

AM

AUTOMOTIVE MANAGEMENT

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2018 OUTLOOK / P6

From Brexit to the Budget, we look at what the new year holds for dealers

AM100 / P18

Our latest update shows motor retail's resilience

ŠKODA / P40

My dealers can deliver 4% market share, says Duncan Movassaghi

SYTNER / P32

DARREN EDWARDS: 'WHAT MATTERS IS WE ARE THE BEST'



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EDITOR'S LETTER

The Budget last month showed that the Government is determined to speed up the adoption of electric and hybrid vehicles. The Chancellor, Philip Hammond, committed £400 million of taxpayers' funds to support the expansion of the UK's charging network, plus a further £40m for research into creating new charging technologies.

An additional £100m will ensure the plug-in grant continues to subsidise the early adopters who purchase qualifying vehicles, which accounted for about 4% of the 2017 car market, and the Budget also removed benefit-in-kind tax for company car drivers charging their cars at work.

In short, the Budget contained plenty of positivity for the manufacturers and EV converts. But what about the dealerships and workshops that will sell, and maintain, increasing numbers of hybrids? The Institute of the Motor Industry (IMI) is already worried about the current shortage of technicians (see page 72) and there are question marks over where the new skills required to safely maintain this new technology will come from. The IMI suggests the independent repair sector is particularly at risk.

Dealers, who are responsible for almost 200,000 jobs in this country, will also need to change their businesses and it would be great to see the Government acknowledge this. The head of one major AM100 group told *AM* that its seven-figure profits from oil changes will be at risk in the longer term, while at the same time it will face the costs of retraining staff.

So Mr Hammond, how about some support for those in the retailing front line?



MEET THE TEAM



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features editor



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wants 4% market share and is
confident his dealers will have the
supply to get there



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WHAT DOES 2018 HOLD FOR UK MOTOR TRADERS?

From Brexit to the Budget, we look at some of the biggest changes and challenges facing dealers in 2018 and reveal what our online readers thought of their prospects for the year

At a time when even the most accomplished political commentators are unable to predict the progress of Brexit negotiations, it feels like a big call to forecast what 2018 may bring.

With the threat of 10% World Trade Organisation tariffs on imports if Theresa May's team fails, the knock-on effect of rising new car prices and a more widespread impact on faltering consumer confidence, as well as further pressure on an already weakened sterling, would have serious repercussions.

Factor in consumers' confusion surrounding the future of diesel, the pressures of meeting GDPR standards and another increase in the national minimum wage and the outlook could feel a little gloomy for franchised dealers.

Some groups are already taking action designed, at least in part, to provide some resilience against the coming changes.

Pendragon recently announced sweeping strategic changes that would see it increase its focus on used cars and its software division, Pinewood. The changes followed a warning that its underlying profit before tax was expected to fall more than 20%, from £75.4 million in 2016 to £60m by the end of the year.

The announcement came shortly after chief executive Trevor Finn told *AM*: "You could start off every year with a list of how it's tough. You could have rates going up, the apprentice levy coming in, minimum wages coming in, threat of this and that, and you start with 'X' on your bottom line every year as a result. In a way, mitigating the cost of change is just a piece of business as usual."

Perhaps all retailers will have to be more prepared to adapt to a more challenging environment in 2018, but what are the certainties among the

“A CORRECTION IN NEW CAR SALES COULD ACTUALLY HELP TO REDUCE OVERSUPPLY IN THE MARKET AND ACTUALLY BE HEALTHIER FOR RESIDUAL VALUES

MIKE ALLEN, ZEUS CAPITAL

challenges that car retailers will face in the New Year?

The fall of "Treasure Island"?

New car registrations for 2017 are expected to fall 4.8% year-on-year, to 2.565m units (2016: 2.693m), according to a forecast by the Society of Motor Manufacturers & Traders (SMMT), and a further 5.4% (to 2.426m) in 2018.

The SMMT blamed "economic uncertainty, compounded by Brexit fears" for putting off car buyers, adding that the Bank of England's first interest rate rise for 10 years, putting the cost of borrowing up from 0.25% to 0.5%, in order to keep inflation in check, was likely to dampen consumer spending further.

However, the weakening pound and signs of strength in the European car market are as likely to affect registrations, as manufacturers divert volume away from the UK – a territory famously referred to as "Treasure Island".

In his 'Prospects for 2018/19' report, Mike Allen, a market analyst for Zeus Capital, said the trend could see an easing of volume pressure and a renewed focus on profitability for retailers.

He said the channels facing the biggest threat would be pre-registrations, Motability and daily rental, as they are "areas where dealers make the least amount of marginal profit".

"A correction in new car sales

could actually help to reduce oversupply in the market and actually be healthier for residual values further down the line," he added.

The AM100's top two retailers, Sytner – which followed its January 2017 acquisition of car supermarket CarShop by buying The Car People as *AM* went to press (see our interview with Sytner chief executive Darren Edwards on page 32) – and Pendragon will be among those battling for a bigger slice of the used car market in 2018.

With franchised dealers' profitability slipping to a £2,000 loss in October, according to ASE, the used sector is seen by many as a safer bet.

Tim Hudson, the managing director of Cox Automotive, believes car supermarkets have a business model that will flourish in 2018.

"Car supermarkets are growing and they are growing fast," he said.

"In terms of social media, they are at the forefront and they are also leveraging the logistic supply chain to take advantage of the supply of nearly-new vehicles into the market."

The demise of diesel

The used market does still present issues for the franchised dealer, however.

Not only will they be fighting the car supermarkets for a share of the pie, they will have to respond to the shift away from diesel, both in their

stocking plans and their dealings with customers in 2018.

The SMMT has predicted that diesel will account for fewer than a million new registrations in 2018 and will have a market share of 40.7% – down 9.4 percentage points on 2017's full-year forecast and the used market is starting to reflect the trend.

Auto Trader reported that the average price of a used diesel car fell £143 month-on-month in November, compared with a £55 increase for the average used petrol car.

Pressure on residual values and dealer profits will be felt if the trend gathers momentum in the New Year.

Anti-diesel sentiment reached new heights in 2017 when the government's Clean Air Strategy promised an end to sales of all non-hybrid petrol and diesel cars by 2040 and paved the way for local authorities to charge older diesel cars, which emit higher levels of nitrogen oxides (NOx), for entry to cities.

The mayor of London, Sadiq Khan, imposed an extra £10 daily charge on older diesel vehicles in the city.

Furthermore, the Chancellor, Philip Hammond, announced plans in the Budget to push all new diesel cars up by a tax band on April 1, 2018, unless they conform to next-generation Real Driving Emissions Step 2 standards, despite the standard not coming into force until 2020.

Meanwhile, the company car tax supplement for new diesel cars will be increased from 3% to 4%.

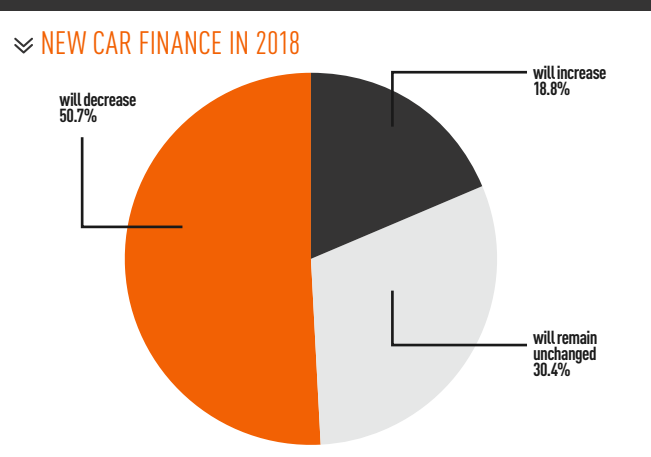
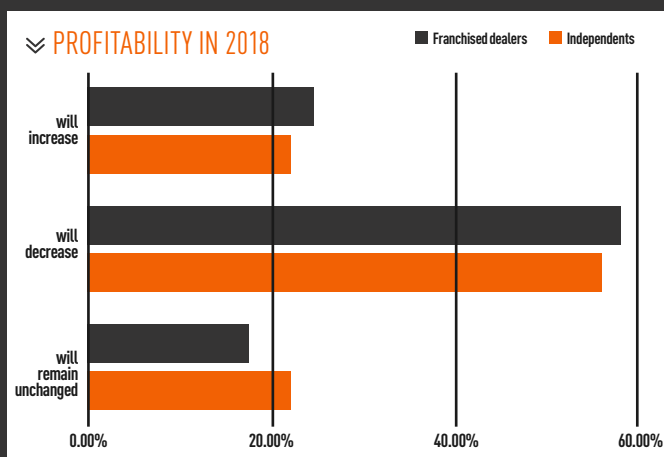
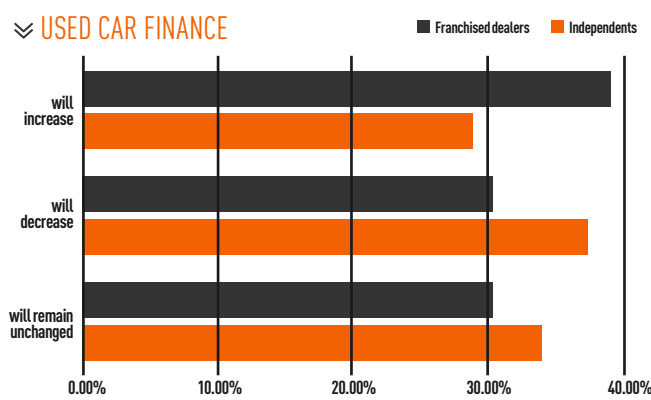
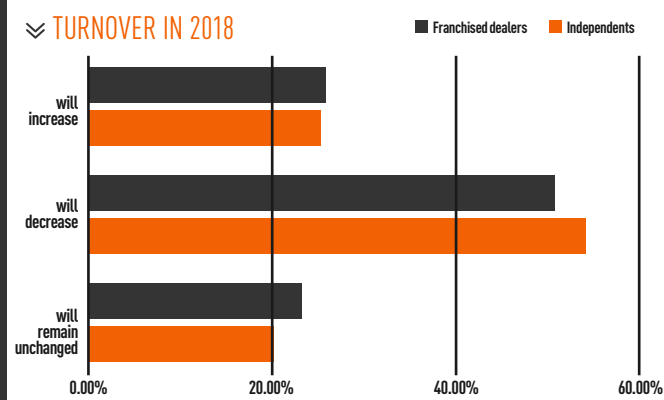
One *AM* reader described diesel's fate as "a done deal", adding: "In the longer term, diesel will become harder and harder to sell."

According to data from Cap HPI, at the current rate of decline, diesel vehicles would still represent 30% of the market by 2020.

PricewaterhouseCoopers has predicted that 20% of the UK overall car parc will be EVs by 2020 and



AM OUTLOOK SURVEY 2018: FINANCIALS



Franchised respondents to the AM 'Outlook 2018 Survey' were marginally more bullish about their prospects for turnover and used car finance growth, with 26.09% expecting turnover growth in 2018 compared with 25.42% of independents. Despite the overall outlook being a smaller turnover, fewer franchised operators also felt the new year would see turnover fall – 50.72% against independents' 54.24%. Profitability was expected to grow by 24.64% of franchised dealers, but 57.97% expected to suffer a reduction, while 22.03% of their independent counterparts expected increased profitability and 55.93% expected a decline. The real clue to franchised retailers' used car ambitions came from their views on used car finance. While just 28.81% of independents thought their finance business would generate growth in 2018, 39.13% of franchised operators were pinning their hopes on an increase. Just 18.84% of franchised operators expected new car finance growth.

certain car retailers need to move fast to embrace the shift to electric power in 2018.

In the Budget, the Government not only removed benefit-in-kind (BIK) tax for EV users charging their vehicles at work, but invested £200m – to be matched by private investment – to create a new £400m Charging Investment Infrastructure Fund.

It will also provide £100m to guarantee continuation of the Plug-In Car Grant to 2020.

Within days of Hammond's speech, Chargemaster announced the installation of 230 charging stations in Nottingham and 150 across Lancashire.

David Martell, Chargemaster's chief executive, said: "We expect to see around 70,000 registered in 2018."

Regulatory changes in 2018

The General Data Protection Regulation (GDPR) will come into force on May 25, 2018, and the fear surrounding potential breaches of the new data protection law was evident in the large crowds who attended AM's GDPR seminar at Automotive Management Live in November.

The GDPR will give the Information Commissioner's Office (ICO) the power to impose fines of up to €20m (about £17.5m), or 4% of a company's global turnover.

The GDPR's requirement to gain explicit opt-in permission for marketing materials sent to customers, and their right to demand deletion of personal data held under consent alone, could hamper many businesses' promotional operations.

The Budget did contain some regulatory changes that could benefit franchised dealer groups in 2018.

Bringing forward to April 1, 2018, the planned switch in indexation from RPI to the main measure of inflation (currently CPI) will be a welcome move for motor dealers who have substantial property portfolios and will benefit from reduced increases in business rates.

Nathan Sutcliffe, a tax manager at MHA MacIntyre Hudson, said UK-wide, the change would amount to "a reduction of taxation by £290m in 2018/19 compared with 2019/20".

However, the Government will also freeze the corporate indexation allowance, which allows for the effects of inflation when calculating the chargeable gains of companies, from January 1.

Sutcliffe said: "This will be an unwelcome move for motor dealers with substantial property portfolios who will be impacted on future property sales by an increased capital gains tax cost."

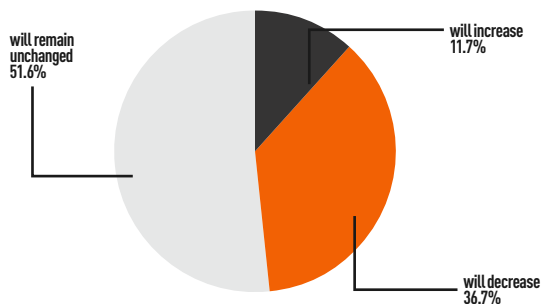
PCPs and motor finance

PCPs were in the national media spotlight several times in 2017 as, along with rising car prices, November's 0.25ppt rise in interest rates, a possible fall in RVs, and faltering consumer demand raised fears of a crash in motor finance, with UK lenders exposed to £24 billion of loans in the sector.

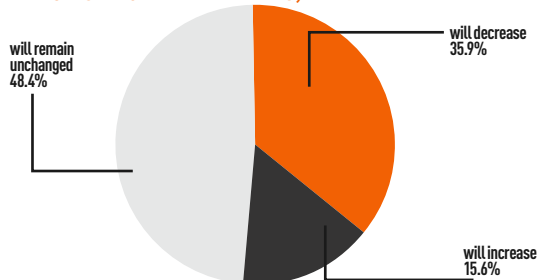
However, the Bank of England's simulated stress tests – it modelled scenarios including a severe recession, a slide in the pound, the worst collapse in the housing

AM OUTLOOK SURVEY 2018: BUSINESS PERFORMANCE

HEADCOUNT (FRANCHISED & INDEPENDENTS)



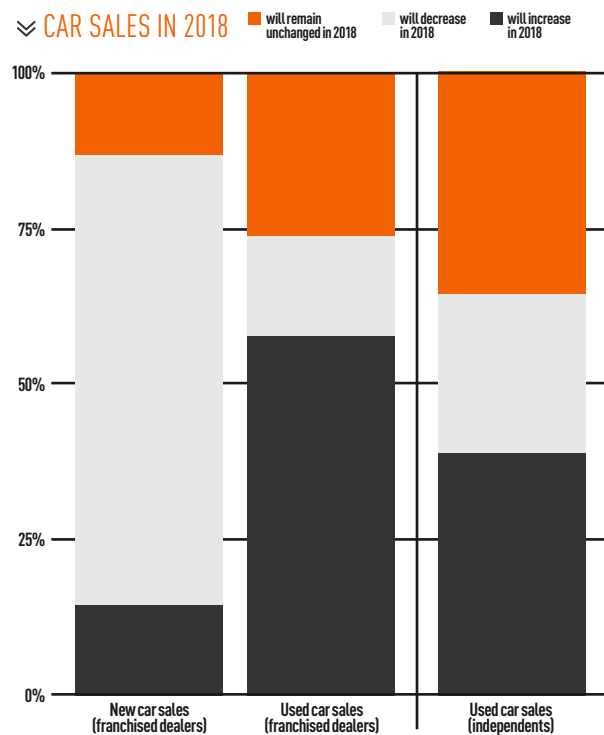
ACQUISITION INVESTMENT (FRANCHISED & INDEPENDENTS)



More than a third of car retailers told AM's 'Outlook 2018 Survey' that they expected to trim their headcount in 2018. Following the announcement of another increase to the National Minimum Wage in April 2018 and warnings of a shrinking workforce due to the uncertainty surrounding Brexit, staffing costs are expected to increase (see our talent feature on page 72). A total of 36.7% of respondents expressed an intention to reduce their headcount, with just 11.7% expecting to grow their numbers. Investment in acquisition is also likely to slow as many businesses target stability. Just 15.6% of respondents said they would be committing more cash to acquisitions in 2018, while 35.9% said they would be cutting back. One survey respondent warned: "It will be a difficult trading year for all and more so on those who are not lean, fit and well prepared."

AM OUTLOOK SURVEY 2018: CAR SALES

CAR SALES IN 2018



Franchised dealers' outlook on the new car market reflects the predictions already voiced by the SMMT, with 72.46% expecting the market to contract in 2018. That 14.49% believe they will grow their new car sales in the new year perhaps raises questions about the franchise mix of those respondents. One expressed concerns about what he called "the market's inevitable re-calibration", stating: "Unfortunately, it comes at a time when Brexit, currency, and diesel-gate are also taking hold." Despite emission concerns potentially prompting reduced profit from diesel cars and competition for petrol-powered forecourt stock, used car sales are expected to take up the slack. A total of 57.97% of franchised dealers felt their used car sales would increase in 2018. Independents shared a more evenly balanced view of their business; with 38.98% believing used car sales will grow, 25.42% predicting a decline and 35.59% an unchanged market.

market in history, soaring unemployment and a global economic slump – were passed by HSBC, Lloyds, Nationwide, Santander and Standard Chartered in November.

Andrew Smith, a consumer credit director at Compliance Services, suggested fears of a crash were the result of "the press clutching at

straws for a story", but he conceded that the FCA would be looking to "make examples" of unscrupulous lenders in 2018.

His comments were echoed by Frank Brown, managing consultant at financial services regulatory consultants Bovill. He said: "The FCA are currently scrutinising the

motor finance sector, and this will continue throughout 2018.

"Key areas of review are affordability, incentive schemes and conflicts of interest – internal conflicts and those between dealers and finance houses.

"While much of the initial focus has been in the sub-prime sector, it is expected that this will widen to cover the whole of motor finance."

Brown highlighted other significant new regulation coming into force in 2018. The EU's Insurance Distribution Directive regulation aims to foster more transparency in insurance sales, but does not require disclosure of commissions.

On top of that is the Senior Managers and Certification Regime,

which will bring "significant administrative overheads", he said.

The FCA warned: "Under-preparation for major regulatory change is not acceptable. Based on what we have identified, we feel it is important to remind all firms of the need to ensure that regulatory changes are managed effectively in future."

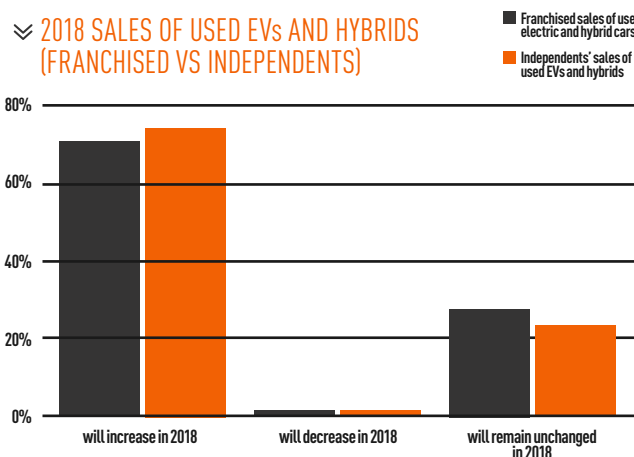
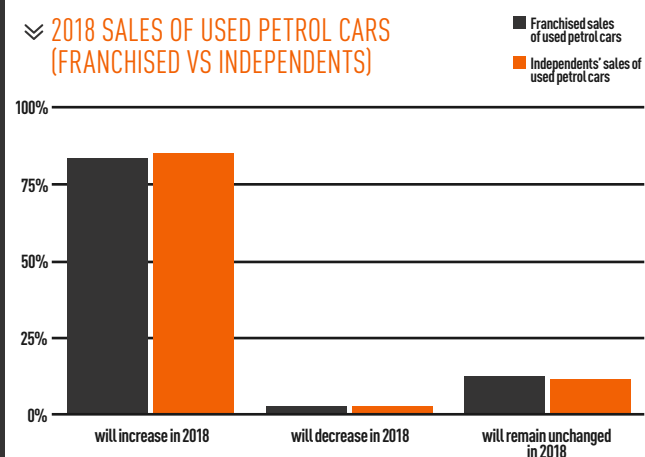
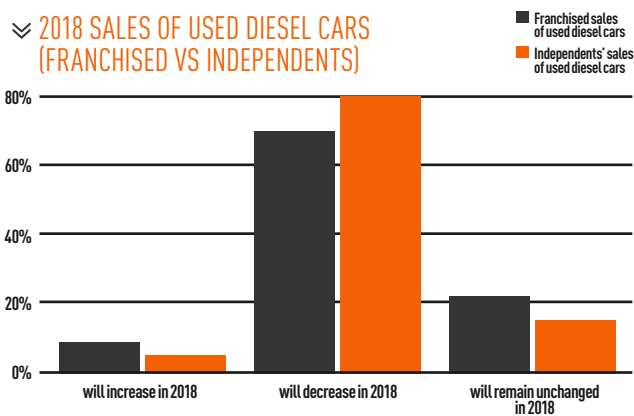
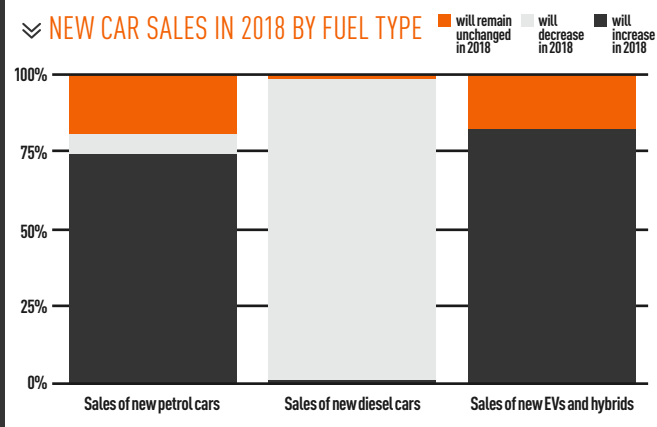
Manufacturers: direct sales and shrinking retail spaces

Car manufacturers may begin to make more significant network changes in 2018.

