK / P32

EV demand leaves dealers with a potential headache

## GENEVA MOTOR SHOW / P60

The mean and green machines in the UK's product pipeline



# 'WHY WE ARE NO LONGER A CAR SUPERMARKET'

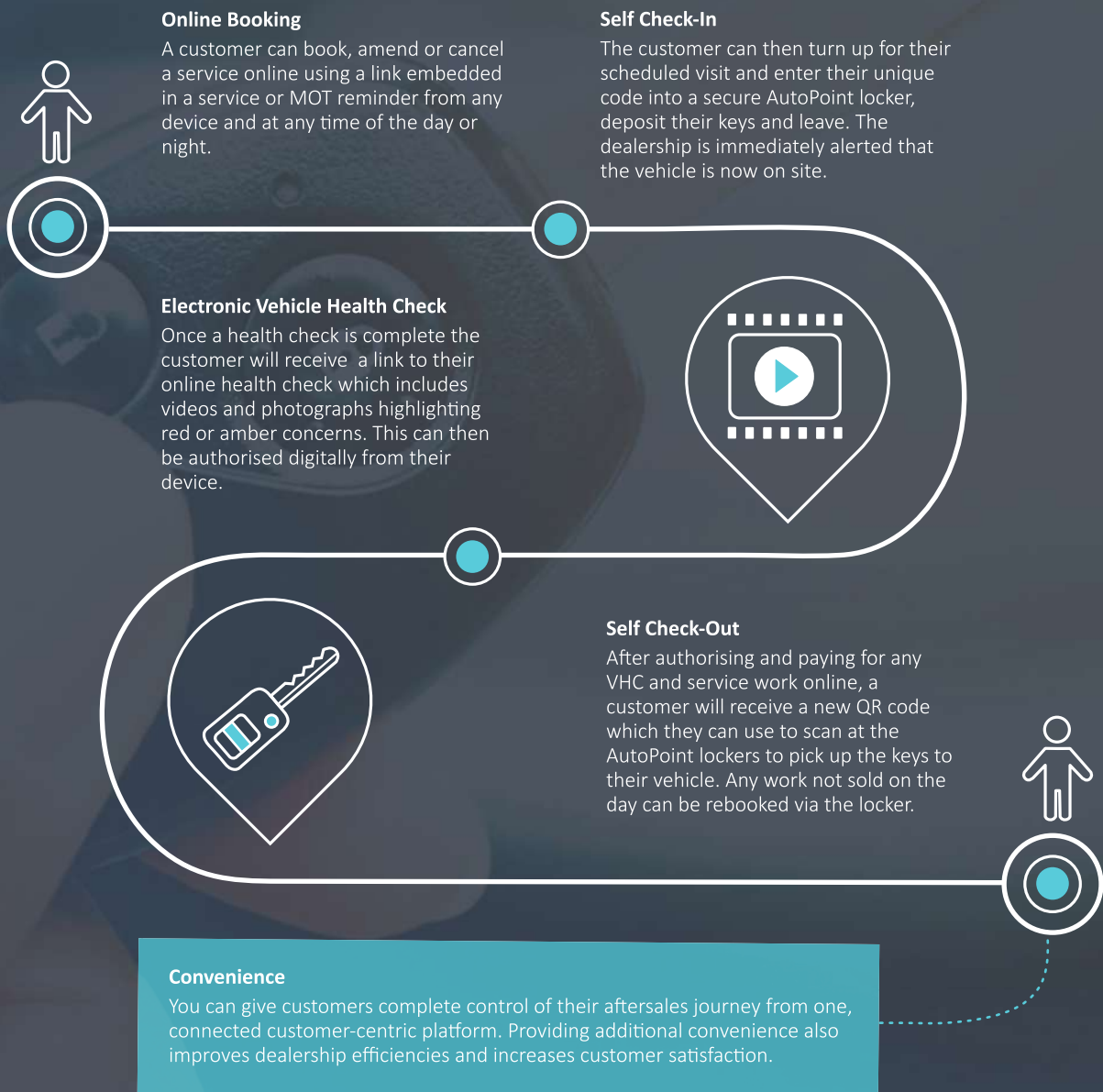
IMPERIAL CARS' MIKE BELL & NEIL SMITH / P24

# Customer-Centric Systems

## Bringing Self-Service to the Automotive Industry

There are many touch points with the customer during their service journey. From receiving a service reminder, making a booking and arriving at a dealership to drop off the vehicle, through to having a vehicle health check, buying a service plan and collecting the car at the end of the day. All of these processes are designed around the customer so why not let the customer control their own journey through one connected platform?

### The Customer Self-Serve Journey:



# EDITOR'S LETTER

I have spent the past few months wondering whether the Financial Conduct Authority had quietly parked its examination of motor finance while the Brexit shenanigans took precedence. Begun in July 2017, it revealed some early findings in Q1 2018, and promised to be finished by the year's end.

In March 2019, almost five years after the FCA became the regulator of consumer credit, we have finally discovered what it thinks. Whether or not some of its findings are by now "out of date", I think the principles are sound. This industry has already become more transparent, and is treating customers more fairly, but can becoming even more so be anything but a benefit? Consumers (and that includes you and me) understand every business needs to make a profit, but they also want to know they have got the right deal and not have nagging doubts mar their exciting car handover moment.

On a separate note, we now have an increasing number of independent used car dealers of significant scale, such that they would bump out almost a dozen franchised dealer groups from our annual AM100.

There are companies in our ID50 list of independent dealers that are expanding into new regions and moving more nimbly in the online marketplace than many franchised dealer groups. Often, they are doing so with less resources and funding than operations bearing manufacturer brands above the door – although independents may of course have fewer overheads and are certainly free to set their own standards, rather than be imposed upon.

Are you keeping up?



## MEET THE TEAM



**Tim Rose**  
Editor



**Tom Sharpe**  
News and  
features editor



**Stephen Briers**  
Editor-in-chief



**Jeremy Bennett**  
Head of digital/  
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## WHATCAR?



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Geneva  
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Show



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# WILL FCA REPORT DRIVE CONSOLIDATION?

Shunning 'difference in charges' finance commission structures identified in regulator's report could make some retailers unviable

**T**he report by the Financial Conduct Authority into motor finance may leave some smaller dealers vulnerable to acquisition if their profit margins suffer following increased scrutiny on commissions.

The FCA review found that 'difference in charges' (DiC) motor finance agreements, which link the broker's commission to customer interest rates, could be costing consumers £300 million more a year than flat-fee alternatives. One touted solution was for finance companies to fully disclose the commission paid to dealers and brokers.

Nigel McMinn, chief operating officer of Lookers, said his business had been "at the head of the curve" in dropping the DiC model in 2015, in turn capping the rates of interest its retailers can charge.

McMinn believes the added FCA scrutiny could tighten margins for some retailers to such an extent that it undermines their viability – driving consolidation in the market.

"Ultimately, the only way to cut costs and drive profit beyond a certain point is to become part of a larger group with the systems in place to make the whole retail process more efficient," he said.

Stuart Foulds, the chairman and chief executive of TrustFord, said he thought the FCA's findings would "grow arms and legs in the used car sector".

"Some of the interest charges

out there are exorbitant," he said.

Foulds believes more scrutiny of interest rates and commission payments by the FCA could lead to greater exploitation of products currently outside its scope.

"Some retailers will quickly realise that where they are capped in their ability [on] products like GAP, they can place greater emphasis on other products that are outside the FCA's scope."

## 'Stop offering variable rates'

David Bilsborough, the owner of Cheshire Cars and a founder member of the Independent Motor Dealers Association (IMDA), was clear in his advice to his independent colleagues: "Anyone still offering variable interest rates should stop."

Bilsborough also questioned the practice of retailers' continued imposition of administration fees and even financial penalties for sourcing finance from elsewhere by certain retailers.

"Some of the practices employed elsewhere in the sector are extremely questionable," he said.

"I welcome the scrutiny and oversight. Trading is tough at the moment, but responsible retailers should have nothing to be concerned about."

James Tew, chief executive at iVendi, said the results of the study were "harder hitting" than many in the industry expected and a "clear sign that business-as-usual was not an option."

Gerry Keaney, the chief executive

**“ANYONE STILL OFFERING VARIABLE  
INTEREST RATES SHOULD STOP**  
DAVID BILSBOROUGH, IMDA







## “CHANGE IS NEEDED ACROSS THE MARKET, TO ADDRESS THE POTENTIAL HARM WE HAVE IDENTIFIED” FINANCIAL CONDUCT AUTHORITY

of the British Vehicle Rental and Leasing Association (BVRLA), said: “The time for excuses has passed. There is no place in the motor finance sector for companies that are unwilling to embrace the FCA regime and actively demonstrate their compliance.”

Keaney said the ‘difference in charges’ (DiC) broker commission model – through which dealers and brokers can sell up from a base rate to earn increasing levels of commission – requires “some swift policy intervention to address a blatantly unfair practice”.

Neil Watkiss, head of consumer credit at DealTrak, said he believed the FCA’s research will be a positive catalyst for change.

“The FCA make it clear that lenders are expected to review their systems and controls in light of the report’s findings. It is extremely likely this will lead to changes in the calculation of finance commission as well as the amount received,” he said.

“While many lenders have long since dispensed with the conventional DiC commission model, they have instead adopted the ‘reducing DiC’ model, whereby dealers and brokers can sell down from a standard rate, for reducing levels of commission.

“Significantly, the FCA believes the ‘reducing DiC’ model is just as detrimental to customer outcomes as the conventional model.”

However, Adrian Dally, head of motor finance at the Finance and Leasing Association (FLA), said the FCA’s concern about the commission structures was “based largely on out-of-date information, and therefore does not reflect the very considerable progress the market has already made in moving away from such structures”.

### The cost to consumers

Detailing its findings related to the cost implications of the DiC commission model on consumers, the FCA said: “We estimate that on a typical motor finance agreement

of £10,000, higher broker commission under the reducing DiC model can result in the customer paying around £1,100 more in interest charges over the four-year term of the agreement.”

The FCA found that there is typically little link between a customer’s interest rate under DiC and their credit score, because the rate is instead being determined by a broker’s ability to earn commission.

It said it had significant concerns in relation to brokers’ disclosure of commission, especially in regard to DiC and similar commission models where the broker has discretion to adjust the interest rate.

The FCA said the onus is on the lender to justify any differences in commission rates, based on the work involved for the broker, adding: “There are existing requirements in our Consumer Credit sourcebook (CONC) on disclosure of brokers’ status and remuneration, but we did not see clear evidence of compliance with these.”

The FCA warned motor finance houses that while their contracts with brokers stipulate compliance with CONC, including commission disclosure, its work has found lenders’ monitoring of this may be insufficient and it has “doubts as to whether and to what extent these are always implemented in practice”.

“Change is needed across the market, to address the potential harm we have identified.”

The FCA’s mystery shops – conducted at 122 motor retailers, comprising 37 franchised dealers, 60 independent retailers, 14 car supermarkets and 11 online brokers – also raised concerns that consumers are not getting enough information early on when buying a car on motor finance.

Following the FCA’s inquiry onto GAP insurance, remedial action put in place in 2015 included a strict four-day deferral period before the dealer can initiate a GAP sale.

**TOM SHARPE**



## NEW USED CAR VAT RULES MAY SHIFT MARKET TOWARD PCH

Used cars could qualify for VAT on their full sale price – rather than the current margin scheme – for each sale in their life cycle if finance companies fail to react to a HMRC policy change in the tax treatment of PCPs.

Under new VAT legislation, which the HMRC expects to be implemented within the next three months, the VAT treatment of PCPs will be indistinguishable from that of a PCH leasing solution – with both classified as ‘supply of a service’.

As such, vehicles that attract a final payment which is not “demonstrably below market value” will be liable for VAT on their full selling price as a used car – increasing the VAT burden for used car retailers.

Glyn Edwards, VAT director at MHA MacIntyre Hudson, said revised PCP

payment profiles could preserve the status quo, but warned: “If not, new car deals may migrate to pure PCH and the used car market could shift towards VAT-able ‘qualifying’ cars.

“This change will be significant to the used car market within a couple of years.

“Dealers and customers alike will need to adapt to the idea that most used cars will be liable to VAT.”

The HMRC’s changes come two years after Mercedes-Benz Financial Services persuaded

the European Court of Justice in 2017 that its existing PCP product, Agility, was equivalent for VAT purposes to a long-term hire agreement.

Under the changes, PCPs will be treated as supply of a service in the same way as a PCH, meaning that VAT is no longer due on the full sales price at the initial handover of the car as long as the final payment is approximate to the vehicle’s open market value.

“VAT will only be due on the amounts the customer actually pays to the finance company and only at the time of those payments,” said Edwards.

“Furthermore, interest currently charged on PCP deals will no longer be recognised as anything other than part of the payment for the hire of the car and will therefore attract VAT.” Under the current regime, the interest charge is VAT-exempt.

The HMRC’s move is designed to distance PCP and PCH, delivering affordable final instalments that define the former as a tool for consumers who may wish to buy their vehicle at the end of their agreement.

One retail group boss said: “For certain brands, high final instalments have been used as a tool to tie customers into the brand for their next car – leaving them no equity and little choice to make a switch.

“That might be about to change.”



## ADVERTISING FEATURE

# Risky business

By Alistair Horsburgh, CEO, CitNOW



Cybersecurity and data breaches are constant headlines and, not surprisingly, automotive professionals have major concerns over the security of automotive technologies.

According to a new survey of manufacturers by cybersecurity experts SAE and Synopsis, suppliers and service providers, 73% were worried about the cybersecurity of technology provided by third parties. With the threat of sizeable fines for violating the General Data Protection Regulation (GDPR), it's easy to see why there are concerns.

Yet retailers and manufacturers rely on a host of third-party suppliers, which means relinquishing direct control over cybersecurity and compliance. This is made more concerning by the fact that only 44% of respondent organisations imposed cybersecurity standards on suppliers.

This puts the emphasis on third parties to achieve and maintain the highest data-handling standards. That is why all of CitNOW's apps meet the stringent security standards set out in ISO 27001, the international standard for cybersecurity, including how information is processed, stored and used.

GDPR is the biggest shake-up in data protection regulation in decades. That's why we are committed to implementing the highest cybersecurity levels to protect our business and that of our retailer and manufacturer partners. As the complexity and size of databases increase, alongside notable data breaches, compliance and safeguarding of personal data go hand in hand, and are at the heart of our operation.

Robust systems protect retailer and manufacturer customer information that flows through our platform. For us, operating a highly secure system with the latest protocols in place for utmost protection is a given. ISO 27001 takes us to the next level and provides our clients with the peace of mind they rightly demand.

■ For more details, please contact us at 01189 977 740 or visit [www.citnow.com](http://www.citnow.com)



# THIS MONTH'S NEWS HIGH

FEB

7th

**RYBROOK BUYS STOKE JLR SITES FROM PENDRAGON**  
Rybrook Group acquired Pendragon's Jaguar and Land Rover dealerships in Stoke, for an undisclosed sum. The addition of the new sites takes the group's number of dealerships to 25 and follows its appointment as a franchised retailer for the Pininfarina EV supercar brand.



8th

**MERCEDES GLA-CLASS TOPS PCH LEAGUE TABLE**  
Mercedes-Benz "dominated" Leasing.com's first-ever league table for the personal contract hire market. Half of February's top 10 most popular vehicles were from Mercedes-Benz, with the GLA-Class pipping the A-Class to top spot.

11th

**KPMG: 'UP TO HALF OF DEALERSHIPS MAY CLOSE BY 2030'**  
Automotive executives surveyed for KPMG's Global Automotive Executive Survey 2019 said 30% to 50% of car dealerships will close by 2030. NFDA director Sue Robinson said she was "concerned by the statistical validity" of the survey due to its low number of UK respondents and a lack of representation for the franchised retail sector.



15th



**CMA APPROVES EBAY'S MOTORS.CO.UK ACQUISITION**  
eBay said the Motors.co.uk team had joined Gumtree UK as part of a merger which would offer more than 620,000 online car listings.

19th

**HONDA CONFIRMS SWINDON PLANT CLOSURE**  
Honda confirmed its plan to close its Swindon car manufacturing plant by 2022. The brand said the move, described by business secretary Greg Clark as "a devastating decision", was part of its plan to accelerate its electrification strategy "in light of the unprecedented changes" affecting the automotive sector. ■ Infiniti has announced it will withdraw its manufacturing and sales operations from the UK in 2020.

20th

**ASA BANS 'SAVINGS AGAINST RRP' ADS**  
Carwow, Motorline and Autorama had adverts banned by the Advertising Standards Authority (ASA). Complainants highlighted flawed claims about the savings Carwow and Motorline could achieve for motorists, while Autorama was urged to clarify its position as "a third-party leasing broker". (See Opinion on Page 20)



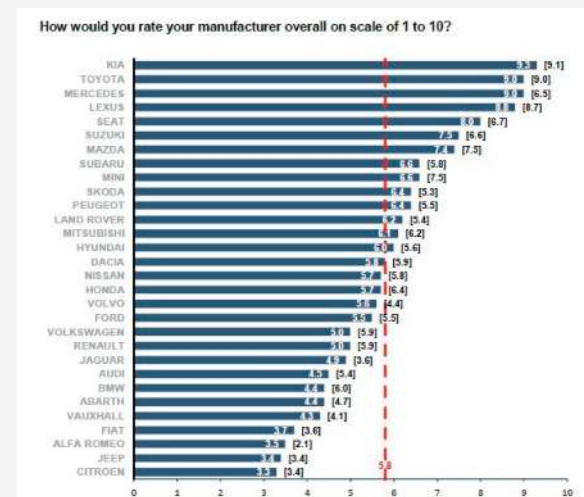


## 'MARGIN PRESSURE' HITS INCHCAPE ANNUAL PROFITS

Inchcape's growing profitability from global vehicle distribution was offset by a challenging retail sector during 2018. Global revenues rose 3.6% to £9.28bn, but underlying profit before tax fell 6.5% to £356.8m. Its UK and Europe retail revenues dropped 3.7% to £3.06bn and trading profits slumped 71.5% to £14.8m.

## CITROËN FALLS FURTHER IN DEALER ATTITUDE SURVEY

Citroën slipped further down the rankings of the latest NFDA Dealer Attitude Survey, despite the ongoing crisis of confidence in Fiat, Alfa Romeo and Jeep. As Kia finished top with a rating of 9.3 out of 10, Citroën's score dropped from 3.4 to 3.3.



## ANCASTER OPENS HYUNDAI'S BIGGEST UK DEALERSHIP

Ancaster Group opened Hyundai Motor UK's largest UK dealership in Croydon. Ancaster outgrew its six-car showroom in South Croydon and now operates a 29-car showroom with space for 50 cars on its forecourt. The facility also features a 370 square-metre workshop including a dedicated MOT bay.



## PLCs PAINT MIXED PICTURE OF PROFIT VS REVENUE IN 2018

A trio of PLCs published their 2018 annual results (to December 31) in March: Pendragon reported a 168% fall in pre-tax profits (to a £44.4m loss) as revenues declined by 2.4% to £4.63bn; Lookers recorded a 9% decline in pre-tax profits (to £53.1m) alongside a 4% increase in turnover (to £4.88bn); and Marshall reported a 2% revenue decline, to £2.19bn, while pre-tax profits rose 48.4% to £16.7m.

26th

MAR

4th

13th

## ADVERTISING FEATURE

# Meet and greet the used car customer

Here are some great ways to approach the used car 'meanderers' who visit your dealership, says Simon Bowkett of Symco Training



How do you introduce yourself to used car customers who you see coming onto your forecourt? After you've said "Hi, how are you?", what next? I find that this question often works well: "Have you found what you're looking for?"

If they say yes, you can say: "Great, which one has caught your attention?" Then, when they tell you, follow up with: "What was it about the [model] that caught your attention?"

They might say something like: "I like the 16-inch alloy wheels it has."

"Oh, great, why's that important to you?"

"I just think it makes the car look better. The 15-inch wheels look a bit small on a car that size."

This is how you get customers selling the car to themselves – which makes your job a lot easier.

If, on the other hand, they say no, you can then come back with: "What are you looking for?" Hopefully, they will tell then you which model they are interested in.

"Great, we've got a few over here. Tell me, what was it about the [model] that put it on your shopping list?"

## 'Just looking' customers

Here's another one you can try, on customers that you can instinctively tell are the 'just looking' type: "Other than just having a look around, what car can I get you some information on while you're here today?" Often you'll get a response along the lines of: "Well, I'd like to get some information on that [model]".

"Great, there's three or four different versions of the [model], which one have you been researching online? ... OK, great, what was it about the [model variant] that put it on your shopping list?"

Try these techniques and I'm confident you will be able to convert more used car meanderers into sales. And watch my new sales training video on the AM website this month ([am-online.com/symcotraining](http://am-online.com/symcotraining), or at [symcotraining.co.uk](http://symcotraining.co.uk)) to brush up on your meet-and-greet skills.

## Visit our website for a free training trial

To find out how our low-cost, IMI-approved online training programme can help train your team, visit [symcotraining.co.uk/freetrial](http://symcotraining.co.uk/freetrial) and start your free trial today.

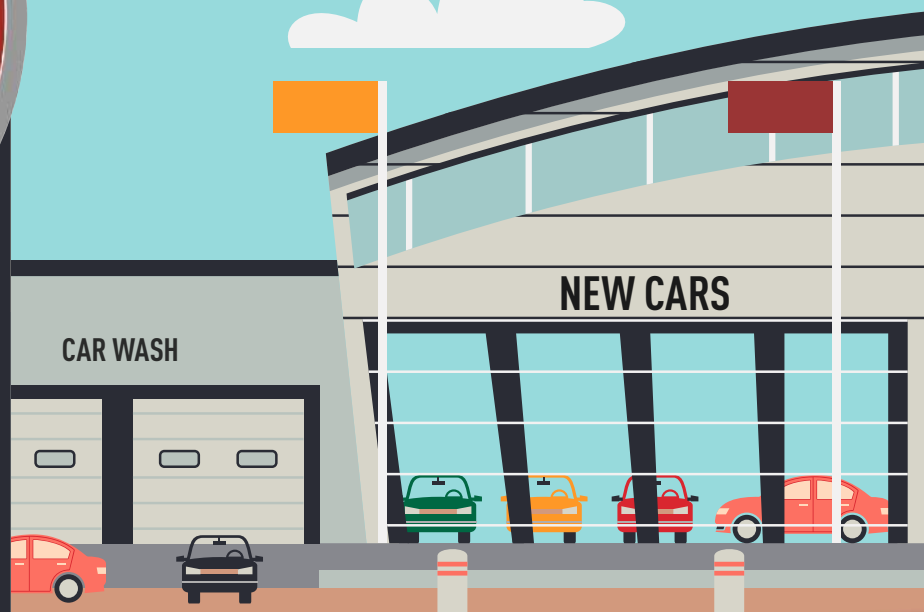


# FREE

## For the third year, AM is running the AM Best UK Dealerships To Work For programme

Employees at our 2018 Best Dealerships felt supported, respected and recognised for their good work. They have strong connections with their supervisors and can share their opinions or feedback. They also feel rewarded, with chances to progress their careers, training and a broad range of staff benefits.

If your workforce feels similarly, register your dealership for our 2019 programme, run in partnership with Best Companies Group. It's totally FREE and there is no risk – if your survey results are not strong enough to make the listing, no one outside your business will ever know. But if they are, you will be celebrated as one of the best.



### Benefits

What the businesses that become 2019 AM Best UK Dealerships To Work For get:

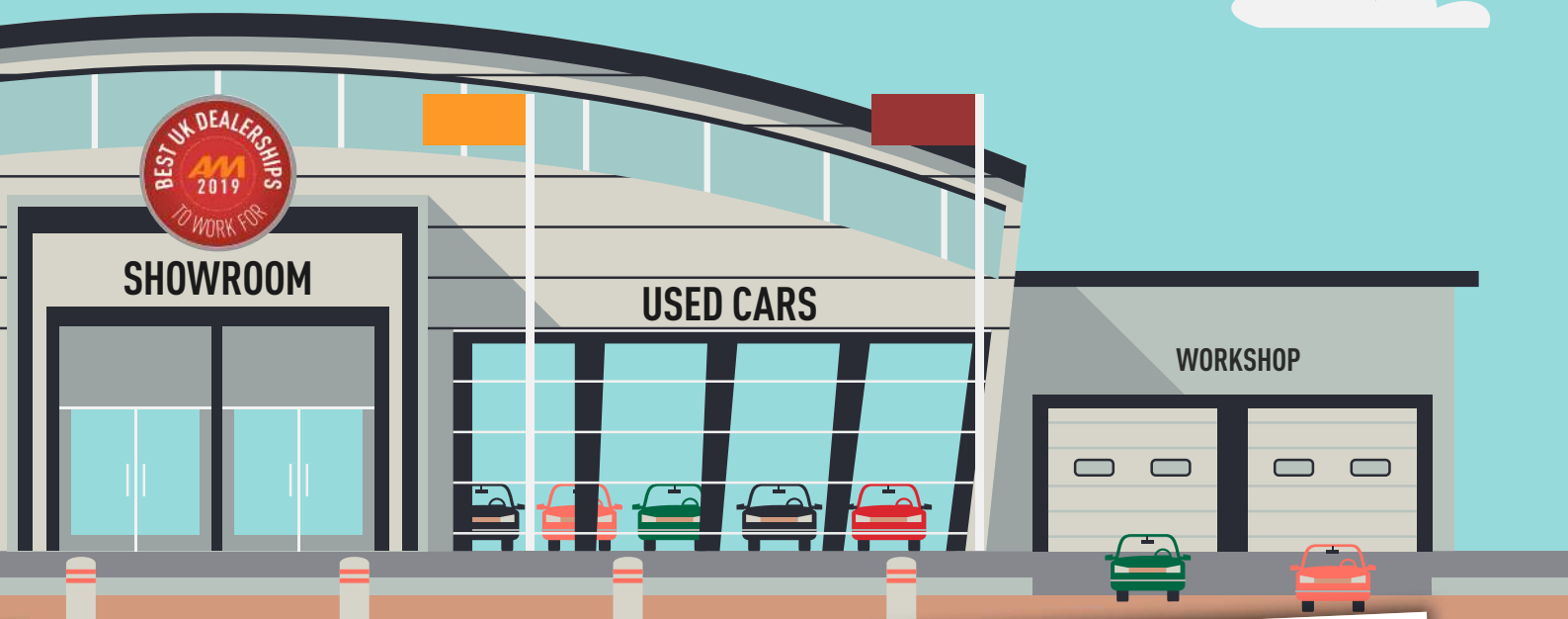
**FREE** use of AM Best UK Dealerships To Work For logo for your recruitment marketing

**FREE** Best Dealership To Work For trophy to display in the workplace, and press release templates for your use

**FREE** registration to our flagship Automotive Management Live 2019 exhibition at Birmingham NEC, where the awards will be presented

**FREE** publicity in AM magazine and AM-online

# Register now at [www.bestukdealerships.com](http://www.bestukdealerships.com)



**FREE** The head of the overall highest-scoring dealership will receive a VIP invitation to the 2020 AM Awards, to join AM on the front tables, and to be presented with their award again on the grand stage at our flagship event

**OPTIONAL** You can purchase a detailed report from Best Companies Group, with your employees' anonymised responses to each of the survey's questions, verbatim comments and benchmarking data. **This is purely optional.** No purchase is necessary to take part

A risk-free way to assess and promote your dealership



## CAR MARKET REVIEW

# IS THIS THE CALM BEFORE MARCH MADNESS?

Political and economic upheavals are yet to be evenly felt across the new car market



**T**he headline figures for the UK car market are notably stable given the current political and economic upheavals – year-on-year, the overall market was up by 1.4% for February (see page 14) and down by 0.6% YTD. Most manufacturers will be cautiously pleased with the start to the year, although they know that this could be the calm before the biggest storm they have faced since the 2008 financial crash.