Vauxhall and Volkswagen are among the brands most keen to drive change as they seek to further cut costs and improve profitability in 2018.

THE FCA ARE CURRENTLY SCRUTINISING THE MOTOR FINANCE SECTOR, AND THIS WILL CONTINUE THROUGHOUT 2018
FRANK BROWN, BOVILL

AM OUTLOOK SURVEY 2018: FUEL TYPES



The 'Outlook 2018 Survey' seemed to confirm that, 'bad press' or not, retailers are wising up to the dramatic shift away from new diesel cars. A resounding 97.1% of franchised respondents felt sales of new diesel cars would decline in the new year, with a corresponding 73.91% expecting growth in petrol models and 82.61% predicting growth in EVs. Just 18.84% felt petrol car sales would maintain the same level as 2017 and 17.39% thought EV sales would remain flat year-on-year. Pressure on diesel prices and the potential for serious repercussions for residual values was highlighted by respondents' views on the fate of used diesel vehicles. Among franchised retailers, 69.57% expected used diesel sales to decline and 79.66% of independents agreed. With the flow of used diesel vehicles into the market set to continue at an unabated pace, retailers can expect to stomach reduced margins on an increasingly unpalatable stock and writedowns if sales slow down.

C Volkswagen has already said it will shrink its 3,000-strong European retail network by 10% in an attempt to cut costs and increase average return-on-sales from 1% to 2%.

It is also planning to scale down its facilities, according to Reuters.

Volkswagen will also join a growing number of manufacturers embracing online direct sales in 2018.

While the online-led new Geely brands Polestar and Lynk & Co – the latter ditching the traditional dealership altogether – do not arrive in the UK until 2019, it is likely that other manufacturers will increase their focus on online activities as they try to forge a direct link with customers

to address the threat of the GDPR.

In the case of Mitsubishi, this trend is likely to drive a greater emphasis on small urban stores, such as those already employed by Hyundai, Jaguar Land Rover, Dacia and Seat.

Lance Bradley, Mitsubishi's managing director, said the strategy would "solve the cost-of-representation issue in city-centre locations like London, Birmingham and Manchester".

Workforce worries

Economic and political forces will add to car retail group's workforce worries in 2018.

In late October, Heath Evans, the managing director of Assured Group, told AM that the labour pool

in the car preparation sector had declined by 40% since the Brexit vote and retailers could expect "significant price inflation" as a result.

Evans said: "In our experience, we are seeing people leave the UK due to the uncertainty with Brexit and the drop in value of the pound.

"We are also seeing a shift where people are no longer willing to work on a self-employed basis."

While Brexit was blamed for a rise in inflation (it hit 3.1% in November, 1.1 ppts above the Bank of England's target) that could put further pressure on wages in 2018, the Government's decision to further increase the National Minimum Wage in April 2018 will certainly result in a rise in overheads. The National Living

Wage will rise 4.4% to £7.83 per hour in April.

Car retailers with more than 250 employees will also have to report details of their businesses' gender pay gap by April 4, 2018.

The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017's (SI 2017/172) rule on gender pay gap reporting for businesses with more than 250 employees were brought into force on April 6, 2017, but must take 12 months of pay data into account.

Kate Palmer, head of advisory at HR, employment law and health & safety consultancy Peninsula, told AM: "There is no leeway with this date, so it is important this isn't missed." **TOM SHARPE**

ADVERTISING FEATURE

Get set for Q1

By Neil Addley, managing director,
NFDA Trusted Dealers



After a predictably quieter Q4, it is time to set our stalls out for 2018. In preparation, we have had a look at how stock movement has changed over the past 12 months.

At the top level, we have taken the time that stock is on the Trusted Dealers website as a proxy for the time it has been in stock at the dealership. Interestingly, March and April this year were the fastest-moving months, with overall stock shifting after 35 days. In October 2016, this was 36 days and in October this year it has risen to just over 41 days.

However, like all averages, it is much more interesting when you get under the hood. 'Demonised' diesel cars have always shifted slower than petrol – in October 2016, diesels spent 39 days in stock, petrol 34. But the adverse publicity around diesel has seen that figure rise to 47 days this year, whereas petrol vehicles are still only 36.

Older, cheaper models are also moving quicker. With 2013 models moving in 30 days, as apposed to 2017 models taking nearly 53 days and cars under £7,500 moving in 34 days, as apposed to cars between £25,000-£40,000 taking 60 days.

Finally, premium brands are really starting to suffer in terms of stock turn, with some selling 50% slower than they were a year ago. The top performer was Ford, still moving in 29 days. Good old Henry!

We have got a lot more to share on this, so if you would like a copy of our report, please email neil@trusteddealers.co.uk.



THIS MONTH'S NEWS HIGH

NOV

21st

MARSHALL SHUTS SIX OUTLETS AND SELLS LEASING ARM

Marshall Motor Holdings announced it will close Citroen Cambridge, its last representation point for the manufacturer, plus Honda Mountsorrel, Nissan Boston, Vauxhall Welwyn Garden City and Maserati Oxford. Three days after the announcement, Marshall completed the disposal of its leasing division to Northridge Finance for £42.5 million.



INCHCAPE RAISES SALES EXECUTIVES' BASIC PAY BY 50%

Inchcape UK increased the basic annual pay of a sales executive by more than 50% to £22,000. James Brearley, Inchcape's UK chief executive, said the measure "moves us away from the behaviour of just selling to acting as a personal adviser".

"We are saying goodbye to the days of high-pressure sales operations that relied on lower basic salaries and high commissions," he added.

22nd

BUDGET INCREASES TAX ON NEW DIESEL CARS

The Chancellor, Philip Hammond, announced plans to penalise new diesel car buyers with an uplift in the VED tax band from April for all cars that do not meet forthcoming EU emissions standards. Fuel duty was frozen, however, and the Government announced the creation of a £400 million Charging Infrastructure Fund to help promote the adoption of EVs.

27th

EMG ACQUIRES MARRIOTTS MAZDA

EMG Motor Group continued its recent expansion with the acquisition of Marriotts Mazda for an undisclosed fee. A week later, Holdcroft Motor Group doubled its representation with Mazda and added two new Hyundai sites with the acquisition of Vantage Motor Group franchises in Oldham and Stockport.



30th

TRIBUTES PAID TO MOTOR RETAIL FIGURES

Tributes were paid after the deaths of Frank Brighton, the founder of Hepworth Motor Group (far right); Sir Peter Burt, a non-executive director of Cambria Automobiles; and Tony Willard, a former editor of AM (above left), over the past few weeks. Brighton died on December 3 at the age of 77, Burt and Willard on November 28, aged 73 and 75, respectively.





BREARLEY 'STAGGERED' BY PENDRAGON STATEMENT ON CASE
Inchcape UK chief executive James Brearley, right, described a statement issued by his former employer, Pendragon, in relation to legal proceedings against him as "staggering".

Pendragon hailed "the successful conclusion of its High Court claim" and the award of its costs against former employees James Brearley and Steve Venables and their business, JRB Automotive. However, Brearley said the case had been settled "prior to it being heard by any judge." Costs in the case, taken against JRB over its plans for a JLR dealership in Wolverhampton, will be announced in the new year.



30th

JOHN CLARK ACQUIRES MORRISONS GARAGES AND MORRISONS LAND ROVER IN STIRLING

John Clark Motor Group acquired Morrisons Garages and Morrisons Land Rover in Stirling. The business includes Land Rover, Jaguar and Seat franchises.



PENDRAGON TO SHED PREMIUM SITES
Pendragon said it will offload some of its premium franchises in the UK and dispose of its US-based retail group as part of a revised business strategy. Trevor Finn, chief executive, said the plan, announced to shareholders by the London Stock Exchange, "will provide more reliable and sustainable returns".

1st

VW 'DIESELGATE' EXECUTIVE JAILED FOR SEVEN YEARS

Volkswagen compliance executive Oliver Schmidt was sentenced to seven years in jail after pleading guilty to his part in the 'dieselgate' emissions-cheating scandal in the US. Schmidt said "I only have myself to blame" as sentence was passed at the US District Court in Detroit. The sentence came after Paul Willis, VW Group UK managing director, said it had received nearly 17,000 complaints about its dieselgate technical solution.

7th

STEVEN EAGELL ACQUIRES LEXUS MILTON KEYNES
Steven Eagell Group added to its Lexus representation with the acquisition of



Lexus Milton Keynes from Sytner. The privately owned business now operates 22 branches (18 Toyota and four Lexus).

8th

SYTNER BOOSTS USED UNIT WITH CAR PEOPLE ACQUISITION

Sytner acquired The Car People, its second used car supermarket group takeover within 12 months. CarShop chief executive Jonathan Dunkley will lead the AM100-topping group's car supermarket division, which should achieve an annual turnover of almost £500 million.

■ Read our interview with Darren Edwards, Sytner's chief executive, on Page 21

12th

DEC

ADVERTISING FEATURE

What car buyers really think of video

By Andrew Howells, founder, CitNOW



Our extensive research into consumer attitudes to video when buying a car has been enlightening to say the least*.

What really stood out is how open car buyers and customers are to receiving video. Four out of five would be happy to receive a video

as part of the purchase process. Most significantly, 10% of customers would buy on the strength of their video without seeing a vehicle in the metal.

Urban drivers and female buyers are even more likely to use video as part of their purchase journey, making them key targets in the use of video communications.

The most receptive group of car buyers to receiving video communications was 25- to 34-year-olds. This age group have the greatest engagement online and with video. Video allows them to access the information they need to make a decision, with 52% of this age group stating that they would use a personalised video to help choose their next car purchase.

Interestingly though, the group most likely to explore video technology further is the over-55s. Don't write off this generation as technophobes, they are confident in drawing on their previous buying experience, while seeing the advantage of using new digital tools to help with decision-making.

Likewise, women are the audience most empowered by video and appreciate the ability to keep the physical showroom, at least in the initial stages, at arm's length. Not only does it fit in with their demanding schedules, but they see it as a way to avoid the 'hard sell', an all-too-familiar perception of the sector.

So what's this telling us? Quite simply, video helps you sell cars.

■ Download the full report here:
www.citnow.co.uk/citnow-vision-report-2017

* CitNOW 'Consumer Opinion on Automotive Video' survey, April 2017

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LCV REGISTRATIONS

VAN MARKET ON TRACK FOR 3.6% FALL IN 2017

Fall in pound and Brexit uncertainty blamed for 'worrying' decline in LCV registrations

The decline in the market for new light commercial vehicles has been described as "worrying" by the Society of Motor Manufacturers and Traders (SMMT), as it continues to lobby the Government for more support and stability for the automotive sector.

After 2016's record van market, where LCVs with payloads up to 3.5 tonnes reached 375,687 registrations, orders have been in steady decline. With one month's trading to go, the 2017 market was 41,554 registrations short of the 2016 record. An average 28,000 December registrations over the past three years suggests the market could end up 3.6% down, its lowest level since 2014.

At the same time, business confidence has faltered. The BDO Output Index, which indicates how businesses expect their order books to develop over the next three months, from a survey of more than 4,000 companies across all industries, fell to 99.9 in October, and dropped further to 98.9 in November. It was the first time in 15 months the result had slipped below 100, the marker for anticipated growth. Peter Hemington, a partner at BDO,

IT IS VITAL THAT THE GOVERNMENT WORKS TO RESTORE THE CONDITIONS THAT GIVE OPERATORS CONFIDENCE TO INVEST IN THEIR FLEETS

MIKE HAWES, SMMT

said the political and economic climate is "stunting" growth.

Demand for replacement vans is naturally affected by the confidence of British industry.

Mike Hawes, the SMMT's chief executive, said: "Economic and political uncertainty continues to affect business confidence and with it new van purchasing patterns, which is damaging both for the market and for efforts to improve air quality. Getting more of the latest Euro 6 LCVs onto our roads is the fastest way to reduce emissions so, to avoid a prolonged downturn, it is vital that the Government works to restore the conditions that give operators confidence to invest in their fleets."

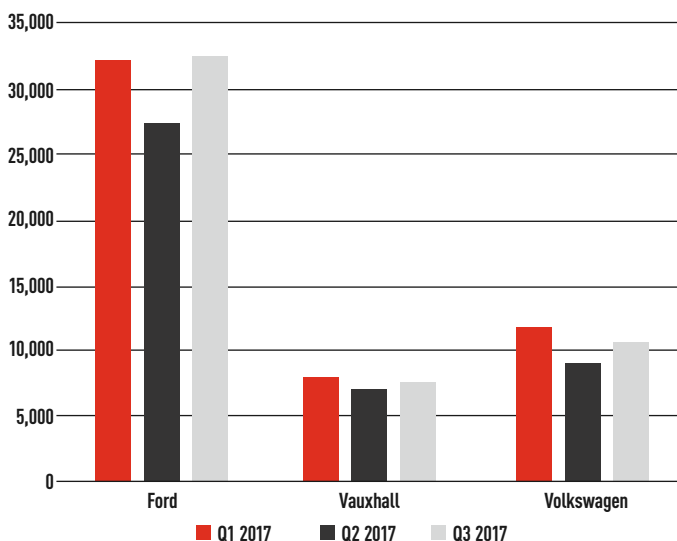
Nevertheless, Manheim, the UK's largest remarketer of commercial vehicles, reported that used van values set a new record in October of £5,749, demonstrating that interest in lower-cost commercial vehicles remains strong.

Vauxhall and Renault are significant sources of the decline in the new van market. Their registration volumes for the first 11 months of 2017 have dropped by 25% each year-on-year, or 9,003 and 5,944 registrations respectively. Land Rover accounts for a further 3,899 of the year's volume decline, after it began running out the Discovery Commercial in 2016 and it ceased LCV registrations at the end of Q2, while Volkswagen is also down 3,572 units, despite having grown registrations in Q1.

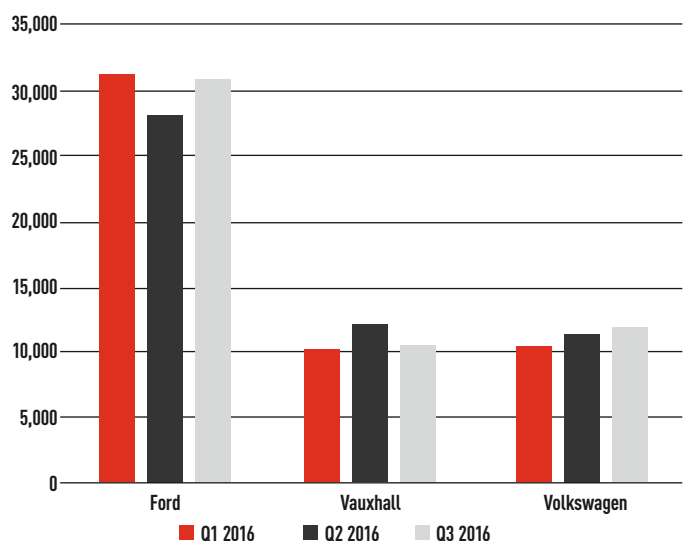
Sue Robinson, director of the National Franchised Dealer Association (NFDA), said she had received feedback from members that weaker sterling is starting to force some manufacturers to increase the prices of products coming from the Eurozone, and they expect the market to remain subdued.

Market leader Ford is bucking the trend, tracking 2,106 registrations, or 2%, ahead of last year and increasing its market share by almost 2pts to

2017 LCV REGISTRATIONS BY QUARTER



2016 LCV REGISTRATIONS BY QUARTER



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SPONSOR'S COMMENT



By Richard Jones,
managing director,
Black Horse

Happy New Year to you. As we venture into another year, I wanted to take a moment to reflect back on 2017 and look

forward to what 2018 may have in store.

The industry experienced a flattening in 2017 as issues and uncertainties presented by the global economy eroded customer confidence, with personal and business customers delaying big-ticket purchases. At the time of writing, new car registrations are down 4.6% on 2016 and although the used car market remains robust, we did see an impact on residual values.

The growth we have experienced in motor finance in recent years, enabled largely by the growth in popularity of PCP and low interest rates, also started to slow. Lenders must remain vigilant in 2018, making appropriate affordability assessments to ensure customers have the right solution for their needs, particularly with the potential of further increases in the base rate.

More than 1.2 million cars were built, 79% of which were exported. However, production volumes are down 2% on 2016 and domestic demand is also reducing. Uncertainty about national air quality plans also affect the domestic market for diesel cars – there is work for the industry to do here in educating consumers and supporting them to make the most appropriate purchase decisions.

Having said all of this, I think the market for manufacturing and dealers will remain healthy in 2018, despite the Brexit headwinds. I believe the used car market will remain buoyant, and that the new car market is likely to continue to experience a small contraction towards a more sustainable long-term level, which in the UK has been about 2.5m units.

Key influencing factors this year will include further development of customers' understanding of fuel types and a greater role for electric vehicles, albeit I believe that is a longer term evolution. Near-term for the motor market, it's about building a sustainable business model and achieving success in a slightly smaller sales market and that means pursuing even greater focus on customers, with cost also in mind.

All the best for a successful 2018!

LCV REGISTRATIONS BY BRAND

Commercial vehicles < 3.5 t	Registrations			
Marque	Y/E 2015	Y/E 2016	Year to Nov 30 2017	Vol required to equal 2016 performance
Ford	100,262	115,554	108,525	7,029
Volkswagen	43,091	45,358	38,328	7,030
Peugeot	33,695	33,187	33,932	N/A
Mercedes	31,887	32,029	29,982	2,047
Vauxhall	41,736	37,727	26,514	11,213
Citroën	30,119	27,771	25,490	2,281
Renault	25,371	25,773	17,690	8,083
Nissan	11,621	15,728	14,679	1,049
Fiat	11,704	10,185	10,220	N/A
Mitsubishi	9,006	8,655	9,630	N/A
Toyota	10,124	7,275	8,815	N/A
Isuzu	6,220	5,718	5,003	715
Iveco	4,326	4,083	2,709	1,374
Renault Trucks	921	1,132	1,171	N/A
SsangYong	277	292	395	N/A
Isuzu Trucks	362	384	356	28
LDV	0	237	351	N/A
Mitsubishi Fuso	201	204	141	63
Dacia	39	63	61	2
MAN	0	0	58	N/A
Hyundai	140	105	33	72
Great Wall	361	207	30	177
Land Rover	10,266	3,934	20	3,914

32.5%.

Andy Barratt, Ford of Britain's chairman and managing director, said it was "particularly positive" to achieve growth in the declining CV market. Ford announced in early December that its scrappage scheme will be extended through Q1 2018 in an attempt to generate more business from tradespeople. The scheme discounts Ford's commercial vehicles by between £3,650 and £7,000, depending on the model. Ford's Transit Custom, currently the UK's best-selling new van at 47,105 registrations, carries a £5,500 customer incentive in the scheme, effectively a 25% discount on the entry-level version.

Other brands still growing strongly include Toyota, up 32.9% or 2,181 units, Peugeot, up 7.2%, or 2,287 units, and Mercedes-Benz, up 5%, or 1,441 units.

Toyota introduced the new Proace panel van last year and has almost trebled its volume to 2,020 units, with the HiLux pick-up accounting for the rest of the growth.

Peugeot's Expert medium van has grown sales, and Mercedes' growth is across its small product range, which will be boosted next year by the arrival of the X-Class pick-up, which targets SMEs and retail buyers mostly. The

German brand also promises a series of electric vans from 2018, starting with the Vito.

New niche brands are also faring well in 2017. SsangYong's LCV registrations have risen 47%, or 126 units, as it has competitive contract hire offers on its Musso pick-up (£199+VAT monthly) and outgoing Rexton CSE van (£271+VAT monthly). Dacia's low-volume commercial version of the Duster SUV (£10,095+VAT) has grown sales by 6%, and now truck brand MAN has entered the LCV market with its TGE panel van, which is based on the Volkswagen Crafter. It recorded its first 58 registrations in November.

LDV, which was relaunched here in 2016 by Ireland-based independent distributor Harris Group after the brand went bust in 2009 and was bought by China's SAIC, is building rapidly on its first year of sales, up 50% at 351 registrations.

That Great Wall is the only niche brand to decline, down 85% or 170 units, suggests independent distributor IM Group is putting profit ahead of the Chinese brand's volume due to currency fluctuations.

Van dealers will be looking for efficiencies as the market downturn continues – the SMMT believes the annual market, including heavy vans and taxis, will continue to slowly decline, to 354,000 in 2019. **TIM ROSE**

NEW CAR REGISTRATIONS

Diesel bears the brunt as November volumes fall 11.2%

New car registrations have continued their decline with November's 11.2% year-on-year fall marking the eighth consecutive month of falling sales.

Demand for diesel models slumped by 30.6% during the month as a total of 163,541 cars were registered during another troubling month for retailers and the Society of Motor Manufacturers and Traders.

Overall, registrations have declined by 5% to the end of November, with 2,388,144 cars hitting British roads so far this year.

Mike Hawes, the SMMT's chief executive, said: "An eighth month of decline in the new car market is a major concern, with falling business and consumer confidence exacerbated by ongoing anti-diesel messages from government."

The SMMT reported that business, fleet and private registrations had all fallen during November, with declines of 33.6%, 14.4% and 5.1% respectively.

1 TOYOTA

A scrappage discount of £2,000-£4,000 depending on desired model, coupled with a 0% APR finance offer, is winning custom. November registrations were up 1.7%. Year-to-date registrations are 4,693 units, or 5.1%, ahead.



2 SUZUKI

A 7.6% November increase and 6% year-to-date rise are success stories for a brand so heavily focused on retail customers when the total market is in decline. Vitara and S-Cross are still doing well, but the launch of the new Swift supermini on a 0% APR and £0 deposit PCP strengthens Suzuki's proposition.

3 ALFA ROMEO

Registrations in November were ahead by 21% and the Italian brand remains in growth year-to-date. The launch of its Stelvio SUV has given franchisees a boost, and Alfa has a £1,250 discount offer in place for anyone who test drives the Mito and buys before the year-end.

Marque	November					Year-to-date				
	2017	% market share	2016	% market share	% change	2017	% market share	2016	% market share	% change
Ford	18,095	11.06	21,944	11.92	-17.54	271,855	11.38	297,575	11.83	-8.64
Volkswagen	13,985	8.55	14,351	7.80	-2.55	193,117	8.09	191,394	7.61	0.90
BMW	12,781	7.82	15,330	8.33	-16.63	161,630	6.77	167,527	6.66	-3.52
Audi	12,077	7.38	12,915	7.02	-6.49	164,311	6.88	165,985	6.60	-1.01
Mercedes-Benz	12,065	7.38	11,382	6.18	6.00	170,543	7.14	159,608	6.35	6.85
Vauxhall	10,343	6.32	15,976	8.68	-35.26	181,834	7.61	233,081	9.30	-22.25
Nissan	7,823	4.78	10,269	5.58	-23.82	143,397	6.00	141,897	5.64	1.06
Hyundai	6,509	3.98	6,560	3.56	-0.78	88,377	3.70	86,794	3.45	1.82
Land Rover	6,241	3.82	5,278	2.87	18.25	78,467	3.29	74,567	2.97	5.23
Mini	6,094	3.73	5,093	2.77	19.65	61,039	2.56	61,601	2.45	-0.91
Kia	5,978	3.66	6,037	3.28	-0.98	89,449	3.75	85,576	3.40	4.53
1 Toyota	5,953	3.64	5,854	3.18	1.69	96,797	4.05	92,104	3.66	5.10
Škoda	5,117	3.13	5,978	3.25	-14.40	73,325	3.07	74,715	2.97	-1.86
Peugeot	5,073	3.10	5,868	3.19	-13.55	78,092	3.27	92,776	3.69	-15.83
Renault	4,066	2.49	6,572	3.57	-38.13	65,916	2.76	79,044	3.14	-16.61
Seat	3,947	2.41	3,668	1.99	7.61	52,282	2.19	44,108	1.75	18.53
Honda	3,523	2.15	3,373	1.83	4.45	51,269	2.15	55,812	2.22	-8.14
Volvo	3,068	1.88	4,072	2.21	-24.66	42,944	1.80	42,960	1.71	-0.04
Citroën	2,849	1.74	3,030	1.65	-5.97	49,275	2.06	60,338	2.40	-18.34
Jaguar	2,654	1.62	2,905	1.58	-8.64	33,535	1.40	32,302	1.28	3.82
2 Suzuki	2,526	1.54	2,347	1.27	7.63	38,014	1.59	35,903	1.43	5.88
Mazda	2,091	1.28	2,521	1.37	-17.06	37,523	1.57	44,498	1.77	-15.67
Fiat	1,914	1.17	3,387	1.84	-43.49	42,830	1.79	56,652	2.25	-24.40
Dacia	1,466	0.90	1,405	0.76	4.34	24,166	1.01	24,608	0.98	-1.80
Porsche	1,151	0.70	1,105	0.60	4.16	13,015	0.54	11,833	0.47	9.99
Mitsubishi	1,123	0.69	1,289	0.70	-12.88	14,865	0.62	17,178	0.68	-13.46
Lexus	775	0.47	931	0.51	-16.76	11,898	0.50	13,165	0.52	-9.62
DS	530	0.32	864	0.47	-38.66	8,805	0.37	15,318	0.61	-42.52
Smart	527	0.32	921	0.50	-42.78	9,867	0.41	11,172	0.44	-11.68
MG	472	0.29	263	0.14	79.47	3,987	0.17	3,825	0.15	4.24
3 Alfa Romeo	391	0.24	324	0.18	20.68	4,693	0.20	4,589	0.18	2.27
Abarth	366	0.22	291	0.16	25.77	4,169	0.17	3,690	0.15	12.98
Jeep	347	0.21	735	0.40	-52.79	6,119	0.26	13,277	0.53	-53.91
SsangYong	234	0.14	245	0.13	-4.49	3,449	0.14	4,270	0.17	-19.23
Subaru	216	0.13	219	0.12	-1.37	2,433	0.10	3,282	0.13	-25.87
Infiniti	204	0.12	194	0.11	5.15	3,456	0.14	2,813	0.11	22.86
Bentley	136	0.08	111	0.06	22.52	1,631	0.07	1,820	0.07	-10.38
Maserati	124	0.08	94	0.05	31.91	1,576	0.07	1,285	0.05	22.65
Aston Martin	75	0.05	91	0.05	-17.58	1,393	0.06	799	0.03	74.34
McLaren	52	0.03	0	0.00	0.00	544	0.02	0	0.00	0.00
Lotus	14	0.01	36	0.02	-61.11	268	0.01	334	0.01	-19.76
Chevrolet	2	0.00	1	0.00	100.00	66	0.00	4	0.00	1,550.00
Other British	53	0.03	103	0.06	-48.54	655	0.03	770	0.03	-14.94
Other Imports	511	0.31	169	0.09	202.37	5,268	0.22	3,115	0.12	69.12
Total	163,541		184,101		-11.17	2,388,144		2,514,764		-5.04

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FINANCE OFFERS

Gulf widens in dealer sentiment on finance offers

As dealers close 2017, it is worth looking at how their views on manufacturer finance offers have changed.

In the NFDA's latest Dealer Attitude Survey, Summer 2017, dealers' satisfaction with the strength of their manufacturers' consumer offers fell on average to 5.9 out of 10, from 6.7 six months earlier.

Subaru is still at the bottom of the table, at 3.5, down from 4.8. Subaru's website does not provide much choice of consumer offers and while part of that is down to having a smaller model range, it does not advertise its finance deals anywhere near as well as the top-scoring manufacturers.

Jeep has also seen a fall in finance offer satisfaction, from 4.8 down to 3.7. Its UK website has a good selection of offers that look competitive, offering PCP, PCH and 0% on the Cherokee and Grand Cherokee models, so the rating may be a protest at the brand's market share and registrations performance, both down more than 50% in 2017.

By contrast, Kia and Mercedes-Benz are both still ahead of the pack. Mercedes has kept its position at the top of the table at 8.7, down slightly from 8.8.

There is one 0% offer from Mercedes on the

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Mercedes-Benz							
A-Class A180 AMG Line	PCP	£4,599	48	£265	£8,975	4.9%	31/12/2017
C-Class saloon C200d AMG Line	PCP	£6,557.13	48	£339	£10,800	4.9%	31/12/2017
E-Class E220d AMG Line	PCP	£6,199	48	£389	£15,600	4.9%	31/12/2017
GLE 250d 4MATIC AMG Line	PCP	£8,999	48	£499	£21,275	4.9%	31/12/2017
Kia							
Kia Picanto 3 1.25 83bhp 5-speed manual 5dr	PCP	£2,750.00	36	£139.97	£5,175.00	4.9%	31/12/2017
Kia Cee'd 3 1.6 CRDi 134bhp 6-speed manual ISG	PCP	£4,550.00	36	£303.44	£5,886.25	4.9%	31/12/2017
Kia Niro PHEV 3 1.6 GDi 8.9kWh lithium-ion 139bhp 6-speed auto DCT 5dr	PCP	£7,200.00	36	£349.35	£12,577.50	4.9%	31/12/2017
Kia Sportage 3 1.7 CRDi manual ISG 5dr	PCP	£5,850.00	36	£266.13	£11,227.50	4.9%	31/12/2017
Subaru							
Forester 2.0D XC	PCP	£6,753	49	£299	£8,773	6.9%	31/12/2017
Outback 2.0D SE Premium Lineartronic	PCP	£6,323	48	£379	£12,146	6.9%	31/12/2017
XV 2.0D SE	PCP	£6,149.25	49	£249	£7,728.00	6.9%	31/12/2017
Jeep							
Renegade Longitude 1.6 Multijet ii 120hp 4x2 manual	PCP	£2,359	48	£289	£6,340	4.2%	31/12/2017
Cherokee Limited 2.2 Multijet ii 200hp 4x4 9 speed automatic (active drive i)	PCP	£5,449	48	£299	£10,583	0.0%	31/12/2017
Wrangler 2dr Overland 2.8 CRD Automatic	PCP	£9,569	48	£415	£12,778	7.4%	31/12/2017

SL400 AMG Line, but the majority are either running at 4.9% or 5.6%. There is only one example in the table below £300 a month, on the A-Class. Perhaps dealers are making some good finance margin and riding high on the popularity of the brand? The finance offers section on the website is well thought out, letting customers find deals based on budget, model preference or even pushing the

higher-margin AMG Line trim on the homepage.

Kia has fallen from joint first place, down from 8.8 to 8.4. It has a blanket offer at 4.9% APR in Q4 and has deals ranging between £139.97 a month for the Picanto up to almost £500 for a specced-out Sorento. There is a lot of choice on offer, appealing to a broad range of customers and price points.

TOM SEYMOUR



Welcome to this year's AM Awards sponsors

Preparations for the 2018 AM Awards are well under way. Plans have been drawn for the set design and production highlights for the event, which takes place at the Birmingham ICC on February 8, 2018.

There are 21 award categories, plus the Business Leader of the Year award and an induction into the AM Hall of Fame for a business leader who has made a considerable impact in motor retailing during their career.

Categories are available for sponsorship, allowing suppliers to gain the publicity and exposure of being associated with the highlight of the industry calendar.

This year:

Rhino Design is sponsoring Best Dealership

Premia Solutions is sponsoring Business Leader of the Year

We are delighted to receive the support of both Rhino Design and Premia Solutions for these two key award categories at what promises to be an industry highlight of 2018.

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CONSUMER FINANCE

CHANGE IS COMING SLOWLY TO A RESILIENT INDUSTRY

Driverless cars, EVs, online sales, changing ownership attitudes – the list of supposed challenges to motor retail is long, but what has really changed for the UK's top dealers?

Despite frequent talk of consolidation, disruptors and momentous events altering the shape of the industry forever, motor retail does not change quickly.

Not because nothing is actually changing, but because the underlying business model that governs dealer groups' behaviour has not changed. Yet.

However, differences are emerging, and some of the challenges that may be most significant do not make the headlines.

So what has changed significantly?

Anecdotally at least, we are approaching a perfect storm. Consumers are rethinking their attitudes to mobility. Brexit and other uncertainties, dieselgate, and little or

no increase in real incomes, has affected willingness to buy. We may be approaching 'peak car' and even if we are not, the car sales environment looks and feels as if we have.

Meanwhile, car production continues to outstrip demand and sales targets remain ambitious. At the same time, there is pressure to invest in showrooms, service facilities and the ubiquitous demands of corporate identity.

Simple economics would say that this means pressure on margins (more stock than is justified by demand), and an increase in volume and age of stock, with premises and fixed assets winning out over people and process.

As the graph opposite (fig1) shows, there has been a significant jump in the total stock held by AM100 groups. The amount of consignment stock

has stayed roughly the same, but stock owned outright, or financed, therefore tying up debt and equity, has increased significantly.

At the same time, over this five-year period, £2 billion more has been invested in fixed assets. Together, there has been a demand for an additional £6.3bn investment in stock and fixed assets.

This cash has to come from profits, or borrowings, or a combination of the two – equity and debt.


More has come from profits than from debt. The increase in equity (see fig 2, right) is greater than the increase in debt, but the demand on capital has increased by more than £2bn over the past five years.

This £2bn increase in the capital requirement of the industry does not match the increase in stock and assets. It is difficult to analyse this

difference precisely, because there are many different ways in which groups record the way they acquire stock. One answer could be that short-term credit (trade creditors) accounts for a large part of the difference, which indicates a higher risk profile for all concerned.

Motor retail's continued resilience

It is a good thing that car retailing is essentially a cash generative industry. To understand that statement, we need to look at EBITDA – earnings before interest, tax, depreciation and amortisation.

EBITDA is a good measure of resilience. The annual depreciation and amortisation charge does not represent a cash outflow. The assets to which they relate were acquired in previous years, so the related cash outflow is in the past. 

TURNOVER

Rank	Group	Turnover Autumn 2017
1	Sytner	4,811,947
2	Pendragon	4,537,000
3	Lookers	4,281,700
4	Arnold Clark Automobiles	3,662,455
5	Inchcape Retail	2,976,981
6	Vertu Motors	2,822,589
7	Jardine Motors Group	1,930,307
8	Marshall Motor Group	1,899,405
9	TrustFord	1,634,526
10	Group 1 Automotive	1,468,514
11	JCT600	1,226,246
12	Listers Group	1,225,996
13	Mercedes-Benz Retail Group	1,145,623
14	Greenhous Group	1,013,120
15	Robins & Day	885,911
16	John Clark Motor Group	702,780
17	Perrys Motor Sales	661,474
18	Renault Retail Group	638,631
19	Cambria	614,218
20	Harwoods Group	612,610

Rank	Group	Turnover Autumn 2016
1	Pendragon	4,453,900
2	Sytner	4,234,417
3	Lookers	3,649,100
4	Arnold Clark Automobiles	3,353,319
5	Inchcape Retail	2,662,400
6	Vertu Motors	2,423,279
7	Jardine Motors Group	1,669,397
8	TrustFord	1,628,682
9	Marshall Motor Group	1,232,761
10	JCT600	1,144,890
11	Listers Group	1,086,399
12	Mercedes-Benz Retail Group	958,968
13	Lei Shing Hong	958,967
14	Greenhous Group	888,502
15	Group 1 Automotive	870,673
16	Peugeot Citroen Retail	826,209
17	John Clark Motor Group	667,198
18	Park's Motor Group	650,000
19	Perrys Motor Sales	625,730
20	Harwoods Group	553,247

Rank	Group	Turnover Autumn 2015
1	Pendragon	4,000,400
2	Sytner	3,665,451
3	Arnold Clark Automobiles	3,265,412
4	Lookers	3,042,900
5	Inchcape Retail	2,421,400
6	Vertu Motors	2,074,912
7	Mercedes-Benz Retail Group	1,734,104
8	Jardine Motors Group	1,528,657
9	TrustFord	1,441,278
10	Marshall Motor Group	1,085,883
11	JCT600	1,025,429
12	Listers Group	958,360
13	Peugeot Citroen Retail	795,358
14	Greenhous Group	774,811
15	Benfield	699,749
16	Ridgeway	647,661
17	Group 1 Automotive	609,849
18	John Clark Motor Group	604,114
19	Perrys Motor Sales	530,949
20	Harwoods Group	474,626

PROFIT BEFORE TAX

Group	Rank Autumn 2017	PBT £'000's
Arnold Clark Automobiles	4	124,802
Sytner	1	110,031
Pendragon	2	75,400
Lookers	3	72,200
Inchcape Retail	5	49,476
Vertu Motors	6	29,593
Marshall Motor Group	8	25,400
Jardine Motors Group	7	16,330
Listers Group	12	16,027
TrustFord	9	15,386
Helston Garages Group	21	13,914
JCT600	11	13,604
Cambria	19	10,605
Hatfields	58	10,581
Harwoods Group	20	9,769
Porsche Retail Group	50	9,562
Eastern Western Motor Group	26	9,546
Glyn Hopkin	33	9,080
CEM Day	66	8,757
Dick Lovett	31	8,520

Group	Rank Autumn 2016	PBT £'000's
Arnold Clark Automobiles	4	110,187
Sytner	2	94,700
Pendragon	1	70,100
Lookers	3	68,600
Vertu Motors	6	25,825
Jardine Motors Group	7	17,995
JCT600	10	16,855
Helston Garages Group	23	16,115
Marshall Motor Group	9	15,363
Listers Group	11	12,588
TrustFord	8	10,879
Peter Vardy	29	10,225
CEM Day	60	10,050
Harwoods Group	20	9,577
Currie Motors	62	9,197
John Clark Motor Group	17	9,113
Dick Lovett Group	34	9,061
Eastern Western Motor Group	24	8,940
Porsche Retail Group	51	8,767
Lloyd Motors	36	8,314

Group	Rank Autumn 2015	PBT £'000's
Arnold Clark Automobiles	3	107,282
Sytner	2	81,733
Lookers	4	62,300
Pendragon	1	60,200
Vertu Motors	6	20,858
JCT600	11	18,663
Jardine Motors Group	8	18,338
Mercedes-Benz Retail Group	7	17,413
Park's Motor Group	27	16,049
Listers Group	12	14,143
Helston Garages Group	21	14,094
Harwoods Group	20	11,525
Marshall Motor Group	10	11,460
Stoneacre Motor Group	26	10,716
John Clark Motor Group	18	10,534
Ridgeway Group	16	10,302
Perrys Motor Sales	19	10,058
CEM Day	58	9,017
Group 1 Automotive	17	8,442
Dick Lovett Group	34	7,509

EBITDA & EBITDA-TO-DEBT RATIO

Group	Rank Autumn 2017	EBITDA to debt ratio	Group	Rank Autumn 2017	EBITDA (£000's)
Rybrook	22	0.0	Arnold Clark Auto	4	287,190
Yeomans	74	0.0	Sytner	1	160,119
Westover Group	43	0.1	Pendragon	2	159,300
Hartwell	52	0.1	Lookers	3	113,400
Barretts of Canterbury	72	0.2	Inchcape Retail	5	56,669
Porsche Retail Group	50	0.4	CEM Day	66	42,105
Brindley Garages Group	78	0.6	Marshall Motor Group	8	39,193
Vertu Motors	6	0.6	Vertu Motors	6	32,074
Lloyd Motors	30	0.6	Jardine Motors Group	7	29,888
City West Country	48	0.6	JCT600	11	28,264
Beadles Group	51	0.8	Listers Group	12	24,070
Fish Brothers	92	1.0	TrustFord	9	23,985
Hatfields	58	1.1	TC Harrison	57	22,317
Currie Motors	56	1.1	Helston Garages Group	21	17,407
Pendragon	2	1.1	Toomeys	75	16,568
Hughes of Beaconsfield	87	1.3	Harwoods Group	20	14,421
Steven Eagell	73	1.4	Eastern Western Motor Group	26	13,236
RRG	27	1.5	Cambria	19	13,070
Lookers	3	1.5	Sandicliffe	49	12,991
Arnold Clark Auto	4	1.6	Peter Vardy	35	12,937

FIG 1: TOTAL STOCK HELD BY AM100 GROUPS 2012-2016

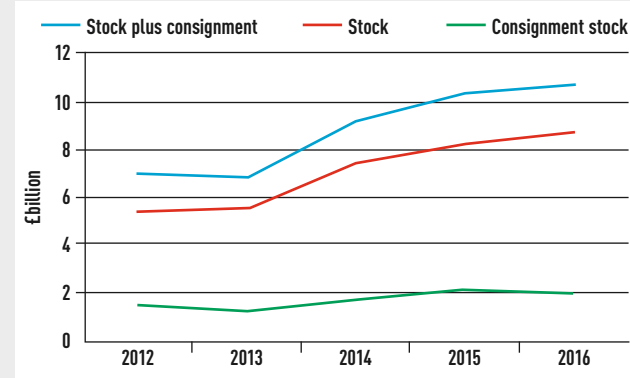
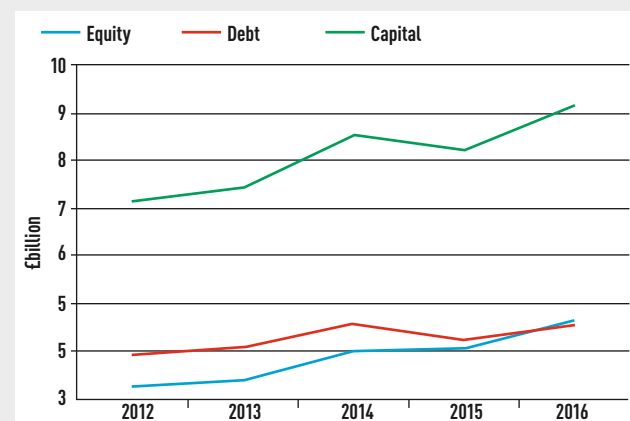


FIG 2: EQUITY VS DEBT VS CAPITAL IN THE AM100 2012-2016



“WE MAY BE APPROACHING ‘PEAK CAR’ AND EVEN IF WE ARE NOT, THE CAR SALES ENVIRONMENT LOOKS AS IF WE HAVE

RETURN ON CAPITAL EMPLOYED (RoCE %)

Group	Rank Autumn 2017	RoCE%	Group	Rank Autumn 2016	RoCE%	Group	Rank Autumn 2015	RoCE%
Porsche Retail Group	50	44.0%	Porsche Retail Group	51	36.7%	Eden Motor Group	69	32.9%
Steven Eagell	73	37.8%	City West Country	53	34.1%	Rybrook Holdings	29	32.7%
City West Country	48	36.2%	Eden Motor Group	63	32.4%	Hatfields	74	27.8%
Hatfields	58	30.2%	Steven Eagell	89	30.6%	City West Country	66	26.9%
Supergroup UK	45	23.8%	Hartwell	50	28.8%	Lookers	4	23.5%
Bestodeck	85	22.9%	Yeomans	73	28.3%	Allen Ford	46	22.6%
Yeomans	74	20.2%	Hatfields	67	23.7%	Ridgeway Group	16	21.8%
Stephen James Group	68	18.0%	Swansway Garages	27	21.8%	Harwoods Group	20	21.4%
Rybrook Holdings	22	17.6%	Lookers	3	21.2%	Stoneacre Motor Group	26	21.4%
Lookers	3	17.6%	Rybrook Holdings	30	20.8%	Yeomans	77	21.0%
Glyn Hopkin	33	17.5%	Glyn Hopkin	32	19.4%	Swansway Garages	30	20.7%
Pendragon	2	17.4%	Pendragon	1	17.4%	Vindis Group	35	20.5%
Sytner	1	17.4%	Blade Motor Group	85	17.1%	S G Smith Motor Group	75	20.3%
Westover Group	43	17.3%	Helston Garages Group	23	16.9%	Drayton Group	54	20.0%
William Morgan Group	77	17.1%	Chorley Group	99	16.8%	Drive Motor Retail	56	18.6%
Marshall Motor Group	8	14.5%	Sytner	2	16.6%	Westover Group	52	18.6%
Lloyd Motors	30	14.4%	Thompson Motor Company (Audi North West)	78	16.5%	Lifestyle Europe	84	18.0%
Robinsons Motor Group	39	14.4%	Stephen James Group	69	16.5%	GK Group	80	17.9%
Cambria	19	14.2%	Vindis Group	37	16.0%	Wessex Garages	93	17.9%
Helston Garages Group	21	13.6%	Lloyd Motors	36	15.9%	Glyn Hopkin	36	17.7%

RETURN ON SALES (ROS %)

Group	Rank Autumn 2017	RoS%	Group	Rank Autumn 2016	RoS%	Group	Rank Autumn 2015	RoS%
Hatfields	58	3.9%	CEM Day	60	4.4%	CEM Day	58	4.0%
CEM Day	66	3.8%	Yeomans	73	3.3%	Park's Motor Group	27	3.6%
Arnold Clark Automobiles	4	3.4%	Arnold Clark Automobiles	4	3.3%	Arnold Clark Automobiles	3	3.3%
Porsche Retail Group	50	3.3%	Porsche Retail Group	51	3.2%	Helston Garages Group	21	3.0%
Hughes of Beaconsfield	87	2.7%	Hatfields	67	3.2%	Hatfields	74	2.9%
Peoples	60	2.6%	Helston Garages Group	23	3.1%	Hughes Motor Group	100	2.9%
City West Country	48	2.6%	City West Country	53	2.9%	Westover Group	52	2.6%
Currie Motors	56	2.4%	Hughes of Beaconsfield	92	2.8%	Currie Motors	67	2.6%
Helston Garages Group	21	2.4%	Eden Motor Group	63	2.5%	Eden Motor Group	69	2.5%
Supergroup UK	45	2.3%	Steven Eagell	89	2.4%	Harwoods Group	20	2.4%
Sytner	1	2.3%	Peter Vardy	29	2.3%	John Grose Group	89	2.4%
Yeomans	74	2.3%	Fish Brothers	95	2.3%	Lifestyle Europe	84	2.4%
Steven Eagell	73	2.3%	Dick Lovett Group	34	2.3%	Yeomans	77	2.4%
Westover Group	43	2.3%	Peoples	56	2.2%	Stoneacre Motor Group	26	2.4%
Eden Motor Group	53	2.1%	Sytner	2	2.2%	Sytner	2	2.2%
John Grose Group	81	2.0%	Westover Group	49	2.2%	City West Country	66	2.2%
Robinsons Motor Group	39	2.0%	Lloyd Motors	36	2.2%	Dick Lovett Group	34	2.1%
Bestodeck	85	2.0%	John Grose Group	81	2.0%	Lookers	4	2.0%
Glyn Hopkin	33	2.0%	Glyn Hopkin	32	2.0%	Peoples	65	2.0%
Peter Vardy	35	1.9%	Robinsons Motor Group	42	1.9%	Lloyd Motors	41	2.0%

GEBITDA is near to the cash profit of the business and therefore represents its true capacity to continue operating.