Market leader, Ford, is having a bit of a pre-Brexit storm of its own, however, with registrations down by 14.8% to a market share of 11.1%. In addition, the gap to second-place VW is shrinking, as registrations of the German brand are up 8% YTD with VW market share at 8.7%. At first sight, this seems strange, as Ford has the two best-selling models YTD, in the Fiesta and the Focus. For the first time in a decade,

Ford's problem is paradoxically the Fiesta, the UK's best-selling car. Registrations are down 35%, which seems like an indictment of the new model. In a way, it simply reflects a reversion to the mean – the previous Fiesta was the best-looking, most dynamic car in its class and was a blockbuster success, taking just over 20% of total B-segment hatchbacks sales at its peak. The current Fiesta is an evolutionary product (after all, Ford was hardly going to throw away the genes of such a successful predecessor), but now the competition is stiffer, and the supermini hatchback segment is smaller thanks to the rise of the B-segment crossover.

Behind VW, third-placed Mercedes got off to an extremely strong start in 2019. Having finished 2018 just 190 units ahead of BMW, Mercedes is currently 1,900 units ahead – although what happens in March is likely to be a more important guide to their respective performance in the rest of 2019.

In fourth place, Vauxhall only fell by 2% YTD. However, a sign of its problems is that the Vauxhall Corsa has been outsold YTD by the new VW Polo.

The Corsa was the UK's second best-selling supermini for decades, so to see it caught by a VW is an important milestone. Of course, many other markets would wonder how the Corsa stayed so strong in the UK, given its ancient chassis (which can be traced back to the now defunct Fiat Punto – the two cars shared a platform which was introduced in 2005). The new PSA-based Corsa, due this winter, cannot come too soon. Lower down the sales charts, there were three notable – and slightly surprising – winners.

Firstly, Kia registrations were up 8.9%, and the company took seventh spot overall, with 4.8% market share. That made them the top-selling Asian brand YTD, ahead of Toyota, Nissan and Hyundai. In fact, that might be causing some consternation at Hyundai, where registrations were down by 10.7% to a market share of 3.5% – parent companies do not usually like being outsold by subsidiaries. That is especially so in hierarchy-conscious South Korea, where company bosses have long been chauffeured in Hyundais, and Kia was traditionally a much smaller brand making economy models.

Secondly, Seat is continuing its rapid rise (up 21.2% YTD) and is now only 400 units behind sibling Škoda. For many years, Škoda was the darling of the VW Group ("the only really cocky brand in the group" said ex-VW supremo Ferdinand Piech some years back). Hence for Seat to match Škoda's sales in a large market is a major achievement.

Thirdly, the biggest winner of all is Volvo, whose registrations are up a remarkable 69.1%. Volvo has leap-frogged mainstream brands such as Honda and Renault thanks to the smash-hit XC40, which has impressed car buyers as much as road testers.

With the exception of Audi (-23.4%) and Porsche (-44.5%), whose sales are still being affected by problems homologating cars to WLTP standards, the list of losers has a more familiar ring – like the kids at school who keep coming bottom despite annual promises to improve.

Fiat is down 12.9% YTD, which does not sound terrible, except that its market share is down to

## SPONSOR'S COMMENT

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

The long-awaited FCA report on motor finance has been published. At Black Horse, we welcome the overall findings and the chance to work with the FCA and the industry to

respond. The report had four key areas – most of the focus was on commission structures, but it also dealt with product information and disclosures, lender control and oversight of brokers/dealers, and lenders' approaches to assessing customer affordability. In discussing the report and its recommendations, we must remember that its purpose is to ensure the market is working well – for both a sustainable industry and for consumers. This is something we should all welcome.

I will reflect on each key area in turn over the coming months, but let me start with commissions. I find it worrying that the FCA found customers can pay considerably more due to some forms of commission, and more needs to be done to protect customers from higher-risk commission models. It has rightly identified that some models could generate a higher risk of poor customer outcomes and generate a greater distribution in customer rate and dealer commission. At Black Horse, we do not use 'difference in charges' (DiC) commission and were among the first car finance lenders to withdraw several years ago.

I also believe the regulator is implicitly reinforcing that a car finance proposition must stand in isolation, on both a regulatory and a customer value perspective. Often, the finance offer can be considered as one part of an overall package offered to a customer, together with the price of the car being sold, the part-exchange offer and other services. This enables flexibility in how the overall offer is constructed for any given customer, often to help tailor it to a customer need. However, the car finance offer must stand up to scrutiny in its own right and will be judged as such.

The market has undoubtedly been progressive in adopting higher standards since the FCA's adoption of motor finance regulation in 2015, operating positively to provide good customer outcomes and fair value. At the end of 2018, I wrote that further progression is not a choice, it is a necessity, and I believe the FCA's report reinforces that. I look forward to working with our partners, the FCA and the FLA to continue to develop, refine and strengthen our customer propositions and experience. Operating a culture to consistently deliver good customer outcomes is not a choice.

1.2%, which means it is the smallest of the mainstream brands in the UK. Indeed, once market share falls much below 1.5%, it is questionable if a car company can still be called mainstream. It almost goes without saying that Alfa (-10.1%) and Maserati (-24.3%) are also having a torrid time. The only (small) bright spot is that Jeep sales are up 38.1% – but market share is still only 0.2%.

Honda is down 12.8% YTD, and those figures are from before the terrible news about the Swindon factory closure emerged. Market share (2.2%) is behind Suzuki, which is an appalling indictment. This is not the place to rehearse the arguments about why Honda decided to leave the UK, but very poor European sales will not have helped.

In the week AM went to press, Infiniti announced it will withdraw its manufacturing and sales operations from the UK in 2020. Nissan's premium brand suffered a 78.7% volume decline in 2018, from 3,515 to just 750 units, despite building its Q30 and QX30 models

in Sunderland, and has just six UK dealerships, following the closure of the Glyn Hopkin-run site in St Albans.

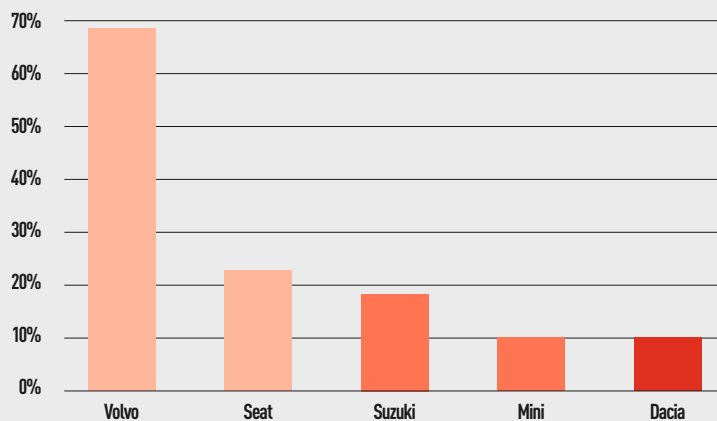
Smart (0.3% market share YTD) is also in a lot of trouble. Mercedes is bravely spinning the story that Smart will become Europe's first electric-only car brand, and thus a pioneer. As no one seems to want Smart's petrol-powered cars, that seems as much an admission of failure as a sign of progress.

As for what happens in the all-important month of March, it is anyone's guess. It is probable that any potential Brexit crisis will come too late to affect people that have already committed to taking delivery of a new car during the month. However, people who are hanging on for an end-of-month bargain could sit on their hands if a cliff-edge Brexit looms into view in the second half of the month.

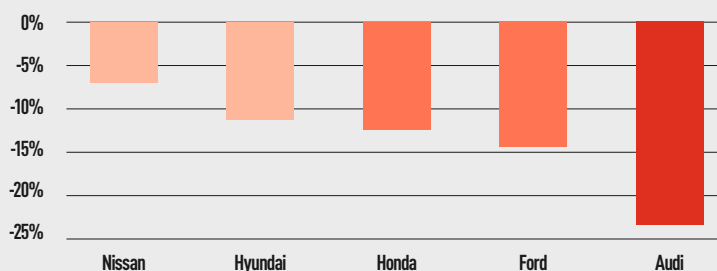
For once, UK car company bosses have bigger things to worry about in a plate-change month than the daily sales figures.

DAVID FRANCIS

### ➤ LARGEST REGISTRATION GAINS 2019 YTD, MAJOR BRANDS\*



### ➤ LARGEST REGISTRATION LOSSES 2019 YTD, MAJOR BRANDS\*



\* Major brands are those with more than 1.0% market share

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## NEW CAR REGISTRATIONS

## February bucks downward trend in registrations

February's new car sales finished 1.4% up year-on-year at 81,969 registrations, as private and business purchases increased.

Diesel cars dropped to just 30% of the sales mix, with petrol cars taking a 65% share and the remainder being alternative fuel vehicles (AFVs), such as hybrids and pure electric cars.

The Society of Motor Manufacturers and Traders noted it has been the 22nd consecutive month of sales growth for AFVs.

There are already about 40 plug-in hybrid cars in the UK market, with a further 20 expected to launch during 2019, said the SMMT.

Its chief executive Mike Hawes said: "It's encouraging to see market growth in February, albeit marginal, especially for electrified models. Car makers have made huge commitments to bring to market an ever-increasing range of exciting zero- and ultra-low-emission vehicles and give buyers greater choice."

Hawes acknowledged that AFVs still only account for a fraction of the UK market and said that if the UK is to achieve its electrification ambitions, it would need "a world-class package of incentives and infrastructure".

"The recent removal of the plug-in car grant from plug-in hybrids was a backward step and sends entirely the wrong message. Supportive, not punitive measures are needed, or ambitions will never be realised," he said.

### 1 VOLKSWAGEN

Driving 13% (924 units) growth on February 2018 were the T-Roc crossover SUV and the Polo supermini. In contrast, registrations of the Up were down, as were the Golf and Passat.

### 2 SUZUKI

Registrations rose 77% (1,198 units) above February 2018, thanks largely to the popular Swift supermini plus deliveries of the new Jimny. The tough but diminutive 4x4 is being imported in small numbers, with buyers ready and waiting.

### 3 MITSUBISHI

An increase of 35% (178 units) was purely due to fleet sales of the Outlander, as its private registrations actually declined by 24% (28 units).

Marque	February					Year-to-date				
	2019	% market share	2018	% market share	% change	2019	% market share	2018	% market share	% change
Ford	10,390	12.68	12,046	14.91	-13.75	27,019	11.12	31,700	12.97	-14.77
1 Volkswagen	7,960	9.71	7,036	8.71	13.13	21,184	8.72	19,615	8.03	8.00
BMW	6,870	8.38	6,744	8.35	1.87	16,423	6.76	15,744	6.44	4.31
Mercedes-Benz	6,088	7.43	6,088	7.53	0.00	18,337	7.55	17,979	7.36	1.99
Audi	5,112	6.24	6,141	7.60	-16.76	13,744	5.66	17,947	7.34	-23.42
Vauxhall	4,905	5.98	4,860	6.01	0.93	17,155	7.06	17,512	7.16	-2.04
Kia	3,281	4.00	3,075	3.81	6.70	11,609	4.78	10,657	4.36	8.93
Peugeot	3,271	3.99	3,066	3.79	6.69	8,924	3.67	8,342	3.41	6.98
Škoda	2,953	3.60	2,838	3.51	4.05	8,355	3.44	8,311	3.40	0.53
2 Suzuki	2,750	3.35	1,552	1.92	77.19	5,756	2.37	4,857	1.99	18.51
Hyundai	2,682	3.27	3,049	3.77	-12.04	8,460	3.48	9,478	3.88	-10.74
Toyota	2,532	3.09	2,703	3.35	-6.33	11,107	4.57	10,678	4.37	4.02
Nissan	2,471	3.01	2,316	2.87	6.69	9,440	3.89	10,233	4.19	-7.75
Seat	2,431	2.97	2,358	2.92	3.10	7,953	3.27	6,561	2.68	21.22
Citroën	2,226	2.72	2,133	2.64	4.36	6,113	2.52	5,621	2.30	8.75
Renault	1,942	2.37	1,326	1.64	46.46	5,307	2.18	5,073	2.08	4.61
Mini	1,891	2.31	1,786	2.21	5.88	5,142	2.12	4,657	1.91	10.41
Honda	1,742	2.13	1,959	2.42	-11.08	5,442	2.24	6,241	2.55	-12.80
Volvo	1,705	2.08	1,150	1.42	48.26	5,784	2.38	3,420	1.40	69.12
Land Rover	1,559	1.90	1,500	1.86	3.93	7,160	2.95	7,160	2.93	0.00
Mazda	1,543	1.88	1,226	1.52	25.86	4,267	1.76	4,087	1.67	4.40
Dacia	1,008	1.23	1,048	1.30	-3.82	3,483	1.43	3,169	1.30	9.91
Jaguar	991	1.21	738	0.91	34.28	3,112	1.28	2,912	1.19	6.87
3 Fiat	955	1.17	1,306	1.62	-26.88	2,631	1.08	3,020	1.24	-12.88
Mitsubishi	691	0.84	513	0.63	34.70	1,904	0.78	2,068	0.85	-7.93
MG	448	0.55	186	0.23	140.86	1,202	0.49	661	0.27	81.85
Lexus	262	0.32	180	0.22	45.56	1,269	0.52	1,067	0.44	18.93
Porsche	204	0.25	421	0.52	-51.54	785	0.32	1,415	0.58	-44.52
Smart	201	0.25	265	0.33	-24.15	691	0.28	866	0.35	-20.21
Jeep	189	0.23	171	0.21	10.53	561	0.23	406	0.17	38.18
Alfa Romeo	109	0.13	177	0.22	-38.42	408	0.17	454	0.19	-10.13
Abarth	105	0.13	141	0.17	-25.53	365	0.15	420	0.17	-13.10
Subaru	74	0.09	62	0.08	19.35	248	0.10	217	0.09	14.29
SsangYong	66	0.08	65	0.08	1.54	274	0.11	252	0.10	8.73
DS	58	0.07	162	0.20	-64.20	311	0.13	452	0.18	-31.19
Bentley	45	0.05	43	0.05	4.65	175	0.07	181	0.07	-3.31
Other British	39	0.05	36	0.04	8.33	261	0.11	174	0.07	50.00
Maserati	38	0.05	50	0.06	-24.00	121	0.05	160	0.07	-24.38
McLaren	20	0.02	28	0.03	-28.57	76	0.03	81	0.03	-6.17
Infiniti	16	0.02	59	0.07	-72.88	48	0.02	153	0.06	-68.63
Alpine	5	0.01	0	0.00	0.00	21	0.01	0	0.00	0.00
Chevrolet	2	0.00	1	0.00	100.00	2	0.00	2	0.00	0.00
Lotus	0	0.00	12	0.01	0.00	7	0.00	24	0.01	-70.83
Other Imports	139	0.17	189	0.23	-26.46	346	0.14	393	0.16	-11.96
Total	81,969		80,805		1.44	242,982		244,420		-0.59

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## FINANCE OFFERS

# Toyota tops dealers' poll for finance offers

**T**oyota, Mercedes-Benz and Kia have had their finance offers ranked as the best by their respective networks, according to the latest results from the National Franchised Dealer Association (NFDA) Winter Dealer Attitude Survey.

Dealers rated their franchises out of 10 on how satisfied they were with the competitiveness of their manufacturer's finance programme. The average was 6.6, unchanged from the previous survey.

Toyota, Mercedes-Benz and Kia scored 9.0, 8.6 and 8.4 respectively.

Jeep, Alfa Romeo and Dacia were ranked at the bottom of the table with scores of 4.3, 4.7 and 5.0 respectively.

Toyota was up from 8.7 last year and its network has been supported on new car sales in Q1 with 0% deals on most of its model range. Nearly all models are priced below £300 a month (only the Prius Plug-In Business Edition Plus tops that at £349).

The Aygo and Yaris are both under £200 a month, which could be helping Toyota dealers as customers move away from diesel. The 0% offer on the Yaris also helped it secure a place in the top 10 best sellers at the start of the year at 2,821 units.

Mercedes-Benz has no 0% offers in Q1, but nor does Audi or BMW (apart from a niche model each).

The A-Class and C-Class were both in the top 10 best-sellers so far in 2019, both are available at £269 and £319 respectively, and both are below the average payment across all brands of £311.40.

Kia's new car line-up has plug-in options for customers seeking to switch to alternative fuels for the first time. There is real breadth to Kia's range now, which means dealers can target volume with models such as the Picanto at £170.39 a month and Sportage at £319. There are also bigger profit opportunities available with models such as the Optima, Stinger, Niro PHEV and Sorento.

Each of the three manufacturers in the bottom of the NFDA rankings for finance offers saw drops in registrations over 2018.

However, Dacia and Jeep still outperformed the new car market as a whole last year and there were certainly other manufacturers that faced a more difficult year in terms of volume losses.

Fiat, Jeep and Alfa Romeo were the worst performing franchises overall for the latest NFDA survey, so there may be a correlation for dealers rating the brands poorly across all categories.

Dacia sticks out a little as it was mid-table for satisfaction, but has one of the most affordable models ranges in the UK.

Dacia's low ranking for finance may be linked with dealers' dissatisfaction with new car targets overall. Dacia scored 3.1 out of 10 for how realistic its target aspirations are and retail offers are intrinsically linked to helping dealers hit them. **TOM SEYMOUR**

## TOP THREE RATED IN THE NFDA WINTER 2018/19 DEALER ATTITUDE SURVEY

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
<b>Toyota</b>							
Aygo x-trend 1.0 VVT-i Manual	PCP	£2,901	42	£129	£4,770	0%	31/03/2019
Yaris Icon Tech Petrol 1.0 VVT-i Manual	PCP	£2,771	42	£169	£5,130	0.00%	31/03/2019
Yaris Icon Tech Hybrid Petrol 1.5 VVT-i Auto	PCP	£3,896	42	£189	£7,110	0.00%	31/03/2019
Corolla Hybrid Design 1.8 CVT	PCP	£4,964	42	£229	£9,967.50	0.00%	31/03/2019
C-HR Design 5 dr Coupé FWD 1.2 VVT-i Manual	PCP	£5,756	24	£249	£13,477.50	0.00%	31/03/2019
C-HR Design 5 dr Coupé FWD Hybrid 1.8 VVT-i Auto	PCP	£6,546	24	£249	£15,187.50	0.00%	31/03/2019
RAV4 Hybrid Design 2.5 FWD Automatic	PCP	£7,588	24	£279	£17,730	0.00%	31/03/2019
GT86 Club Series 'Blue Edition' 2 dr Coupé Petrol 2.0 Boxer D-4S Manual	PCP	£8,853	42	£269	£11,790	4.90%	31/03/2019
Prius Business Edition Plus 5 dr 1.8 VVT-i Auto	PCP	£5,664	42	£299	£12,802.50	4.90%	31/03/2019
Prius Plug-In Business Edition Plus 5 dr 1.8 VVT-i Auto	PCP	£8,009	42	£349	£13,072.50	4.90%	31/03/2019
<b>Mercedes-Benz</b>							
A-Class A180 d SE	PCP	£4,440.73	48	£269	£10,225	5.70%	31/03/2019
GLA 200 AMG Line	PCP	£5,579.85	48	£319	£12,775	5.70%	31/03/2019
C-Class C 200 d SE	PCP	£6,337.44	48	£319	£10,675	5.70%	31/03/2019
C-Class Estate 220 d AMG Line	PCP	£6,589.27	48	£399	£14,150	6%	31/03/2019
GLC 220 d 4MATIC AMG Line	PCP	£7,879.35	48	£415	£16,350	5.70%	31/03/2019
E-Class 220 d AMG Line	PCP	£7,190.01	48	£369	£15,175	5.70%	31/03/2019
B-Class B 180 SE	PCP	£4,006.36	48	£269	£6,450	6.30%	31/03/2019
New B-Class 180 Sport	PCP	£4,877.76	48	£339	£10,600	6.30%	31/03/2019
CLA 180 AMG Line Edition	PCP	£4,294.16	48	£309	£9,775	5.70%	31/03/2019
GLC Coupé 250 4MATIC AMG Line	PCP	£8,460.18	48	£409	£19,275	5.60%	31/03/2019
GLS 350 d 4MATIC AMG Line	PCP	£9,952.67	48	£795	£28,650	5.60%	31/03/2019
GLE 350 d 4MATIC AMG Line	PCP	£9,852.61	48	£735	£27,425	6.30%	31/03/2019
SLC 200 AMG Line	PCP	£7,428.18	48	£369	£12,150	6%	31/03/2019
V 220 d Sport	PCP	£9,999	48	£499	£20,225	6%	31/03/2019
<b>Kia</b>							
Picanto 2 1.25 manual	PCP	£1,157.50	36	£170.39	£4,529.25	6%	31/03/2019
Rio 2 1.0 T-GDI manual ISG	PCP	£1,524	36	£230.30	£5,211.63	5.90%	31/03/2019
Soul 2 1.6 CRDi manual	PCP	£1,895.50	36	£308.45	£6,422.63	6%	31/03/2019
Venga 2 1.6 petrol automatic	PCP	£1,594.50	36	£297.07	£5,427.88	5.90%	31/03/2019
Ceed 3 1.0 T-GDI ISG	PCP	£2,070.50	36	£270.53	£8,532.38	2.90%	31/03/2019
Ceed Sportswagon 3 1.6 CRDi ISG	PCP	£2,295.50	36	£323.22	£8,761.13	2.90%	31/03/2019
Niro Self Charging Hybrid 2 1.6 GDi 1.56kWh lithium-ion 140PS 6-speed auto DCT	PCP	£2,249	36	£308.93	£10,797	5.90%	31/03/2019
Niro PHEV 1.6 GDi 8.9kWh lithium-ion 140PS 6-speed auto DCT	PCP	£2,984.50	36	£472.36	£12,261	5.90%	31/03/2019
Stinger GT-Line 2.0 T06DI	PCP	£2,999.50	36	£482.94	£13,198.88	5.90%	31/03/2019
Carens 2 1.7 CRDi ISG manual	PCP	£2,140.50	36	£353.08	£7,893.13	5.90%	31/03/2019
Sorento KX-2 2.2 CRDi 6-speed manual ISG	PCP	£3,362.50	36	£496.31	£13,587.75	5.90%	31/03/2019
Sportage 2 1.6 T-GDi ISG	PCP	£2,439.50	36	£319.95	£11,391.75	2.90%	31/03/2019
Stonic 2 1.0 T-GDi manual	PCP	£1,720	36	£272.79	£7,731.75	5.90%	31/03/2019
Optima Sportswagon 2 1.6 CRDi ISG	PCP	£2,310	36	£328.32	£8,898.38	6%	31/03/2019
Optima 2 1.6 CRDi ISG	PCP	£2,226	36	£322.84	£8,212.13	5.90%	31/03/2019

## BOTTOM THREE RATED IN THE NFDA WINTER 2018/19 DEALER ATTITUDE SURVEY

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
<b>Jeep</b>							
Renegade Sport 1.0 GSE T3 120PS Manual	PCP	£5,897	36	£169	£6,719	0%	31/03/2019
Compass Longitude 1.4 MultiAir II 140PS Manual	PCP	£8,425	36	£169	£10,906	0.00%	31/03/2019
Wrangler Sahara 2.2 MultiJet II 200PS 4x4 Automatic	PCP	£12,365	36	£499	£17,331	6%	31/03/2019
<b>Alfa Romeo</b>							
MiTo 1.4 TB MultiAir 170PS Veloce	PCP	£5,341.00	36	£226	£6,408.00	0.00%	31/03/2019
Giulietta 1.4 TB 120PS Giulietta	PCP	£2,500	48	£205	£6,056	4%	31/03/2019
Giulia Saloon 2.0 TB 200 Super 4dr Auto	PCP	£9,941	36	£299	£12,485	0.00%	31/03/2019
Stelvio Diesel Estate 2.2 D 190 Super 5dr Auto RWD	PCP	£7,495.00	48	£375	£15,882.00	3.90%	31/03/2019
4C Spider 1750cc TBI 240PS TCT	PCP	£9,939	48	£499	£24,953	4.90%	31/03/2019
<b>Dacia</b>							
Sandero Access Sce 75	PCP	£1,161	49	£79	£2,974	6.90%	01/04/2019
Sandero Stepway Essential TCe 90	PCP	£2,286	49	£109	£3,781	7%	01/04/2019
Duster Access SCe 115 4x2	PCP	£1,446	49	£109	£5,213	6.90%	01/04/2019
Logan MCV Access SCe 75	PCP	£1,414	49	£109	£2,957	6.90%	01/04/2019
Logan MCV Stepway Comfort TCe 90	PCP	£2,129	49	£169	£3,960	6.90%	01/04/2019



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Retail Congress  
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aimed at senior directors of  
independent and franchised retail  
groups and manufacturers, as well as any businesses  
with an interest in how motor retailing will evolve

## AGENDA

### SESSION 1: The automotive retail outlook 2021

#### The UK automotive forecast

Understanding the economic forecast for the automotive sector, including manufacturing and retailing

#### The UK outlook after Brexit

Tackling the biggest issue on the business agenda – Brexit and what happens next.

### SESSION 2: The 2030 automotive retail market

**New car 2030** Explore the innovations rewriting the automotive sector – electrification, connectivity, shared mobility and autonomous vehicles

**Used Car 2030** Sponsor Manheim identifies the key trends in the used car market and how they will help shape how the landscape could look over the next decade

**Aftermarket 2030** How connectivity, new vehicle technology and mobility solutions will affect aftersales and customer relationships

### SESSION 3: Automotive retail business 2030

**The investment view** Considers the investment opportunities, including emerging and established disrupters, manufacturer research and development and how retail groups can remain attractive to shareholders

**The disrupter view** Discusses disruption in mobility and subscription services together with the opportunities and threats

**The mobility as a service (MaaS) view** Companies are exploring the opportunities created by the shift to mobility as a service

**The manufacturer view** The challenges and opportunities manufacturers will face over the next 10 years and how they will adapt

**The adapter view** Automotive Retail Congress sponsor Barclays takes to the stage to provide insights into a new era of banking and how businesses can adapt



Conference chairman:  
Tony Whitehorn,  
former president and chief executive, Hyundai UK

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## REASONS YOU SHOULD ATTEND

- Listen to the latest expert analysis on the effects of Brexit
- Discover the opportunities and threats in motor retail to 2030
- Learn how your business will adapt to new technology
- Understand how traditional customer relationships may change
- Find out how mobility as a service could change your business model
- Restructuring of the traditional dealership network is inevitable; understand the implications
- Challenge and debate the views and research of industry experts

## SPEAKER SPOTLIGHT

### SESSION 1: The automotive retail outlook 2021



#### The UK automotive outlook after Brexit

*David Bailey, professor of industrial strategy, Aston Business School, Aston University*

There won't be any clear direction until the end of March, when we know whether we're in a 'deal' or 'no deal' scenario or Article 50 is extended. However, manufacturers have been preparing for the worst when it comes to Brexit, with brands already hitting the headlines for their decisions to invest elsewhere. Bailey will talk delegates through the outlook for the sector come May. Drawing on his co-authored book, *Keeping the Wheels on the Road: UK Auto Post Brexit*, Bailey will deliver clarity and insight on what is currently an ever-shifting landscape.

### SESSION 2: The 2030 automotive retail market



#### New car 2030

*Cristiano Carlutti, expert associate partner, McKinsey*

By focusing on the four main elements that will change the automotive outlook completely – electrification, connectivity, autonomous driving and shared mobility, Carlutti will shine a light on how the landscape could look in the next decade. With dealers and manufacturers focused on delivering the next quarter's results, it can be tempting to respond to current pressures while ignoring wider and deeper changes to consumer attitudes, technology and disrupters until it's too late.

For a full list of speakers visit: [www.amretailcongress.co.uk](http://www.amretailcongress.co.uk)



#### Aftermarket 2030

*Dr Andrew Tongue, research director, ICDP*

Repair and maintenance volumes are declining, competition between franchised and independent aftermarket operators is growing ever fiercer. As electrification, connectivity and, eventually, autonomy are added to the mix, what will change? Will early adopters of EVs remain loyal to the franchised networks? Will regulation limit how connectivity can be used to increase retention? More than 50% of the UK car parc could have its aftermarket needs under 'professional management' by 2030 – will customers become disconnected? How far could maintenance and repair volumes fall by 2030, and what impact could this have on workshop and network viability?

### SESSION 3: Automotive retail business 2030



#### The investment view

*Mike Allen, head of research, Zeus Capital*

Emerging disrupters, from Google's autonomous vehicle developments to the threat of Amazon selling cars, are all changing the automotive retail landscape. This session aims to provide insights into where investment is focused and where it may be directed, as well as how retailers can remain attractive to shareholders. Allen, who is also a board adviser at carwow and Auto Service Finance, considers changes such as smaller, less economically viable dealerships disappearing, larger retail centres becoming responsible for bigger areas, investor-attractive technology companies such as carwow, manufacturer investment in R&D and retailer investment in brands.

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# VIEWPOINT



## WHY IT MAY BE TIME TO SAY RIP TO RRP

**STEVE YOUNG** is the managing director of the ICDP



## ARE HIGH VOLUMES AND HIGH PRICES THE 'NEW NORMAL' FOR USED CAR SALES?

**ROBERT HESTER** is a short-term forecast manager at Cap HPI

→ The Advertising Standards Authority's ruling to stop Carwow advertising the savings achieved by comparison with a manufacturer's recommended retail price (RRP), affects the whole industry.

The ASA's logic was that it had "not seen sufficient evidence to demonstrate that the RRP did not differ significantly from the price at which it was generally sold. We therefore concluded that the claimed RRP was misleading."

There is a strong argument that the ruling is flawed, and Carwow will appeal. Many consumer surveys, including those by ICDP, show consumers recognise RRP as a starting point for a negotiation.

But the ASA stated "that consumers would understand the RRP claim to represent the price at which the vehicle was generally sold". If the ruling is upheld, it has broad implications.

Presumably, promotions quoting "£1,000 off" will no longer be allowed, and will only be possible on the basis of an absolute price. This will surely accelerate offering cars at a monthly rate.

If RRP is officially viewed as irrelevant, what is the point of using it as the basis for dealer margin structures or depreciation rates? Can manufacturer websites

**"PRESUMABLY, PROMOTIONS QUOTING '£1,000 OFF' WILL NO LONGER BE ALLOWED"**

offering cars for sale online – normally on the basis of RRP or some national offer such as 0% interest rates – still be credible if based on a 'misleading' price?

We may be moving towards a similar situation to the airline industry, where there is no reference ticket price, but rather a dynamic pricing model that proposes a price to each consumer based on what they book, any extras, when they book, and a prediction of capacity utilisation.

In an omni-channel world, might a minimum price level be reasonable for all sales made through official channels? This may form part of the next round of Block Exemption discussions.

Making flexible pricing more visible may then lead to growth of price comparison sites. Perhaps manufacturers should consider hosting such functionality on their websites, giving buyers confidence they are getting a fair price, but reducing the risk of defections to a competitor on cross-brand sites?

It may be time to consider different pricing models. Regardless of the outcome of the ASA process, there is a strong case that RRP is no longer fit for purpose:

- It makes the sales conversation all about price savings, rather than about the product and the service, when manufacturers and dealers claim they want the opposite.

- It undermines consumer trust in the purchase process, playing into the hands of potential new entrants and disruptors, but equally creating an opportunity for a manufacturer who breaks away from the current model.

- It is holding manufacturers back from offering an online buying experience that delivers a fair transaction price.

→ Auction halls around the UK were heaving in 2018 as many dealers turned to the used sector to bolster profits. The result was an unusual phenomenon of high used volumes and record prices.

The market dynamics raise the question 'are we seeing a new normal?' with sustained levels of higher demand than before.

Car supermarkets now represent a large proportion of the total used marketplace and are putting pressure on the smaller independent dealers, which struggle to compete in the same auction arena.

An independent buyer would typically expect to be able to buy at somewhere between Cap 'below' and Cap 'clean', depending on the condition, and would want to add a reasonable margin.

However, supermarkets are prepared to work with lower margins, so when an independent is up against a supermarket buyer, they often face either losing the car or having to pay more than they would have liked, with an impact on margins.

It isn't only independent supermarkets that are using this model. We are also seeing many larger franchised dealer groups increasing used volume.

The large operators have teams of professional buyers, often split between field-based buyers attending auctions and office-based colleagues who buy online. Often a senior buyer negotiates bulk deals direct from other vendors, such as rental companies and manufacturers.

With as many as 12 professional buyers at any one auction, the competition between them can

## "THE STRENGTH OF THE USED CAR MARKET LOOKS LIKELY TO REMAIN"

be quite fierce. Buying and selling at volume can sustain lower retail margins, and this in turn enables higher prices to be paid in the wholesale market.

As we have noted, 2018 was a particularly strong year for used car values, and some sectors saw trade values increase.

The average value movement over the 12 months, across all vehicle sectors at the one-year point, was a 1% increase.

That figure is derived by comparing all generations of cars that existed at the one-year old age point at both the start and end of the year, so excluding any newer models entering the market that may skew the figures.

As cars traditionally depreciate as they age within their lifecycle, this 1% average increase was an unusual phenomenon.

Lower medium cars rose 3%, superminis +2.5% and city cars +1.5%. Interestingly, SUV (-1%) and upper medium, D-sector (-1%) were slightly down year-on-year, on average. However, they still put in a relatively strong performance, compared with previous years.

The strength of the used car market looks likely to remain. The car supermarket model continues to expand as new players enter and existing brands grow.

Perhaps the 'new normal' is here to stay?



## GREAT LEADERS NEED TO EXCEL INSIDE AND OUT

**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



At a recent conference bringing together European HR managers and leading business schools from around the world, the opening speaker asked the audience to shout out what they felt were the qualities of an inspirational leader.

This created a fever of activity from the HR community, and words such as visionary, dynamic, caring, humble, determined, etc. came flooding back from the excited audience.

However, I noticed the business school representatives were sitting on their hands and keeping very quiet.

I wondered if their reticence was due to the fact that the conference coincided with the arrest and subsequent resignation of Carlos Ghosn as leader of the Nissan, Renault and Mitsubishi Alliance. Measured against almost every dimension contributed by that conference audience, Ghosn is an inspirational leader with a great track record.

The Ghosn case presents a number of challenges for our high-profile industry. We need our leaders to be visible and set the values that underpin the working of the organisation. But is there a risk that the upfront and visible representation sometimes takes precedence?

Ghosn was the upholder of sound values when he was brought into Mitsubishi in 2015 to clean up the company's image,

after it was rocked with a scandal over the false disclosure of mileage tests.

Nissan has had problems, too – in 2017, a Nissan inspection issue came to light when it was discovered that unauthorised workers were certifying vehicles as part of the production process. Many excused this as a management issue lower down the organisation. This was despite the transparency encouraged in the company, according to Nissan chief executive Hiroto Saikawa.

Since Ghosn's arrest, Nissan, and Saikawa – once one of Ghosn's mentees – have seemed ready to publicly hang their ousted chairman out to dry.

The case has still to be heard and Ghosn has proclaimed his innocence. Now bailed after more than 100 days on remand in a Japanese prison, he has requested to teleconference into a board meeting – although sacked as chairman of Nissan, Renault and Mitsubishi, he remains on the boards of all three as a shareholder vote is required to remove any board member.

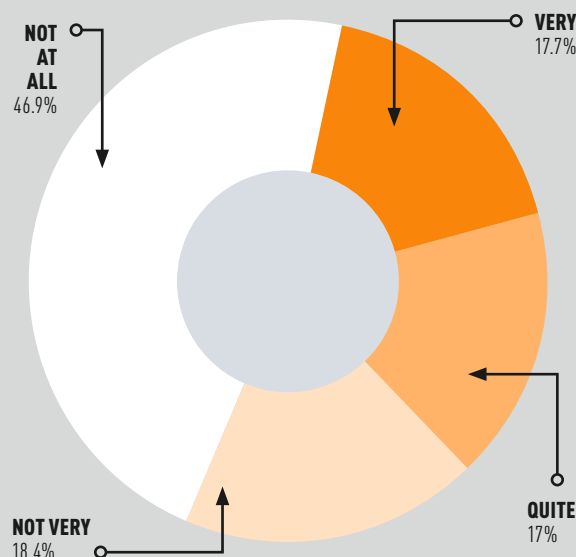
A Tokyo court has blocked his request, as a bail condition prevents him from communicating with people linked to his case.

Whatever happens, the next time I sit in a conference and listen to statements about great leadership, my view is being consistent in public and private affairs should be one of them.

**“MEASURED AGAINST ALMOST EVERY DIMENSION CONTRIBUTED... GHOSN IS AN INSPIRATIONAL LEADER”**

# AMPOLL

## HOW CONFIDENT ARE YOU THAT YOUR EMPLOYEES FEEL VALUED BY THEIR EMPLOYER?



**Just one in three motor retail employers believes their staff know they are valued by the organisation.**

It highlights a need for improving employee engagement across motor retail, and a better appreciation of the mood of the workforce, through initiatives such as the AM Best UK Dealerships To Work For programme (see Page 10).

The programme has shown that the best businesses pay attention to their staff, empower line managers to celebrate success, develop employees' career prospects, and offer a spread of rewards and benefits.

One business leader said he has more than 300 employees with average service of more than 10 years. The key, he said, is regular feedback meetings – “keep staff informed, keep them engaged”, he said.

Among the voters who feel employees are not feeling the love, one complained that onerous manufacturer standards, which force staff to “jump through hoops”, are taking their toll on worker morale.

Another manager said there have been no pay rises for two years, as the costs of doing business “have increased massively and the heads of the businesses know that there aren't too many options out there for disgruntled employees”. Since the new car market turned, employees' pay is not even keeping pace with inflation, he said.

A line manager in aftersales said there is “a lack of recognition from the top” of the hard work and talent in her team.

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“WHEN THINGS DO  
PROGRESS TO ONLINE  
SALES, WE HAVE  
DISTRIBUTION AND COLLECTION  
POINTS DOTTED AROUND THE UK  
MIKE BELL, MANAGING DIRECTOR





## FACE TO FACE: IMPERIAL CARS

# 'WE WANT TO BE AS MUCH LIKE A FRANCHISED GROUP AS POSSIBLE'

It's dropping the 'supermarket', adding sites and has taken its marketing national. So is Imperial looking for a buyer? MD Mike Bell is enjoying things too much, he tells **Tim Rose**

**I**mperial Cars is on a march. As many franchised dealer networks consolidate into fewer, larger locations, the modest, empty showrooms left behind are Imperial's opportunity. Now at 12 outlets, with two more opening within weeks, it aims to have 20 operational in 2020 as it builds a national brand.

This year, the company's support functions – across accounts, administration, customer contact centre, HR, IT, marketing, purchasing and senior management – will move into a 16,500sq ft, two-storey open-plan office at the Botley Grange Business Park in Southampton.

With parking for about 100 staff, meeting and training rooms, a gym and shower facilities, canteen and kitchen areas, Imperial House has undergone a £1 million refurbishment and another £750,000 fit-out of office equipment. The property will allow the group to gather its teams together from four existing locations across the city under one roof for the first time, and Mike Bell, Imperial's managing director, believes it signals that Imperial is firmly in its next stage of corporate development.

"We're already a good place to buy a car from, there's not many places better than us. We look after people the right way; we prepare the products really well; we have really nice environments, and really good people to deal with. One of my personal aims this year is to be a really good place to work at as well. There are very few used car operators that really focus upon their people at work being in a good place," said Bell.

The corporate headquarters is just one part of Imperial's preparations for the future. It has already invested heavily in technology. Imperial developed its own sales and stock management system, ImperialNet, which is supported by its Pinewood Pinnacle DMS, and which keeps the management team abreast of critical daily performance measures, from stock

preparation and showroom footfall to deal creation and profitability. Its preparation centres are equipped with 360-degree imaging systems that automatically feed into the stocking system.

Imperial's website and back office are readying to provide fully online sales, when customers demand it. A small in-house team of developers and content creators is responsible for keeping its website efficient and user-friendly. Operations director Neil Smith believes once consumers are on the site, looking at cars for sale, they should not need to go anywhere else for information, so all stock is accompanied by dozens of images, a finance calculator, condition reports, provenance checks, the V5 and MOT status, and service history.

"They shouldn't need to ring or email us with any questions about the cars, as everything there is to know is already clearly displayed. The only time they should ring us is to ask whether the car they're looking at is still available," said Smith.

In the background is Pinnacle, but from the point of deciding what to purchase through to the point of invoicing a sale, everything is managed through Imperial's own software. CRM, marketing, photography, preparation, logistics and deal creation are all trackable.

Smith said: "We've spent an awful lot of money and time developing those systems, and next for us is a complete coding revamp of our website. We'll rewrite it from the ground up and integrate it with our back-end systems." The user experience on the website has been well ahead of the industry, but Imperial wants to keep pushing forward.

"It's about putting everything there for the consumer to digest. Omit nothing, be transparent. It sounds trite, but we are transparent. Look at our website. We even say if it's a previous lease car or daily rental, or if from the service stamps we suspect it may have been used as a taxi. If there's a doubt, we'll say.

"We're really about giving the consumer

every reason to buy a car, and no reason not to," Smith added.

Bell said Imperial's growth opportunity is coming "because we're really good at what we do, and a lot of people aren't".

Although Bell doesn't believe most people are comfortable buying a used car online at the moment, a network of more than 20 sites would give Imperial Cars a ready-made delivery centre network for when that happens.

"We need to try to fill a lot of gaps in the UK and in doing so you're more likely to become a household name than if you've a few big sheds in the car supermarket model. They'll stock between 500 and 1,000 cars at four or five locations, and that's it. It's cost-prohibitive to use these as distribution centres, and highly unlikely someone will come back to have their car serviced.

"If we can get lots of little dots on the map, we spread our name, and when things do progress to online sales we have distribution and collection points dotted around the UK. We want to be as much like a franchised dealer group as possible," he said.

Imperial targets showrooms vacated by franchised dealers. In the past 24 months, it has moved into outlets previously occupied by Audi, Honda and Land Rover, which closed and relocated due to corporate identity demands. Unlike car supermarkets' 'sheds', Imperial's sites need to hold 100 to 150 cars at most. The company is particularly keen to fill a large gap between its sites in Leicester and Edinburgh. It is in advanced negotiations on two leasehold properties along the north-east coast, and is searching for suitable sites in Yorkshire.

Smith acknowledged that expansion comes with growing pains, and Imperial does have periods of consolidation, when the focus is on bringing new sites up to a consistent, optimum performance rather than launching in new locations. He said experience has shown the group that new sites do well for the first couple of months, but there is often then a dip

Imperial's managing director Mike Bell, left, and operations director Neil Smith plan to have a 20-site network by 2020



before performance rises again at six or eight months.

Smith said the structure of the company means dips at sites will not cripple the business, whereas a 500-1,000 car supermarket would quickly feel the pressure. Across the group, monthly sales volume is 1,200 to 1,500 units. Turnover in the 2018/19 financial year is expected to be £220m.

Once Bell achieves the medium-term ambition for 20 successful outlets, he wants

the business to be capable of expanding further next decade, with the accompanying increase in central support as necessary.

"This makes us a bit future-proof. Now we're bursting at the seams in places, but this means we can go to the 20 sites easily and well beyond that without feeling the strain," he added.

Bell hopes the head office will emphasise to Imperial's major suppliers that it is very serious about doing business. They're still

welcome to see the dealerships in operation, but there's now a very different, more relaxed environment for building partnerships.

After it was pointed out that having a corporate headquarters is typical of many major franchised retailers, but less so among used car supermarket chains, Bell said: "It's true, but there's something in that statement that sticks with me a bit – you used the words 'car supermarket'."

"We're no longer Imperial Car Supermarkets. Now we are branded Imperial Cars. We're really akin to all those big dealer groups out there, but we sell lots and lots of used cars, giving choice and the best possible service and value. Go to a typical franchised dealership, generally the consumer won't get the best possible value or the best possible choice, but they might get a really good service. So we want to offer all those things."

After previous major ID50 used car retailers CarShop and The Car People were acquired in recent years, some industry observers had suggested Imperial's rapid expansion was a sign it was building the business up until it was ready to sell. But Bell said there is no exit strategy, adding that he and his fellow shareholders are enjoying building the business and can reap the rewards while remaining in control, rather than answering to a parent group. "Buyers will make changes," he said.

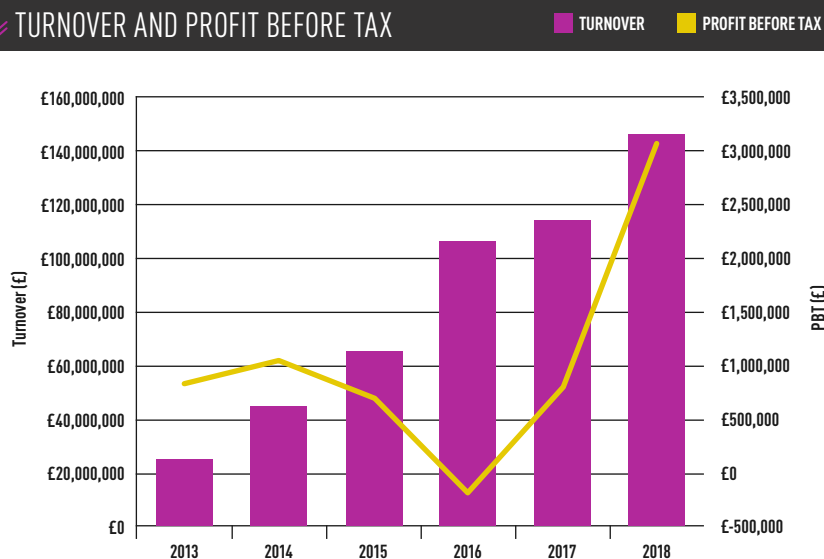
Expansion is being done at relatively low cost, typically through leasehold properties, and funded from cash reserves, with operations funded through multi-million-pound stocking lines. Bell said the group "can be entrepreneurial" about sites. The decision comes down to the overheads of a site and the potential returns – the desire is a minimum return-on-sales figure of 2%, but he believes some outlets can achieve double that.

Smith said: "If we're presented with an opportunity on a property that makes sense in terms of our cost base and expected return on investment, why wouldn't we take it?"

Bell has four shipping containers full of furniture and signage bought in bulk from the Far East ready. New showrooms can be operational between two and four weeks after signing the lease and receiving the keys. Management comes from existing staff, and new recruits are sought locally.

Imperial has softened the showroom experience in recent years. There is no pressured sell, but customers will be spoken to within a few minutes of coming on site. They are asked a maximum of three questions in the 'meet and greet'. Firstly, "Are you appointed?". If not, then "Are you here to see a particular vehicle?", because some people

## TURNOVER AND PROFIT BEFORE TAX



Growing pains affected the group's profits earlier this decade as it brought its major sites in Northampton and Chertsey up to speed and interest charges began to mount. But earnings are now climbing well.

# WE'RE NO LONGER IMPERIAL CAR SUPERMARKETS. NOW WE ARE BRANDED IMPERIAL CARS

MIKE BELL,  
MANAGING DIRECTOR

will have found the car they want on the website, but don't want to inform the dealership they're coming. And, if not, then "Is there a particular brand or model you're looking for". The sales executive will then briefly explain the quality and preparation of Imperial's cars and leave the customer alone for 10 minutes or so to browse. Smith said it's about being attentive, but not pressuring.

Imperial uses JudgeService CSI surveys plus video and phone mystery shops to monitor the customer experience. Almost half of sales executives' remuneration is based on their CSI performance, to keep the onus on giving a great experience. Issues are tackled in one-to-one performance reviews for all sales staff, handover specialists and site managers. Sales people are shown their video mystery shops, and asked to critique themselves.

On the path to being a national business, last December the company committed to a 12-month radio advertising campaign on TalkSport to begin building Imperial Cars' brand awareness nationally. Smith said it had previously run marketing campaigns local to its new site openings, but the cost of these mounted up, so a national campaign made sense instead. TalkSport's audience of mostly 25- to 50-year-old men fits Imperial's target market, and its desire is that some brand recognition is built even in areas not yet home to one of its dealerships, so that as it expands into new regions it's not a completely cold start.

About 90% of Imperial's marketing is done online. Armchair Marketing manages its search and social marketing. In addition, Imperial sponsors organisations close to its dealerships: Northampton Town

## VEHICLE PREPARATION

Imperial has one PDI centre, at Eastleigh, which serves its dealerships in the south of England. By May, it will open a second on an 11-acre former BCA import centre at Portbury docks, Bristol, which will prepare cars for all sites in the midlands.

Centralised PDI ensures consistency of process and quality, said Smith. It takes the responsibility away from individual sales managers who may try to save a few pounds by not repairing a scuffed alloy wheel, for example, and in doing so risk a promised quality standard.

On average, the process takes eight working days from a car being acquired to being on a forecourt. But the car will be marketed online during this time, as the PDI centres also have 360-degree photo booths.

Bell said from these, and the information flows coming through their management system, Imperial gains the ability to shift its stock acquisition criteria temporarily. If the business is awash with grade one cars, which require little refurbishment and leave the body repair teams low on work, Imperial's buyers will be told to source grade two or three cars, at a price which allows for reconditioning.



On average, Imperial is investing at most £470 per unit in cosmetic and mechanical refurbishment. Cars at auction that will require more than that are rejected. Imperial's buyers use an in-house tool, Buyer Assist, to identify which cars suit its stock profile. This tool takes auction catalogue feeds, enables buyers to filter available cars to the group's requirements, price back from retail, and then at the auction they can examine the car, note any cosmetic damage and the tool calculates the repair costs and the profit margin desired so they can factor these in when bidding.



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**C**FC and Halesowen Rugby Club, for example. Each branch's sales manager gets a fund to sponsor local school teams, shows and events.

Bell said: "If someone is going to change their car, generally they'll look online. They'll search, they'll be a certain radius from your location and they'll find you anyway." He said 90% of Imperial's business comes from people within 50 miles of its dealerships.

Smith added: "We'll deliver a level of footfall that should be enough to fulfil target, as long as their conversion is at the right level. But we can't nationally keep spending more and more to increase footfall, so the responsibility is on the sites to deliver conversion and to look at their local area and find what they can do."

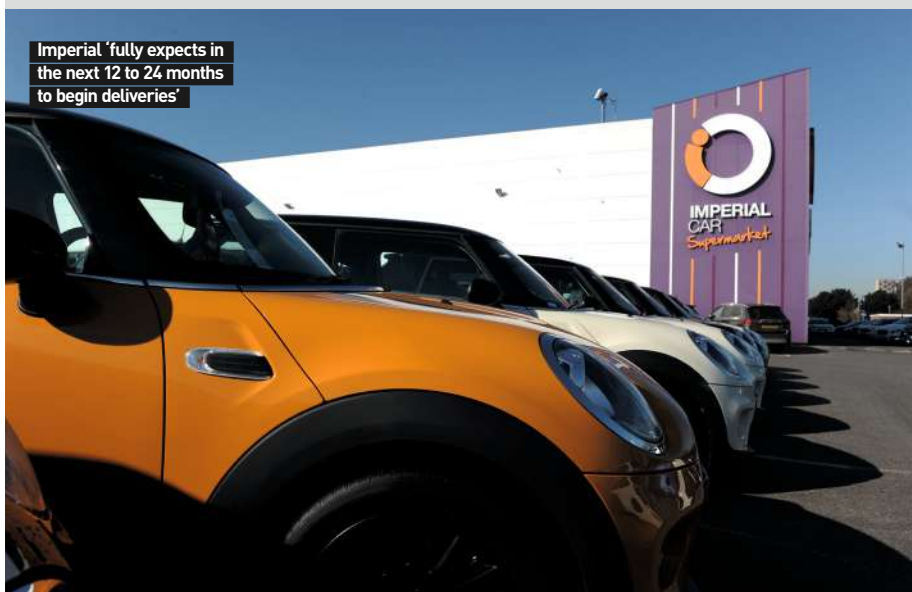
Imperial has looked into a 'deliver-to-the-door' service in the past three years, but the management team is unconvinced there is enough demand yet. Imperial's "hybrid solution", said Smith, is 'Click, Call, Collect'. Online or over the phone, the business will pre-approve the customer for finance, and guarantee their part-exchange value based on the customer's description. The customer then makes an appointment to come in, have the part-exchange inspected, test-drive their chosen car and sign the documents. They'll typically drive away within an hour. That compares with about three to four hours for a normal showroom experience.