In 2016, EBITDA for the AM100 amounted to £1.5bn. Profit before tax was roughly half that. So if *all* of the

AM100 businesses broke even, they would still generate nearly £800 million in cash.

Without something to measure that against, it could be considered pretty meaningless. So back to those statistics on equity and debt.

Determining how much debt it would be reasonable to take on depends on your ability to pay it back. Therefore, another useful measure is the ratio of EBITDA to debt.

This ratio for the whole AM100 five years ago was 3.4. This means the

AM100 could repay all its debt in 3.4 years.

Even better, the ratio has improved to 3.0 in the 2016 accounts. The AM100's entire debt could be repaid in a paltry three years. Far from the industry showing a deteriorating risk

➤ PROFIT BEFORE INTEREST AND TAX (PBIT) PER EMPLOYEE

Group	Rank Autumn 2017	PBIT per employee	Group	Rank Autumn 2016	PBIT per employee	Group	Rank Autumn 2015	PBIT per employee
Porsche Retail Group	50	35,563	Porsche Retail Group	51	33,101	CEM Day	58	23,316
Hatfields	58	24,795	CEM Day	60	23,342	Helston Garages Group	21	17,326
CEM Day	66	19,578	City West Country	53	19,101	Harwoods Group	20	16,142
City West Country	48	19,503	Helston Garages Group	23	18,328	Hatfields	74	15,479
Peoples	60	17,410	Hatfields	67	18,276	Toomeys	73	15,454
Sytner	1	15,617	Toomeys	68	17,471	Dick Lovett Group	34	14,406
Toomeys	75	15,602	Yeomans	73	16,443	Spire Automotive	32	14,375
Helston Garages Group	21	14,882	Dick Lovett Group	34	15,703	Drayton Group	54	13,990
Harwoods Group	20	13,543	Peter Vardy	29	14,384	City West Country	66	13,740
Glyn Hopkin	33	13,395	Sytner	2	14,372	Sytner	2	13,508
Steven Eagell	73	13,335	Peoples	56	13,972	Park's Motor Group	27	13,478
Dick Lovett	31	13,310	Stephen James Group	69	13,942	HR Owen	37	13,288
Stephen James Group	68	13,032	Steven Eagell	89	13,200	Arnold Clark Automobiles	3	12,936
Supergroup UK	45	12,841	Harwoods Group	20	13,137	Eden Motor Group	69	12,877
Arnold Clark Automobiles	4	12,726	Fish Brothers	95	12,627	Ridgeway Group	16	12,268
Robinsons Motor Group	39	12,542	Glyn Hopkin	32	12,611	Porsche Retail Group	57	11,939
Halliwell Jones Group	38	12,513	Eden Motor Group	63	12,359	Lookers	4	11,934
Hughes of Beaconsfield	87	12,464	Arnold Clark Automobiles	4	12,291	John Clark Motor Group	18	11,931
Currie Motors	56	12,067	Robinsons Motor Group	42	11,749	Stephen James Group	60	11,862
Peter Vardy	35	11,894	Lookers	3	11,363	Glyn Hopkin	36	11,798

➤ PROFIT BEFORE INTEREST AND TAX (PBIT) PER OUTLET

Group	Rank Autumn 2017	PBIT per Outlet	Group	Rank Autumn 2016	PBIT per Outlet	Group	Rank Autumn 2015	PBIT per Outlet
Porsche Retail Group	50	1,912,400	Porsche Retail Group	51	1,767,600	CEM Day	58	1,125,545
Currie Motors	56	1,096,500	CEM Day	60	1,203,182	Thompson Motor Company	88	847,667
Hatfields	58	961,909	City West Country	53	964,625	Harwoods Group	20	819,188
CEM Day	66	796,091	Thompson Motor Company (Audi North West)	78	957,000	Sytner	2	681,880
Sytner	1	769,448	Dick Lovett Group	34	810,000	Dick Lovett Group	34	667,500
Peoples	60	683,700	Peter Vardy	29	798,286	Porsche Retail Group	57	630,400
Williams Motor Company	29	624,000	Sytner	2	792,714	Mercedes-Benz Retail Group	7	613,128
Halliwell Jones Group	38	610,200	Harwoods Group	20	711,875	Marsh Wall	97	612,500
Stephen James Group	68	600,571	Hatfields	67	676,200	Lookers	4	609,016
Arnold Clark Automobiles	4	594,295	Arnold Clark Automobiles	4	626,412	Arnold Clark Automobiles	3	585,261
City West Country	48	592,769	Stephen James Group	69	615,429	John Clark Motor Group	18	559,136
Harwoods Group	20	574,647	William Morgan Group	74	611,750	Parkway Derby	96	557,200
Peter Vardy	35	567,533	Toomeys	68	582,786	William Morgan Group	90	545,500
Dick Lovett	31	532,500	Currie Motors	62	557,600	SG Smith Motor Group	75	522,286
Hughes of Beaconsfield	87	472,667	Peoples	56	551,900	Spire Automotive	32	507,353
Inchcape Retail	5	449,782	Lookers	3	541,176	Currie Motors	67	503,778
Lookers	3	440,244	Williams Motor Company	31	540,308	Hatfields	74	499,545
Poole and Yeovil Audi	100	428,000	Halliwell Jones Group	40	526,900	Hughes Motor Group	100	495,000
Eastern Western Motor Group	26	397,750	Pendragon	1	502,500	Inchcape Retail	5	493,694
Lloyd Motors	30	389,143	Steven Eagell	89	470,250	Peoples	65	492,000

profile, car retailing looks quite secure (bankers and investors, please take note).


However, this improvement has come largely by reducing debt and using equity reserves to take the strain. Fresh equity is difficult to

come by and so using equity means reinvesting profits. This is no bad thing, but there is a limit, which is why debt plays an essential part in enabling growth and regeneration. With interest rates beginning to edge up and economic uncertainties a

factor, it may not be prudent to look to debt. So both a rock and a hard place begin to emerge.

What has slightly changed?

There have been significant "local" variations in the AM100 over the past

year, each of which are worthy of note. However, even if all of those events are aggregated together, they do not actually change the industry to any great degree. This particularly applies to acquisitions, disposals and failures. 

PROFIT BEFORE TAX (PBT) PER OUTLET

Group	Rank Autumn 2017	PBT per Outlet	Group	Rank Autumn 2016	PBT per Outlet	Group	Rank Autumn 2015	PBT per Outlet
Porsche Retail Group	50	1,912,400	Porsche Retail Group	51	1,753,400	CEM Day	58	819,727
Currie Motors	56	1,096,500	CEM Day	60	913,636	Harwoods Group	20	720,313
Hatfields	58	961,909	City West Country	53	887,375	Thompson Motor Company	88	709,667
CEM Day	66	796,091	Thompson Motor Company (Audi North West)	78	794,667	Dick Lovett Group	34	625,750
Sytner	1	769,448	Dick Lovett Group	34	755,083	Porsche Retail Group	57	615,800
Peoples	60	683,700	Peter Vardy	29	730,357	Sytner	2	614,534
Williams Motor Company	29	624,000	Sytner	2	712,030	Currie Motors	67	560,222
Halliwell Jones Group	38	610,200	Hatfields	67	658,700	Marsh Wall	97	557,750
Stephen James Group	68	600,571	Harwoods Group	20	598,563	Arnold Clark Automobiles	3	528,483
Arnold Clark Automobiles	4	594,295	Currie Motors	62	580,800	Lookers	4	510,656
City West Country	48	592,769	Arnold Clark Automobiles	4	567,974	John Clark Motor Group	18	478,818
Harwoods Group	20	574,647	Peoples	56	529,800	Hatfields	74	468,364
Peter Vardy	35	567,533	Williams Motor Company	31	485,231	Peoples	65	461,333
Dick Lovett	31	532,500	Stephen James Group	69	483,286	Hughes Motor Group	100	457,250
Hughes of Beaconsfield	87	472,667	Halliwell Jones Group	40	451,100	Mercedes-Benz Retail Group	7	446,487
Inchcape Retail	5	449,782	Lookers	3	448,366	SG Smith Motor Group	75	430,714
Lookers	3	440,244	Steven Eagell	89	440,875	Spire Automotive	32	419,941
Poole and Yeovil Audi	100	428,000	Helston Garages Group	23	424,079	Halliwell Jones Group	42	415,800
Eastern Western Motor Group	26	397,750	Marsh Wall	96	406,250	City West Country	66	407,818
Lloyd Motors	30	389,143	Lloyd Motors	36	395,905	Parkway Derby	96	403,400

For the past five years, the total profit before tax for the 20 most profitable car retailers has increased (fig 3, right). It has grown quite consistently, apart from a minor slowdown in 2015. Despite quite different challenges in the economic environment during those five years, the trend seems undisturbed.

Despite the acquisitions (13 in 2016), turnover growth for the top 20 dealer groups has also grown steadily and smoothly. If the commentators on consolidation were to be believed, it should have grown by a significant amount, in leaps and bounds. Not so. Another more-or-less straight line.

There were only four major acquisitions in 2017, so expect the smooth trend line to continue.

However, it is interesting that all those acquisitions involve players from outside the UK – Group 1 from America and SuperGroup and Motus from South Africa. With sterling unlikely to strengthen, we may see more acquisitions of this nature, although the larger domestic groups sound as if they are gearing up for another round too.

Profitability in the AM100

The return on sales (RoS%) table for 2016 is pretty similar to those that have been presented in earlier

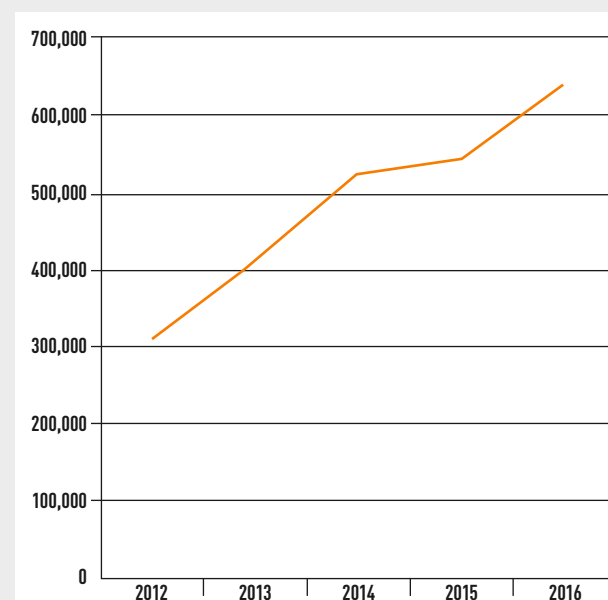
years. Entry to the top 20 by RoS has improved very marginally, from 1.8% five years ago, to 1.9%. The top three or four all have a RoS of between 3% and 4%, the best over the past five years being 4.4% achieved by CEM Day last year.

The same can be said of return on capital employed (RoCE), although this time, the entry point has fallen from nearly 16% to just over 13.5%. This change does give a hint of where to look for the more significant movement, of which more later.

We tend to focus on the best, the top 20, the upper quartile. But perhaps change is happening further down the table. A number of commentators have been forecasting tough times for smaller dealers and even their demise, as the ability to cope with today's demands becomes more and more the preserve of those with scale and access to larger quantities of capital.

This also is not supported by the facts. The average RoS% has increased over the five years from just over 1% to just below 1.4%. The best 20 dealers have produced roughly the same return and so the improvement must have come from the rest. Indeed, the distribution of results shows an improvement for the smaller dealers and

FIG 3: PROFIT BEFORE TAX AM20 2012-2016 (£'000s)



those outside the best 20. The gap between "best" and "worst" has closed.

PIERS TRENEAR-THOMAS

■ The autumn update is based on statutory accounts for the immediately preceding year, therefore business sold after the end of the

year will still figure in the tables. Any analysis of statutory accounts for a given year would be unrepresentative if businesses sold after that year ended were excluded.

■ For more insight into the UK's top dealer groups, see the AM Franchised Dealer Report, published this month.

HOW CAN DEALERS BOOST PROFITS? ASK THE RIGHT QUESTIONS

Dealer groups need to start seeing failure as an opportunity to learn if they are to increase profitability and customer loyalty



Dealers' increased emphasis on cost savings and operational improvements is understandable.

Over the past few economic cycles, it is clear that car manufacturers have reduced the severity of downturns by managing the degree of support. However, with margins under threat, current volume targets seem to be as ambitious and as difficult to achieve as those set in much better times.

In any event, manufacturers' profits are under threat, so the capacity to continue "variable marketing spend" is reduced. Carmakers are also reluctant, or unable, to reduce production volumes, so the perennial options of 'rock' and 'hard place' are biting at the same time.

So from where is the additional profit, needed for investment, to come? From the aforementioned cost savings and operational improvements. The burning question must be: Is there enough scope to do that without changing the business model? It would be totally unrealistic to say that there is.

At the same time, any "new" business model should not be predicated on some completely different future, brought into being by some massive change in how people interact with dealers and view their transport requirements.

I agree with most of what Robert Forrester, the chief executive of Vertu Motors, wrote in a recent opinion piece for *AM* [read at www.am-online.com/forrester or on page 30].

However, I differ on some of the detail. Specifically, for example, he wrote that "contrary to what vested

interests in the online retailing community would like us to believe, consumers actually like franchised dealerships". I would add the word 'could' in front of the word 'actually', but only if franchised dealers started doing the right things.

The same applies to aftersales, where many of the cost pressures exist. Consumers could trust franchised dealer service departments more and perceive them to be reliable and value for money, if they did a few things differently.

Work smarter

One of those was highlighted in a talent feature in last month's *AM* magazine. GMD People director Nigel Banister said: "Long working hours are common so lack of time for personal development is perhaps inevitable... many managers may be caught in a 'Catch 22' situation. Lack of development prevents smarter working." [Read the article at www.am-online.com/catch22].

The motor retail industry needs people at every level, not just managers, who think differently about what customers value, how work is carried out, how to avoid waste, how to work smarter.

Simply attending to the cost base, although it is a necessary and important part of management's house-keeping role, is not enough. The

waste, elimination of which would represent the sought-after sea-change in profitability, lies elsewhere.

Diminishing absorption is a common theme in 2016. Workshops, due allegedly to increasing costs and headcount, can no longer be relied on to cover the overheads. As a consequence, headcount must be controlled, retail recovery rate maintained and add-on sales maximised.

But what about the way in which the work is carried out? Is every piece of routine work carried out in the best way, with a consistent method? Are diagnostics carried out as effectively as they could be? Is all work 'right first time'? Are all technicians adding value all the time?

The emphatic answer to the last question is "no". Simply stand in any workshop for an hour or so and you will see technicians looking for their next job, then looking for the car, then looking for the keys to move it into the shop, then waiting for parts, looking for tools, walking around the shop to fetch an oil drainer, the brake fluid replacement kit, etc.

And the other questions? Mainly the answer is, we don't know. Because we don't measure that. And if we don't measure it, we can't improve it. So if once upon a time we did have "one best way" for everything, that can no longer be the case because variation will have crept in

and multiplied. All this variation and waste results in outbreaks of organisational fires that have to be extinguished. So we hire and promote effective firefighters and suppress the ability for analytical reasoning, root cause analysis and improvement action.

We reinforce a "bring me solutions, not problems" culture where failure is a black mark, not a valuable learning process. Well-thought-out experiments are displaced by knee-jerk reactions and 'wizard plan'-ism.

Is it any surprise that this environment breeds in the customer a perception of lack of value for money and at least some suspicion of lack of effectiveness and the customer's best interests not being at the heart of the process? All of this conspires against attaining the holy grail of motor retail – customer loyalty.

Work leaner

Many industries have been through this process of self-examination and have adopted different ways of working. The most successful "different way" is characterised by the phrase "employing lean thinking". Some car retailers are now exploring this, a small number with great effect.

Those who have learnt about this way of improving their businesses by improving people and by structured problem-solving will understand the huge opportunity available to them.

Those unfamiliar with the term, would be advised to remedy that. Carrying on without change and expecting a different outcome is not a credible strategy. Carrying on without change in the face of a potential perfect storm is madness.

PIERS TRENCHARD-THOMAS

“WE HIRE AND PROMOTE EFFECTIVE FIREFIGHTERS AND SUPPRESS THE ABILITY FOR ANALYTICAL REASONING

SHOW REVIEW

**Automotive
management
LIVE**
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AUTOMOTIVE MANAGEMENT LIVE: THE HIGHLIGHTS

A quick look at what the attendees and exhibitors had to say about this year's *AM* exhibition



Birmingham NEC became home to *AM*'s annual exhibition, Automotive Management Live, last month, where hundreds of attendees spent the day visiting dozens of exhibitors and listening to business-critical advice from a host of expert speakers. Here are some highlights from the show, and some comments from visitors about the event. If you missed it, join us back at the NEC for Automotive Management Live 2018 on November 8 next year. Full coverage of the expert speakers will be in the next issue of *AM*.





VISITOR AND EXHIBITOR TESTIMONIALS

“ IT’S MY FIRST TIME AT THE SHOW AND I’M REALLY IMPRESSED BY WHAT IS ON OFFER. THE DEPTH OF EXHIBITORS IS REALLY GOOD – IT SEEMS LIKE THERE IS SOMETHING FOR EVERYONE. I CAME TO GET A BIT OF A FEEL AS TO WHAT THE BIGGEST ISSUES ARE IN THE INDUSTRY AND I FOUND THE THEATRE SESSIONS EXTREMELY USEFUL.

DAVE ANDREWS, OPERATIONS DIRECTOR, HUTCHINGS MOTOR GROUP



“ THERE IS PLENTY OF OPPORTUNITY TO TALK TO PEOPLE, WHICH IS BETTER THAN SOME OTHER EXHIBITIONS, WHERE THERE IS LIMITED NETWORKING. FOR ME, THESE EVENTS ARE ALL ABOUT LEARNING WHAT THE LATEST AND GREATEST IN THE INDUSTRY IS. THE LOCATION IS GOOD TOO

NICK ALLEN, DEALER PRINCIPAL, SPORTIF SUZUKI



“ GREAT NETWORKING WITH A TON OF GREAT INFORMATION FROM THE BEST-PRACTICE SESSIONS AND THE INSIGHT THEATRE. PLUS, I COULDN’T HAVE BEEN MORE IMPRESSED WITH THE EXHIBITORS, WHO HAD PUT SO MUCH EFFORT INTO MAKING THEMSELVES AVAILABLE

NATHAN TOMLINSON, DIRECTOR, DEVONSHIRE MOTORS



VISITOR AND EXHIBITOR TESTIMONIALS

“ I COME TO AM LIVE EVERY YEAR, THE SEMINARS ARE AMAZING. IT IS VITAL TO COME TO KEEP UP TO DATE WITH PEERS AND TO FIND OUT WHAT IS GOING ON IN THE INDUSTRY

ROBERT LUCAS, MANAGING DIRECTOR ATAC



“ THE DAY HAS BEEN REALLY GOOD, GREAT NETWORKING OPPORTUNITIES AND IT'S BEEN NICE TO MEET THE SUPPLIERS THAT WE SPEAK TO A LOT OVER THE TELEPHONE, BUT DON'T OFTEN GET TO MEET FACE TO FACE.

ALISON FOWLER, MARKETING AND COMMUNICATIONS MANAGER, JARDINE MOTORS GROUP



AM

AWARDS: 2018

MOTUL



Welcome to this year's AM Awards sponsors

Preparations for the 2018 AM Awards are well under way. Plans have been drawn for the set design and production highlights for the event, which takes place at the Birmingham ICC on February 8, 2018.

There are 21 award categories, plus the Business Leader of the Year award and an induction into the AM Hall of Fame for a business leader who has made a considerable impact in motor retailing during their career.

Categories are available for sponsorship, allowing suppliers to gain the publicity and exposure of being associated with the highlight of the industry calendar.

This year:

Motul is sponsoring Best Retail Group – more than 10 sites

Aston Barclay is sponsoring the after-dinner casino

We are delighted to receive the support of both Motul and Aston Barclay at the AM Awards for what promises to be an automotive industry highlight of 2018.

For more information on the AM Awards, including the sponsorship packages still available and details of how to book tables, go to www.am-awards.co.uk



“ IT’S BEEN A BRILLIANT SHOW, AND IT’S THE PERFECT PLACE FOR NETWORKING. EVERY CORNER I TURN, I BUMP INTO SOMEONE ELSE I KNOW

JOHN MISKIN, MANAGING DIRECTOR, SPORTIF CITROEN



“ THE SHOW LOOKED VERY IMPRESSIVE, AND VERY PROFESSIONAL, PROBABLY THE BEST-LOOKING ONE I HAVE ATTENDED IN THE UK. FOR DEALERS LOOKING FOR IDEAS AND SOLUTIONS, THERE WAS A GOOD TURNOUT OF SUPPLIERS

ROBIN LUSCOMBE, MANAGING DIRECTOR, LUSCOMBE MOTORS



“ THE SHOW MET MY EXPECTATIONS, PARTICULARLY THE SPEAKERS ON GDPR AND HOW BUSINESSES CAN IMPLEMENT THE APPROPRIATE POLICIES AND PROCEDURES TO MITIGATE ITS LIABILITIES. I’LL TAKE THE INFORMATION TO CLIENTS TO ENSURE THEY UNDERSTAND THE IMPACT ON THEIR BUSINESS AND IMPLEMENT THE REQUIRED CHANGES

MIKE MURPHY, DIRECTOR OF OPTIMUM PERFORMANCE CONSULTING



“ I ATTENDED TO NETWORK, FIND CUSTOMERS, TO SHOWCASE OUR PRODUCTS TO DEALERS AND MANUFACTURERS AS WELL AS LEARNING FROM OTHER EXHIBITORS AND ASSESSING WHAT I CAN BUY FROM THEM.

TERRY HOGAN, CHIEF EXECUTIVE, REGIT

EXPERT SPEAKERS

“ IT DOESN'T MATTER WHAT YOU'RE DOING WITH THE DATA – YOU NEED TO TELL INDIVIDUALS THAT YOU ARE PROCESSING PERSONAL DATA AND HOW IT IS BEING PROCESSED

JENAI NISSIM, LEGAL DIRECTOR, DATA PROTECTION AND PRIVACY, TLT [BELOW]



“ AFTER BUSINESS HOURS, THE AUDIENCE SWITCHES TO MOBILE DEVICES (FOR LIVE CHAT TEXT). DO YOU HAVE A DIGITAL STRATEGY TO CONNECT AND RECONNECT WITH CONSUMERS THROUGH MOBILE DEVICES? THE CHANCES ARE YOU DON'T COMPLETELY

ED PARKINSON, CONTACT AT ONCE [BELOW]



“ THE FCA RECENTLY SAID THAT THEY DON'T SEE THE RISK AS BEING AS HIGH IN MOTOR FINANCE AS THEY ORIGINALLY PERCEIVED. THAT GOES ON TO SUPPORT WHAT I PRESENTLY BELIEVE, THAT THE PRESS REALLY ARE CLUTCHING AT STRAWS TO GET A STORY. LARGELY, THE REPORTS ARE INACCURATE, THE TERMINOLOGY IS WRONG AND THE FIGURES JUST DON'T STACK UP

ANDREW SMITH, CONSUMER CREDIT DIRECTOR, COMPLIANCE SERVICES [ABOVE]

“ COMPLIANCE AFFECTS THE ENTIRE BUSINESS, SO DELEGATION IS CRITICAL, INVOLVING HR, IT, OPERATIONS, MARKETING, ANYONE THAT CAN SUPPORT YOU AND MAKE A DIFFERENCE

MADELINE ANSBRO, HEAD OF COMPLIANCE, MARSHALL MOTOR GROUP



“ HACKERS WILL TRY THE LOCKS ON YOUR DOORS IN THEIR ATTEMPTS TO CAUSE YOU FINANCIAL AND REPUTATIONAL DAMAGE. THE INFORMATION COMMISSIONER'S OFFICE WILL BE LOOKING FOR EVIDENCE OF DUE DILIGENCE AND THAT YOU TRIED EVERYTHING TO AVOID DATA MISUSE

DAN MOORE, IT CONSULTANCY DIRECTOR AT PKF COOPER PARRY [ABOVE]

SAVE *the* DATE

8TH NOVEMBER 2018
NEC, BIRMINGHAM



VIEWPOINT



HEADLINE OR BOTTOM LINE?

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



MOTOR RETAIL – THE CASE FOR THE DEFENCE

ROBERT FORRESTER is chief executive of Vertu Motors

→ Before research findings are formally published in journals or at conferences, many go through a system called 'double blind peer review.'

This means any work a researcher produces and wishes to make public is first scrutinised by two independent assessors. These people do not know who has written the paper and are asked to criticise it and suggest whether the item is suitable for publication, needs extra work or should be rejected.

Outside the world of academic research, however, one is left with a slight doubt over the methods used to collect and interpret the data.

In a Trustpilot report featured on AM-online last month, headlined "Millennials are 'ready to buy their next car online'," (www.am-online.com/TrustpilotMillennials) one is drawn to look at the claims and how they were reported.

The headline statement is the result of a YouGov survey carried out in September for Trustpilot that was made up of a sample of 2,046 adults, of which 281 fell into the category of 18- to 35-year-olds – the definition of millennials. Of the 2,046 respondents, only 1,525 had driving licences.

The main claim was that 36% of millennials are willing to buy a car online, compared with 25% of all respondents.

I was left puzzled by the statistics – and the headline. If this is

the case, then 64% of the most digitally savvy people in the general population would not buy a car online. Surely, the headline should therefore read "Millennials are not ready to buy their next car online"?

On top of this, if you take the 19% drop since 2005 in the number of 17- to 22-year-olds taking the driving test, it gives the impression that 'millennials' don't want to drive, let alone buy a car. However, the RAC Foundation argues that the real problem is that millennials are being priced off the road by sky-high insurance, with 95% wanting a driving licence if they felt that they could afford to drive.

Unpacking statistics is difficult, and it is easy to be critical of such research – some of my own can be looked at in a number of ways.

The problem is that if we misinterpret data, it can often lead to poor or faulty decision-making. To me, one of the most interesting aspects of the YouGov survey was not the online purchasing claim, but the figures for who would be their key influencers when deciding which car to buy.

For the 18- to 34-year-olds, the two key drivers were 'word-of-mouth recommendations' (family and friends) at 81% and independent online reviews at 80%. For many dealers, offering outstanding service that is recognised by family, friends and independent observers may not make the headlines, but it may impact the bottom lines.

"SURELY, THE HEADLINE SHOULD READ 'MILLENNIALS ARE NOT READY TO BUY THEIR NEXT CAR ONLINE'?"

→ For months, we have seen negative media attention on the automotive sector including commentary on franchised dealerships, PCPs and diesel emissions.

We've seen headlines such as The Times' "Old-fashioned forecourts and the end of the road" (www.am-online.com/forecourt) with predictions of online dominance and questions over investment in bricks and mortar.

This is bad for morale in the sector and among important stakeholders, including banks and investors. I thought it was time for a bit of perspective:

1. Franchised dealerships only exist if they represent manufacturers and both parties make money. This is the great strength of the franchised dealer model. I firmly believe retailers will continue to have a bricks and mortar presence and will deliver the customer experience in new cars and be active in used cars and service. They serve a purpose and are valued by motor manufacturers. This will continue.
2. Technological change into autonomous, connected and electric cars will make manufacturers more important and with them, the retailers. Higher retention of customers into aftersales operations will balance the lower servicing needs of EVs.
3. PwC thinks just 21.7% of the vehicle parc in the EU and the USA will be electric by 2030. Change will be glacial in aftersales, so there is no need to panic.
4. A need for aftersales and servicing to keep drivers and their families safe will have greater importance as cars move to having greater control over driving.

"WE WILL BECOME DIGITAL BUSINESSES BACKED UP WITH BRICKS AND MORTAR"

5. Capital investment in premium franchises is going up, but this wave of spending is unlikely to be replicated for years. There will also inevitably be fewer retailers, with smaller sites closing or becoming satellites, with a lower cost base. Change will be slow over the next five to 10 years, but the trends are clear (read Piers Trenear-Thomas's commentary on the AM100 on page 23).

6. Contrary to what the online retailing community would like us to believe, consumers actually like franchised dealerships. The NFDA Consumer Attitude Survey shows 79% of customers were satisfied with their last experience, which rises to 93% for regular users of franchised dealerships.

I love this business and believe we have a great future in partnership with manufacturers. We have to evolve our business model and we will. We will become digital businesses backed up with bricks and mortar – Vertu is doing full online retailing of used cars today.

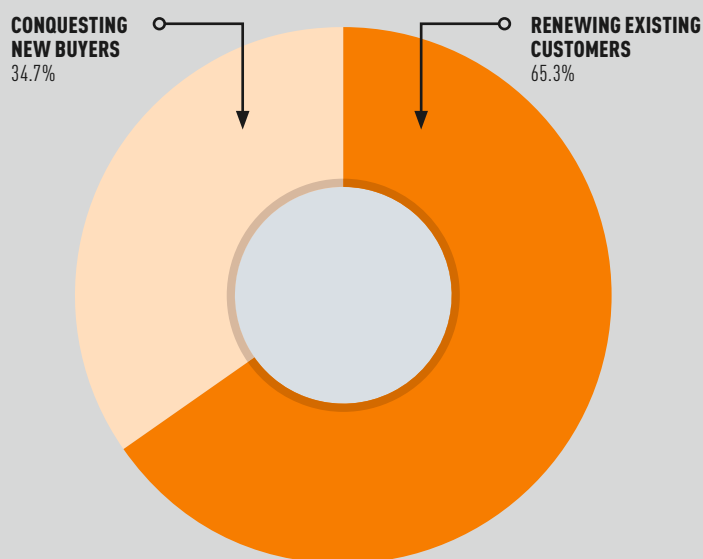
We are now at a crossroads and competing strategies will emerge. Decisions made today will determine future success or failure. My view is that franchised retailers have a future and it is a good one.



AMPOLL

MAJORITY OF DEALERS TO FOCUS ON CUSTOMER RETENTION OVER GENERATION NEXT YEAR

WHERE WILL MOST FOCUS IN 2018 BE: ON RENEWING YOUR EXISTING CUSTOMERS OR ON CONQUESTING NEW BUYERS?



Almost twice as many franchised dealers expect to spend more of their energy next year on renewing existing customers rather than finding new ones.

This month's poll results suggest many dealers have adopted a defensive strategy as the new car market continues to fall – the SMMT expects there to be about 300,000 fewer registrations in 2018 than there were in 2016's market of 2.7 million cars, and almost 150,000 fewer than this year's forecast of 2.56m.

Among the third of dealers who plan to conquest more aggressively, one stated: "New customers are vital for a dealer to grow. Using great customer testimonials/reviews presents a great digital reputation, which will drive new customers. Treating existing customers in a way they love, and [makes them] feel valued, drives both conquest and existing customers."

Another said: "We should pay more attention to renewing existing customers, but a dealer's main focus will always be on new incoming enquiries."

Those focused on retention cited the importance of a dealership's database and some said the transition to the General Data Protection Regulation (GDPR) means they must hone their retention processes.

One dealer, who said they would favour customer renewals, wrote: "It is cheaper to retain a customer than find a new one. Next year has the potential to be financially unstable and retained customers can help us through."

NEXT MONTH: WHAT WOULD YOU MOST LIKE TO CHANGE ABOUT YOUR CURRENT HANDOVER PROCESS?

VOTE NOW AT AM-ONLINE.COM/POLLS

ADVERTISING FEATURE

Five steps to CRM success

By David Green, vice-president sales and marketing, CDK Global



By reviewing customer contact details and implementing a best-practice approach, dealerships can target and interact more effectively with customers to drive customer retention.

Step 1: Clean your database

Cleansing your data can unearth some staggering facts. One dealer group recently cleansed their data and found that only 42% of MOT test dates were correctly listed, meaning the remaining reminders were going out at the wrong time.*

Step 2: Profile your data

Age, gender and demographic information can help you target customers with the right products and services. Unfocused or ill-timed communication can have a detrimental effect and about 81% of customers say they would look for another dealer or manufacturer because of a poor-quality response.**

Step 3: Create a complete CRM journey

Map out a whole-lifecycle customer contact strategy that integrates every customer touchpoint. This will ensure content is always relevant to where the customer is in their ownership cycle.

Step 4: Automate the process

Customers expect retailers to be online 24/7. About 43% of customers expect a response within 1-4 hours and 72% said they would look for another dealer or manufacturer if a response took too long.^ An integrated dealer management system can automatically manage CRM to respond in a timely manner, via a preferred communication channel.

Step 5: Best-practice delivery

Consumers respond to messages in different ways. A service booking message may be better received on a Saturday morning than a weekday. Content and language used in service reminders should also be revised according to customer profiles.

* www.cdkinsights.com/english/articles/mg018_age_of_consumer.asp

** Capgemini Cars Online, The Selfie Experience 2015

^ www.cdkinsights.com/english/topics/experience/article-exp001.asp





FACE TO FACE: SYTNER

'WHAT MATTERS IS WE'RE THE BEST'

Acquiring two car supermarkets in 2017 made Sytner the UK's biggest dealer group, but that was never the aim, chief executive Darren Edwards tells **Tim Rose**

In 2017, Sytner ended Pendragon's 19-year reign at the top of the AM100. However, becoming the UK's largest motor retailer by turnover was incidental to the Leicester-based group's strategy, at least according to Darren Edwards, Sytner's chief executive.

The events that pushed Sytner into the top spot were its acquisitions of two of the UK's largest, most profitable independent used car supermarket chains – The Car People this month and CarShop last January. The acquisitions, which mean Sytner now has a used car supermarket division nearing £0.5 billion in sales from nine sites, is a clear signal of its intent to diversify and capitalise on a used car market still in growth, even as the new car market falters.

"As a company, we never set out to be the biggest, we just wanted to be the best," said Edwards.

"The best brands, in the best locations, with the best premises, and employing the best people. It just so happens that this formula has meant we have become the biggest. Whether we stay the biggest or not, doesn't really matter to us. What matters is that we stay the best."

That 'best' involves a number of measures, including its relationships and awards from manufacturers, the profits it makes for shareholders, and staff satisfaction and retention. Edwards can point to some success with this strategy in the sackful of trophies the company and its individual dealerships have received in recent years. In 2017 alone, its accolades included: *The Sunday Times* Best Big Company to Work For; Mini's Retailer of the Year; BMW's Used Car Retailer of the Year; Dealer Group of the Year from leasing firm Alphabet; Ferrari Global Aftersales Dealer of the Year; Land Rover Sales Retailer of the Year; and Rolls-Royce Global Dealer of the Year.

Sytner makes more than £100 million in annual pre-tax profit, second only to Arnold

Clark Automobiles, and its return-on-sales figure (2.3% in 2016) is double the industry average.

As shown by its *Sunday Times* ranking, Sytner's workers rate their employer highly. Edwards said staff churn across the group is 15-20% and at management level it is below 5%.

He said he and his senior management team strive daily to maintain that reputation and performance in all areas.

"There are things that will come along and challenge that and that will need to be overcome, and our team will always work hard to take the business forward, learn and get better," said Edwards.

GIVING WORKERS A CAREER TO BUILD ON

At Sytner, everything starts with the employees, said Edwards. He believes the fact that it is an attractive company to work for helps it to find willing, capable employees, to whom it then gives the opportunity to build a career.

Sytner places a lot of emphasis on promotion from within and the executive board is a good example of the success of this policy. Edwards, who started his career as an apprentice bodyshop technician, has been at Sytner since 2004, working his way up from dealer principal to franchise director, then divisional managing director for its Volkswagen busi-

nesses before promotion to his leadership role in 2014. Melvin Rogers, Sytner's HR director, has been with the group since 2002 and was promoted to the board from the role of divisional HR manager.

Edwards said many companies display mission statements and corporate values that they do not actively live up to, but it was joining Sytner that showed him "this stuff – it matters".

Sytner wants staff to remember five principles: treat yourself with honesty and integrity, respect colleagues and customers, work together and contribute, celebrate success and have fun.

The company runs different training schemes every year. One, the aspiring managers programme – which includes about 16 people who have been identified by HR, divisional directors and heads of business as showing promise, based on their capabilities, attitudes and results.

Typically, by the end of the 12-month modular programme – which includes training on recruitment, performance management, leadership and financial controls – at least half of them have already been promoted to a management post, said Edwards.

"It doesn't give them an automatic right to a role, but it gives them the confidence that they can apply and be seen as a credible candidate," he added.

Employees without managerial aspirations are not left out by development programmes. Sytner is very engaged with the Institute of the Motor Industry, where Rogers is a board member. Last year, Sytner trialled an elite technicians programme for its specialist brand division. The scheme involved extensive IMI-accredited theory and practical diagnostic tests for more than 100 technicians, to motivate them to gain recognition of their skills and experience. Sytner's three best technicians from each of Bentley, Porsche and Ferrari were entered into a final round in front of European executives

FACTFILE

TURNOVER £4.8bn (2016)

PROFIT BEFORE TAX £110m (2016)

FRANCHISES Aston Martin (1), Audi (14), Bentley (4), BMW/Mini (17), Ferrari (4), Jaguar (7), Land Rover (12), Lamborghini (3), Lexus (2), Maserati (4), McLaren (1), Mercedes-Benz (13), Porsche (6), Rolls-Royce (2), Seat (2), Škoda (1), Smart (8), Volkswagen (10), Volvo (1).

NUMBER OF STAFF 8,500

from each carmaker. The winning technician from each brand won a trip to join Roger Penske (Sytner was acquired by his Penske Automotive Group in 2002) at an IndyCar racing weekend in the US.

New recruits for sales roles are typically sought outside motor retail. All starters go through an induction programme run by internal staff, which teaches them the history and expectations of Sytner, what they can expect in return, followed by role-specific training.

"Clearly we are a sales organisation, we still have to move on physical stock and we have to make sure we keep an eye on ageing stock, but fundamentally we are trying to train our sales people to help people make the decision to buy cars, rather than talking at 100mph and be that kind of motor-mouth traditional used car salesperson," said Edwards.

He believes that while more people are moving towards getting their car priced, getting a finance quote or indeed buying the whole car online, "there will still be a lot of people, particularly in our segment which is premium, who want to come in and talk to somebody about what specifications are available".

"If we can train our people to have that knowledge, but be customer-focused as well as performance-focused, we think we have a better chance of being relevant for longer, and of retaining people for longer as well."

Edwards credits Sytner's engagement and investment in its staff as one of the reasons why it has been able to grow so quickly.

"When we have had the opportunity to

“WHEN WE HAVE HAD THE OPPORTUNITY TO GROW, WE HAVE ALWAYS HAD GOOD PEOPLE READY

DARREN EDWARDS, SYTNER

grow, we have always had good people ready. Many companies expand and have to find someone to run it, which is why it takes time to get the results. To have a good talent stream you can pull from is good.

"Buying a sizeable business is still challenging, but if you haven't got that stream, you're going to have to spend two or three years turning it around and you could have been doing something far more valuable with the people and the funds."

Although the Leicester group HQ provides central support with HR, IT, property, F&I compliance and administration, Sytner runs its dealerships in individual divisions. It separates Mercedes-Benz, BMW, Audi, Volkswagen and Jaguar Land Rover due to its scale of representation of those brands, and clusters smaller brands into shared units, such as the specialist division with Bentley, Porsche, Maserati and Ferrari.

Each division has its own director, financial controller, aftersales and sales support functions, plus at each dealership the dealer principals, or heads of business as Sytner calls them, have their own accountants on site. Much of the training is done regionally, by a team of 12 coaches based around the country.

Sytner prefers this structure because the



divisional managers will know their brand's peculiarities and initiatives intimately, and can share best practice between the sites, said Edwards.

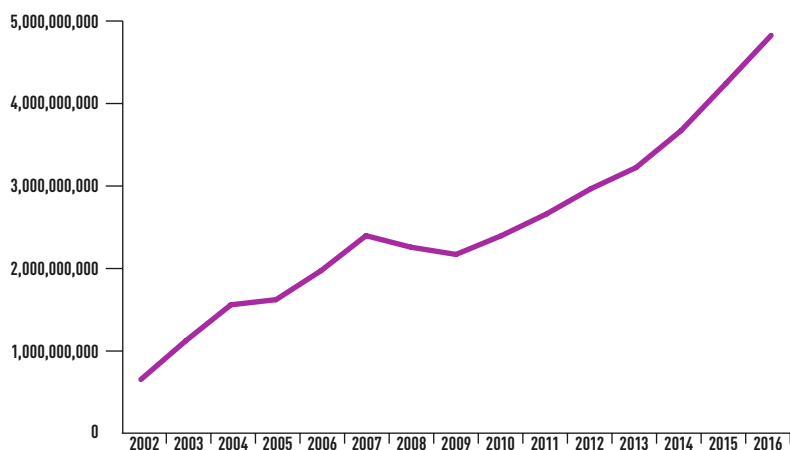
"It can get a bit too vanilla if you have some group role on aftersales or sales which isn't really close enough to an initiative," said Edwards. The divisional directors report to Edwards, which he said means he is aware of any threats or risks almost the same day as the teams involved.

Many decisions are made at divisional and dealership level, Edwards said, and Sytner wants its managers to think of their unit as their business – if they were spending the money, what would they do?

It leads to innovation, he said, and great ideas percolate within the business, prompting others to refine them. The staff app has a function to submit suggestions to the board, and general managers can video-conference with each other easily to explore solutions.

"If you have 8,500 people thinking about better ways to do things, and have the structure that enables that to be supported,

SYTNER TURNOVER (£)



Since its takeover by US-based Penske Auto Group, Sytner revenues have grown sevenfold while its dealership portfolio has almost trebled. BMW, the original franchise of founder Frank Sytner, remains its largest partner



Sytner's specialist brands, such as Ferrari, Maserati, Bentley and Porsche, form a distinct division within the company

that's how you become excellent," said Edwards. He believes a business leader's responsibility is to get others to have an input, develop a vision and bring it to life for the company.

At headquarters, Edwards liaises closely with Andrew Ogram, Sytner's IT director, who joined as a desktop systems manager in 2005 and now heads a department of more than 50 people, including helpdesk operatives and software developers. Recruitment of developers has increased since Edwards became chief executive, attracting people from IT roles in mainstream retailers. He said he wanted the group to develop its own technology to help drive it forward and fill the gaps left by its bought-in systems. One such example is Sytner's Edoc system, which tracks business in real time, keeping managers informed of deals done, profit margins, F&I profit, performance against budget and even performance of individual salespeople.

"Last year, we grew in volume and margin, and I think that's unusual, just by having the focus that this gives us. [Edoc]

can, if configured, send a note to the divisional directors when a poor deal has been done, so they can ring the head of business and ask why," said Edwards.

Developers are also working on an employee review tool, which will allow a manager to diarise a monthly or twice-monthly performance review with every employee, and the employee can fill in their comments ahead of each review. The system also allows Edwards to record a motivating video update and send it to specific job functions and divisions through either their web browser or employee app.

Ogram said: "Our digital focus has been primarily on enabling employees to do things more quickly and more beneficially, rather than spending loads of time working on customer-facing websites to try to get people to buy cars. We feel that's the manufacturer's job. We are more about enabling people to become even better than they are."

Edwards added: "We have more than 30 different applications that supplement the dealership management system (DMS).

There's lots of things the DMS can't do for us that we need, so we do it ourselves."

Infrastructure investment is not overlooked. The group renews all PCs, tablets and phones regularly and has invested "hundreds of thousands" in faster network connections.

ACQUISITION AND DIVERSIFICATION

Sytner also invests heavily in its showrooms. It is due to open a new five-acre complex for BMW/Mini in Sheffield, a multi-million-pound site that will have about 200 staff and 50 aftersales bays.

Its parent company, Penske Automotive Group, has been buying businesses in the US, Australia, Japan and mainland Europe, and Sytner has played a part in the expansion plan. Its takeover of Isaac Agnew in Northern Ireland in 2012 was followed by the acquisition of 11 businesses from struggling Clare James Automotive in 2016. Small bolt-on acquisitions have included Trainer BMW/Mini in Swansea.

Although the Clare James Automotive sites included a Volkswagen



Group brand centre with Seat and Škoda franchises, such value brands are a minor part of the business. Frank Sytner and Lawrence Vaughan's original strategy more than 20 years ago to grow with premium brands has proven to be the right one, said Edwards, as those brands have grown share as their cars have become more affordable through PCPs.

"We've always had a strategy of growing organically with the franchises that we have. We have no plans to go with any other franchises than we already hold, the premium franchises," said Edwards. Aston Martin was the missing brand in its luxury brand portfolio, he said, and he was pleased to add that in Nottingham this year.

MOVING INTO CAR SUPERMARKETS

The biggest sign of a new strategy to diversify was Sytner's purchase of car supermarket chain CarShop at the start of 2017. It mirrored another Penske deal in the US, to buy five-site used car dealer CarSense, just a month earlier.

Edwards said the group had considered moving into motorcycles and trucks, but ruled that out based on return on capital calculations. However, the opportunity for scalable growth with CarShop, in a growing used car market, seemed clear. He said it took group revenues past £5bn in 2017.