Smith said 8% to 9% of Imperial's monthly custom is through Click, Call, Collect. Of those customers, about 99% leave with a car. That compares with a 45% conversion rate for customers who visit the showroom for their full purchase process.

"For us, it's a stepping stone to that delivery point. We fully expect in the next 12 to 24 months to begin deliveries. We're confident now we could deliver the cars in terms of quality – it's more a resource and process issue. If we're delivering, we'd need to send



Imperial 'fully expects in the next 12 to 24 months to begin deliveries'



someone capable of assessing the part-exchange, who's SAF (Specialist Automotive Finance) accredited to do the finance sign-up at home, and if we begin delivering 300 to 500 cars a month we have to really gear up with transport. It's a massive resource."

Smith said online could be bringing "the demise of the tyre-kicker" because customers are ready to buy, and the industry is still guilty of putting barriers in the way. "It's making sure we allow the customer to buy that car."

#### FACTFILE

TURNOVER £142 MILLION (2017/18)

PROFIT BEFORE TAX £3.1M

NUMBER OF SITES 12

NUMBER OF STAFF 250

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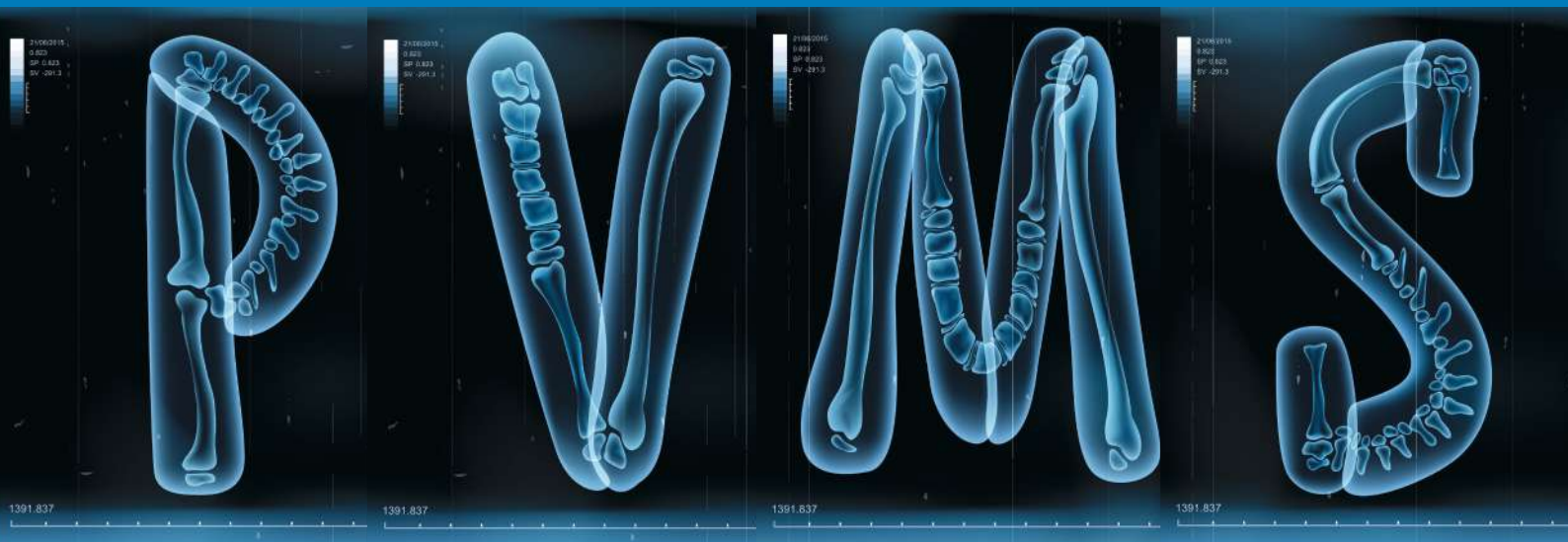


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# 5 MINUTES WITH...

Iain Nickalls, director,  
eDynamix



## How did eDynamix come about?

Vili Dimitrov and myself were software developers and integration specialists working with a number of dealerships and DMS systems around the country. One of those dealerships was Parkway Volkswagen, owned by Sean Booth. In 2006, we created an online bookings system, which was used on the Parkway website. In 2009, Sean asked us to create a bespoke service plan system. Parkway was top of the national league for service plan sales across Volkswagen's network, which prompted other dealers to start taking notice. In summer 2010, Sean, Vili and I decided to make it a commercial offering and started eDynamix.

## Has the business grown over the past year or so?

At the end of 2016, we had 48 employees, in 2017 this grew by 44%, closing the year with 69 individuals and in 2018 we have added a further 15, an increase of 22%. A lot of these additions are a product of our software academy. We also added a strategic account manager in 2018, whose responsibility it is to look after our ever-growing relations with manufacturers in the UK and Europe. We have grown our customer base by 287%, from 530 dealerships in 2016, adding a further 331 in 2017. From the end of 2018, 2,050 outlets are using our software.

## What new developments have you launched?

AutoPoint Lockers are the newest addition to the eDynamix aftersales solution (revealed at Automotive Management Live 2018). AutoPoint allows for both drop-off and pick-up of keys, integrates with iVHC and other back-end systems and will

“OUR GOAL IS TO CREATE CUSTOMER-CENTRIC SYSTEMS THAT ALLOW FOR 100% SELF-SERVICE

IAIN NICKALLS

eventually allow for payment of invoice. The interest in the system has been amazing. We've already got pilot schemes with manufacturers planned and orders for when the system will be ready for commercial release this quarter.

Our Online Service Plan Quote offering has been available for a while, but we recently extended it to allow a customer to complete the transaction online. We are seeing a growing number of dealers adding this, and the number of plans taken out by the customer directly grow month-on-month. We have also made our service plan quoting tool available through API, which means it can be embedded into any website or third-party application.

The next stage is to allow customers to manage their servicing requirements, including their service plan, through our dealer/manufacture app, called Automate, which will be available soon.

Our most widely used app is Connect which provides real-time information on things such as service plan sales, iVHC red and amber work conversion and online bookings. We are working on its next iteration, which will provide a more data-rich and interactive interface.

We have been working on a major update to our service plan system that will allow dealers to offer more than just servicing through the platform, in a way not seen before in the industry.

Our other major development is StockMaster, which allows dealers to view and manage group stock. Capable of close integration with Autotrader's iControl platform, the system provides insights into market performance per model, allowing dealers to price costs more effectively and efficiently than before.

## Will aftersales become a truly self-serve model?

Our goal is to create customer-centric systems that allow for 100% self-service. We have a unique offering where dealers can use fully integrated systems from one supplier. CRM sends out reminders for services due as part of a service plan with a link to an online bookings platform.

## How widespread are online bookings?

Most dealers offer online bookings. However, many are a simple service request form, which a customer must complete and then wait for a call back.

Customers are now looking for more interactive systems that give them control. We have seen numbers of bookings made online grow month-on-month during 2018 and this is only going to grow as generation Z start to visit dealerships.

Dealers need to start preparing for generation Alpha. They will be growing up in a world where everything is connected and a simple service request form will not do. Parkway Volkswagen, for example, took almost 2,000 bookings online during 2018, with a value approaching £200,000. **DEBBIE KIRLEW**

## FACT FILE

COMPANY:  
EDYNAMIX

HEADQUARTERS:

ASHINGTON  
STAFF:

84

SITES:  
ONE

# KIA MOTORS UK

While Kia looks like it is on track to hit its 100,000-a-year registrations target, soaring demand for its new EV presents dealers with a potential headache. **Matt de Prez** reports

**W**hen order books opened for Kia's new e-Niro in January, its initial allocation of 700 cars sold out in just three weeks, presenting its dealers with a challenge they may never have experienced before.

The Sportage was the first Kia model to attract a waiting list and when Kia announced the Stinger, dealers were inundated with customers who wanted to be the first to own one, but the e-Niro is on a different scale, according to the brand.

The squeeze is unlikely to end soon – John Hargreaves, Kia's head of fleet and remarketing, expects demand for electric vehicles (EVs) to grow significantly next year, as changes to company car tax rules make them far more attractive to the fleet sector.

Steve Kitson, corporate communications director at Kia Motors UK, said: "Demand is enormous at the moment. We see a growing expectation for EVs, especially among fleet and business users."

Dealers were promised that their first sold order for an e-Niro would be fulfilled and the brand is initially prioritising retail customers with delivery of the new car.

"The first ones will be with us in April and we expect those to go straight to customers," said Kitson.

Each of Kia's 190 dealers will get an e-Niro demonstrator and the remaining cars will be provided on a first-come, first-served basis.

Order books for the car will remain open, despite the initial allocation being sold, as Kia Motor UK is desperately working to acquire more vehicles before the end of the year.

Kia has a six-year product pipeline planned to cater for the shift to alternative

fuel vehicles (AFVs). It intends to launch 16 models with electrified powertrains by 2025 and is committed to launching a fully electric vehicle each year, for three years.

The brand is currently supplied by two factories in Korea.

By the end of this year, both expect to double capacity – although they will have to contend with demand from a range of other manufacturers, who plan to launch new EVs between now and the end of the decade.

"It all comes down to battery availability," said Kitson.

"Various manufacturers will be launching new EV models this year, but we are all chasing sufficient lithium and battery packs. It will be a restraining factor for the next 12-18 months – we just don't have sufficient supply at the moment," said Kitson.

Despite this, Kia is confident it should be able to quote 'realistic' lead times for the e-Niro by this time next year.

Currently, an e-Niro customer could wait a year for delivery of their vehicle, as the allocation is spread across a 12-month period.

The brand said it is "working closely" with its network to ensure that customer

expectations are managed effectively.

"We have to manage expectations. When a customer comes into the showroom, our dealers will be very clear that there is a waiting list," said Kitson.

In order to prepare dealers for the anticipated EV boom, Kia offered them the chance to become EV specialists when the Kia Soul EV went on sale in 2014.

The rise in popularity of AFVs in the past few years means now Kia mandates that all dealers must be EV specialists, with the ability to sell and service the range of different fuel types, including the Niro Hybrid and Optima plug-in hybrid.

Hargreaves said he has "absolute confidence" that the network is ready to deal with the influx of EV customers, following investment in training and new equipment.

## Network development

With no shortage of potential franchisees, according to Hargreaves, Kia is being careful to protect the profitability of its existing dealers by ensuring it only opens new sites in areas where coverage is poor.

"We see no need to exceed 200 sites at this point," said Kitson.

Last year's dealer profits were the second highest on record, and Paul Philpott, the managing director of Kia Motors UK, is keen to ensure dealer profitability remains high.

A core part of his strategy is the decision to keep retailing within the network and not expand into the growing direct sales model, as other manufacturers are doing.

"We don't have any intention to

**“IN MANY FLEET OPERATIONS I THINK THERE IS STILL A PLACE FOR DIESEL. FOR A COMPANY, ESPECIALLY, IT IS STILL WORTHWHILE**

**JOHN HARGREAVES,  
HEAD OF FLEET AND REMARKETING**



## KEY PRODUCTS



### Sportage

The latest version of Kia's compact SUV is the brand's best-selling model, with more than 35,500 registrations last year. It is available with a range of petrol and diesel engines.



### Picanto

The stylish city car comes packed with equipment you would expect to find on larger luxury cars, such as LED headlights, reversing camera and autonomous emergency braking.





Kia's initial allocation of e-Niros sold out in just three weeks



### ◀ Ceed

The all-new Ceed debuted last year. It is a more upmarket, refined and better driving version of the core hatchback, intended to compete against the top-selling Ford Focus and Volkswagen Golf.



### ◀ e-Niro

With a WLTP-rated range of 280 miles, the e-Niro is one of the first affordable EVs that won't create range anxiety. It has enough cabin space for a family of five and comes highly equipped.



“start selling cars online,” explained Hargreaves.

The brand believes that customer experience is the critical factor and continues to encourage the placement of a ‘Kia Genius’ in its showrooms.

The purpose of the role is to help customers find out at least as much about a car as they could online, but in a hands-on environment without the pressure to buy.

PCP remains the most popular way that customers buy a car, but Hargreaves said the brand recognised the growing trend towards PCH.

“We offer a PCH product, but we aren’t trying to drive it. For dealers, the PCP is still a better deal,” he said.

Hargreaves said an important factor was selling the car in a way that gives the dealer control over the relationship, encouraging buyers back for servicing and retaining them at the end of the deal.

### Record registrations

Kia Motors UK enjoyed a record year for new car registrations in 2018, despite a fall of almost 7% in the overall market.

Kia volumes increased by 2.7% – totalling 95,700 units – and the brand believes it is on track to reach its goal of 100,000 new cars sold in a single year, by 2020.

Perhaps in recognition of its strong performance, AM readers voted Kia Franchise Partner of the Year in the 2019 AM Awards.

It was also named the best franchise in both 2018 NFDA Dealer Attitude Surveys.

Kia’s current range is spearheaded by the Sportage crossover, which was the UK’s 10th best-selling car last year and named Used Car of the Year at the AM Awards.

The Sportage amassed more than 35,500 registrations in 2018 and was followed by the Picanto city car (16,800 registrations).

Fleet sales were responsible for the bulk of Kia’s growth and accounted for 55% of its total registrations – a figure that brings the brand in line with competitors.

Historically, Kia had been a more retail-focused brand, with up to 70% of sales coming from private buyers as little as five years ago.

However, retail registrations slipped by 1.4% last year, to 35,750.

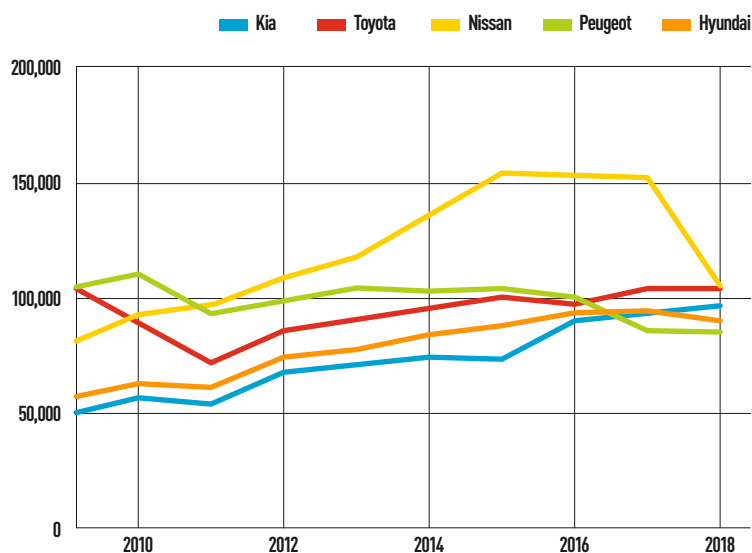
The boost in fleet sales has come from the brand’s push to promote its AFV models to those who want cheaper tax bills, but also from stronger consumer interest in its products feeding into the user-chooser market.

Growth has also been helped by the brand’s decision to develop European-specific models at its European Design Centre in Frankfurt.

Last year, a new Ceed joined the range with performance and build quality to rival the leading cars in its segment.

The Sportage has been equally

## ▼ TOTAL REGISTRATIONS



While many mainstream brands are declining fast in the market, Kia’s sales have been relatively stable, reassuring dealers of the franchise’s resilience



Kia’s decision to develop European-specific models has helped its volume growth

successful, with an uplift in quality helping it become second favourite to the ubiquitous Nissan Qashqai.

### Fleet performance

In the fleet sector, Kia is ahead of the market in terms of its AFV penetration, with 7.5% of its fleet sales featuring a hybrid, plug-in hybrid or fully electric powertrain.

This is expected to grow, as more fleets feel the pressure to move away from diesel and drivers become incentivised by lower taxation.

Hargreaves said: “In many fleet operations, I think there is still a place for diesel. For a company, especially, it is still worthwhile.

“But from next year, the BIK will make EVs far more attractive. On a £35,000 EV, a 40% taxpayer is going to see a reduction

from £2,500 per year to just £250.

“A business with 50 EVs will see national insurance contributions drop from £35,000 to £4,000. It’s an absolutely massive change, which is bound to stimulate the growth.”

The old status quo of residual values being the main barrier of adoption are no longer an issue, according to Hargreaves.

“The trend has reversed. EV RVs are improving. They have caught up. There are enough of them in the market to make them a saleable used car.

“The Soul EVs used to be a difficult sell. Now we don’t have any, because there is a very strong demand from dealers for them.

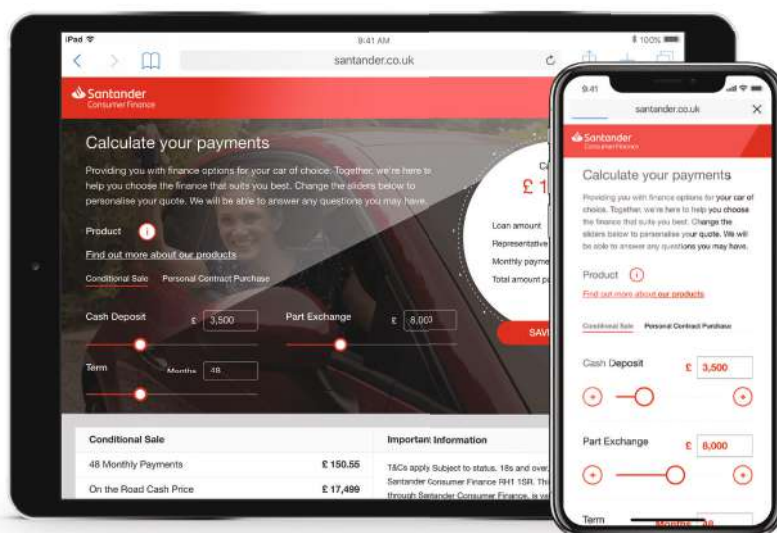
“We will get to a stage at some point in the future where internal combustion engine vehicle RVs will go right down,” he said.

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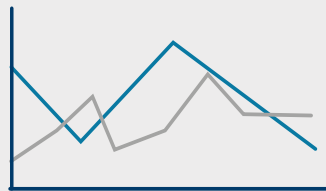
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Jon Head, Commercial Director  
Marshall Motor Group

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# SPOTLIGHT:

ID50

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# THE ID50

## REVEALED AND ANALYSED

The financial performance of the UK's  
top 50 independent dealer groups



### INDEPENDENTS MAKE HAY DURING UK'S USED CAR SALES BOOM

UK'S 50 BIGGEST INDEPENDENTS BOOST  
TURNOVER AND PROFITABILITY

PAGES 38-45

### INDEPENDENT THINKING

AM ASKS ID50 EXECUTIVES HOW LOWER  
MARGINS, MORE COMPETITION FOR STOCK  
AND BREXIT AFFECT THE OUTLOOK FOR 2019

PAGES 47-48

# Non-franchised dealers buoyed by used car boom

Bumper sales year adds £0.6bn to combined turnover of UK's 50 biggest independent dealers, as profits, stock holdings and property expansion rise to match demand

**T**he UK's 50 largest independent car dealers generated more than half a billion pounds of extra car sales between them over the past 12 months.

The dealers of the ID50 achieved a combined annual turnover of £4.7 billion, up from £4.1bn in 2018's table.

Four out of five ID50 dealers have grown

their businesses year-on-year, a sign of the continued strength of the used car market and the appetite of independent dealers to increase stock holdings and sales.

The number of independent dealers with sales exceeding £100 million has risen from nine to 11, fuelled by strength in used car values, strong sales volumes and property expansion. And the threshold to the ID50 has

risen by £2.5m – it's now £20.7m, with Anchor Cars and Vans slipping down into 50th position, its sales decline attributed to pulling back from unprofitable business and a broadening of its stock profile, typically nearly new to seven-year-old light commercial vehicles and cars.

Profitability has strengthened. Last year, the median return on sales had dropped 0.3ppts

## RETURN ON SALES (%)

Rank	Group Name	ID50 rank	2017	2016	2015	2014
1	William Loughran	48	26.4%	12.7%	12.7%	12.7%
2	Trade Centre Wales	4	8.9%	9.9%	8.7%	9.5%
3	Tom Hartley Jnr	10	7.1%	8.1%	8.4%	8.1%
4	Car Giant	2	7.1%	7.9%	8.8%	7.9%
5	ESP (Canei International)	47	5.7%	7.2%	7.2%	6.3%
6	Motor Depot	6	4.7%	4.7%	3.3%	2.7%
7	Eddie Wright	49	4.6%	2.1%	5.1%	5.1%
8	HPL Motors	35	4.6%	n/a	4.2%	3.9%
9	Bridgend Group	34	4.4%	3.4%	3.5%	3.6%
10	V12 Sports & Classics	13	4.3%	4.3%	4.1%	2.4%
11	Hippo Motor Group	22	4.2%	4.6%	5.7%	n/a
12	Beck Evans	41	3.8%	4.0%	4.4%	n/a
13	Morrison Motors	39	3.7%	3.7%	3.4%	4.9%
14	Stebbing's Car Centre	30	3.6%	3.0%	2.6%	2.7%
15	CarWorld Car Supermarket	45	3.3%	n/a	3.5%	2.4%
16	Mike Brewer Motors	11	3.2%	8.3%	11.7%	n/a
17	Dace Motor Company	23	3.1%	3.8%	3.8%	4.8%
18	Jeff White Motors	36	3.1%	1.5%	1.6%	2.9%
19	Anchor Cars and Vans	50	3.1%	2.2%	1.9%	2.8%
20	Cartime	32	3.0%	2.6%	3.0%	3.8%
21	Motorline Direct	37	2.9%	n/a	0.4%	0.8%
22	Available Car	3	2.8%	2.1%	3.0%	2.9%
23	DK Engineering	16	2.5%	4.7%	3.3%	6.4%
24	Saxton 4x4	12	2.5%	2.8%	2.5%	2.3%
25	Castle Motors	46	2.5%	2.1%	2.4%	2.3%

## RETURN ON CAPITAL EMPLOYED (%)

Rank	Group Name	ID50 rank	2017	2016	2015	2014
1	JZM	43	98.1%	98.1%	n/a	n/a
2	V12 Sports & Classics	13	82.4%	82.4%	88.6%	87.0%
3	Motor Depot	6	50.4%	46.2%	33.2%	24.7%
4	Tom Hartley Jnr	10	47.8%	65.2%	97.2%	170.6%
5	HPL Motors	35	33.7%	n/a	22.9%	27.1%
6	Trade Centre Wales	4	29.8%	31.9%	36.9%	45.8%
7	William Loughran	48	29.7%	9.2%	11.7%	11.7%
8	Beck Evans	41	28.5%	25.8%	56.4%	n/a
9	Dace Motor Company	23	27.6%	42.1%	42.1%	46.6%
10	Hippo Motor Group	22	25.7%	29.5%	67.5%	n/a
11	Motorpoint	1	25.3%	21.5%	26.6%	19.7%
12	Hammond Road Garage	25	24.9%	29.6%	55.7%	n/a
13	Lawton Brook	24	22.8%	7.4%	14.0%	24.7%
14	Furness Park	38	17.7%	22.9%	23.5%	n/a
15	Rix Motor Co	29	16.4%	22.8%	19.7%	24.4%
16	Cartime	32	15.8%	18.9%	74.9%	173.2%
17	Alexanders Prestige	20	15.7%	24.0%	30.8%	18.2%
18	Motor Range	27	15.5%	18.6%	31.2%	31.5%
19	Motorline Direct	37	14.9%	14.9%	3.8%	5.6%
20	Castle Motors	46	14.5%	9.9%	10.1%	9.7%
21	Carbase	18	14.4%	8.6%	6.6%	18.0%
22	Stebbing's Car Centre	30	14.1%	12.1%	10.2%	11.8%
23	Eddie Wright	49	13.6%	5.8%	16.1%	13.4%
24	Available Car	3	13.5%	10.9%	14.1%	15.5%
25	Imperial Cars	7	13.4%	8.5%	7.8%	42.0%

## PROFIT BEFORE TAX (£ '000s)

Rank	Group Name	ID50 rank	2017	2016	2015	2014
1	Car Giant	2	38,018	45,061	48,339	36,804
2	Motorpoint	1	20,800	15,700	18,200	11,467
3	Trade Centre Wales	4	15,842	10,521	6,736	5,439
4	Available Car	3	8,435	6,043	7,056	5,991
5	Tom Hartley Jnr	10	7,358	6,495	5,613	3,403
6	Motor Depot	6	6,890	5,244	2,583	1,299
7	William Loughran	48	6,018	1510	1,646	1,646
8	V12 Sports & Classics	13	4,181	4,181	2,455	1,070
9	Mike Brewer Motors	11	3,201	5,047	4,549	n/a
10	Imperial Cars	7	3,109	700	-128	725
11	Big Motoring World	5	2,617	6,946	5,524	4,003
12	Hippo Motor Group	22	2,613	2,374	2,418	n/a
13	Saxton 4x4	12	2,442	2,078	1,555	989
14	DK Engineering	16	2,134	2,728	3,262	5,852
15	HPL Motors	35	2,083	1,235	1402	n/a
16	Romans International	14	1,926	193	589	462
17	Dace Motor Company	23	1,661	1,624	1,624	1,650
18	Bridgend Group	34	1,345	925	844	687
19	Stebbings Car Centre	30	1,320	1,062	809	806
20	ESP (Cane International)	47	1,304	1,312	1,039	971
21	Carbase	18	1,205	281	132	982
22	Fords of Winsford	9	1,179	1,297	973	1,012
23	Alexanders Prestige	20	1,104	1,109	839	12
24	Morrison Motors	39	1,008	1,008	924	1,460
25	Eddie Wright	49	1,003	407	986	892

## PROFIT PER EMPLOYEE (£)

Rank	Group Name	ID50 rank	2017	2016	2015	2014
1	William Loughran	48	1,002,833	250,833	234,857	234,857
2	Tom Hartley Jnr	10	917,500	811,875	701,625	378,111
3	Beck Evans	41	76,308	72,200	81,000	n/a
4	Romans International	14	72,647	10,235	45,286	40,538
5	Tom Hartley Cars	40	65,100	227,700	62,455	266,400
6	DK Engineering	16	61,900	83,944	97,943	182,500
7	Car Giant	2	50,782	58,910	68,089	57,132
8	Trade Centre Wales	4	41,453	55,728	51,993	51,202
9	Saxton 4x4	12	39,985	37,233	28,898	15,863
10	Jeff White Motors	36	37,000	19,037	21,077	33,167
11	Furness Park	38	34,591	47,095	46,000	n/a
12	Motor Depot	6	34,428	32,756	20,657	20,423
13	J2M	43	32,765	32,765	n/a	n/a
14	Motorline Direct	37	31,143	31,143	7,069	10,655
15	V12 Sports & Classics	13	29,380	29,380	28,918	14,440
16	Motorpoint	1	29,272	24,672	32,014	25,255
17	Morrison Motors	39	27,027	27,027	24,676	38,108
18	Auto 100	33	26,609	30,444	n/a	n/a
19	Rix Motor Co	29	25,843	33,256	26,429	22,310
20	Redline Specialist Cars	15	24,643	38,240	26,000	31,632
21	Stebbings Car Centre	30	23,825	18,966	16,037	17,040
22	Cartime	32	21,316	26,382	n/a	n/a
23	Alexanders Prestige	20	21,279	22,836	22,283	6,333
24	Mike Brewer Motors	11	20,293	28,567	29,845	n/a
25	Hippo Motor Group	22	20,119	26,032	35,394	n/a

## THE NUMBER OF INDEPENDENT DEALERS WITH SALES EXCEEDING £100 MILLION HAS RISEN FROM NINE TO 11

to 2.2%, but this time it has recovered to 2.5%. The mean RoS is now 3.3%, compared with 3.1% last year.