Edwards said Sytner values the expertise of the original management teams of CarShop and The Car People, so is retaining them and creating a specific car supermarket division. Under Jonathan Dunkley, now managing director of Sytner's car supermarket division and who ran CarShop prior to its acquisition, both brands will continue to trade as before, each with its own operations director: Kirk

SYTNER USED CAR SUPERMARKET LOCATIONS



O'Callaghan for CarShop and Jonathan Allbones for The Car People, where he was sales and marketing director.

Edwards said the used car supermarket specialists have a different way of looking at things, and described Dunkley as "very

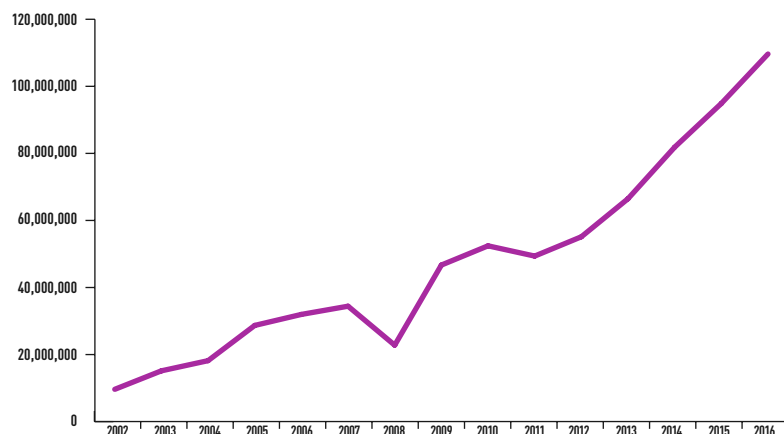
forward-thinking". Under Sytner's wing, the used car division has a remit to expand over the next few years into new regions and build the largest car supermarket brand in the UK. It has already acquired two more plots of land.

Edwards said CarShop is "massively profitable" and an agile, "resilient" business – it can develop and more quickly trial ideas, such as guaranteed online part-exchange valuation as part of its no-haggle experience. Companies House records show The Car People is also a money-maker, earning £6.7m in pre-tax profit in its last financial year.

He added: "CarShop has been really successful. We've been delighted with the levels of profitability and professionalism of that business, so we started to research what else was around. Since the early days of Sytner when we grew, our strategy was to acquire businesses that were in good locations, well run and represent the right brands, and we've stood firm with that to build a business with nearly 150 franchises."

Edwards said Sytner was looking for more high-quality used car businesses after buying CarShop, and The Car People, which turns over £225m annually, came to its notice. "It's another fantastic business, with

SYTNER PROFIT BEFORE TAX (£)



Focus on excellence in retailing premium and luxury brand cars has left Sytner as the UK's second-most profitable franchised dealer group, after Arnold Clark Automobiles. Even during the 2008 recession, it achieved 1% return-on-sales, while the AM100 average was -0.15%

amazing locations, first class housekeeping and excellent management principles.

"It's a different business to CarShop, but similar in many ways in terms of operator model, fixed price sales, no haggle, and a very transparent buying process and great website," said Edwards.

He said the investments in car super-markets mean Sytner can watch how such projects work and then consider whether to trial them within the franchised operations. Other benefits include stock provision. Sytner's franchised business can help supplement CarShop's and The Car People's stock sources, and even replace the less profitable ones, by offering their unwanted part-exchanges, which tend to be premium, high-specification, low-mileage cars. CarShop specialises in the three- to six-year-old car market, and is less influenced to the nearly-new car market, which means it is less exposed to book drops and stock write-downs. After centralising its pre-delivery inspection (PDI) function, it now also provides after-sales, although at the moment it views this more as a retention tool than a profit stream, said Edwards.

He believes franchised dealerships have plenty of opportunity for increased used car sales and aftersales growth, if they can break the traditional working pattern and create capacity, such as through shifts and weekend working. Used car sales can improve by getting cars prepared quickly, priced right, and into the market, he said.

"It's nine million cars going through the system annually, so there's enough space for all of us."

The group's internal data tool, Sytnetnet, helps managers to price cars and review them to keep pace with the market.

Asked about the relationship with the US-based parent, Edwards' admiration for Penske's success is evident.

"We owe our success in the UK largely to their investment. Roger Penske is a hugely inspirational person to work with. He has been in the business such a long time and in so many bits of it – manufacturing, truck rental, sales, motor racing. As a mentor he is brilliant. I go over with our CFO, Adam Collinson, to the board meeting once a quarter, and there's always things you can pick up that people there are doing and vice versa to make the business stronger."

A few heads of business have transferred to run dealerships in the US. Edwards said being part of a global business is another string to Sytner's recruitment bow – ambitious and talented people may have overseas opportunities, if they want them.

Although Sytner is now the biggest, the talk of further improvements, staff training and technological developments makes it clear its focus remains on becoming the best.



“
CARSHOP [RUN BY JONATHAN DUNKLEY, ABOVE] HAS BEEN REALLY SUCCESSFUL, SO WE STARTED TO RESEARCH WHAT ELSE WAS AROUND DARREN EDWARDS, SYTNER

ADVERTISING FEATURE

Shed the dead wood

By Stacey Turner, co-founder and legal director, CG Professional



Service Manager: "That's it! That's the last straw with Martin. He phoned in sick again. And even when he is here he's useless. I've got customer complaints piled high because of him. He's careless and his attitude stinks"

HOB: "How long has he been with us now?"

Service Manager: "Since he was an apprentice, it's been about five years now. We've given him so many chances."

Sound familiar?

Ask yourself, how many people do you employ that you wish you didn't? How many people have stayed on the books and under the radar despite not performing? How much are these people costing your business?

All businesses have an element of "dead wood" among their workforce. This could be due to thinking it's better to have someone in post than no one, a lack of management or simply not knowing how to tackle dismissing someone.

In the current climate, and with 2018 forecast to be even tougher, businesses simply cannot afford to carry underperformers. So what do you do?

Depending on your reason for wanting to part ways, there is always a route – whether through disciplinary or capability procedures, a restructure or a non-conventional, off-the-record exit. This is where CG can help. We are qualified employment lawyers with expert motor trade knowledge, having worked in the industry ourselves.

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MINUTES WITH...

Chris Wright, Cap HPI
managing director



You were officially appointed as managing director of Cap HPI in August, but I gather you had been 'acting up' for some time before that?

Surreptitiously, I was already in post and doing the job for some time and with our previous managing director, Ian [Rendle]. I've now been in the business five-and-a-bit years.

My original remit was very much the sales side of the organisation, because for 20-odd years I'd always been in automotive and with sales teams. I had looked at Cap when I competed with it – I was five-and-a-bit years at Eurotax Glass's as customer service director – but what intrigued me was that it had started to make that connected journey with data.

I had seen Cap connect code and data into systems and also the variety of data that Cap had meant it was a more versatile offering for the different sectors. There wasn't a generalist approach to automotive, so what I wanted to do was really focus in on those sector specialisms.

We set about putting together a dedicated retail team so that we could speak to customers and partners more directly.

How big is the sales team at Cap HPI?

We have two sales teams. The inside sales team is 16 people and then the entire key accounts team, which is field-based, is 32.

I was employee number 78 at Cap, and as an organisation we're now at 350. We have pretty much quadrupled the sales team in that time. It was absolutely the right thing to help us forge the best relationship we could with our clients.

IN THE MAINSTREAM MEDIA, I THINK THERE IS A DISAPPOINTMENT WHEN WE OFFER CALM AND REASON AND DON'T FUEL RUMOUR AND CONJECTURE
CHRIS WRIGHT, CAP HPI

How many customers do you serve?

We have, across all sectors, 7,000 to 8,000 clients. In terms of retail, we have representation with the whole of the AM100 in some shape or form and I'd say 90-95% of the franchised retail industry beyond that.

The international expansion was launched officially at last year's Paris Motor Show. How is that progressing?

One of the reasons that our owner, Solera, was particularly interested in Cap was its ability to drive a coding structure through the UK was strong.

Solera made no secret that it wanted to look into Europe and beyond. We needed to make sure that we addressed the issues surrounding the vehicles being described in the same or a variety of different ways and the challenges of looking at new markets collectively.

The principal concept we wanted to take to market was the uniform vehicle description, a global code with local variants. The codes are essentially all the same, but bringing together the differences of description and option

packs is what has taken the work. There is now a coding set for Germany and France. It's great to see our data start to be used in context in Europe.

How long does that data analysis programme take in a new country?

We started the journey in Germany over three years ago and had to apply patience because we knew it demanded a large degree of preparation.

We have a team in Leeds who coordinated the global operation. Each country has a valuation engine and we have been building that for the best part of two years. Then we started to appoint experts in the local market. Our experts in Germany and France were working hard in the market for six to nine months before we committed numbers to paper.

The global element of the organisation is now 70/80 strong. We have a team out in Bratislava, who are a vehicle data team and our market experts down in Germany and France, who are field-based.

We have the largest team of editors in the UK working on both current and future valuations and I think one of the market challenges at the times was that we aren't going to take our eye off the ball in the UK either. For our customers who don't have a concern overseas we had to demonstrate to them that our focus was still strong in the UK.

There are a lot of data sets out there from people trading online, all claiming to offer insight into used car price movements. How are you protecting your territory?

The reason we made the decision to bring Cap and HPI together was because we saw a real synergy to be had.

Solera speak of 54 transactions in the whole of automotive retail or operations – from licence-checking and credit checks right through to commonplace asset valuation and risk analysis – and I think we are uniquely positioned to streamline those processes with the data assets that we have.

We're also not so pious as to say that everything has to come through us. One of the other interesting elements of the Cap organisation that I joined was the third parties it works with. That now stands at about 130 providers of software of some sort. We don't want to force the hand of our customers and say 'this is the only way we will work with you'.

In the retail space, we have launched appraisal technology with Perrys. That's not new, but to be able to augment that with vehicle identification valuation, current and future valuation, provenance check, mileage-checking, all of that gives an end-to-end solution for our customers.

There's a key visual inspection based on photo and video and that will deliver a valuation for four, six or 12 weeks' time. We're also starting to look at the data drawn from on-board diagnostic (OBD) devices, with regard to driving style and wear and tear. That could really help to protect a dealer.

You have publicly contested claims about RVs from other data sources this year. Is it important that you are seen to be challenging the statements that others make regarding market data?

Cap has been around for 40 years and is, in many respects, an industry verb, as HPI also is. We take the industry very seriously and our position within it. We do have clients who ask us to come forward and set the record straight and be a voice for reason in some situations. Not so much in the trade press in particular, but in the mainstream media, I think there is a disappointment when we offer calm

“GDPR AND WLTP ARE BIG, STATUTORY CHANGES AND CANNOT BE TAKEN LIGHTLY. I'D URGE EVERYONE TO CONSIDER: ARE YOU DOING ENOUGH?” CHRIS WRIGHT, CAP HPI

and reason and don't fuel rumour and conjecture because we're not feeding headlines.

Everything we do is supported by evidence. Whether it's 70,000 thousand-plus vehicle identifications in Cap, or 200 million-plus mileage points we collate for the national mileage register on behalf of HPI, it is all fundamentally fact and evidence-based around the data itself.

Brexit, dieselgate and scrappage aren't things that can be run through a database. It's market knowledge. How do you measure accuracy in your future predictions?

You can't run these things through a database, without doubt. You're obviously looking for emerging themes.

Our 20-plus editors are key to this. They make it their business to bridge data and sentiment and look between the two and that's why they are such a fundamental part of our operation, and make us not just a gatherer of data, but a source of useable insight.

They don't sit behind a desk, they are out seeing customers on a day-to-day basis. We have more editors in the UK than we have ever had, regardless of the fact that we've ventured into new markets.

Reflecting on 2017, what are the key changes that Cap HPI has implemented and what are the biggest lessons you will take from the year?

Our most significant change has been the

level of investment in new local and international talent in the business. It has allowed us to develop several key initiatives, but most importantly, to drive that connected journey – Cap and HPI data assets together in a single product experience to make our customers' business processes more manageable.

The development of our appraisal technology to drive website lead generation and efficient enquiry management for dealers started in 2017 and we have seen a rapid growth of our thought leadership activities, from briefing the Bank of England to advising leading European manufacturers on vehicle residual value.

The Cap HPI EXTRAs knowledge portal for our customers is also progressing well and has more than 11,000 monthly visits by automotive leaders across the industry.

Looking forward to 2018, what do you see as the key challenges for car retailers and Cap HPI as a business?

Two legislative changes, GDPR (General Data Protection Regulation) and WLTP (the Worldwide harmonised Light vehicles Test Procedure), are imminent.

We have invested significantly in dedicated project teams for both. These are big, statutory changes and cannot be taken lightly by any business. I'd urge everyone to consider: Are you doing enough?

The debate around alternative and conventionally fuelled vehicles continues to dominate the headlines. We have stated for some time that many are too quick to call a major decline in the part of diesel. However, the alternatives are now establishing a far firmer footing. It is why we introduced comprehensive electric vehicle data to our product offering this year – with far more to come from us in 2018.

Most of all, we have an increasingly empowered consumer. The market needs trusted, reliable, easy-to-access data. It's that very challenge that drives our business forward year after year.

TOM SHARPE

FACT FILE

COMPANY:
CAP HPI

HEADQUARTERS:
LEEDS, WEST YORKSHIRE

TERRITORIES:
UK, GERMANY AND FRANCE

STAFF:
350

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UK boss Duncan Movassaghi wants 4% market share and is confident his dealers will have the supply to get there, he tells **Tom Sharpe**

ŠKODA

By any measure, Škoda has been a success story in the UK.

With the exception of 2015, it has increased registrations every year since 2008, reaching a record 80,372 units in 2016. While it will almost certainly fall short of that in 2017 – to the end of November, its 73,325 registrations were down 1.9% on the same period a year earlier – it is in the context of an overall market down more than 5%. Škoda's share of that market increased to 3.07% in the period (up from 2.97% a year earlier), while registrations at rivals Ford and Vauxhall fell 8.7% and 22.3% respectively.

However, in Europe the brand is proving even more successful, up 6.7% to 590,211

by the end of October. Could that success suck supply from UK dealers in 2018?

Škoda UK brand director Duncan Movassaghi said: "There's an overall global demand for Škodas and I'm thinking of particularly Europe, because that's really where there's a market."

Movassaghi added: "European demand for Škodas is ahead of supply and that's not a bad place to be and clearly gives us the opportunity to ramp up that supply, which we're doing."

However, he doesn't believe that the supply of Škodas to the UK will be affected by the weak pound in the aftermath of the Brexit vote, which has hampered the profits of importing car brands.

He said: "From a UK perspective, you've obviously got the currency effect and the

good news there is our factories are being very, very sensible.

"They see the long-term development of the market as critical, so we're getting good support from them. We're not losing out as a result of the currency situation. I think we've got a very sensible working arrangement and we'll get the right sales plan for the market."

The SUV revolution

Movassaghi, who originally joined the Volkswagen Group in 2010 and led Škoda through a period of record growth as its head of sales operations before joining Volkswagen Passenger Cars as its head of service and parts operations, would not reveal Škoda's UK target aspirations for 2018, but he does expect the new Karoq

KEY PRODUCTS



◀ Fabia

Although no match for the Fiesta, Corsa or Polo, the Fabia generated 20,522 sales in 2016. By the end of November this year registrations were down 11.53% at 17,157, however.



◀ Octavia

Škoda's hatchback is bigger and more practical than most in its class. Prices starting at £17,195 helped secure its spot as the brand's best seller in 2016, with 23,068 registrations.



Demand outstrips supply from Škoda's factories

SUV to yield 15,000 registrations in its first full year on sale.

The new model, which replaces the Yeti, will reach UK showrooms in January, a year after the introduction of the larger, D-segment Kodiah.

The Kodiah added 5,835 registrations to Škoda's 2017 volumes to the end of November. Putting the SUV segment's importance to Škoda into context, sales of the Octavia and Fabia dipped by more than 10% and those of the Citigo by 17.9%.

An unexpected success following its launch in 2009, the Yeti has maintained its popularity, yielding 11,233 registrations to the end of November in its run-out year – down 12.9% (2016: 12,778).

Movassaghi described the Karoq as “closer to what we have come to expect of



“OUR FACTORIES ARE BEING VERY, VERY SENSIBLE. THEY SEE THE LONG-TERM DEVELOPMENT OF THE MARKET AS CRITICAL, SO WE'RE GETTING GOOD SUPPORT FROM THEM
DUNCAN MOVASSAGHI, ŠKODA

an SUV”.

“I think it's a car that's going to appeal broadly across all the key channels and I think it will come down to what allocation we get because, with a 15,000 allocation, we'll have a good offer in fleet and a strong retail offer.”

He said he would like to offer the car in the Motability scheme – an area of success for the Yeti – but added that as “an expensive channel” it would need to be managed very carefully.

Movassaghi said more than 80% of Kodiah SUVs were being sold in the SE-L specification or above.

This means an average price upwards of £28,725 and a strong dealer margin to bolster that achieved by the Superb. Registrations of the saloon and estate grew further in 2017 with registrations up 5.23% to 9,835 to the end of November (2016: 9,346).

Sales of the Karoq are expected to follow a similar trend towards higher specifications, with the SE-L 1.5-litre TSI being the range's “sweet spot”, according to Movassaghi.

A clear shift away from diesel

Movassaghi said there had been a clear shift in customer demand away from diesel models since the dieselgate emissions-cheating scandal.

Speaking ahead of the higher taxes on diesel vehicles announced in the Budget, Movassaghi said: “As an industry, I think we've seen a 10 percentage-point swing in the diesel/petrol mix and [Škoda is] not tracking massively out of line with that.

“The good news is that our factory has been able to support us, so we haven't had to build up diesel stocks, it has been managed quite well. We have a production plan to match demand.”

However, he added that Škoda may face a challenge in incentivising diesel sales to allow time for production levels to rebalance.

“Of course, diesel cars are being made as I'm talking,” he said. “They'll be incentivised and that could be propping up the diesel mix, so, I don't think we're necessarily seeing the whole trend wash through yet.”

Škoda has perhaps borne less of the brunt of the dieselgate scandal than its Volkswagen parent – Volkswagen UK registrations fell 7.5% year-on-year in 2016 versus Škoda, which put on 7.6%.

According to Reuters, German unions have been applying pressure on Volkswagen to raise the cost of the shared technology that has brought Škoda such success and bring some of its production to its VW factories in Wolfsburg in an attempt to stem the tide of job cuts and rebalance the group.

To date, VW has shed 3,800 jobs in Wolfsburg as part of a cost-cutting plan targeting the “socially compatible loss of 23,000 jobs by 2020 in Germany”.

Škoda will play its part in the VW Group's Roadmap E drive towards a more EV-dominated future – a plan which will introduce more than 80 new electrified models by 2025 – 50 purely battery-powered vehicles and 30 plug-in hybrids.

Hybrids will be introduced into Škoda's range in 2019 and Movassaghi expressed high hopes for the Superb and a flagship EV showcased at the Shanghai Motor Show in April, which is likely to follow in 2020.

Preparing for next-generation vehicles

A corporate identity makeover introduced four years ago is now more than 90% complete among Škoda's 128 UK dealers. It has included CitNOW video appraisal technology, touchscreen showroom displays and tablets for sales executives among its innovations.

Movassaghi said: “We're currently looking at a plan that will fully prepare our retail network for selling and maintaining this next generation of vehicles. We'll be ready.”

He did concede that the changes did not have provision for EVs written into their terms, but said those changes would be made when the new range of electrified product reached the market.

A new “structured and intensive” Volkswagen Group training programme will further help to ready the network for the shift to EVs. The course, which leads to a formal accreditation, has



Karoq

The latest addition to the Škoda range aims to take up where the Yeti left off. Movassaghi said 15,000 will be heading to UK showrooms from January 2018.



Superb

A huge sales success for the brand since its arrival in mid-2015, the Superb generated sales growth of 5.23%, to 9,835, by the end of November. Prices start at £20,050.

DELIVERING TEST DRIVES DIGITALLY

As part of its CI transformation, Škoda adopted video in its aftersales departments and is also introducing iPads to its service and sales staff.

The manufacturer underlined its emphasis on digital customer tools by the addition of the Škoda Live Tour in May this year.

Live Tour uses cloud-based conversational technology to bring "the real retailer experience online", it said.

Using live video streaming on Škoda's website, customers are connected to a host – based at a newly established Live Tour centre at the Volkswagen Group's UK headquarters in Milton Keynes – who uses a mix of smartphone camera and static cameras to showcase the

details of the cars. The host can assist with the configuration of a vehicle and also request an appointment for a test drive in person at the customer's retailer of choice.

Unusually, however, Škoda has yet to develop an online retail offering.

Instead, Movassaghi said he saw Live Tour as a lead generator capable of delivering 1,000 test drives to dealers each year and improving convenience for customers.

He said: "What I guess that's done is extended opening hours versus our typical retail offering. We run Live Tour until half nine at night, it's something you can obviously access directly from home and through the weekend as well."



Škoda staff can showcase a car online using its Live Tour technology

Cut the number of days Škoda retailers' employees have to spend away from the business from 12 to seven days following a restructure in July.

The average cost of the CI change was £100,000 in the planning stages, but many dealers have "chosen" to spend more with a new showroom or the expansion of an existing site to accommodate the seven display cars required by the change, said Movassaghi.

In the NFDA's Summer 2017 Dealer Attitude Survey, Škoda retailers scored the brand 4.9 (average: 5.5) for the 'required level of capital investment' it commanded, scoring it 5.7 overall against a survey average of 6.1.

Movassaghi insisted, however, that the expense of the CI had not fed a trend towards consolidation by the larger retail groups due to a lack of affordability. He said: "I don't view it in that way at all. I think you've got, as in any market place, willing sellers and willing buyers."

"I look at the acquisitions that have taken place, they've been, certainly in the Škoda brand, some of our most profitable inde-

pendent operators."

Movassaghi said the brand's strength, and the move to a new CI, had brought more AM100 retailers into the network.

In March 2015, the AM100's 58th-placed retailer, Vantage Motor Group, boosted its turnover by £8 million with the acquisition of David Ian Škoda in Morecambe – its first



WHAT WE'VE NOW GOT TO DO IS PUSH OURSELVES FROM A 3% TO 4% [MARKET SHARE] BRAND AND I THINK WE'VE GOT THE NETWORK THAT'S READY TO DO THAT

DUNCAN MOVASSAGHI, ŠKODA UK

Škoda dealership.

Among other developments currently under way in the network is RRG Group's new 917 square-metre town centre Škoda dealership in Bolton.

Movassaghi said the brand was aiming to see its retail network's average return-on-sales figure end 2017 at 1.5%.

Škoda currently has eight open points, largely in difficult-to-fill areas of the south-east, where rents are high and set-up costs prohibitive.

Movassaghi believes that the investment in the CI and the new additions to the range have set Škoda on track for a new growth phase.

"Škoda has had a strong growth period from going from a 2% (in 2010) to 3% brand (in 2014)," he said.