Car supermarket networks are leading the sector in terms of revenue – only two of the 10 largest ID50 companies this time are classic car or supercar dealers. Both are specialist marketplaces that have gone slightly off the boil, as growth in values has stalled except for the finest examples.

Market leader Motorpoint has extended its lead over the second-placed independent dealer, Car Giant, as its revenues increased by 21%, or £175m, year-on-year while Car

Giant's sales declined by 5%, or £31m.

Motorpoint's growth is largely due to the opening of its 12th dealership in Sheffield and previous additions Castleford, Oldbury and Birtley getting up to speed. Vehicle stocks across the group averaged above 6,700 units over the year, with the emphasis on nearly-new cars. It has extended its stock funding facility with Black Horse by £10m, to £75m, and secured a further £20m facility with Lombard. Motorpoint will open a dedicated vehicle preparation centre on a 10-acre property at Peterborough this spring, to free capacity at its retail sites.

Chief executive Mark Carpenter said the strategy of delivering choice, value and service to all customers continues to be Motorpoint's core focus. The business uses Net Promoter Score as a measure of satisfaction, and it has a 77% score. Repeat business is increasing, up from one in four of its car sales to nearly one in three. Carpenter said: "This is the most objective and reliable indication of ongoing customer satisfaction, and gives us great confidence in the relevance of our proposition."

At Car Giant, plans to relocate the 46-acre business remain in limbo after a local regeneration organisation withdrew

its support for the West London-based company's scheme and launched its own. The plan would have funded the car super-market's relocation and led to the creation of housing, transport links and amenities across its current Old Oak Common site. Tony Mendes, Car Giant's managing director, said the company had spent four years and £8.5m on the plan, and is prepared to put up a fight if the regeneration organisation attempts a compulsory purchase order that affects the 40-year old business, which serves car buyers until 10pm each evening.

Available Car increased its turnover by £22m since the last ID50, together with a 40% uplift in pre-tax profit, both consequences of a four-year expansion plan at the family business. During that period, it has added a fourth site in Leeds and expanded the property further, invested in management training, succession programmes and apprenticeships, and developed online services such as 'Click & Collect' car reservations. A profit share programme ensures all staff are rewarded for their part in the group's success – the payout in 2017 equated to 16.25% extra annual salary.

"We continue to improve our stock





# RAC Dealer Network given boost with interest-free warranty option

**A**n interest-free option for customers on all sales of RAC-branded warranties is being made available across the 1,360-strong RAC Dealer Network.

Thanks to support from Assurant, which partners with the RAC Dealer Network in the warranties and aftersales sector, buyers are being given the opportunity to pay for their RAC warranty over 10 months of equal payments through direct debit.

Sean Kent, head of account management at Assurant, said: "This is all about increasing the affordability of our products, putting them within the reach of more used car customers and also benefiting our dealers with greater sales penetration at no extra cost to them."

He explained that the affordability of value-added products will grow in

**"It is essential that dealers are able to provide warranties that meet customer needs"**



importance during 2019, with research showing that almost one in three customers (29%) would be more likely to buy a warranty if a monthly, direct debit option were available.

"It is well recognised in the used car market that in times when consumers feel

their finances are under pressure, they seek out products that provide them with protection from unexpected costs.

"As the year progresses, this situation is likely to continue. It is essential that dealers are able to provide warranties that meet customer needs and are within reach for as many used car buyers as possible."



**Sean Kent, sales director, RAC Dealer Network**

## OUR RESEARCH SHOWS

- 29% of customers who would not normally consider purchasing a warranty would do so if monthly direct debit payments were available
- 52% of customers who want a warranty would rather pay over 10 payments than in one lump sum

*Based on a survey of 1,162 respondents conducted by Assurant in January 2019.*

## Assurant plans to expand RAC Dealer Network to 1,550 members in 2019

**T**he RAC Dealer Network is aiming to add about 200 dealers by the end of 2019, bringing the total to just more than 1,550.

The new target follows a recruitment drive in 2018 that saw the network increase in size from just under 1,200 dealers to its current 1,360 dealers.

Sean Kent, head of account management at Assurant, which partners with the RAC Dealer Network in the warranties and aftersales sector, said the ongoing growth was leading to a commensurate increase in

warranty sales, which rose by 13% in volume last year.

He said: "We believe there remains substantial potential for network growth and are looking for independent and other dealers across the country who want to work with us and share our passion for delivering an outstanding customer experience."

"We offer excellent products backed up with high-quality training and excellent systems, all of which show an expert knowledge of the needs of used car and van dealers and buyers."

"However, what really makes the difference is the presence of the RAC brand, the way in which we apply that brand to products reflective of the trust that customers place in it, and then actively help dealers to maximise its impact for marketing purposes."

RAC warranties are provided by Assurant, a leading global provider of lifestyle protection products and services, including extended warranties.

**RAC**  
Approved Dealer

Do you want to find out more about joining the RAC Dealer Network? For details, call 0330 100 3807, email [dealernetwork@rac.co.uk](mailto:dealernetwork@rac.co.uk) or visit [rac.co.uk/joinournetwork](http://rac.co.uk/joinournetwork)

Control and the selection of cars available, with the focus on affordable, newer used models,” said operations director Paul Arscott.

Stock retailed is typically in the £4,000-£24,000 price bracket, and unlike some car supermarkets, Available Car charges no additional administration fee.

“With strong growth prospects, we have the opportunity to claim position as a market leader,” Arscott added.

This year’s ID50 shows that Trade Centre Wales is now one to watch. Investment in the car supermarket group has enabled it to grow rapidly since 2015, becoming the UK’s fourth largest independent dealer, with a 68% year-on-year rise in turnover. Growth is not coming at the expense of profitability – its pre-tax profit climbed by 50% too.

From its heartland north of Cardiff, the company has expanded into mid-England since 2017, opening major car supermarkets in Wednesbury and Coventry – the latter capable of displaying more than 1,000 cars. Established sites are growing organically too, and total sales volume has risen by 62% in a year to 30,947 units. With the Coventry dealership only a year old, chairman Mark Bailey and chief

executive Andy Coulthurst expect to report more increases in sales in the years ahead.

Unlike many rivals, Trade Centre Wales prioritises its website content in favour of consumer finance checks and price promises, rather than allowing prospective buyers to find information about the cars in stock. However, it markets some stock on classified websites, and promotes its brand through local marketing and sponsorships.

Its growth spurt has taken Trade Centre Wales past Big Motoring World in this ID50, but the latter’s figures do not reflect its recent expansion, with the opening of Big Motoring World Blue Bell Hill in 2018. That site stocks more than 2,000 prestige-brand cars. Blue Bell Hill is the fourth outlet in the group, alongside the original Big Motoring World supermarket at West Malling, which has been refurbished and now offers mainstream brands, and two Canterbury Motoring World locations, which sell and service lower-priced family cars.

Chief executive Peter Waddell praised the abilities of his staff, who have regular meetings with the directors to understand the company’s objectives and performance and to share ideas. He said in its accounts that due

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to its “strong purchasing power at auctions”, through its nationwide team of buyers, “the business is able to provide competitively priced used motor vehicles”. He added that it is advertising “heavily but effectively” to raise customer awareness and to reach buyers further afield.

Motor Depot continues to rise up the ranks, taking sixth position this time. Its turnover has almost doubled in two years, and its pre-tax profit has almost trebled in the same time. The used car retailer based in Hessle, near Hull, followed up last July’s opening of its

## TURNOVER PER STAFF MEMBER (£'000s)

Rank	Group Name	ID50 rank	2017	2016	2015	2014
1	Tom Hartley Jnr	10	12,940	10,016	8,334	4,676
2	Romans International	14	5,306	4,133	4,072	3,314
3	William Loughran	48	3,794	1,973	1,852	1,852
4	Redline Specialist Cars	15	3,205	2,724	2,037	1,921
5	Tom Hartley Cars	40	2,680	2,793	1,866	3,110
6	DK Engineering	16	2,112	1,614	2,804	2,673
7	Beck Evans	41	2,009	1,812	1,847	n/a
8	Saxton 4x4	12	1,487	1,228	1,040	599
9	John Holland	28	1,473	1,667	1,609	n/a
10	JZM	43	1,422	1,422	733	n/a
11	Auto 100	33	1,370	1,247	n/a	n/a
12	Motorpoint	1	1,313	1,200	1,255	1,176
13	Furness Park	38	1,265	1,259	1,144	n/a
14	Alexanders Prestige	20	1,122	819	806	701
15	GC Motors	19	1,101	1,611	833	845
16	Jeff White Motors	36	1,044	956	972	949
17	Motorline Direct	37	936	936	667	697
18	Lawton Brook	24	848	958	1,126	1,148
19	Hilton Garage	21	835	832	1,048	n/a
20	Hammond Road Garage	25	751	692	619	n/a
21	Rix Motor Co	29	747	847	869	784
22	Ron Skinner & Sons	26	736	770	851	914
23	Big Motoring World	5	735	1,021	1,083	961
24	Morrison Motors	39	734	734	724	812
25	Motor Depot	6	711	671	578	682

## TURNOVER INCREASE YEAR-ON-YEAR

Rank	Group Name	ID50 rank	2017 turnover (£,000s)	2016 turnover (£,000s)	% Y-o-Y increase
1	William Loughran	48	22,764	11,839	92.3%
2	Trade Centre Wales	4	179,001	106,269	68.4%
3	Mike Brewer Motors	11	101,189	60,737	66.6%
4	Alexanders Prestige	20	68,459	45,060	51.9%
5	Motor Range	27	45,542	30,030	51.7%
6	DK Engineering	16	84,468	58,108	45.4%
7	Beck Evans	41	26,120	18,123	44.1%
8	Auto 100	33	31,500	22,447	40.3%
9	Saxton 4x4	12	98,122	73,706	33.1%
10	Redline Specialist Cars	15	89,743	68,101	31.8%
11	Motor Depot	6	147,982	112,743	31.3%
12	Tom Hartley Jnr	10	103,521	80,125	29.2%
13	Romans International	14	90,202	70,262	28.4%
14	Carbase	18	79,549	63,128	26.0%
15	ESP	47	22,970	18,328	25.3%
16	Dace Motor Company	23	52,987	42,964	23.3%
17	Imperial Cars	7	142,426	116,617	22.1%
18	Motorpoint	1	991,200	822,000	20.6%
19	Hippo Motor Group	22	61,562	51,529	19.5%
20	Cartime	32	33,460	28,229	18.5%
21	Jeff White Motors	36	30,283	25,814	17.3%
22	Hammond Road Garage	25	50,299	42,877	17.3%
23	Castle Motors	46	23,336	20,098	16.1%
24	Rix Motor Co	29	38,098	33,051	15.3%
25	Eddie Wright	49	21,837	19,253	13.4%

# SPOTLIGHT:

## ID50

2019	2018			Turnover (£ '000s)			
Rank	Rank	Group Name	Key executive	2017	2016	2015	2014
1	1	Motorpoint	Mark Carpenter, chief executive	991,200	822,000	729,200	563,287
2	2	Car Giant	Antonio Mendes, managing director	538,598	569,894	552,306	465,875
3	3	Available Car	Paul Arscott, operations director	303,890	281,405	231,364	208,364
4	9	Trade Centre Wales	Andy Coulthurst, chief executive	179,001	106,269	77,023	57,047
5	4	Big Motoring World	Peter Waddell, chief executive	163,270	174,624	138,600	96,145
6	8	Motor Depot	Stephen Butterley, managing director	147,982	112,743	77,464	48,407
7	7	Imperial Cars	Mike Bell, managing director	142,426	116,617	107,413	67,383
8	33	JM Performance	Joe Macari, managing director	134,099	29,584	74,653	46,583
9	6	Fords of Winsford	Paul Ford, managing director	130,314	131,926	107,502	101,225
10	12	Tom Hartley Jnr	Tom Hartley, managing director	103,521	80,125	66,675	42,081
11	17	Mike Brewer Motors	Jeremy Levine, chief executive	101,189	60,737	38,760	n/a
12	13	Saxton 4x4	Alan Austin, managing director	98,122	73,706	61,371	43,698
13	10	V12 Sports & Classics	Asiyah Shaikh, director	97,782	97,782	60,067	45,237
14	14	Romans International	Paul Jaconelli, managing director	90,202	70,262	57,005	43,076
15	15	Redline Specialist Cars	Rob Milner, managing director	89,743	68,101	44,817	36,492
16	18	DK Engineering	David Cottingham, managing director	84,468	58,108	95,000	90,866
17	5	JD Classics (Woodhouse Mortimer)	Jean-Marc Gales, chief executive	80,000	138,563	121,788	100,585
18	16	Carbase	Stephen Winter, managing director	79,549	63,128	40,645	33,504
19	11	GC Motors	Giles Castleton, managing director	74,881	88,603	80,813	76,094
20	22	Alexanders Prestige	Alexander Brimelow, managing director	68,459	45,060	37,086	29,447
21	19	Hilton Garage	David Manning, chairman	61,784	57,413	58,500	46,000
22	20	Hippo Motor Group	Richard Preston, managing director	61,562	51,529	42,154	n/a
23	23	Dace Motor Company	Steven Dace, managing director	52,987	42,964	40,000	34,363
24	21	Lawton Brook	Peter Brook, managing director	50,895	49,808	57,433	52,799
25	24	Hammond Road Garage	Lee Skoyles, director	50,299	42,877	32,333	n/a







2019	2018			Turnover (£ '000s)			
Rank	Rank	Group Name	Key executive	2017	2016	2015	2014
26	26	Ron Skinner & Sons	Mark Skinner, director	45,643	40,789	35,754	36,568
27	31	Motor Range	Robert Padden, director	45,542	30,030	25,882	25,200
28	27	John Holland	Mark Holland, managing director	41,245	38,340	30,577	n/a
29	29	Rix Motor Co	Jane Rix, managing director	38,098	33,051	24,334	22,745
30	28	Stebbing's Car Centre	Anthony Skerry, director	36,578	35,659	30,698	29,397
31	25	PG Motors (Unbeatable Cars)	Mark Sopp, managing director	36,000	42,216	48,000	44,884
32	34	Cartime	Matt Kay, managing director	33,460	28,229	22,777	15,647
33	NEW	Auto 100	Christopher Smith, managing director	31,500	22,447	n/a	n/a
34	37	Bridgend Group	Alexander McLaughlan, director	30,519	27,024	23,918	19,005
35	32	HPL Motors	Jonathan Herman, managing director	30,413	30,000	n/a	35,902
36	41	Jeff White Motors	Jeffrey White, director	30,283	25,814	25,259	22,768
37	39	Motorline Direct	Ashish Jobanputra, director	28,000	26,199	22,000	20,201
38	38	Furness Park	Brad Stoker, partner	27,821	26,445	21,737	n/a
39	36	Morrison Motors	Brian Morrison, director	27,162	27,162	26,791	30,038
40	35	Tom Hartley Cars	Carl Hartley, managing director	26,799	27,927	20,525	46,648
41	NEW	Beck Evans	Daniel Evans, director	26,120	18,123	16,662	n/a
42	30	Direct Cars	Stuart Wheeldon-Wright, director	24,460	31,363	36,106	36,379
43	43	JZM	Stephen McHale, director	24,174	24,174	13,202	n/a
44	44	Croyland Car Megastore	Shaun Barritt, managing director	23,827	22,911	24,842	28,537
45	42	CarWorld Car Supermarket	Mahmood Fazal, director	23,500	24,500	27,000	20,502
46	46	Castle Motors	Dale Flood, director	23,336	20,098	18,445	17,573
47	50	ESP (Canei International)	Bulbinder Bhardwaj, director	22,970	18,328	14,491	15,421
48	NEW	William Loughran	George Loughran, director	22,764	11,839	12,962	13,121
49	49	Eddie Wright	Jane Gazi-Wright, managing director	21,837	19,253	19,203	17,353
50	43	Anchor Cars and Vans	Graham Joyce, chairman & chief executive	20,686	25,918	21,285	20,116

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## ≡ EBITDA TO DEBT

Rank	Group Name	ID50 rank	EBITDA £'000 2017	EBITDA TO DEBT RATIO 2017
1	Car Giant	2	44,237	4.0
2	Motorpoint	1	23,400	2.9
3	Trade Centre Wales	4	17,932	1.5
4	Mike Brewer Motors	11	13,023	4.8
5	Available Car	3	10,038	3.7
6	Tom Hartley Jnr	10	7,400	0.0
7	Motor Depot	6	7,380	0.6
8	Big Motoring World	5	7,046	3.2
9	William Loughran	48	6,033	0.7
10	Imperial Cars	7	5,351	5.6
11	V12 Sports & Classics	13	4,298	0.3
12	Hippo Motor Group	22	3,115	1.1
13	Saxton 4x4	12	2,920	3.6
14	DK Engineering	16	2,733	4.5
15	HPL Motors	35	2,205	0.1
16	Lawton Brook	24	2,067	0.0
17	Carbase	18	2,035	5.4
18	Hilton Garage	21	1,977	5.5
19	Dace Motor Company	23	1,838	0.9
20	Alexanders Prestige	20	1,555	5.1
21	ESP (Canei International)	47	1,485	3.2
22	Romans International	14	1,471	5.6
23	Stebbings Car Centre	30	1,464	1.6
24	Bridgend Group	34	1,403	0.8
25	Motor Range	27	1,376	5.3

## ≡ STOCK TURN

Rank	Group Name	ID50 rank	2017	2016	2014	2014
1	Lawton Brook	24	22.5	21.4	21.1	18.9
2	JZM	43	21.0	21.0	10.7	n/a
3	John Holland	28	11.9	12.1	15.4	n/a
4	Romans International	14	10.7	8.2	8.4	6.3
5	Ron Skinner & Sons	26	10.5	7.8	9.9	11.4
6	HPL Motors	35	10.0	n/a	n/a	8.6
7	V12 Sports & Classics	13	9.7	9.7	11.5	12.6
8	GC Motors	19	9.2	10.1	9.7	10.0
9	Motorpoint	1	8.8	7.7	9.0	7.5
10	Motor Depot	6	8.7	7.9	8.6	7.1
11	Castle Motors	46	8.7	8.3	6.8	7.7
12	Croyland Car Megastore	44	8.5	6.6	8.1	9.5
13	Tom Hartley Jnr	10	7.9	6.3	4.7	5.8
14	Dace Motor Company	23	7.8	7.9	7.9	7.6
15	Trade Centre Wales	4	7.5	7.1	7.3	9.0
16	Redline Specialist Cars	15	7.4	7.0	6.8	7.0
17	Morrison Motors	39	7.1	7.1	7.9	8.7
18	Hippo Motor Group	22	7.0	8.1	9.4	n/a
19	Car Giant	2	6.8	5.4	6.4	6.5
20	Alexanders Prestige	20	6.7	4.5	5.9	7.7
21	Hammond Road Garage	25	6.6	9.8	8.3	n/a
22	Furness Park	38	6.3	5.7	4.4	n/a
23	Big Motoring World	5	6.2	7.5	8.1	8.7
24	Hilton Garage	21	6.1	5.3	7.5	n/a
25	Rix Motor Co	29	5.8	6.4	6.5	9.4

**C** eighth retail site in Barnsley with two more opening a few months later, in Stoke-On-Trent and Sheffield. At Sheffield, the outlet stocks more than 300 cars within minutes' drive of sites run by rivals Motorpoint and The Car People.

Motor Depot, whose workforce now exceeds 200 people, has also centralised vehicle preparation, with the opening of a four-acre PDI centre in Goole, Yorkshire.

The final operation with nine-figure revenues this year is Mike Brewer Motors, the used car retail arm of Evolution Funding. Now with dealerships in Luton and Sheffield, the company demonstrates the rewards of diversification, as it is heavily engaged in leasing and finance brokering

through more than 3,000 different dealer forecourts, plus vehicle subscription services operated under the brand EvoGo. Revenue climbed 66% in a year to £101m, however its pre-tax profits fell 35% to £2.7m.

A notable absentee from the top 10 for the first time is JD Classics in Essex. Ranked fifth last time and then the UK's largest rare and historic car dealer, it endured a court battle between a customer and its then boss Derek Hood, went into administration last summer and was rescued by HPS Investment Partners through a new company, Woodham Mortimer. The deal saved about 60 jobs at its Maldon headquarters, and Jean-Marc Gales, who briefly

served as JD Classics' chief executive just before the administration, now heads Woodham Mortimer.

Given the business disruption, and the fact that Woodham Mortimer is yet to file accounts, our ID50 analyst has estimated the turnover of the resurrected business at £80m, a drop of 42% from JD Classic's recent peak. It leaves the business on a par with rivals.

Knarborough-based prestige and performance car dealer Redline Specialist Cars is one of many used supercar dealers to record growth in sales. In Redline's case, it credits an increased stocking loan facility and extra sales staff in helping it increase annual revenue by 32%, or almost £22m, as it was able to stock higher-value vehicles. Pre-tax profits dropped by 41% to £449,466, however.

The figures for Romans International, the supercar dealer in Banstead, Surrey, paint a similar picture. Its turnover grew by £20m to £90m, but pre-tax profits fell 19% to £1.6m. And DK Engineering's profits dropped 22% to £2.1m, despite increasing turnover by 45% to £84.5m. It said it has increased its sales and parts staff, appointed a director of finance and invested in additional capacity to store client's precious vehicles. **TIM ROSE**

## ≡ METHODOLOGY

Financials are for the year ended December 31, 2017, (the latest available) or the year-end nearest to December 31, 2017.

Profit before tax (PBT) is calculated excluding non-trading related exceptional items.

Stock turn, in the absence of a detailed breakdown, is calculated using stock and cost of sales from the statutory accounts.

While this may mean a loss of some degree of precision, the basis is consistently applied and non-stock related items in cost of sales should not be material.

Profit per staff member is calculated using profit before interest and tax (PBIT) since finance cost does not relate directly to the activities of individual staff members.



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# Independent thinking

How lower margins, more competition for stock, and Brexit affect the outlook for 2019



# A

s the new car market continues to soften, the entire automotive industry's focus is heavily on used cars.

While franchised dealers are increasingly forming their own used car supermarket operations, the independent sector is uniquely placed to comment on a market free of the immediate pressures of the franchise system.

Tom Jaconelli, director at Romans International, a specialist prestige and supercar retailer, said the pressure on new vehicles due to Brexit could actually have a positive impact.

He has heard that manufacturers like Porsche are considering price increases of about 10% to offset the cost of doing business in the event of a no-deal Brexit.

Jaconelli said: "I'm sure Porsche won't be the only manufacturer looking at increasing new car prices in the wake of a no-deal, so this should really help used car values if that happens."

Romans International also has a positive spin on the woes many franchised dealers have felt due to stock shortages caused by the Worldwide harmonised Light vehicle Test Procedure (WLTP).

The delay to new car stock arrival for brands such as Land Rover and Audi has meant fewer new cars around, and Jaconelli said this has caused a boost for customers looking at the used car market, where residuals on certain desirable models have remained high.

Jaconelli said: "With long lead times on ordering cars, we are finding there is a gap in the market for the people who don't want to wait and are happy to pay a similar amount, if not more, for a very

lightly used or pre-registered car as long as they can buy it here and now."

Gordon Veale, general manager of Carbase (winners of the AM Awards' Most Improved Dealership in 2019) agreed that independent dealers have the opportunity to fill the gap for customers who are not prepared to wait for brand new stock at a franchised dealer.

Umesh Samani, the owner of Stoke-based Specialist Cars and founding member of the Independent Motor Dealers Association (IMDA), was positive about the start to 2019 in the used car market.

He said volumes and consumer confidence has been strong in Q1 despite challenges on stock availability.

Samani said: "Waiting 12 to 18 months on a new car for some models, even in volume franchises, means customers are turning to used cars."

## THE MARGIN CHALLENGE

Veale said the biggest challenge over the past couple of years and continuing into this year is pressure on margins, with erosion of between 10% and 15%.

This has been driven by the downturn in the new car market and the scramble by the industry to acquire the best stock possible.

Veale said this has forced some dealers to widen their nets to buy stock that may only meet a few of their criteria rather than all and increasing spend on preparation.

"We're stuck between a rock and a hard place on margins. We're having to spend more per vehicle and a lot of our prices are dictated by classified site algorithms."

"The only thing we can do is weather the storm and make sure we're buying as intelligently as possible."

Specialist Cars sources a lot of its stock from private customers. A slower new car market means there are fewer part-exchanges coming back.

Samani said stock shortages are forcing some dealers to pay over the odds for vehicles and then crossing their fingers that the market can sustain them.

He said this was causing some



**“THE ONLY THING WE CAN DO IS WEATHER THE STORM AND MAKE SURE WE’RE BUYING AS INTELLIGENTLY AS POSSIBLE**

**GORDON VEALE,  
GENERAL MANAGER, CARBASE**

independents to look at making back margin on things such as finance and add-ons, rather than looking for margin "in the metal".

While Jaconelli noted there are opportunities in the Brexit turmoil, he thinks it has had a continued impact on overall consumer confidence.