"What we've now got to do is push ourselves from a 3% to 4% [market share] brand and I think we've got the network that's ready to do that."

"More cars come with more operational costs in terms of the variable cost of team members and so on, but the raw capacity is already there, so I'm pretty encouraged about the next phase of growth and what it means for retailer profitability."

Eyeing growth: Used and fleet

Škoda has overhauled its fleet sales operation in an attempt to draw maximum results from its dealers' results with small-scale fleet operators.

At the end of 2016, the brand announced plans to more than double the number of local business development managers (LBDMs).

Henry Williams, Škoda's head of fleet, told *AM's* sister title, *Fleet News*, that it had come to the end of a three-year plan to improve the team, adding: "What we're doing at the moment is looking at that and saying 'well, is it the best in the industry? If it's not then it needs to be' and making the investment required to develop that."

There are now about 45 dealer-based sales representatives (up from 20 in 2016), selling to local businesses with vehicle fleets of fewer than 25 vehicles.

Movassaghi said: "Our own sales team has grown and we're developing every aspect of our fleet proposition. It's been a real success story, I mean our fleet share this year currently is up 0.7ppts, which is huge for one year."

He said the brand has developed an online offering for fleets, which was signed off in the middle of October.

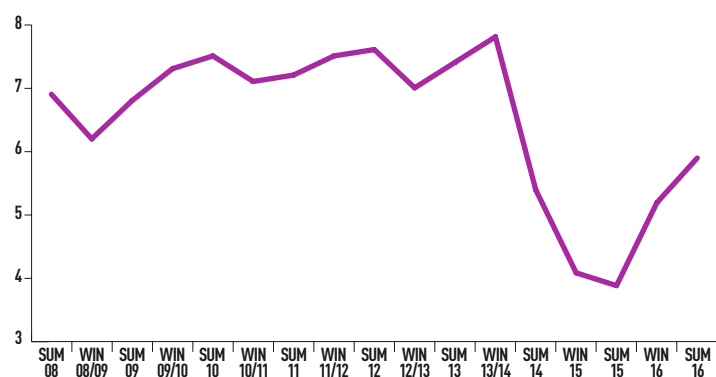
John French, Škoda's head of sales operations, told *AM* that it had worked hard to improve the perception of its used cars.

"Traditionally, those buying a used car might have felt like a second-class citizen. We want to change that perception," he said.

Škoda now works with Paragon to deliver vehicles that have already undergone a full pre-delivery inspection (PDI) back to retailers via an online auction system.

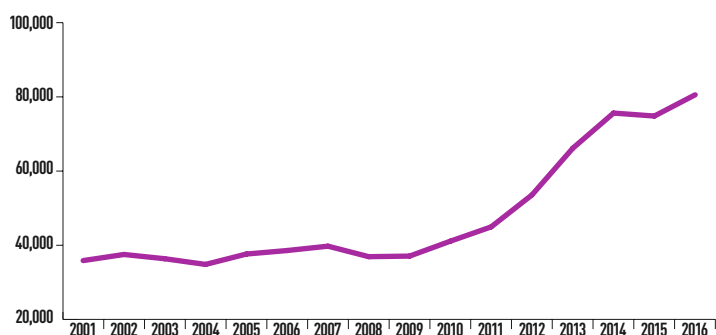
Customers have also benefitted from a new trial scheme that aims to reassure

HOW WOULD YOU RATE YOUR MANUFACTURER OVERALL?



An uplift in Škoda retailers' overall rating of the brand in the biannual NFDA Dealer Attitude Survey seems to have coincided with the greater margin opportunity ushered in by the popular Superb saloon in 2015.

ŠKODA TOTAL REGISTRATIONS



With the exception of a dip in the immediate aftermath of September 2015's dieselgate scandal, Škoda has been a consistent performer for the Volkswagen Group with rising registrations since 2008.

them about the provenance of their vehicle.

Over a three-month period, London-based Willis Motor Company featured details from the previous owners' history on vehicles displayed on their forecourt, as well as online, giving customers an insight into more about their new car than just its mileage and service history.

Movassaghi said "there were some really good results", but the trial had yet to be introduced on a wider scale.

Is the golden age of aftersales over?

Škoda may be driving customer convenience through digital means with its Live Tour online 'test drive' offering (see panel, left), but Movassaghi seems keen to consider the mood of his retailers before taking a bold step to benefit the aftersales consumer.

Asked whether the brand would encourage longer trading hours, he said: "I think you have to be very careful about driving a very strong programme to suddenly increase opening hours. You have

to be very careful about the commercial viability of that undertaking."

However, some of the lowest scores in the NFDA's Summer 2017 Dealer Attitude Survey related to Škoda's aftersales, the effectiveness of the brand's field staff scoring 4.9 (average: 6.2) and dealers' satisfaction with service plan rates and recovery attracting the same score (average: 6).

Škoda's target-setting for aftersales was scored 4.7 against an average of 6.

Movassaghi called on Škoda retailers to identify what aftersales practices worked best for their area and implement them, but suggested that the golden age of aftersales may be over.

"I think the days where you could get 100% absorption are probably gone," he said.

"My view is, you have to look at the whole business model, you have to be flexible and you have to adapt. Adapt to changing customer trends, product trends, social trends and you'll succeed."

ADVERTISING FEATURE

Used car selling over the phone

Here's a technique that will increase your used car sales, says Simon Bowkett of Symco Training



Last month, I wrote about customers who phone your dealership from more than an hour's drive away and insist that they don't want to make an appointment to come in and see you, they just want to know what's the best price you can give them on a

particular new car that you're selling.

I suggested several techniques you can use to convert these calls into showroom appointments. They won't always work, of course, and sometimes, as a last resort, I will trial close them instead.

I find the best way to do this is to ask them, if I give them a price and we can get the figures right, are they in a position to give me a deposit on the car right now. Then I'll ask them what bank are they with. If they're unwilling to tell you, you know you've still got a battle on your hands. But if they do tell you, it shows they are willing to deal.

Word track

If you can get to that point with them, and it's a used car enquiry as opposed to a new one, try something along the lines of: "Sir, let me tell you that we price-match our cars daily. We have to because, in the internet world, if we're not on the front page of that Auto Trader listing, we just don't get the enquiries.

"I'm sure you know that the car is very attractively priced, or we probably wouldn't be having this conversation. But having said that, we might have a bit of room to move. Realistically, what were you hoping to pay for that car? Sixteen-nine, sixteen-eight? Something like that?"

That's for a car you've got listed at £16,999. And the key word here is 'realistically'. With this word track, we are conditioning the customer to accept a price that is not too far away from our asking price.

How to secure the deposit

They are probably going to come back with something like: "No, I wouldn't want to pay more than sixteen and a half," and that is fine. It's exactly the response that you want. Why?

To find out, watch my new free sales training video on the AM website (www.am-online.com/symcotraining), or at www.symcotraining.co.uk this month. You'll be surprised how often you can get your customer to put a deposit down.

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 and start your free trial today.

1

Selling additional products

Selling additional products – paint protection, GAP insurance, etc. – to a customer is an important way to improve profit per new car sale.

Making add-ons part of the natural sales process is the most effective approach, but salespeople need confidence to do this, said Marcus Joy, managing director of Humphries & Parks Mitsubishi: “The natural inclination is that once you’ve sold the car, not to push too hard and to cut and run.”

Alan Graham, head of sales for Supagard, thinks salespeople gaining a thorough understanding of products such as paint protection helps profitability.

“Our nationwide team offers coaching to sales staff around the product, the process, the handling of objections, as well as understanding the efficacy of the product,” he said.

“It’s now very much an established part of the sale and we have evidence of repeat business for customers – and of the value that they see from having it. We’re finding that there is an average 50-60% uptake from dealers that use our products.”

When dealers get the message across to customers, paint protection can be a profitable add-on, said Graham: “It’s very much an integral part of the sales process from the dealerships’ perspective and plays an important part, in a financial sense, because it’s such a big seller now. Most of our dealers tell us that we are a specific area of focus for sales targets. It’s a key part of a profitable sales department.”

2

Strike the right balance on manufacturer bonuses

Choosing the right time to push to trigger manufacturer bonuses is sometimes a tough call, but Joy finds that constant monitoring of performance is the best way forward.

“We set out at the start of the quarter and consider 100% is the minimum and we look at the numbers we need to achieve during every month, measured by the average business of the month. You just adjust your target to those natural peaks and flows,” he said.

“But the most important thing is to look at the run rate – how many we’ve sold in the last week, how many we’re expecting to sell in the next week – and then try and adjust our efforts to reach target, or over target, on the basis of that. It’s the speed at which you’re selling at any one time that matters, not the absolute number.”

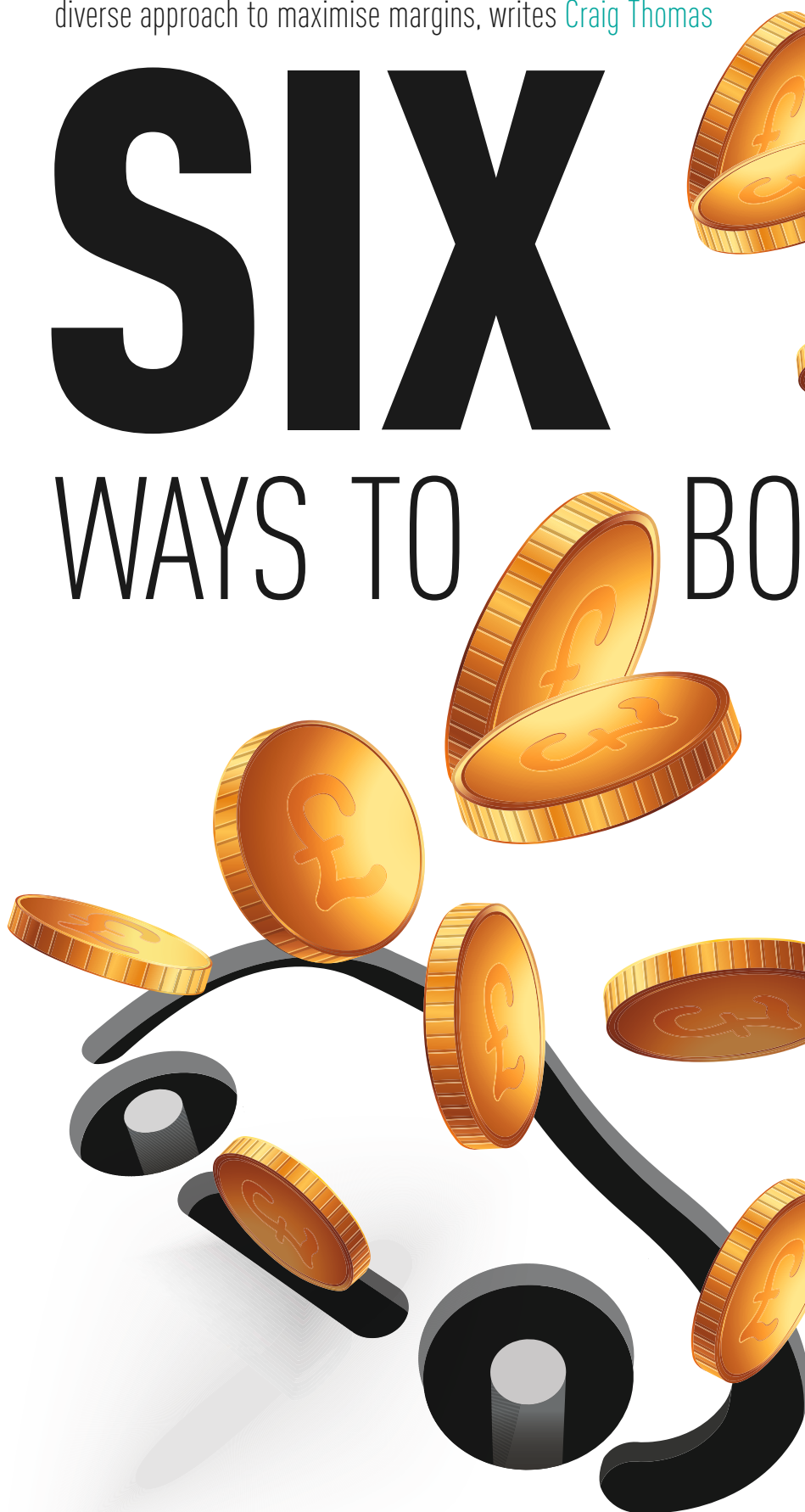
However, chasing bonuses is not always in a dealership’s interests, suggested Keith Kingham from Kinghams of Croydon: “There’s a massive tension between short-term bonus attainment and long-term customer retention. I definitely won’t go for the short-term gain if I think it’s going to upset the long-term relationship. We have customers who have been with us for 30, 40 years and they buy a car with us every two or three years. That’s hundreds of thousands of pounds, so why would I wreck that for one sale that might make a little extra money?”

Add-ons, dealer-fit, accurate part-ex – dealers need a diverse approach to maximise margins, writes [Craig Thomas](#)

SIX

WAYS TO

BO



3

Analyse past purchases to identify add-on opportunities

Adding options that personalise a customer's car is another area where additional profits can be made.

The key is to find out what features they find useful – and the starting point is often their old car, said Kingham: "When people come in to part-exchange their car, part of the conversation is about discovering what they've liked about it, what they found useful."

Finding trends in existing data also allows salespeople to find an open door to push, said Joy: "We have the data on previous trends, but as a solus dealership it can be difficult in this fast-changing market to keep on top of it. I'd very much like to find the means to analyse the data, so we can predict seasonality."

"We do it in car sales, so we can change our stocking, but there are many more levels of sophistication that we can go to."

MOST NEW CAR PROFIT

4

Make sure the part-exchange valuation process is efficient and accurate

Getting the part-exchange right is also key to any profitable transaction, but dealerships today have technology at their disposal to help them maximise trade-in margins.

Guy Thomas, group head of product at BCA, said: "Advances in technology continue to accelerate the sales and remarketing process, which means the accurate appraisal of a vehicle has never been more important."

"An accurate and transparent appraisal process will help to close a sale. And from a tablet on the forecourt, a host of options now opens up to the dealer. All the options spring from an accurate appraisal and drive profitability throughout the process."

"With fewer customers stepping through dealership doors these days, it's important for dealers to be able to offer a quick and efficient valuation process on a part-exchange vehicle."

Joy said his experience supported this: "If we don't want the car on part-exchange, we now sell everything on Dealer Auction, which has been averaging about 101-102% on CAP of the cars we're selling, so we're pretty confident that we price to mechanical and physical condition. Obviously, we'll retail through our own resources as many as we can, but when you look at the ones you buy in from auction of other trade sources, they're never quite as profitable as part-exchange." ➔

COMMERCIAL PARTNER COMMENT

By Jean Quinn, managing director, Supagard



Since launching Supagard Bionic with its new lifetime guarantee, our client base has worked with us to adapt and enhance their new vehicle value-added product sales strategies.

Key market research from WRAP, The Waste and Resources Action

Programme, focused on warranties and guarantees in relation to consumer choice and confidence.

Value in a product is seen to arise from meeting each consumer's needs for function, emotional fulfilment and social identity/status. The balance between these three benefits varies for products that are described as up-to-date, workhorse or investment products.

Long-lasting products are valued more in workhorse and investment categories.

The study showed that:

- Interest in products with longer lifetimes is not a minority issue, confined to just a small subset of consumers.

- More than 80% of consumers would be willing to pay extra for products that are advertised to last longer and have a longer standard guarantee or warranty. On average, they would be willing to pay about 30% more.

- The consumer feedback is extremely relevant to our industry. Consumers' buying behaviours, based on their value-driven traits, remain constant while considering a value-added product purchase and their new car purchase.

Supagard Bionic is at the forefront of the paint protection market. Our manufacturer and dealer partners are consistently seeking to maximise their new car income per retail unit (IPRU). Supagard's outstanding product efficacy and no-quibble lifetime guarantee are central to the sustainable growth of holistically beneficial IPRU.

Working with Supagard enables our partners to focus on offering the right product, at the right time, to enhance consumer satisfaction and retain more profitability in the deal. Our field team are proven in their ability in ensuring sales teams have the most effective approach to selling paint protection.

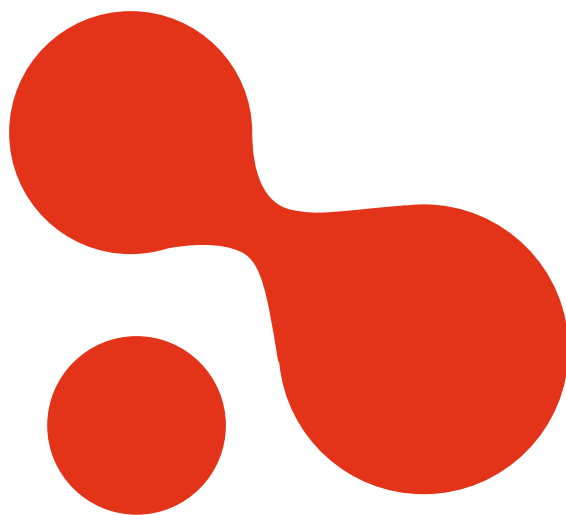
■ For more information, contact Supagard on 0141 633 5933

Supagard®



Supagard is a commercial partner of our Dealer Masterclass programme, and shared more inspiration at Automotive Management Live on November 9.

In next month's issue: Meet the 2018 Dealer Masterclass partners



BIONIC

TECHNOLOGY

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5

Use dealer-fit options to coax extra cash out of customers

Dealer-fit options – on display on showroom cars and demonstrators – are another way to coax extra cash out of the customer, perhaps using the marginal extra monthly cost as a way of highlighting how relatively inexpensive it is to have a better-specced car.

Kingham's approach is spending time with customers to find out what they want and making the accessories attractive.

"We spend a lot of time of people, give them the accessories brochure, explain how we can give them a trade discount, we fit the items for free – and that makes people feel good about it," he said.

Joy added: "Customers can choose from one of the four trims and then we can add dealer-fit accessories as well. Those don't tend to be high-value items – it's usually roof racks, towbars, cycle racks, protection packs, spare wheels and that sort of thing.

"With our cars we will sell something 60% of the time, but with the L200 over 90% will buy something. We're averaging about £700 a unit. Most customers will then wrap those extras into the monthly payment."

6

Choose the right staff and give them the right training

The ability to improve profit on every car sold often comes down to the ability of the salesperson – which is where training comes into the equation.

Darren Bedford, sales director of Symco Training, explained how additional, non-product-based training can prove vital.

"The specialist training that will get the most out of people concentrates on the soft selling skills, customer handling skills, how to bring some of the complex products of today to life and show what it can do for the customer.

"All too often, the sales pitch is particular to the salesperson – he or she knows what's good about the car and they can't wait to tell every customer. But in actual fact, the customer is buying the car on what they want out of it, so the role of the salesperson is to get into the customer's mind and find what they use it for."

Finding the right incentives and motivation is also key to having successful sales staff.

"Money is a very short-term motivator. Attitude is completely different. If you've got the right attitude and you're able to motivate yourself, that stands the test of time. Most of the other things that we can do to motivate people are short-term fixes, rather than having any staying power."



THE ROLE OF THE SALESPERSON IS TO GET INTO THE CUSTOMER'S MIND AND FIND WHAT THEY USE [THE CAR] FOR

**DARREN BEDFORD,
SYMCO TRAINING**



How HD video puts trust on the turntable

As more of the car-buying process moves online, British motor retailers increasingly look to video and imagery to enhance customers' trust in their products and services, but creating that digital content can be time-consuming and outsourcing it can be expensive.

AutosOnShow's solution to the dilemma was to create an all-in-one approach to online car-buying, which it says can be mastered by a dealership's own staff and completed within a reported six minutes, removing the need to outsource.

The system allows dealers to give the online consumer the best possible representation of a vehicle in high definition, from turntable solutions, including 360-degree slider video capabilities and exploded views, to aftersales solutions.

A recent update to its software allows the user to tag videos to highlight a particular feature or notify would-be buyers of defects and faults – helping to build trust.

Managing director Adam Price said the business grew from one simple realisation: "I was trying to figure out how to show a vehicle in its best light in a 360-degree walk-around video. It then dawned on me that I shouldn't have to walk around the car, but the car should be moving for me.

"The only problem was that some dealerships either didn't have turntables, didn't have enough space to walk around the car or they had poor backgrounds."

Since then, AutosOnShow was bought by BCA and has begun moving into the wholesale market, with an updated product.

"We needed to refresh what we started with our turntable solution. Things move on and you don't want to let technology stagnate. The new turntable features DSLR cameras, alongside our original 360-degree views."

The new turntable and video systems feature a development called 'object detection'. On a turntable video that has been created with a fixed camera, the vehicle appears to be at a distance, due to the zoom level.

"If you were photographing a Mini, then two thirds of that image could be

background. Background doesn't help to sell a car," said Price.

Traditionally, the images would have to be manually brought forward, which would compromise the image quality.

"With our updates we are able to automatically increase the lens focus and automatically bring the car forward.

"If you apply this effect to a 360 slider, it will automatically zoom the car in and out, optimising every angle to maximise the car within that image.

"We have already sold it to manufacturers, and it's just a case of waiting for it to be

launched."

Price pointed out that each dealership requires a slightly different approach and, whether working with manufacturers or dealer groups, is keen to emphasise AutosOnShow's flexibility.

"We have a knack as a company to be able to spot inefficiencies within workflows and try to resolve them with software. We gained a global manufacturing contract with a premium brand in 2016 because our software was able to provide a significantly different solution.

"Another mainstream manufacturer needed a turntable solution at the end of 2016, but decided that what we were offering wasn't suitable for them.

"I convinced them to let me show what our technology was capable of, it took two

**“WE HAVE A
KNACK AS A
COMPANY TO
BE ABLE TO SPOT
INEFFICIENCIES**

ADAM PRICE, AUTOSONSHOW

Actual vehicle image. View a demo at: <http://aos.to/turntable>



weeks to set up the meeting, but within two hours they were sold.

"Since then, the business has grown. We are in our third iteration of that software. A large remarketing organisation saw what we did and loved it, so we have been pushed into some of its sites too."

Another manufacturer also asked about aftersales. "We thought that aftersales should be done differently and it was impressed with our ideas," said Price.

"Our aftersales solution combines video and image evidence of the essential work, then it is automatically uploaded and integrated with the electronic vehicle health check (EVHC). It then sends the customer an email and a text, prompting them to approve or reject.

"They liked it so much that the aftersales solution is being launched across 20 countries over the next three months, making AutosOnShow a multi-national business."

Following these successes, the company has created its own photo studio, clearing

the path for a wholesale venture.

Price said: "We designed our own photo studio because I could see people using our software, but the background was perhaps letting it down, so we have created the studio to fit in with all our other offerings.

"We are now at both a wholesale level and a dealer level. Assets with retail images at a wholesale location can be so much better. The aesthetic of the product is much better than what could be produced at a dealership."

"It is a lot of work, but at wholesale level we are doing more than 1,000 cars a day – all to a professional standard. We can create bespoke offerings for each manufacturer or dealership," said Price.