As a result, he said there is still a hesitance for customers to make big purchases, even in the higher-net worth market that Romans International operates in.

Jaconelli said: "This is particularly important for customers with investment in mind, so ensuring your stock is either very special or very well priced will become increasingly important."

Another big challenge for used car dealers this year will be the continued focus for franchised dealers to turn to the used market to help them survive. ➔

← This will mean increased competition from them for the best used car stock. Jaconelli said: "We will see the main franchised dealers focus more on used stock and seemingly working for smaller and smaller margins by focusing on volume sales."

"This means buying stock will become even more difficult as competition increases for used cars."

Romans International did record a market slow-down on prices for premium collectible sports cars last year, following price increases between 2014 and 2017.

Jaconelli said prices came down quite sharply in the latter half of 2018. The correction in values meant a lot of customers and dealers were caught out if they held on to stock for too long.

In order to overcome this, Jaconelli said it has become more important to turn stock more quickly as values have become increasingly volatile.

He said: "Keep trading and buying fresh stock and remaining active rather than sitting on your stock and being too afraid to take money back or small losses."

"There are still plenty of people buying prestige cars, but whereas in the last few years it seemed like anything that was rare would sell quite easily, it is now only the very best cars in the best specification, with an excellent history will be the ones that sell."

## BREXIT & DIESELGATE EFFECTS

Veale said that despite the pressure on margins, Q1 has been positive, with no real impact on volumes or consumer confidence due to factors such as Brexit or dieselgate.

"There has been no resistance on diesel from buyers. This is despite the mixed messages they get from the Government and the media," he said.

## KEEP TRADING AND BUYING FRESH STOCK AND REMAINING ACTIVE RATHER THAN SITTING ON YOUR STOCK AND BEING TOO AFRAID TO TAKE MONEY BACK OR SMALL LOSSES

**TOM JACONELLI, DIRECTOR, ROMANS**

"We haven't recorded any hesitation from buyers due to things like Brexit."

Samani agreed that while scaremongering did cause a slight slowdown on diesel, dealers are still buying and selling diesel stock without issue.

There is underlying uncertainty due to Brexit, but he said very few customers are citing it as a reason to put off a purchase.

Samani said: "Whatever happens on March 29, the world isn't going to end. We all just have to make the best of it, whatever happens."

Jaconelli said he has been pleasantly surprised by how well Q1 has gone for Romans International so far.

The business increased its stock acquisition in December last year, in contrast to some rival businesses. Jaconelli said this meant the dealership went into January with a full forecourt and the ability to outperform the market.

He said: "While Brexit has taken a few people out of the investment/collector market, who are keeping their powder dry, the rich are still rich and when they see something they want to drive they are still buying."

"As long as we are being very selective with what stock we buy and making sure we have the most desirable cars on the market



we don't see any reason why we can't carry this momentum on for the rest of the year."

The real test for consumer confidence for Romans International will be this spring, as this is seasonally when demand for supercars and convertibles increases.

## THE OUTLOOK FOR 2019

Carbase is looking to grow its light commercial vehicle offering to help boost the business this year. It has already established van sales, but it will increase its focus on the commercial vehicle area over the next 12 months.

Veale said Carbase is insulated slightly from the chase for stock acquisition due to the relationships it has with leasing companies for vehicles coming off contract.

He said: "We have grown every year and we'll do around 12,000 cars this year. I think the pressure on margins is going to force some businesses to close or sell this year."

## WHATEVER HAPPENS ON MARCH 29, THE WORLD ISN'T GOING TO END. WE ALL JUST HAVE TO MAKE THE BEST OF IT, WHATEVER HAPPENS

**UMESH SAMANI, SPECIALIST CARS**

Samani said independents can differentiate from the supermarkets by cherry-picking stock with high specification, but that is becoming more difficult to do as other independents look to do the same.

He said higher trim lines on premium products, such as Audi's RS and Black editions, are selling particularly well at the moment.

Romans International expects a flat 2019 on turnover and profit and will instead focus on growing the business in different ways this year to help future-proof the business.

It will place more emphasis on its digital operations, by increasing the quality and quantity of content the business is putting out online for customers to follow and engage with the brand.

Romans International will also extend its showroom space to ensure more of its supercars are kept under cover. Part of its plans for this year involve putting on more events to help the business stand out.

Jaconelli said: "In an age of various supercar dealerships or brokers who can very easily build a website and an online presence, I think it is becoming increasingly important to create an experience for the customer and to make them feel part of a community." **TOM SEYMOUR**







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**A**LPHERA Financial Services, the award-winning independent motor finance division of BMW Group, has been recognised for promoting finance and insurance (F&I) excellence at the 2019 AM Awards. Named the 'Best New Product or Service', Alphera's innovative F&I accreditation pathway was developed in partnership with the Institute of the Motor Industry (IMI), helping sales specialists to improve the way they sell car F&I products.

Alphera launched its F&I accreditation pathway after identifying an industry-wide need for an accreditation scheme for salespeople. While the concept of accreditation has been widely accepted for practical disciplines across the motor trade, until 2018 no universal scheme existed to ensure the highest possible standards of sale for car F&I products.

In addition, the motor finance industry has come under scrutiny from the Financial Conduct Authority (FCA), following negative media coverage of mis-sold car finance in recent years. Consumers have therefore become more aware than ever of the potential risks of being sold an inappropriate finance product. The UK's first F&I accreditation scheme helps to address this.

Alphera's accreditation pathway is grounded in supporting fully compliant sales – not only helping dealers and brokers to avoid mis-selling, but also ensuring the best possible outcomes for customers entering a finance agreement.

An established industry body with a cast-iron reputation for education and training, the IMI was the ideal partner for Alphera in introducing the programme. Having recently established a new best-practice framework for F&I sales, the IMI had the perfect platform

upon which Alphera could devise its new education platform.

Alphera's F&I accreditation pathway is the first of its type, ensuring a high standard of sale for car finance products. With training carried out by Alphera, and final assessment by the IMI, the accreditation pathway helps to establish elevated standards of sale by helping dealers to effectively 'self-regulate', supporting compliance with FCA regulations and renewing customer confidence in the car finance sales process.

Despite only launching the F&I accreditation pathway in June 2018, Alphera has already signed up 60% of



**BEST NEW  
PRODUCT OR  
SERVICE**





Gerry Kouris, head of marketing, second from right, and Nick Hunt, head of partner training, second from left, Alphaera Financial Services, accept the award from AM editor Tim Rose, right

its nationwide network of partners – including finance brokers and motor retailers.

Alphaera has received excellent feedback from participants on how the F&I accreditation scheme has helped them to better serve customers. The pathway has also generated positive industry dialogue. Since its launch, the IMI has been approached by financial service divisions from a number of volume and premium car manufacturer brands, each expressing interest in the scheme.

Furthermore, all IMI-accredited F&I professionals have their names added to a publicly accessible online register, enabling car buyers to search for accredited individuals. The register shows that the finance industry has

**“Alphaera is addressing a major challenge and a risk to the sector. Alphaera worked closely with the IMI and its partners to help sales professionals gain the industry-approved qualification.”**

#### AM AWARDS JUDGING PANEL

nothing to hide – and that motor retailers want to do business in a transparent manner based on mutual trust and respect between customer and financial adviser.

As AM's judging panel summarised: “Alphaera is addressing a major challenge and a risk to the sector. In times of increased FCA scrutiny,

allowing dealers to sell F&I without worry is commendable. Where there was previously no universal scheme to ensure high minimum standards regarding the sale of car F&I products, Alphaera worked closely with the IMI and its partners to help sales professionals gain the industry-approved qualification.”

**For more information, email [imitraining@alphaera.co.uk](mailto:imitraining@alphaera.co.uk)**





# Supagard – perfection in protection!

**S**upagard has been the UK's market leader in professionally applied automotive paint and interior protection products since our foundation in 1988 and our reputation for quality is second to none. Many manufacturers, dozens of dealer groups and hundreds of retailers think so, too. We recognise the importance of supporting them to grow profitability and to meet the demands of new challenges in the constantly evolving marketplace. That's why we never rest on our laurels and are committed to a programme of continuous research and development to ensure that we only offer market-leading technology that is proven to make a demonstrable difference.

## Unrivalled protection

Supagard is a global business and we operate in markets, such as south-east Asia, where the climate is hugely challenging, so the importance of developing a range of products that offer unrivalled protection in the most extreme conditions cannot be overemphasised.

This has led us to push the boundaries of automotive exterior and interior protection to the limit and Supagard products have redefined paint, fabric and leather protection with their extraordinary strengths, capabilities and endurance.

## Choice

Supagard offer a range of paint sealant options to our dealership and manufacturer customers, which allows them to select the variant most suitable and appropriate for their business. Whether that's related to application time, application ease, longevity, or the level of gloss finish, this choice of products enables our team to take a consultative approach with our customers and identify the best option to suit everyone.



**James Smyth, technical director, Supagard: 'Bionic Technology ... had a 100% uptake within the first four weeks of our pre-launch programme'**

Some choose our tried and tested polymer sealant, while others prefer our high gloss polysilazane treatment, but the reaction to our new Bionic Technology paint sealant, more than two years in development, exceeded all expectations.

## Outstanding durability and finish

James Smyth, Supagard's technical director, said: "When we first demonstrated the Bionic Technology range to our dealer and manufacturer partners, they were so impressed with the new products that we had a 100% uptake within the first four weeks of our pre-launch programme. The durability and finish are outstanding – not just the equal of our competitor's products, but the best available for their purpose. Supagard have created a new paint and interior protection range, which is unrivalled in the marketplace and feedback has been

first class – our partners love it, their dealers love it and their consumers love it, so it's fantastic news all round."

## Quality, value and service

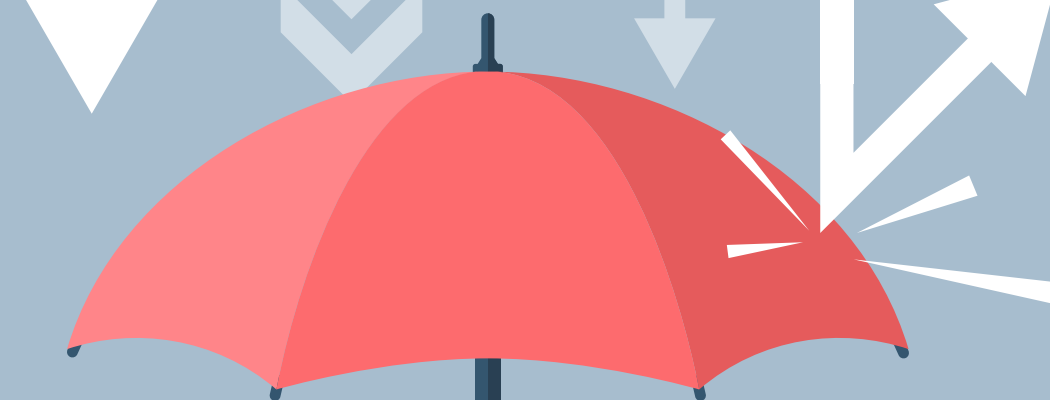
David Paterson, Supagard's marketing director, summed it up like this: "The Supagard philosophy is simple – give our trade customers the best quality, value and service around and make it easy for them to sell our products and maximise their profits at the same time."

Contact Supagard today to find out more about how your business can profit in partnership with the UK's No.1 in paint, fabric and leather protection and much, much more.

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Do you want to find out more about Supagard? Call 0141 633 5933, email [info@supagard.com](mailto:info@supagard.com) or visit [www.supagard.com](http://www.supagard.com)

# MOTIVATING SALES TEAMS ON PAINT PROTECTION



When it comes to selling paint protection, sales executives really need to believe in the product

**C**ash is obviously a clear motivator for any sales executive working to hit a target, but there are other factors that play an important part in boosting penetration for add-on products.

Chris Benham, Supagard key account manager, said the starting point for introducing any product to a customer, including something like paint protection, has to be belief in what it offers. Without that product buy-in "it's a non starter".

Benham said: "There has to be advocacy from the sales team around the product and you'll only get that through introducing it in the right way."

Supagard does on site demonstrations for the sales and valeting team to see how the product is applied. Sales teams can even have a go at applying the product themselves.

Benham explained that sales teams need to be confident that when they're selling a product, there is also trust that the valeting team will be applying it correctly to get a consistent end result.

Benham said: "Sales people want to know they're not going to have any issues with customers coming back to them in the weeks or months after a sale."

Supagard shares warranty claim rates (which Benham says are minimal) with dealers before the onboarding process

as another way to boost confidence.

Lance Boseley, Jewelultra marketing manager, said having the proper training and knowledge will be a big help to sales executives.

He said that a slip down the sales rankings may be because the executives are not talking about the product as confidently as they might because they are worried they won't be able to answer questions.

Jewelultra recently appointed a new training manager to oversee that area of the business for the first time. Training and guidance is offered to dealers that have their sales penetration rates dropping below a certain level. ➔



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Rated **Excellent**



Alan Maloney, Trust Ford F&I director, has partnered with Jewelultra for around 10 years and said knowledge and confidence in the product are essential to a sales executive's success.

He said: "If the product has been presented in the right way the customer would have been qualified and informed correctly. If that's the case, the customer will just be choosing the product that is right for them, rather than

a sales person pushing them towards something."

#### DIGITAL AIDS

Strict manufacturer franchise standards will mean there can be limited opportunity for point-of-sale stands and material in showrooms.

This is where video and digital presentations have become essential to bring paint protection demonstrations to life.

Jewelultra has an online portal with video training modules for sales executives to refer to with a test at the end. These videos keep the training

process consistent and make sure nothing is missed.

There is also a dedicated area of Jewelultra's website where dealers can share franchise-specific videos demonstrating the Diamondbrite product either on an iPad in the showroom, or they can share links to a customer's smartphone.

A breakdown on the financials for a Diamondbrite deal can also be shared through the same app.

Gtechniq has put together video packages specific to each franchise for customers to watch and engage with. There is also the more traditional print and digital brochures to help support the sales process.

Supagard has a presentation app that sales executives can use to show customers how the product works, but Benham believes it shouldn't be overly relied on. He said: "I'd still rather it be a one-on-one

personal explanation and the videos and animations are a great support tool, but they shouldn't replace that sales process."

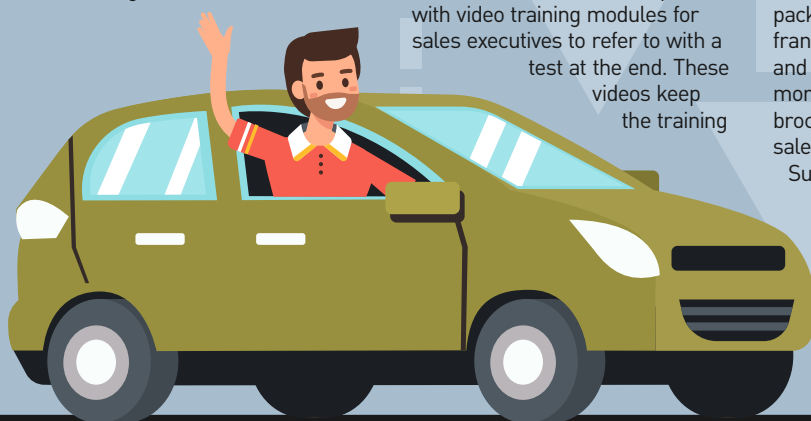
#### BENCHMARKING

Benham uses 50% as a benchmark for new car penetration on paint protection and he said that any level above that would start to raise eyebrows in terms of what is being sacrificed to get to a higher level.

For example, Benham said there may be a situation where a customer is undecided about a car and throwing in paint protection as part of the deal may help towards closing a sale.

He said: "Some dealers may well be reaching 80% or 90% but I would question whether you're chipping away at your chassis profitability to get a sale."

"You're essentially robbing Peter to pay Paul. For some dealers that might be a part of their strategy and that's fine."



### Advertising feature



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### **ULTRA GLASS**

#### **HIGH PERFORMANCE SPIRIT GLASS CLEANER**

Diamondbrite Ultra Glass has been scientifically formulated to remove the most stubborn dirt to give a streak and smear-free finish on windscreens, side windows and mirrors for safer driving.



### **TOUCH CLEAN**

#### **LCD CLEANER & RESTORER**

Diamondbrite Touch Clean has been developed using a phosphate and ammonia free formulation to gently yet instantly restore screens and devices to like new appearance. Our pH neutral solution also has high performance static free properties for improved clarity. Also removes finger marks.



### **Contact**

E: [lance@jewelultra.com](mailto:lance@jewelultra.com) T: 01622 815679 M: 07808 841489 Web: [jewelultra.com](http://jewelultra.com)

The average for Jewelultra's Diamondbrite product sits between 40-50% for new vehicles and between 20-25% on used cars.

This tallies with TrustFord that also looks for between a third to a half of customers taking Diamondbrite.

#### COACHING

If sales penetration starts slipping, Supagard has a field sales team that will analyse what might be going wrong.

Benham said it's important to determine whether it's the sales process itself, the management approach, have teams switched focus to another add-on product or is a particular individual not on the ball?

Benham said: "Any of those areas will tip performance. Once we know what they are we can put a plan in place to help improve."

"Ultimately we want to work together with dealers on this because if the penetration is improved, it's positive for all parties."

Jewelultra puts on training workshops for new starters at a dealership and for those that have lower penetration rates to help guide them.

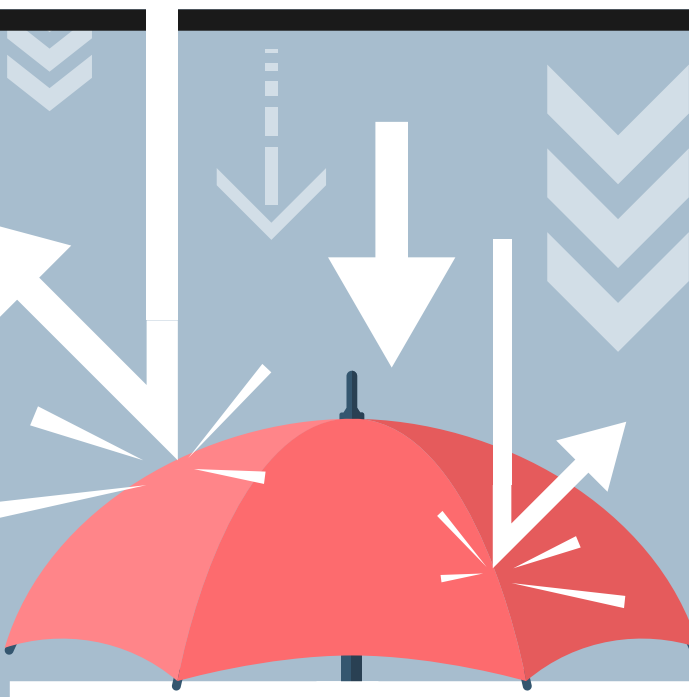
Maloney said: "We are pretty relaxed about things and we'll look at whether a sales executive is having difficulty across a range of products. If they are, we'll look to address skills around customer qualification that might need a bit of help."

#### OBJECTIONS

Benham said that if a customer objects to paint protection due to the price, that represents a failure to demonstrate the product's value.

He also said that the stage at which paint protection is introduced in the sales process makes a big difference.

Benham said: "If you've closed a deal on a car and then you're introducing paint protection at the end of that process it's going to be very difficult to start asking for more money for something else at that stage. But if you've demonstrated the value of the product at an earlier stage in the



**“ IF THE PRODUCT HAS BEEN PRESENTED IN THE RIGHT WAY THE CUSTOMER WOULD HAVE BEEN QUALIFIED AND INFORMED CORRECTLY. IF THAT'S THE CASE, THE CUSTOMER WILL JUST BE CHOOSING THE PRODUCT THAT IS RIGHT FOR THEM, RATHER THAN A SALES PERSON PUSHING THEM TOWARDS SOMETHING.**

**ALAN MALONEY, TRUST FORD F&I DIRECTOR**

process, you can present the 'cost to change' to the new vehicle, with the paint protection included."

An important part of this approach is to properly qualify the customer to determine things like a monthly budget and factoring that in when calculating that cost to change.

Boseley said the biggest objection is usually the cost and some dealers can include paint protection

as part of the PCP or finance deal to spread the cost, making it much more affordable.

There is also the benefit that a car treated with Diamondbrite will likely be worth more when sold or part exchanged, he said.

Boseley said some forward-thinking dealers will offer a £250 voucher that can be redeemed on

top of their part exchange price if they sell their vehicle back to the same dealership as a used car.

#### COMMISSION

It's impossible to get away from money probably being the biggest motivator for sales people.

Boseley acknowledges that a lot of what motivates a sales team will still come down to the amount of profit that can be made.

He said: "That will often determine where you sit in terms of priorities with the sales executive."

Trust Ford makes sure available bonus payments are "balanced and responsible" across all add-on products to make sure sales executive don't favour one over another.

Maloney said targets are worked out on a quarterly basis and these meetings will highlight particular areas where some dealerships might be underperforming. This will then trigger support or training to address what might be going wrong.

Benham said discussions will take place with each dealer to look at where Supagard sits in terms of bonus payments compared with other add-ons a dealer's portfolio.

He said: "We have to establish that there's a level playing field to make sure we're not falling behind in terms of a sales person's priorities."

However, Supagard also works with dealers on an incentive structure for dealers and that might not just be in the form of individual cash bonuses.

Some dealers look at having a group bonus to fund things like trips away or team nights out.

Benham said: "It's about finding out what makes the team tick and putting something together that's going to appeal to the most people."

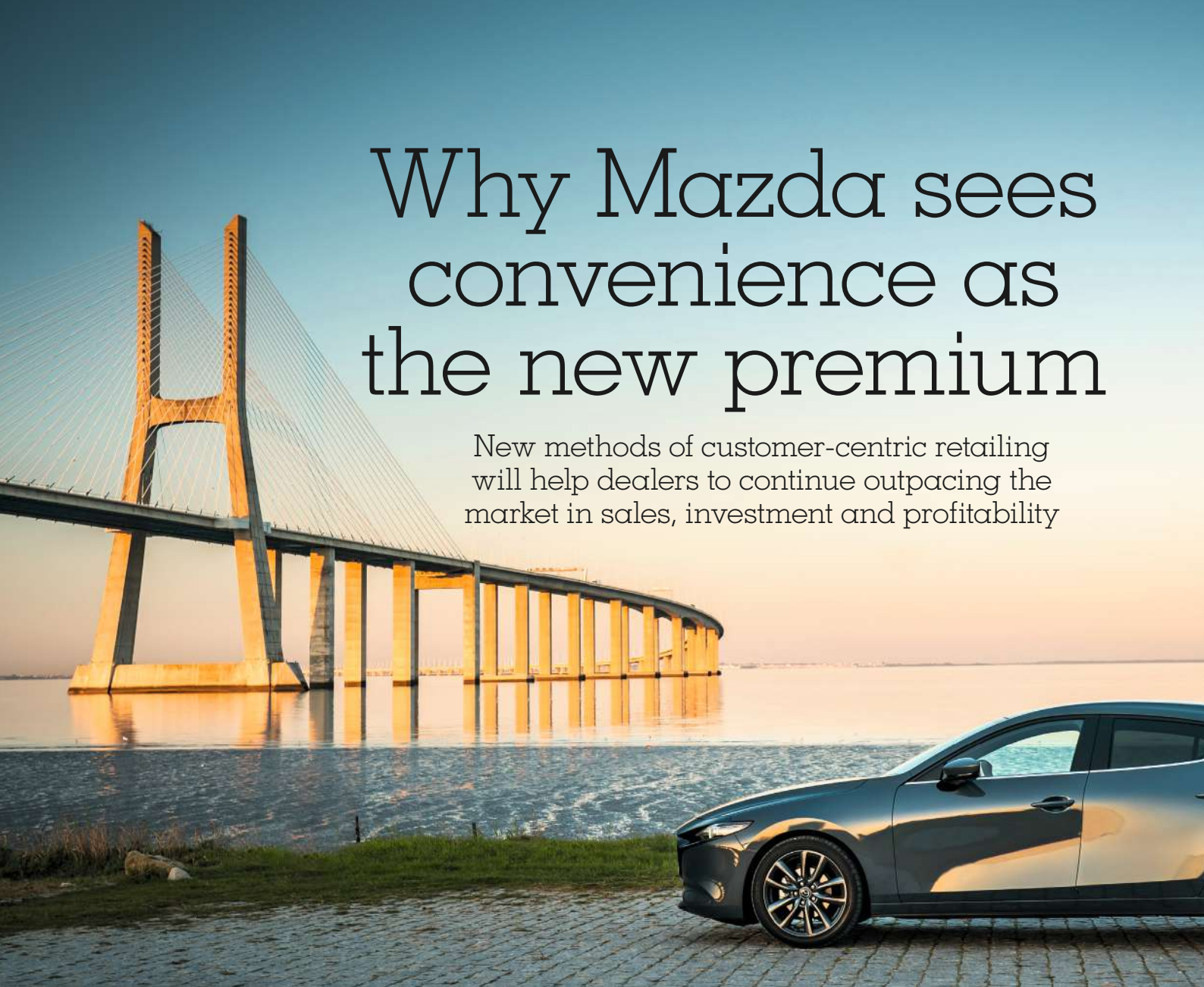
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# Why Mazda sees convenience as the new premium

New methods of customer-centric retailing will help dealers to continue outpacing the market in sales, investment and profitability

**F**ew car dealers will forget 2018 in a hurry. With confusion around the emissions of diesel-powered cars, and general wariness brought on by Brexit, consumers were hesitant to change their cars. The new car market proved challenging, a fact reflected by new car registrations falling by nearly 7% year-on-year, to 2.37 million units.

Against this backdrop, Mazda Motors UK weathered the storm. Its sales grew, by 1.3%, and dealer profitability was comfortably ahead of the industry average.

Brett Hague, head of network for Mazda in the UK, put the brand's performance into context: "ASE has just published the 2018 results, and the industry average for return on sale was 0.98%, a slight improvement on the previous year. Mazda dealers achieved return on sale of 1.3%."

Delve into the data, however, and there are further reasons to be cheerful. Philip Eastwood, network development manager for Mazda, highlighted how the top performing 25% of Mazda dealers enjoyed an average return on sale of 3.4%.

Significantly, within the sales mix, Mazda boasts a retail share of nearly 70%, versus an industry average of about 50%. And acclaimed new product is as rewarding for dealers as it is desirable to consumers – on average, today's sixth-generation model range delivers 40% more profit per unit than the fifth generation.

## Investing in the future

Hague said Mazda shows genuine interest in the profitability of its dealer partners: "We know that if they make good money, we can put the building blocks in place for the future. It means they believe in the brand and are willing to make investments."

Those investments include focusing on the environment and experience that customers encounter when they interact with the Mazda brand. A new visual identity, introduced in 2014, is now in place at all 129 dealerships across the UK.

"The brand has never looked better, from a customer perspective, and it was our dealer partners' investment that made that possible – and all of our dealers went further than they had to," said Hague.

This clear, long-term direction is part of Mazda's global ambition to evolve the brand into a premium offering.

Behind the scenes, there has been a lot of work to ensure a seamless transition between completing the roll-out of the visual identity and introducing the next generation of Mazda cars, beginning with the new 2019 Mazda 3 – the first of the company's seventh-generation portfolio.

Simultaneously, there is a high level of housekeeping involved. Mazda's training academy supports partners' customer-facing staff so they are best placed to deliver a premium experience. Hague said the key to achieving this is giving the customer the experience they want, not an experience that fits Mazda's processes. "Creating convenience is a really important mindset for us," he added.

Much has been learned about the convenience that consumers crave in a digital age, thanks to Mazda's pioneering MyWay project.

**Lessons learned from Mazda MyWay**  
The MyWay initiative launched in 2015



with a view to making it easier for those living or working in the capital (with the M25 as a virtual boundary) to test-drive a new Mazda. A brand champion, similar to Apple's 'genius' staff, would take the car to the customer, and then introduce them to a local dealer should they wish to take the car-buying process further.

By March, 500 cars will have been sold through the project. But of greater significance, said Hague, is learning how much more information carmakers and their dealers can gain from customers when they build a stronger relationship.

"You build a stronger relationship by giving the customer an individual who is recruited for the right attitudes and behaviours, who has undergone the right training and loves what they do," he said.

The seven-day service would, more often than not, take cars to the customer's home. Outside of London, Hendy Group



has introduced MyWay at its Tunbridge Wells site, in Kent, and RRG Group has followed, in Greater Manchester.

"Convenience is the new premium," said Hague. "This industry has a formulaic transaction process that hasn't changed much over 100 years. But in the digital age, where you can have almost anything delivered to your home or office, or can click and collect, we need to have more touchpoints where the customer chooses."

Is effecting this change difficult in an age when there is an increasing rate of consolidation within the motor trade? Tracy Howes, network development manager, said it's not an issue: "We've had a simple approach – find the best-possible dealer partner for the location where we want to be represented. Our strength is in the regional groups, and we are lucky to have some fantastic independently owned partners too."

### Dealer partners: Delivering customer satisfaction

Property prices and land values mean Mazda's approach to right-sizing its dealerships is appreciated by its partners. At the same time, Hague said Mazda is committed to having these franchises, rather than adopting tactics from rivals and selling cars directly.

"We believe customers must have a local point of contact that they can trust and believe in, and interact with over the ownership period," he said.

Hague added that this is based on more than gut instinct or a focus group: "The MyWay project has proved that despite the fact that a customer could choose not to physically visit a dealer, and could buy a Mazda remotely, very few choose that route – less than 10%. The customer still wants the comfort of knowing there is a local point of contact, they enjoy the theatre of collecting a new car and know there is someone there to return to when needed."

For that reason, Mazda is looking to work with existing and new dealer partners to represent the brand at key open points across the UK. Eastwood said success is as much about "...the people we work with as it is identifying the right locations".

The vehicle handover experience is another example of why dealerships remain as important as ever in the digital age. As the complexity of cars increases, and the functions and level of technology grows, understanding how to make the most of the car is more important to consumers than ever.

With a long-term ambition to be the highest-rated car manufacturer for customer satisfaction – signalled by the establishment of a new in-house customer relations centre – and how dealer partners are changing the criteria on which staff are measured and rewarded, the obvious question is how satisfied are Mazda's partners?

In the National Franchised Dealers Association Dealer Attitude survey, the company is consistently ranked in the top five brands. "When a new dealer partner signs up with Mazda, the response is, 'We should have done this years ago. We love doing business with you and the product is awesome,'" said Hague.

Howes said this is reflected in the advocacy that the brand enjoys: "We get franchise enquiries from people saying, for example, 'Neil McCue, from Snows Group, said that I should speak to you' or a recommendation from Wessex Garages. That's fantastic, given that they are relatively new to our brand and are already prepared to recommend working with Mazda to other groups."







## Aston Martin

Aston Martin took Geneva by storm this year with three new mid-engined supercars.

The new vehicles are based around the track-only Valkyrie hypercar, which was unveiled at last year's show, but took to the stage in a more production-ready guise this time around.

Developed in partnership with Red Bull Racing and Cosworth, the Valkyrie will be driven by a 1,200PS naturally aspirated V12.

Fresh for 2019 was the AM-RB 003. Estimated to cost in the region of £1 million, the limited-run hypercar goes on sale in 2021.

Aston's other new arrival was the Vanquish Vision Concept, which previews the full-series production Vanquish, which will sit at the top of Aston's range. It goes on sale in 2022.



## Pininfarina Battista

The car that best combined Geneva's key themes of supercar glamour and zero-emission EV technology was Pininfarina's new Battista.

Destined for a UK showroom operated by Rybrook Group, the hypercar is powered by a 1,900PS drivetrain developed by Rimac.

Just 50 Pininfarina Battistas are destined for the Italian brand's European dealer network, with an estimated cost of between £1.6 million and £2m.

The company is working to establish global relationships with 25 to 40 Automobili Pininfarina retail specialists, all proven in high-performance and luxury car client relationships.



## Škoda Kamiq

The Škoda Kamiq made its debut at the Geneva Motor Show ahead of its autumn arrival in showrooms, ready to take on the Nissan Juke and Renault Captur.

Appearing on the Škoda stand alongside the new Scala hatchback, the small SUV shares a platform with the new Volkswagen T-Cross and will feature a 1.0-litre turbocharged petrol engine and front-wheel-drive.

Order books for the Scala, a replacement for the Rapid hatchback, will open in May, with prices starting from £16,595 and first deliveries expected in the summer.

# GENEVA MOTORSHOW

Supercars and electric vehicles (EVs) made for a contrasting mix of new car unveilings at the Geneva Motor Show 2019. **Tom Sharpe** visited the Palexpo exhibition centre on the southern edge of Lake Geneva and found no shortage of new products destined to enter the market over the next 12 months



## Audi Q4 E-tron



Following the launch of Audi's flagship all-electric E-tron SUV, which will be in dealerships in the coming months, the Q4 E-tron is likely to be on sale by the end of next year.

The model features a 279-mile range and all-wheel-drive. An 82kWh battery provides 306PS – enough for a 0-62mph time of 6.2 seconds.

Later this year, the Audi E-tron Sportback will be presented, followed by a production version of the four-door high-performance coupé Audi E-tron GT in 2020.

## BMW 7 Series and revised plug-in hybrids





## Peugeot e-208

Peugeot's fully electric e-208 was possibly the most hotly anticipated model in the all-new hatchback's line-up.

Appearing on a Peugeot stand populated by a range of new electrified models, the 208 features a revised version of Peugeot's i-Cockpit.

As well as featuring conventional petrol and diesel engines, it will be available with a 211-mile range in 135PS EV guise.

Customers will be able to choose from a range of different charging methods, including 100 kW rapid charging capable of delivering an 80% charge in 30 minutes.

Order books are already open, with the first cars expected in the UK this autumn.



## Renault Clio

Renault launched a new version of its big seller, although without the full-EV drivetrain that would see it go head-to-head with the e-208.

The manufacturer has instead opted for a mild-hybrid petrol option, alongside conventional petrol and diesel engines.

All Clios will come equipped with LED headlights, a digital instrument cluster and a 9.3-inch infotainment screen.

The new Clio will go on sale in the autumn.



## Seat El-Born

Seat's first EV, the El-Born, will go on sale later this year with a 261-mile range.

It's a sister car to the Volkswagen ID, and one of the first to be based on Volkswagen Group's new EV platform. Designed and developed in Barcelona, the El-Born will be built at VW Group's specialist EV plant in Zwickau, Germany.

Seat UK managing director, Richard Harrison, said: "The El-Born is a real game-changer for us. What the MEB platform delivers is a real-world EV experience without compromise.

"This platform makes the idea of a 'range extender' a thing of the past because customers will be able to complete most journeys without worrying about the need to charge."



# OW



BMW's new 7 Series took centre stage at the brand's stand this year, alongside the unveiling of a new X3 plug-in hybrid.

The new X3 xDrive30e will be available next year and will be capable of almost 300PS and a zero-emission range of 31 miles.

The same powertrain will feature in the new 330e. In this application, the battery range is up to 37 miles and CO2 emissions are 39g/km.

The X5 and new 7 Series will both be offered as six-cylinder petrol plug-in hybrids. The X5 will have a zero-emission range of 49 miles and emit just 49g/km.

## Cupra Formentor



The Cupra Formentor is the first model developed specifically for the Catalan performance brand.

The performance SUV should be in showrooms by next year and is based on Seat's Ateca platform, but features a new body and re-designed interior.

A raked body and bucket seats hint at the car's performance intentions.

It's powered by a plug-in hybrid powertrain with 242PS and a 30-mile electric range.





Toyota expects to register 12,700 new Rav4s a year in the UK, up from about 7,600 of the previous generation in 2018

# TOYOTA RAV4: FIFTH-GENERATION SUV DITCHES NON-HYBRID MODELS

**T**he fifth-generation Rav4 SUV is the latest Toyota vehicle to be delivered with what the manufacturer refers to as its 'self-charging hybrid' drivetrain – doing away with its predecessor's two-litre diesel and 2.5-litre petrol options.

Extensively updated, the new drivetrain claims to deliver both more dynamic appeal and greener credentials than previous models. The latter is to satiate an appetite for alternative fuel vehicles (AFVs) among Rav4 owners – 85% of the SUV's buyers in Western Europe opted for hybrid drivetrains last year.

A 2.5-litre petrol engine and 88kW electric motor power the front wheels in the 215PS 2WD versions of the latest Rav4 (from £29,635), with the option of a second, 40kW motor delivering power to the rear wheels (4WD from £33,430) to provide added traction and drivability on the road and greater capability off-road, alongside a slight power boost to 219PS. The fourth-generation Rav4 Hybrid peaked at 198PS.

The new Rav4 sits on Toyota's new GA-K platform and, while it is 5mm shorter than the outgoing version (at 4,600mm), a 30mm longer wheelbase liberates added interior space, while there is also a 10mm lower roofline and 10mm of extra width.

Boot space has grown by 79 litres, to a family-friendly 580 litres, and there's cabin space to rival the best in class.

Re-shaping the Rav4 has also added character. Sharper headlights, a bluff front grille and a slim vent linking the two light clusters beneath the bonnet line create an edgy, aggressive front end. Aggressive angles abound, with hexagonal wheel arches and a thick, Volvo XC40-like, rear pillar both defining features.

Four trim levels are available: Icon (from £29,635), Design (from £31,190), Excel (from £33,610) and Dynamic (from £34,400).

Deliveries start in April and Toyota is launching with a 0% APR PCP, offering payments as low as £269 a month over 24 months/ 8,000 miles (with a 24% deposit).

The offer is backed by an average residual value of 57% at three years and 30,000 miles, according to Toyota, which projects that 84% of Rav4s will be sold through PCP.

The Design trim is expected to be the big seller, but Dynamic was the trim we saw most of on the international press launch in Barcelona.

Standard on all Rav4s are: rear parking sensors and a reversing camera; keyless entry and a push-button start; LED headlights and an eight-inch touchscreen infotainment system.

There's also a host of cutting-edge safety technologies. Pre-collision automatic braking with pedestrian detection, a lane departure warning system, adaptive cruise control and automatic high beam are fitted to all trim levels.

Sat-nav, a powered boot and front



£29,635-  
£34,490



2.5-LITRE PETROL,  
88kW ELECTRIC  
HYBRID



0-62MPH  
8.1-8.4 SECONDS;  
TOP SPEED  
112MPH



CONTINUOUSLY  
VARIABLE  
TRANSMISSION  
(CVT)



49.2-51.2MPG



102-105G/KM CO<sub>2</sub>

## REVIEW RATINGS

AUTOCAR



CARWOW



WHAT CAR?



## KEY RIVALS



Volkswagen Tiguan



FAMILIAR VOLKSWAGEN  
INTERIOR QUALITY,  
SEVEN SEATS



CONSERVATIVE STYLING  
OUTSIDE 'R-LINE' TRIM,  
NO AFV OPTION



Peugeot 5008



SEVEN SEATS,  
I-COCKPIT  
INTERIOR, VALUE



NO AFV OR 4WD  
OPTION



Volvo XC40



PREMIUM  
DESIGN AND  
INTERIOR FEEL



LEAST SPACIOUS  
OF THE RIVALS  
HERE



LAST YEAR 91%  
OF RAV4 SALES  
IN THE UK WERE  
HYBRID, WITH  
JUST 4% TAKING  
THE DIESEL  
OPTION

ANDREW CULLIS,  
TOYOTA GB





Boot space in the latest RAV4 has grown by 79 litres



The centre console will eat into knee space for taller drivers

**C** parking sensors make their debut in Design trim, while Excel adds full leather, a heated steering wheel and front seats, a blind-spot monitor and rear cross-traffic alert. Dynamic adds gloss black 18-inch alloy wheels and a contrasting gloss black roof.

The cabin is typically Toyota, although there are more tactile touches than expected.

A prominent infotainment screen stands proud of the dashboard, trimmed in chrome, as are the door pulls, which also feature the same grippy, rubber trim that circles the climate control dials.

A broad centre console adds to the cabin's premium appearance, but will eat into the knee space of taller drivers.

Toyota is making a concerted effort to deliver more driver appeal.

What Toyota calls its 'trace control' applies braking inputs at individual wheels to ensure the RAV4 tracks accurately through corners.

4WD RAV4's can also send as much as 80% of the drivetrain's torque to the rear tyres to boost traction and drivability.

The RAV4 functioned well in the little time it spent on gravel tracks during the launch event, although ground clearance would clearly be a limiting factor on more demanding routes.

On the road, it felt like a tightly controlled and accurate SUV, though quicker than anticipated. Toyota claims the 4WD version is the faster, hitting 62mph in 8.1 seconds (0.3 seconds ahead of the 2WD). The claimed top speed is 112mph.

Toyota has been working with hybrids since the arrival of the Prius and the format

## Q&A



ANDREW CULLIS  
DIRECTOR OF PRODUCT  
AND MARKETING,  
TOYOTA GB

**In line with Toyota's wider drivetrains policy, the new RAV4 will only be available as a hybrid in the UK. What percentage of Toyota product is new hybrid?**

In 2015, the diesel mix for the RAV4 was 88%. By 2016, it was 36% diesel. Last year, 91% of RAV4 sales in the UK were hybrid, with just 4% taking the diesel option. That's why the decision was made to go for a purely hybrid line-up in the UK this time around.

**There are four trim levels (Icon, Design, Excel, Dynamic) for the new RAV4. Where's the range's 'sweet spot'?**

Icon grade will account for around 4% of sales, which is where it is now. The Design grade will be the biggest seller, with around 35% of the sales and a mix of front- and all-wheel-drive – the all-wheel-drive option accounting for 70% of the mix. We expect Excel and Dynamic trims to account for around 30% of the mix each. Overall, we project sales to reach 9,300 from April to the end of this year and 12,700 in the UK for a full year. Last year we sold around 7,600

RAV4s, which was down around 900 on the previous year, but we had actually run out by the middle-point of November.

**The RAV4 officially goes on sale in the UK this month. How will that be managed with the Corolla also reaching dealerships on March 1?**

Retailers received both cars early, in time for a hybrid-themed early test-drive event over the weekend of February 21 to 24. Dealerships will be dressed to communicate with customers very clearly about Toyota's hybrid vehicles. Frequently asked questions will be answered via graphics in the windows of showroom display vehicles and new iPad-based technology will also be launched at the event, which embraces augmented reality to give an insight into what lies beneath the bodywork of a Toyota hybrid. Customers can point an iPad at a car and it strips back the bodywork on screen to reveal annotated images of the car's internal workings.

**After the hybrid-themed test drive event, how will the RAV4 be marketed to UK car buyers?**

We know the RAV4 will be popular. After we ran out of the previous generation vehicle in November, the new one attracted 6,000 expressions of interest, but there will still be a huge marketing push. In total, during the fiscal year starting this month, we will spend £6.5 million on RAV4 marketing. RAV4 and C-HR are really important vehicles for us. They really draw customers to the brand.

**“AFTER WE RAN OUT OF THE PREVIOUS GENERATION VEHICLE, THE NEW ONE ATTRACTED 6,000 EXPRESSIONS OF INTEREST  
ANDREW CULLIS, TOYOTA GB**

is feeling better than ever. Seamless inputs from the electric motors add torque and low-down urge to help the RAV4 feel muscular and keen.

Toyota claims 51.2mpg for the 2WD RAV4, with official figures yet to be released for the 4WD, while CO<sub>2</sub> emissions of 102g/km with 17-inch wheels fitted (105g/km with 18s), will ensure the hybrid SUV proves a winner with tax-conscious company car owners.

Toyota claims the RAV4's class-leading BIK of 21% will save company car drivers £575-£2,161 a year over its rivals.

A full 22 years after Toyota delivered the Prius, its 'self-charging hybrid' formula may be starting to rile the plug-in purists, but it is hard to question the strides the brand has made in applying it to a range of vehicles to deliver ever-lower fuel consumption and emissions.

That the new RAV4 is more eye-catching, spacious and drivable than ever before means car retailers should have the opportunity to sell to a waiting audience of fleet and private customers alike.

TOM SHARPE

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• COX AUTOMOTIVE BRAND

In association with



# New, unified AX offers boost for dealers and their customers

**A**X has made new technology and top-quality customer service integral to its rebranded business. Under its new brand, the AX Automotive division delivers accident aftercare services and AX Innovation focuses on intelligent software, connected devices and asset protection.

AX as a group currently partners with more than 2,000 dealers, bodyshops, manufacturers, corporate fleets, insurers and brokers nationwide. Following a year in which the Birmingham-based operation returned to profit, Nikki Roy, chief operating officer, said the business was about to embark on a new era of growth.

Roy, who initially joined the Accident

Exchange business as finance director in 2004, said: "This is an exciting time for AX. After a positive 2018, the business is on a sound financial footing and we have finally been able to bring together various parts of the business into a structure that means we can streamline processes and broaden the range of services we offer to retailers.

"We are now in a position where we can make the most of the knowledge and relationships that we have as a wider business. The technology and innovation that we can provide is unrivalled in the sector, and I only see the business, and its service offerings to retailers and bodyshops, getting stronger."



AX Automotive is focused on the growth of Accident Exchange's successful credit hire business, broadening its market reach and continuing its focus on customer satisfaction, high-quality service and frictionless process management for all its partners.

Employing more than 450 expert team members in six nationwide hubs, AX prides itself on the premium door-to-door accident aftercare service it provides to the customers of its retail partners. This service is backed by AX's own support centre, which is staffed by more than 100 expert call handlers based in Coleshill.

Roy explained: "There are around 1,500 prestige cars in our fleet of replacement vehicles and they are delivered to the customer with a personal and professional handover.

"We provide vehicles on a brand-for-



For more details, call 01675 435 216 or email [partners@ax-uk.com](mailto:partners@ax-uk.com)



**“WE ARE NOW  
IN A POSITION  
WHERE WE  
CAN MAKE THE  
MOST OF THE  
KNOWLEDGE AND  
RELATIONSHIPS  
THAT WE HAVE AS A  
WIDER BUSINESS**

**NIKKI ROY,  
CHIEF OPERATING OFFICER**

brand basis and our drivers are smart and professional, which reflects the service our retail partners would provide themselves. AX is the UK's number-one-rated credit hire company on Trustpilot, with a nine out of 10 average rating and a 98% satisfaction rate.

“Our partners can view the number of customers they have referred, and track the progress of claims via the online ‘Beacon’ portal, which provides detailed management information. Their customers also receive regular updates from AX and can track their individual claim progress through the online portal ‘Yourclaim.’”

Roy said AX's current success is partly attributed to a closer, more collaborative relationship with insurance companies.

“A key part of our business is prevention, but also the detection and elimination of insurance fraud risks,” she said. “This, in

turn, has led to a very significant proportion of the claims we manage being settled in a frictionless protocol arrangement with insurers.”

AX Innovation draws three businesses under its umbrella – DCML is a specialist in the utilisation, compliance, protection and insurance of courtesy and demonstrator fleets, In-Car Cleverness focuses on telematics and connected vehicle technologies, and APU is a specialist in covert protection and motor fraud investigations. The new division will concentrate on further developing a growing suite of vehicle technology products that provide innovative services to the automotive industry.

AX's demonstrator and replacement vehicle tracking software and devices – also used in the fleet sector – are central to its strategy of reducing losses through

fraud and tailoring insurance costs through the analysis of driving behaviour.

Vince Powell, managing director, AX Innovation, said the same ‘pain-free’ service AX is renowned for can be applied to the management of dealer demonstrators, thanks to AX Innovation's technology. He said: “In an era where 24- and 48-hour test drives have become an essential sales tool, I think a lot of dealers will be reassured by the technology we provide, which can allow them to take a customer's details really quickly and carry out appropriate checks easily on an iPad, while they are on the forecourt.”

“It is simplicity and peace of mind. That's what we want to provide to all our partners.”

Powell said AX software manages 30,000 vehicles across the UK at any one time, with 20,000 active telematics systems and more than 1.2 million days of insurance annually. Its software solutions are currently in use by more than 850 sites in the UK, including many of the AM100 groups.

Across the group, there is now a more collaborative approach and AX aims to drive efficiency, innovation and quality of service that adds real value to its partners' businesses.

Their success in application is clear and AX is an extremely powerful partner now, under the one over-arching business model. Roy said the AX Group was hoping to achieve revenue growth of more than 30% in 2019.

“The business is in a good place,” she said. “Now it's time to build on the strong foundations that we have worked so hard to create.”



## MITSUBISHI OUTLANDER PHEV 4H

REPORT  
PROGRESS



The battery capacity on the new Outlander PHEV is 15% bigger than its predecessor



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£39,500



2.4-LITRE PETROL  
PLUS ELECTRIC  
MOTORS



4WD, AUTOMATIC



0-62MPH  
10.5SECS,  
TOP SPEED  
106MPH



139MPG



40.3G/KM  
CO<sub>2</sub>

## MITSUBISHI'S FACELIFTED PHEV GOES FARTHER FASTER

**A**M is going green, one small step at a time. I've recently taken delivery of a new Mitsubishi Outlander PHEV to review over six months.

Mitsubishi's SUV has been dominant in the UK plug-in hybrid market since its arrival in 2014, but in late 2018 it was refreshed. It meant a few visible tweaks – new bumpers, wheels and LED headlamps – but the changes beneath the skin are more important. Along with a new 2.4-litre petrol engine, 14PS more powerful than before, the drive battery capacity increased by 15% to 13.8kWh, the drive battery output rose by 10% and the electric generator output has increased 10%. The outcome is a higher top speed in electric vehicle mode, up from 78mph to 84mph, and overtaking acceleration from 50mph to 62mph is 0.6 seconds quicker, according to Mitsubishi.

WLTP tests indicate the Outlander PHEV now has a maximum electric

range of 28 miles. It makes the car a particularly suitable compromise between pure electric and combustion engine cars for workers who, like me, will spend several days each week based locally at an office yet need the flexibility to drive much farther without stress for meetings.

My standard daily commute is an 18-mile round trip; charging the car nightly means I can do the whole trip under electric power. So ahead of its arrival, I ordered a 7kW home charging unit from Pod Point, one of Mitsubishi's preferred suppliers. The OLEV Electric Vehicle Homecharge Scheme Grant provides £500 off the price of purchasing and installing a home charger. And the long-term benefit of being able to charge at least 1.6 times faster than when using a standard three-pin plug quickly outweighs the remaining cost.

I look forward to minimising my petrol station visits in the weeks ahead. **TIM ROSE**



The charging unit is at least 1.6 times faster than a three-pin connection



CHEAP TO RUN ON SHORT JOURNEYS AND CHEAP ROAD TAX



BOOT SPACE IS SLIGHTLY COMPROMISED DUE TO BATTERIES

CURRENT  
MILEAGE

0 1 0 5 3

START  
MILEAGE

0 0 3 7 2

### KEY RIVALS



Volvo XC60 T8



REFINED RIDE,  
LUXURIOUS INTERIOR



VERY EXPENSIVE,  
TOO POWERFUL



Mini Countryman PHEV



BRAND APPEAL,  
NIPPY ACCELERATION



SHORTER FULL ELECTRIC  
RANGE, SMALLER BOOT



Pod Point is one of Mitsubishi's preferred charger suppliers



## NISSAN LEAF TEKNA

REPORT  
PROGRESS



Nissan dealerships offer detailed handovers and most have an EV expert on-site



PRICE: £30,055  
(EXTRAS:  
METALLIC PAINT  
- £575, PROPILOT  
PARK - £1,090)



SEGMENT SHARE  
6.6% (JAN 2019  
'ALTERNATIVE FUELS')



COMBINED RANGE  
(WLTP):  
168 MILES

## HOW DEALERS CAN HELP THE GREENEST OF EV CUSTOMERS

**W**hile providing commuters with a zero-emission green dream machine may be imagined by some as akin to Prometheus gifting fire to humans, when it comes to converting to a pure EV, many drivers can feel more like a cow being handed a musket.

Fear and ignorance on the part of prospects or even buyers can make new demands on dealers. When was the last time a dealer had to explain how to refuel a car? 1910?

I asked Nissan how it was helping to transition drivers to pure electric and the part its retailers play.

"As the market leader in electric vehicles and the 'go-to' brand for many who are making the transition from a traditionally engined or hybrid vehicle to one that is pure electric, Nissan is committed to providing customers with the very best advice and experience before, during and

after their purchase," a spokesman said.

To this end, every Nissan dealership offers a detailed handover of a Nissan EV and most have a dedicated on-site EV expert.

"Before making the switch to pure electric, our findings are that many customers will already have 'done their homework' on the vehicle and how it will fit their lifestyle, but Nissan EV specialists have received intensive manufacturer training on all aspects of EV ownership," the spokesman said.

These specialists can offer advice on charging, the suitability of an EV to an individual's lifestyle, maintenance and optimising range through different driving techniques.

To support the transition to pure electric, Nissan makes a 'customer promise' to anyone considering one of its EVs.



BEFORE MAKING THE SWITCH TO PURE ELECTRIC... MANY CUSTOMERS WILL ALREADY HAVE 'DONE THEIR HOMEWORK' ON THE VEHICLE

"This is designed to optimise their ownership experience, making it as enjoyable as possible.

"It also provides a hassle-free solution to some of the concerns that motorists can have when considering making the switch to pure electric," the spokesman said.

Nissan's promise – which includes the availability of 24-hour test drives, the free use of a petrol or diesel car for up to 14 days during the first three

years of ownership (should customers wish to make extra-long journeys); free rapid charging at participating Nissan dealerships; a guarantee of continuous and free EV roadside assistance, renewed with every Nissan service; a battery quality guarantee and a proposed resolution to any problem with two working days – is sure to warm the cockles of a new EV convert.

JEREMY BENNETT



CHEAP TO RUN ON SHORT JOURNEYS AND CHEAP ROAD TAX



BOOT SPACE IS SLIGHTLY COMPROMISED DUE TO BATTERIES

CURRENT  
MILEAGE

0 5 3 7 7

START  
MILEAGE

0 2 5 1 2

### » GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Paul Green, service manager at Westaway Ford, Maidwell, Northants, correctly identified the Ginetta G15 in the 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, April 5.





# Latest innovations in online motor retail

We talk to James Tew, CEO at iVendi, about the latest developments affecting his company, the dealers with which they work, and the industry in general

## Q What is new at iVendi?

**A** It's been a really exciting few months. We've moved into new offices in Manchester that are more than three times the size of our previous premises, signed our first major international deal with BDK in Germany, who work with around one in four dealers there, and also provided technological support for the launch of BNP Paribas Personal Finance into the UK motor finance sector. So it has been quite a time for us.

## Q The launch of BNP Paribas Personal Finance is perhaps the biggest news in the sector for some time. What have you been working on together?

**A** Yes, they are a huge organisation with massive resources and extensive experience within the new and used vehicle market. They've made our platform available from launch, illustrating the scale of their ambition for the business, providing a cutting edge digital solution and online motor finance technology from the outset.

Using our technology, dealers will be able to help customers identify the right product for them, assess key criteria such as product suitability and see the sale through to conclusion, all while being reassured of a high level of data security and support towards GDPR compliance.

## Q The BDK deal also sounds like a major development. Can you tell us more?

**A** Bank Deutsches Kraftfahrzeugwerke GmbH is an automotive bank providing motor finance to 4,500 car dealers in Germany. Our technology will deliver a complete online marketplace with motor finance pre-approval.

Working with them marks a significant step forward for iVendi. While we have been involved with some customers on overseas projects in the past, this is our first major international deal with a motor finance provider of this scale.

The project has been a genuinely exhilarating process. As a business, we

have been through the kind of changes you would expect – modifying our products to deal with the needs of a new market – but we have also been stretched and inspired by the customer to deliver a much enhanced solution. It will, we believe, make a major impact on the German dealer motor finance sector.

## Q Will the project have any implications for UK customers?

**A** Virtually every major project on which we work creates innovations that are implemented across our platform and the BDK deal has been especially effective in that sense. We hope to implement some of the new features through to our UK dealers very soon. These will be announced once we have gone live in Germany but we believe we are fundamentally redefining the consumer vehicle search experience.

## Q What do you see as the major developments in the UK for motor finance this year?

**A** It is just such a strange period for the market. We have a situation where there is a really quite buoyant used car sector but an economic-political situation that could barely be any more uncertain.

We've been thinking hard about what this means for the retail motor industry and we believe there is only one sensible strategic choice – flexibility. In a market that is next-to-impossible to predict, we all need to be ready for anything.

## Q What does that mean in practice?

**A** It entails creating and identifying as many opportunities as possible, and then putting the resources in place to maximise them. Dealers, lenders and manufacturers need to be looking hard at how the market is developing and move quickly.

We have been looking at how our technology can support this and the ways in which we can help reach more customers online and in the showroom, then convert more of them. The key, we believe, lies in recognising the concerns of the Brexit-era car buyer. Faced with uncertainty, the prospect of unplanned costs is the major disincentive.

They want to know the vehicle being bought is not just desirable, but reliable and affordable. With this in mind, we've been working on ways to underline these factors in the online presentation of cars and finance and are already helping produce some strong results.

## COMPANY PROFILE

**Key products:** The iVendi Platform  
**Key staff:** James Tew, CEO; Richard Tavernor, COO  
**Founded:** 2009  
**Based:** Manchester and Colwyn Bay  
**Visit:** [www.ivendi.com](http://www.ivendi.com)  
**email:** [enquiries@ivendi.com](mailto:enquiries@ivendi.com)  
**Telephone:** 0345 226 0503



## Q What other major trends do you see for motor finance?

**A** We believe that acceptance of online multi-lender motor finance quotation tools is growing as finance providers and used car dealers increasingly recognise their benefits.

The argument against multi-lender solutions from lenders themselves is a simple one – that you have a captive customer within an online retail process and there is no benefit in providing choice. However, this ignores the expectations of customers in 2019. They are highly habituated from using online comparison tools for a range of finance products from car insurance to mortgages.

Not having that choice means they are more likely to start shopping around than

**“ 2019 IS ALL ABOUT MAINTAINING AND ENHANCING THE LEVEL OF INNOVATION AND SUPPORT FOR WHICH WE HAVE BECOME KNOWN WHILE SCALING UP TO BECOME A MUCH BIGGER BUSINESS**

**JAMES TEW, CEO**

if we fail to give them wider options.

We regularly see evidence that suggested multi-lender scenarios helped to drive overall levels of online motor finance penetration. Customers are more confident about continuing with their motor finance application if they believe they have been given viable choices from different providers.

**Q And what challenges do you face as a business?**

**A** For us, 2019 is all about maintaining and enhancing the level of innovation and support for which we have become known while scaling up to become a much bigger business. To achieve this, we are continuing to invest heavily and intelligently in areas like people, product, support, compliance and data security.

iVendi has become the market leader in online motor finance, with more than three million consumers using our website plug-in solutions every month, because we deliver and we deliver well.

The challenge now is all about building on that reputation, taking online motor finance and online motor retail further forward.





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the customer in the driving seat!”

Aaron, Cardiff Trade Sales



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\*Internally conducted research, year on year comparison for Jan-Dec 2017 to Jan-Dec 2018 MotoNovo Finance, a division of FirstRand Bank Limited (London Branch). Registered in England (Branch Reg. No: BR010027) at Austin Friars House, 2-6 Austin Friars, London, EC2N 2HD. FirstRand Bank Limited is authorised and regulated by the South African Reserve Bank. Authorised by the Prudential Regulation Authority. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. FirstRand Bank Limited (London Branch) is a branch of FirstRand Bank Limited, a public limited company registered with the Companies and Intellectual Property Commission in South Africa (Reg. No. 1929/001225/06) Head office: 4 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton 2196, South Africa.

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# WILL THE GOOD WORK PLAN BE GOOD NEWS FOR DEALERS?

Proposed rules could have big impact on dealers that use agency workers

**D**ealers may need to review their employment practices on agency staff after the Government's Good Work plan introduced more clarity on employment status and rights.

The new legislation was announced by the Business Secretary, Greg Clark, on December 17, introduced in reaction to last year's Taylor Review of Modern Working Practices. Of the review's 53 recommendations, 51 are proposed to be taken forward in April 2020.

Although many of the proposals remain under consultation, their impact could be substantial, particularly for dealers that employ agency staff or work with third-party suppliers for roles such as drivers, temporary technicians, valeters or facilities management.

Some of the key proposals include bans on employers paying agency staff cheaper rates than permanent staff, more control for agency staff over how they work, the right to request a more stable contract and the right to get a written statement guaranteeing eligibility for sick and parental leave. Fines at employment tribunals have also been quadrupled – from £5,000 to £20,000 – “for employers that have shown malice, spite or gross oversight”.

Currently, after 12 weeks of service, an

agency worker is entitled to receive the same level of pay as a permanent worker, unless the agency worker opts out of this right and instead elects to receive a guaranteed level of pay between their temporary assignments (often referred to as “the Swedish derogation”). This will be removed, because the Government said agency workers are often financially worse off taking the Swedish derogation route.

Plans for a single enforcement body to help protect vulnerable workers have also been brought forward to early 2019.

Businesses are required to provide every agency worker with a document known as a “key facts page”.

This will need to include certain details, such as the type of contract they are employed under, the minimum rate of pay they will receive and details of any fees that may be taken.

A ban on zero-hour contracts was not part of the recommendations.

Clark said: “This is the largest upgrade in workers’ rights in over a generation and is a key part of building a labour market that continues to reward people for hard work, that celebrates good employers and is boosting productivity and earning potential across the UK.”

Heath Evans, the chairman of the Association for Contract Valeting (ACV) and managing director of valeting business Assured Group, said the Good Work Plan had been introduced very quietly and many businesses were unaware of the proposals.

ACV members employ about 20,000 valeters across the UK automotive industry.

Evans said the most critical point in the document is that ‘control’ should be more of a factor around determining self-employment: “This will make it even more difficult for the industry to continue to

defend self-employment, especially where the industry engages with valeting companies on a fixed-cost per day basis.

“The obvious other concern is closing the loophole around pay with the Swedish derogation.”

Polly Davis, a legal adviser with Lawgistics, said she has noted a difference in its employment enquiries due to high-profile employment tribunal cases involving the gig economy.

She said: “The Good Work Plan intends to bring forward legislation in relation to this, with additional mandatory content to the written statement upon commencement of the employment relationship and upfront clarity about status.

“We will be advising our members accordingly when the legislation is brought forward.”

Philip Richardson, partner and head of employment law at Stephenson Solicitors, said the announcement would hopefully give organisations with staff on zero-hour contracts more clarity about their rights: “For those people working in the gig economy, the Government's Good Work Plan should, in theory, provide dealerships and their employees with some much-needed clarity.

“One of the clearest messages that comes from these reforms is that employers and their HR teams will be under increased scrutiny to not only better protect their workers, but also tighten up their employment practices.”

Richardson said most employers, including many car dealerships, have already made significant progress here.

However, he said those who have looked for a loophole will now find themselves facing “significant fines at a tribunal and potentially long-term reputational damage to their brand”. **TOM SEYMOUR**



**EMPLOYERS AND THEIR HR TEAMS WILL BE UNDER INCREASED SCRUTINY TO NOT ONLY BETTER PROTECT THEIR WORKERS, BUT ALSO TIGHTEN UP THEIR EMPLOYMENT PRACTICES**



**PHILIP RICHARDSON, STEPHENSONS SOLICITORS**

## RESOURCES

### THE GOOD WORK PLAN IN FULL

The full 68-page document presenting the Government's vision for the future of the UK labour market.

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/766167/good-work-plan-command-paper.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766167/good-work-plan-command-paper.pdf)

### REGULATION WILL NOT BE A SILVER BULLET FOR IMPROVING JOB QUALITY

Peter Cheese, chief executive of the Chartered Institute of Personnel and Development (CIPD) gives his view on the Good Work Plan.

<https://www.cipd.co.uk/about/media/press/171218-cipd-workplace-reforms>

### MCDONALD'S EMPLOYEES ON ZERO-HOUR CONTRACTS

Two McDonald's employees in Manchester speak with Channel 4 about struggling to live on their wages with zero-hour contracts.

<https://www.youtube.com/watch?v=hUq0T8uc-08>

**ADVERTISING FEATURE**

# Profit springs from accurate appraisal and quick churn

By Stuart Pearson, COO, BCA UK Remarketing



As sourcing good quality stock becomes ever more competitive for dealers, identifying and retaining those retail-quality part-exchange cars is essential.

In the March plate-change period, dealers will see increasing numbers of part-ex vehicles and sorting the

wheat from the chaff will be critical to trading profitably.

BCA Dealer Pro allows dealers to appraise, value and remarket part-ex vehicles and maintain inventory at the touch of a screen, with the freedom to see what is available across the entire dealer group where applicable.

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In partnership with BCA Partner Finance, the part-ex itself can be funded, helping cashflow and freeing up capital. Operating within the Dealer Pro platform, it allows dealers to appraise the vehicle and then apply for funding based on the BCA valuation.

It creates a unique stock-management solution for the market. The Dealer Pro platform enables dealers to monitor stock levels, refresh valuations and decide which vehicles to remarket through BCA, while BCA Partner Finance offers dealers secure funding to purchase used cars at BCA and through part-exchange.

Together, Dealer Pro and Partner Finance create a stock management solution that is flexible and scalable, allowing dealers to react quickly to market conditions and make the most of any profit opportunities that arise.

■ Log on to [bca.co.uk](http://bca.co.uk) or call 0844 875 3480



# TALENT ON THE MOVE



**MARK HERBERT, CHIEF EXECUTIVE,  
PENDRAGON**

Mark Herbert, the former boss of Jardine Motors Group, is poised to take the helm at Pendragon on April 1 as Trevor Finn, the outgoing chief executive, begins his retirement.

Finn has spent 30 years at Pendragon, during which he grew the former AM100 number one retailer to more than 300 outlets at its peak, as well developing as its own software business, Pinewood Technologies.

Pendragon's share price rose by more than 1% – from 26.40p to 26.72p – immediately after last month's announcement of

Herbert's appointment. He joins Pendragon following a 20-year career with Jardine Matheson Group across a diverse range of industries, including Jardine Motors Group UK.

Most recently, he was the chief executive of Cold Storage Singapore and chairman of DFI Lucky Cambodia, consisting of 550 supermarket and convenience stores that formed part of Dairy Farm International Holdings, a pan-Asian retailer and subsidiary of Jardine Matheson.



**ALISON JONES,  
MANAGING DIRECTOR,  
PSA GROUP**

Alison Jones has been named as the PSA Group's new managing director, with responsibility for the Peugeot, Citroën and DS Automobiles brands in the UK.

The former Volkswagen UK managing director will assume her new post on April 1, replacing Stéphane Le Guével, who has been promoted to another position in the group, to be announced at a later date.

Jones has a broad knowledge of Volkswagen's retail operation, having held management positions within retailer support, aftersales and customer service, as well as a stint overseeing its finances as brand controller.

In 2010, she drove the transformation of the VW Group's customer services centre in Leeds, followed by a move to Audi as head of operations, a role that included new and used car sales, factory planning and network development. Jones was promoted to the Volkswagen Group UK board of management in 2012 as director of customer quality, and set up the group aftersales and customer quality function two years later.



**JEAN-PHILIPPE ROUBES,  
CUSTOMER EXPERIENCE  
AND DEALER NETWORK  
DEVELOPMENT MANAGER,  
RENAULT GROUP UK**

Renault Group UK has appointed Jean-Philippe Roubes as its new customer experience and dealer network development director.

He joins the business from Renault Retail Group (RRG) in France and replaces Mark Crockett, who has worked at Renault in the UK and in France for the past 25 years.

Prior to joining RRG, Roubes spent 13 years working for Renault Group, where he held a variety of positions focused on sales and marketing.



**CATHERINE PERRIN, REGIONAL  
NETWORK DEVELOPMENT MANAGER,  
MITSUBISHI MOTORS UK**

Catherine Perrin has returned to Mitsubishi Motors in the UK as regional network development manager, to work with new dealer partners and develop its UK network.

She first joined the brand in 2005, as part of the graduate programme, and worked in a variety of sales and marketing roles, including electric vehicle programme manager.

Most recently, she spent seven years working for Nissan in a number of dealer-related roles.





The AM100 is the networking dinner of the year. The night offers an invaluable opportunity to meet with friends and colleagues in the retail industry, whilst being amongst the first to see the official unveiling of the new AM100 listing ahead of its publication in AM.

### After dinner speaker confirmed as Jo Johnson MP

A prominent voice in public debates around the EU, education, infrastructure and business, Jo resigned from his role as Minister of Transport citing disagreement over the government's Brexit strategy. Having returned to the backbenches, Jo continues to comment on Brexit and the UK's future relationship with the EU. He also comments more widely on the domestic political scene as well as the relationship between business and policy-making, and issues related to UK infrastructure and transport.



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# EV CHANGES PUSH BREXIT DOWN DEALERS' AGENDA

Risk to aftersales revenues plus training and staffing demands at the heart of car retailer debate over increased electrification

**E**lectric vehicles (EVs) proved to be a hotter topic than even Brexit as retailers questioned their profitability and the viability of preparing staff and premises for the approaching growth in their adoption during a roundtable discussion held before this year's AM Awards.

From a potential decline in aftersales revenues, to the changing staff skillset and even the potential of growing business sales as a result of the changes to BIK tax levels for alternative fuel vehicles (AFVs), all were debated by the group that assembled at Birmingham's Hyatt Hotel early in February.

Dee Pierce, former Saab, BMW and Tesla executive, sparked the conversation about the impact of EVs on the aftermarket.

"When we were hiring staff for Tesla, we would say that an internal combustion engine has 350 moving parts, but a Tesla has just 17," she said.

"The whole industry is going through this seismic shift and it is forcing everyone to take a back seat and say 'how do we survive?'"

John Clark, the chairman of John Clark Motor Group, said: "We still have an existing vehicle parc and we can't just walk away from that. We sell 28,500 cars a year and we have to look after that customer base with core mechanical skills."

Karl White, managing director, Thame Cars, said

the average age of vehicles brought to his company for an MOT was eight years.

"At that rate, we'll still need to deliver those skills for at least the next 10 years," he said.

## EV training

Clark acknowledged that technicians are already being trained in a different way to prepare them for greater exposure to AFVs.

"We have Volvo, JLR and BMW and I was horrified by some of the skills our guys need to have," he said.

"To change a battery, you have to have two guys and one guy stood there with a rope tied round his waist ready to pull him away in case the connection is wrong. The other guy has a long pole to push the guy away."

White said his technicians were starting to ask for specific EV training, and suggested that Bosch run a course that could be accessed by independent retailers.

Steve Puttock, retail operator, Westcars of Tiverton, said many manufacturers would sell an independent retailer spaces on their academy training schemes.

Gordon Veale, general manager of Carbase, was in no doubt of the need to keep staff abreast of AFV technologies: "It's small numbers at the moment, but there is going to be huge changes for independents like ourselves."

Clark acknowledged that he was sceptical about



the immediate appeal of pure EVs, but said the market would naturally evolve.

He said: "When I got a job with Ford Motor Company, cars were serviced every 500 miles. After 20,000 miles they had to be de-coked. It's all changed in that time and it will change again."

## AFVs for the masses

The change may prove less viable for some manufacturers than others.

Guy Foster, the managing director of Newmans Suzuki, said the brand's core business lies in affordable, petrol-powered vehicles. He said adding an estimated £9,000 to the list price of a vehicle to introduce a plug-in hybrid drivetrain would make it unappealing.

Simon Lane, dealer principal at Jardine Motor Group's Porsche Centre Cambridge – formerly dealer principal at Aston Martin Cambridge – said the situation was different in the luxury sector.

Aston Martin's soon-to-be re-launched Lagonda brand is intended to rival Rolls-Royce's luxury, with three EV models that will be built at its new production facility at St Athan, Wales.

The first new Lagonda EV, also an SUV, was unveiled at the Geneva Motor Show.

While most retailers around the table agreed that the charging infrastructure in place for EVs was currently inadequate, Foster said Government legislation would have the biggest impact on growth.

He said business users could generate a surge in demand for pure EVs with a range of more than 250 miles when the Government's benefit-in-kind (BIK) tax rates fall from 16% to 2% in 2020/21.

"To offset the tax on a £130,000 Tesla would be

## DELEGATES



**JOHN CLARK**  
chairman,  
John Clark  
Motor  
Group



**GORDON VEALE**  
general  
manager,  
Carbase



**ABIGAIL HAY**  
director,  
Motonet.  
com



**OUSMAN NJIE**  
director,  
Motonet.  
com



**ALEX JONES**  
head of  
marketing  
and digital,  
Carbase



**KARL WHITE**  
managing  
director,  
Thame Cars



**SIMON LANE**  
dealer  
principal,  
Porsche  
Cambridge



**NICK ALLEN**  
director,  
Thame Cars



**GUY FOSTER**  
managing  
director,  
Newmans  
Suzuki



**RICHARD GOUGH**  
general  
manager,  
Mercedes-  
Benz of  
Preston



**CURTIS BLYTH**  
customer  
success  
manager,  
CDK Global



**ADE SMITH**  
managing  
director,  
Porsche  
Retail  
Group



**DEE PIERCE**  
former  
Saab,  
BMW and  
Tesla  
executive



**STEVE PUTTOCK**  
retail  
operator,  
Westcars  
of Tiverton



## Sponsor's comment

By Stuart Miles, UK & Ireland managing director, CDK Global



CDK Global was delighted to co-host this roundtable debate with AM.

The knowledge and expertise across the group was valuable and gave great insight to the changes and advancements affecting the automotive industry, such as electric vehicles, maximising aftersales and how staff training and retention can help support a great customer experience.

We use such forums to learn and develop technology to continue to support

our customers and help them grow their businesses. From dealer management systems to mobile solutions, CDK focuses on enabling a seamless consumer experience. It is an exciting time as we look to develop the integration of partners' applications with CDK's open platform, delivering new capabilities and helping to shape the future of our industry.



massively cheaper than buying a £30,000 diesel car," he said.

### Used car stocking

Although EVs were the hot topic at the round table, retailers were also invited to express their outlook on use of data in aftersales, and an increasingly competitive used car market in 2019.

Stock acquisition and maintaining margins quickly emerged as the biggest perceived challenges.

White said: "We operate in a layer of the nearly new market and supply and demand is very much up and down dependent on the strength of the new car

market. We anticipate that we're going to have to work doubly hard to get hold of stock in 2019 and only see that challenge becoming more difficult during H2."

Alex Jones, head of marketing and digital, Carbase, said: "With the data that we all use now, we're all out there trying to buy the same stock.

"Targeting cars that fit the condition grade and desirability that the data says will yield the biggest profit does make it very difficult to buy volume."

White said the challenge of maintaining margins in a market where online competition and the choice and standard of vehicles offered was so high meant increased volume had become the key driver.

"The pressure is on to tell your story very well now,"



**“YOU HAVE TO BE CONFIDENT OF THE QUALITY YOU’RE OFFERING TO CUSTOMERS AND MAKE SURE THEY KNOW ABOUT IT IF YOU’RE GOING TO MAINTAIN YOUR PRICES**

**KARL WHITE, THAME CARS**

said White. "You have to be confident of the quality you're offering to customers and make sure they know about it if you're going to maintain your prices and your margin in the current climate."

### Brexit effect

Clark said he felt the car retail sector had been gripped by a rush to sell as many cars as possible before Brexit (which at the time of the discussion was due on March 29).

He said his business had increased its used car sales by 14% in January – with more than 250 vehicles a week still being sold at auction – in "latent demand" caused by the stalling of stock supply due to last September's introduction of the Worldwide harmonised Light vehicle Test Procedure (WLTP).

"What happens after March 29? I just haven't got a clue," he added.

Ousman Njie, director of Coventry-based independent used car retail operation Motonet.com, said his business was already feeling the effects, with its vehicle preparation "really suffering" due to the decision of a Polish employee to return home ahead of the official exit date.

Ade Smith, managing director, Porsche Retail Group, said one of his centre managers had returned to New Zealand in light of the political and economic climate in the UK.

He said about 40% of the 20-strong technician workforce in a Porsche Centre was made up of "highly skilled Eastern Europeans", adding: "As inflation hits and we're looking for UK-based individuals to replace those people, you could look at a 20% uplift in wages to pay them."

**TOM SHARPE**

## EIGHT QUESTIONS TO A...

# FLEET DIRECTOR

Colin Hutton, fleet director at Vindis Group, on why EVs are going to shake up the fleet market over the next two years



### What are the main responsibilities of your role?

**HUTTON:** As the fleet director, I need to drive and motivate a team of 53 people to exceed yearly sales, delivery and pre-delivery inspection objectives. I am also responsible for ensuring the group provides a class-leading service for our customers that delivers both the Vindis Group's and the brand's profit/unit objectives.

### What are the most significant challenges ahead in your field of work?

**HUTTON:** The fleet market is on the verge of a revolution – the move towards electric vehicles – which will take the market by storm over the next 12-24 months. Up until recently, the cost of batteries was extremely punitive and therefore made it difficult for brands to bring a viably priced vehicle to market. However, in 2019 we will see products arrive that will be competitively priced and will have a range that will make them attractive to all users. The challenge is making people aware of how easy they will be to use in real life and actually, in many instances, make life easier and more cost-effective.

### How might these challenges be overcome?

**HUTTON:** The industry as a whole has had bad experiences with either electric or hybrid vehicles, with limited range, minimal charging facilities and the most damaging of all, hybrid purchases being made for benefit-in-kind (BIK) reasons. Drivers then fill up with fossil fuels, pushing up the total running costs for companies.

With new battery-electric vehicles, having a real-life experience will be the key selling factor. Range anxiety will be overcome, because in most cases you will be leaving home with a full charge, in many instances [capable of] 250-300 miles. However, by far the biggest selling point will be the BIK – 2% of the P11D value in 2020/21 tax year. There still needs some longevity to be communicated, which will hopefully come in the spring statement.

### What attracted you to this area of expertise?

**HUTTON:** I started work in the contract hire market in 1984. I was inspired by having the ability to demonstrate to businesses how they could save money while inspiring their workforce. Since then, three key factors have driven change – lease accounting changes, a new CO<sub>2</sub>-based BIK regime and the improvement in diesel engines from non-turbo to turbo. Each of these and others, to a less of a degree, changed how fleets funded vehicle purchases and what vehicles appeared on their policies. Recent European directives for cleaner air, along with legislation driving vehicle manufactures to produce low- or zero-CO<sub>2</sub>-emitting vehicles has attracted me, while highlighting this opportunity for the next dramatic change.

### What's is the most important thing you've learnt in your career and how have you made best use of it?

**HUTTON:** People are your greatest assets – however, they can also be your biggest weakness. When reviewing your team's skillsets, you must ensure you have people with a can-do attitude along with a passion to provide exemplary service. If they do not, there is a big risk that you will not achieve your goals and/or it will take you longer than your competitors to achieve what is possible. The net effect being a loss of income and profitability. **MATT DE PREZ**

## QUICK-FIRE QUESTIONS

### How do you relax?

Playing golf or sailing a racing dinghy.

### What is your favourite app?

LinkedIn

### What drives you?

The passion to be the best of the best.

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### THIS MONTH'S QUESTION TO THE AM TEAM:

What trend are you most tired of?

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► Young lads walking the streets with their hands down their pants. Stop it!

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► Wearing contour make-up. It looks dead stupid

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► People going to the shops in their pyjamas

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► 19-year-old wannabe fascists whining about their freedom of speech

**Senior designer** Chris Stringer 01733 468312

► Baby Shark, do do do do do do

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