One update to AutosOnShow's video technology is its potential to build consumer trust by helping to ensure that the vehicle is advertised as fairly as possible.

Price said: "We have developed the tagging system within our videos and 360-degree sliders. A dealer can tag

anything on the car. This can be to highlight a particularly desirable feature, or to make the consumer fully aware of any defects or faults.

"The combination of tags and advanced imagery undoubtedly helps to build trust. People can grasp exactly how the damage will look on the vehicle and it reduces the risk of a car being returned."

On the future, Price said the industry is going through "significant changes" and suggested that AutosOnShow will continue to have a global outlook.

"We are slowly getting the industry to change and manufacturers are following suit with our technology. We've got some really good global contracts based on everything we do and not just one aspect.

"In America, there has been nothing about video in the industry, until the end of last year. The push for video in the US market is now almost evangelical. America is at least five years behind us in harnessing the power of video technology."

**For more information, call 02920 894 731
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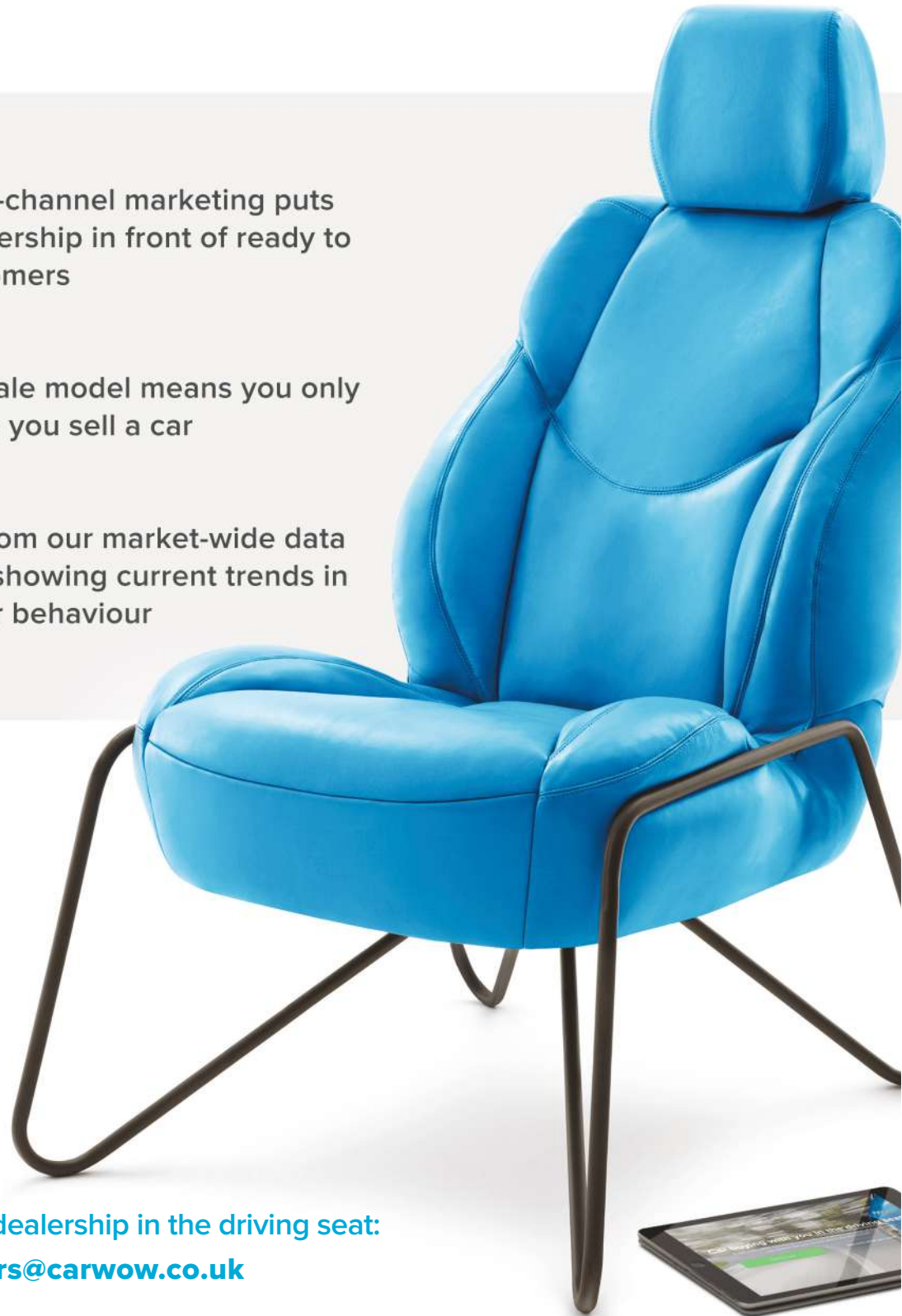
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AM readers recommend their top suppliers

The greatest form of marketing is through word-of-mouth referrals, and recommendations are priceless.

A business may have excellent products, but referrals and recommendations are ultimately given as a result of outstanding customer service.

AM's annual 'Dealer Recommended' programme allows our thousands of readers to

have their say about the companies they believe offer the best service.

We have gathered opinions via a research programme conducted among AM's audience.

The automotive business sectors highlighted for 2018 are auctions and remarketing, warranty, service plans, finance, GAP insurance, classified/car listings and paint protection.

AM DEALER RECOMMENDED >>>>

In 2018, motor retailers will ne

... and they can count on AutoProtect to deliver, with compliant, trust-building insurance products from well-trained sales teams

Thank you!
From everyone at AutoProtect, our sincere thanks to the very many dealers who took the time and trouble to vote AutoProtect as the AM Dealer Recommended GAP Supplier for 2018. We appreciate your support and trust in us to help your team.

We can assure you that in what promises to be a challenging year ahead, our team will be doing its utmost to give your business an extra edge in our GAP activities and across our wider portfolio of products and services.

GAP/RTI providers and their products are not the same

Every franchised dealer will point to the differences between their vehicles on offer and those of a competitor. They are absolutely right to do so. Even in the same vehicle segment, there are discernible differences – specifications, performance, reliability and the broader brand and retailer cultural and aftersales differences. The same is true for GAP/RTI Insurance options.

Trust drives the AutoProtect approach

Across AutoProtect, 'trust-building' is inherent in everything the business does and how we do it:

- Products are clear and transparent.
- Business-wide, the team works to understand the challenges facing dealers and their customers – products and service are engineered to support them.
- Authenticity – we tell our dealers what they need to hear, not what they may want to hear.
- We are deeply engaged in the motor retailing sector – interested and interesting, sharing our insights.
- Fair – we recognise that our products can have a real impact on our dealers' customer retention and reputation, and act accordingly.

Much like the difference between cars in a similar market segment, these differences may seem subtle. Yet, just like the customer's user experience, over the long term they are clearly discernible and can help deliver a lasting, mutually beneficial working relationship.

Product specification

AutoProtect GAP and RTI products are designed to be totally transparent, written in everyday English. The aim is to ensure that dealers know exactly what is covered and that they in turn can explain the products confidently to potential customers.

By way of example, in late 2017 a number of dealers alerted us that their RTI products were not covering customers for finance deposit allowances (FDA) and scrappage scheme allowances. Sadly, they discovered this as a result of customers experiencing an unwelcome shortfall when they came to claim. An unwanted outcome for customer and dealer alike.

In the event of a claim for RTI Insurance, the AutoProtect approach is straightforward. The customer payout is based upon the invoiced price of the car involved. Contributions such as FDAs have no bearing on the decision. Our belief is that if it says, 'return to invoice' then should they make a claim, that is exactly what the customer can expect.



Mike Macaulay, head of corporate sales, AutoProtect

People and training

The AutoProtect culture of trust has helped us to recruit and retain a great team. Across the UK, our locally based experts are in showrooms helping dealers and in our Essex HQ the team is equally committed to serving dealers and their customers.

If there is one area of our team's expertise we must highlight, it is training.

Compliance training certainly features (more of that later) but more than that, our team prides itself on being on the front foot to help dealers make the most of our added-value services by understanding the product differences, features and benefits.

eed an extra edge...



"Our team prides itself on being on the front foot to help dealers make the most of our added-value services"

document submissions system and claims processes. In the latter, and the simple-to-use 'AP Claims' app, a clever piece of technology, places the customer in control of their claim, reinventing and accelerating the whole process.

AutoProtect gaining increased recognition from its dealer customers

"Do what you do so well that they will want to see it again and bring their friends." – Walt Disney

AutoProtect is proud of its reputation with its dealer customers. Being 'dealer recommended' for GAP/RTI by AM's dealer readership is fantastic recognition. It represents the latest dealer endorsement for a business that has always strived to stand out from the crowd.

In October, AutoProtect's strategy to lead the automotive retailing added-value market received very welcome dealer approval at the 2017 F&I Awards. The business was recognised as the Value-Added Product Provider of the Year.

In what is a highly competitive market sector, with a number of high-quality players, AutoProtect strives to go the extra mile. The approval of the very people we seek to serve shows that this effort is being noticed. Once again, thank you for your support.

Going further, we use our expertise to help dealers to promote our services positively in the showroom and, increasingly, online.

Compliance

Taking training and more into the vital area of compliance, our i-Comply online business continues to work independently of AutoProtect, providing a vital service to a growing roster of dealers, from among the very largest to solus operators. They rely on the i-Comply online team to design, develop and help manage their F&I regulatory controls. It is an approach designed to be both commercial and

compliant and creates long-term, effective partnerships.

Technology

AutoProtect's developing suite of digital promotional tools is enhancing the online experience for customers. GAP/RTI, warranties and SMART Insurance are regularly sought out by customers because they appreciate what they offer. The availability of these services online, along with transparent product information and pricing, is enhancing the credibility of the dealer. They can also be used as marketing tools in their own right – just ask us how!

Digitisation also extends to the

Offering dealers more ways

New and expanded facilities, digital developments and its own funding arm show BCA's commitment to serving buyers and sellers

Physical or digital, BCA offers dealers choice

BCA is Europe's largest used vehicle marketplace, selling more than 1 million vehicles a year through physical and digital channels and delivering a range of specialist services including inventory and de-fleet management, logistics, buyer finance, dealer systems and remarketing partnerships.

For motor industry professionals, BCA offers the best in physical auction facilities and a range of digital platforms to acquire and remarket stock.

Online trading continues to grow in importance, with BCA reporting record traffic for the digital bidding platform, BCA Live Online, which allows remote buyers to compete with auction hall bidders in real time, bidding on and buying vehicles as they pass through the auction hall.

Stuart Pearson, managing director UK remarketing, said: "We aim to give our dealer customers the best access to stock and the widest choice of vehicles in the UK and that means meeting the needs of online buyers. Live Online supports physical auction activity and the growth of digital sales is helped by an ongoing expansion and investment in the infrastructure of BCA's physical auction network. It is supported by advances in our imaging and appraisal technology that provides buyers with a consistent description of a vehicle's condition."

Live Online customers also gain access to e-Auction, Bid Now, Buy Now sales and 'off-site' stock that is located at a vendor's facility, featuring vehicles that are exclusively offered online. With BCA's national logistics network, professional buyers can purchase stock 24/7 at BCA, confident in the knowledge that vehicles will be delivered to their retail premises quickly and efficiently.

BCA continues to invest in developing its 24-strong UK remarketing network and earlier this year opened the expanded Manchester centre following a 12-month development programme. At nearly



40 acres, the enhanced multi-purpose auction facilities offer five auction halls and undercover viewing for 1,000 vehicles. A large vehicle defleet and preparation facility, with self-contained digital imaging and video bays that utilise AutosOnShow technology, ensures the centre has increased ability to process vehicles of all types and prepare them to the highest standards.

"We set out to give our dealer customers the best access to stock and the widest choice of vehicles in the UK"

Stuart Pearson, BCA

The new facility has given BCA Manchester the capacity to expand the regular sales programme to allow LCV sales twice weekly (Monday and Wednesday) along with increased capacity for the car sales on Tuesday, Wednesday and Friday.

Meanwhile, BCA's 20-acre multimillion pound remarketing and logistics facility at Perry Barr celebrated its first anniversary in October with a massive sale on behalf of BMW Group. BCA Perry Barr has three auction lanes plus a state-of-the-art digital auction suite, undercover viewing for 450 vehicles and a full range of buyer services available in the customer concourse.

BCA has also expanded facilities in Bedford, including new valet, appraisal and vehicle imaging services, operating on a 10-acre site adjacent to the existing remarketing centre.

s to buy and sell



BCA launches part-exchange funding

BCA Partner Finance has launched a new service for part-exchange vehicles, providing dealers with additional working capital and helping to improve cashflow and profitability.

The service is delivered through BCA's Dealer Pro platform, which allows dealers to appraise a vehicle and be automatically provided with the BCA MarketPrice, a real-time view of the trade price, before applying for funding.

Malcolm Thompson, managing director of BCA Partner Finance, said: "With a single application, a dealer can appraise a vehicle, receive the BCA MarketPrice and secure funding for the vehicle, while the customer is still on site.

"This is 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."

BCA Partner Finance continues to provide an additional source of stock funding for the purchase of vehicles at BCA auctions. The uncomplicated process of being able to fund 100% of the invoice price and arrange delivery immediately ensures dealers are able to optimise cashflow and stock turn, both key ingredients to successfully managing profitability.

BCA Partner Finance lets dealers get on with the business of sourcing and retailing used vehicles. Dealers value its simplicity and can use it to fund auction purchases, freeing up capital for other business projects.



Dealer Pro

With fewer customers stepping through dealership doors these days, it's important for dealers to be able to offer a quick and efficient valuation process on a part-exchange vehicle. It's also important that this does not add to the proliferation of systems a dealer is expected to use, but fits seamlessly with existing systems and processes.

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

Dealers can maintain inventory at the touch of a screen, with the

freedom to see what is available across the entire dealer group in real time, as and when they are uploaded.

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

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



Offering dealers a complete

Car Care Plan's range of tailored products can help your dealerships to boost revenue streams and customer retention

Car Care Plan was one of the original pioneers of UK vehicle warranty when it was founded in 1976. Now in its 41st year of business, the company has garnered a tremendous amount of knowledge and experience, which forms the foundation upon which its success is built. Car Care Plan has enjoyed fantastic growth over the 40 years, adapting efficiently and effectively to a changing regulatory environment and also enduring the noughties recession.

Car Care Plan provides a range of award-winning vehicle warranty and asset protection products to more than 500,000 motorists in more than 50 countries worldwide. We work closely with the industry's leading manufacturers and dealerships to develop fresh and exciting bespoke products to meet the demands of the market.

Car Care Plan adopts a straightforward and hassle-free philosophy towards business, focusing on total dedication to our customers and their satisfaction. It is this simple yet effective philosophy towards business that has seen us experience significant success and growth. We pride ourselves on providing motorists with peace of mind and ensuring any issues they experience with their vehicles are efficiently and reliably resolved.

The people

Complementing the company's vast experience in the marketplace is the hub of all its knowledge – a team of more than 400 employees based across 26 countries and operating from five offices worldwide. There is a vast array of in-house knowledge, with each team member a specialist in their own discipline. With a comprehensive range of in-house skills – including business development, marketing, compliance and operational services, to name a few – Car Care Plan can offer a complete solution towards warranty and add-

on insurance products, meaning our customers can focus on selling and leave the rest to us.

Developing your business

Boasting a team of 75 employees, Car Care Plan's business development team are strategically placed throughout the UK to offer complete coverage to our clients. With a vast amount of industry experience, the team develop a specific understanding of each client's unique situation and challenges, developing unique plans to meet these individual needs.

Helping you to retain customers

Car Care Plan's experienced in-house marketing department offers a range of bespoke, client-branded campaigns, which are proven to help partners establish long-lasting customer relationships, boost retention rates and increase profits.

Running the operation smoothly

Car Care Plan's operational team boasts in-depth knowledge about the industry, products and retailer operations. Our team of 130 vastly experienced agents are able to adapt their style based on whether they are having a technical discussion with a repairer or using layman's terms with a customer.

“Car Care Plan's bespoke campaigns are proven to help establish long-lasting customer relationships, boost retention rates and increase profits”



Helping you understand compliance

With more than 30 years' experience of working within the financial services industry, our in-house compliance team blends practical understanding of commercial realities with knowledge of regulatory requirements, creating workable, easy-to-understand solutions to suit the ever-changing regulatory landscape.

Offering an efficient approach to underwriting

An in-house underwriting division allows us to develop efficient and lasting relationships with clients, fundamentally built on the understanding of their changing needs of customers. This provides an open, transparent and successful approach to business, evident

warranty solution



through the long-lasting relationships we hold with our clients.

The secret to success

The variety of skills and disciplines within the Car Care Plan team, alongside the tailor-made suite of products they offer, allow the company to offer its clients a complete end-to-end solution towards vehicle warranty and asset protection.

Through this, dealers are able to establish a long-lasting, successful and profitable relationship with their customers.

The products

Underpinning the business development team's vast knowledge and experience is a range of award-winning products and support services.

Car Care Plan is the UK's leading provider of warranty, asset protection, cosmetic repair insurance, alloy wheel repair insurance, tyre insurance, roadside assistance and MOT test programmes, which it uses to boost its clients' revenue streams and increase customer retention.

Our aim is to provide fresh and exciting bespoke products and services to our clients globally to help open new revenue streams, open up new routes to market, improve overall customer experience and increase clients' retention rates. The quality of our aftersales motoring programmes, combined with a focus on customer care and satisfaction, has seen the company grow substantially and we are now the partner of choice for many of the

industry's leading manufacturers and dealerships. We provide products suited to both FCA and non-FCA authorised dealers. Our registrations and claims system is one of the most streamlined, reliable and hassle-free services available in the industry and we offer an extensive range of tailored services and training programmes to maintain the standards and satisfaction of our clients and their customer base. Through a combination of our products and services, we are able to offer dealerships and manufacturers a complete end-to-end solution in vehicle warranty and asset protection.

All of the above means Car Care Plan is able to bring a full-service warranty and ancillary products solution to your business, all under one roof. The company has the scalability, structure and capability to work with dealers and manufacturers of all shapes and sizes.

Car Care Plan's extensive product range is also complemented by its tried and tested dealer development programmes. Tapping into the business development team's industry expertise and understanding of their individual clients allows Car Care Plan to deliver a development programme that is completely tailored to the client's specific requirements.

Car Care Plan can provide you with a strategic development plan that goes hand-in-hand with the long-term vision of your business – increasing revenue streams, boosting customer retention and developing an all-round excellent customer experience.

All of the above means Car Care Plan is able to bring a full-service warranty and ancillary products solution to your business, all under one roof. The company has the scalability, structure and capability to work with dealers and manufacturers of all shapes and sizes.



Car Care Plan

An AmTrust Financial Company

Providing certainty in an un

Integrated service plans give motorists confidence – and play a vital role in supporting dealers' acquisition and retention strategies

Market predictions suggest that 2018 will be a challenging year for the UK economy. Retail spending is under the spotlight as consumers hesitate about making financial commitments ahead of the UK's exit from the European Union. And, in the motor retail sector, the SMMT forecasts a fall of 5% in new car registrations.

It is crucial, therefore, that motor retailers give their customers certainty in uncertain times. In addition, by building acquisition and retention strategies that fill the void created by the expected fall in new car sales, motor dealers can give their own businesses an added level of financial certainty.

EMaC's service plans are proven to play a vital role in underpinning motor retail businesses across the UK. EMaC reported continued year-on-year growth for 2016, with more than £200 million of aftersales revenue generated by service plans in the past 12 months. Dealers with a solid service plan proposition not only maintained their aftersales activity, but grew it. Their customers embraced the inflation-proof price assurance that is inherent in an EMaC service plan.

Taking control

To ensure dealers fully take control of the benefits service plans can deliver to a business's bottom line, EMaC offers comprehensive training across

all aspects of the business, from sales and aftersales to accounts teams. This means everyone at every level fully understands the benefits of service plans for customers and the business alike.

John O'Donnell, managing director of EMaC, said: "Our commitment to training is central to our service, offering dealers like Drive Vauxhall and Kineholme Garage vital support to help them maximise the benefits of service plans. By partnering with us, dealers are given the practical sales support to enable them to assist their customers in making an informed purchasing decision.

"We also assist in providing the ongoing care, which is such a highly valued method of ensuring an outstanding customer experience."

A focus on sales motivation

Drive Vauxhall invested in training with EMaC, which improved processes and empowered staff, driving sales up by 200% in just 24 months. Similarly, Kineholme Garage, a family-owned franchised Renault dealer, increased its aftersales revenue by more than £165,000 in the 12 months since partnering with EMaC.

In addition to monthly 'new starter' courses carried out by EMaC, regular refresher training sessions can benefit dealers by ensuring established teams remain motivated and focused. Daily and monthly targets are set and progress measured routinely. For Drive



Vauxhall, this resulted in a significantly improved bottom line.

Ashley Connell, group business development manager at Drive Vauxhall, explained how the training made a big difference to success: "The partnership initially enabled us to identify where change was needed and how to implement new processes, in order to secure more sales. We've also enhanced staff incentives, such as changing payment plans and commission for staff who sell

certain world



“Our commitment to training is central to our service, offering dealers... vital support to help them maximise the benefits of service plans”

John O'Donnell, EMaC

complete for each customer. EMaC simplified the quotation process and Kineholme now offers customers a tailored service plan solution in a fraction of the time.

“The service plan solution we have created in partnership with EMaC gives us a revenue stream that simply did not exist previously,” explained Darren Buckley, aftersales director, Kineholme Garage.

“The simplicity of the pricing structure and the technology behind the process make it a win-win for our customers and us.”

The fact that the customer journey is largely driven by email communication has also contributed significantly to the overall success of Kineholme's new process. This bespoke solution has seen service plan sales rise from just 52 in 2016 to 433 to date in 2017, with a corresponding increase in projected aftersales revenue.

Buckley said: “The solution has enabled us to improve wider aftersales upsell opportunities, further boosting our profitability. It's not just our service advisers who are rewarded financially for their efforts. The increase in labour hours is a boost for our technicians, who earn a commission on the hours they work in the workshop.”

Driving up customer retention

“What's more, the successful introduction of a service plan scheme will increase customer loyalty and retention for the long term,” said O'Donnell.

“We've seen customer retention rates increase to as much as 60% when a service plan is in place, compared with 22% without the plan. By listening to dealers, we can create streamlined, profitable plans that reflect a business's ethos, helping them meet the needs of their customers and radically boost revenue across the organisation.”

This has been a crucial benefit for both Drive Vauxhall and Kineholme Garage, which have both enhanced customer retention levels.

“The importance of service plans in terms of increasing our customer retention rate can't be overlooked,” said Connell. “Indeed, the success of our service plans business has had a positive impact on vehicle sales.”

Buckley agreed: “Both customer and staff loyalty have benefitted as a result of our approach to service plans, making it a no-brainer for our business.”

Commitment drives success

Confidence is key in the selling and buying of service plans, believes O'Donnell: “We know that a dealer's commitment to securing a sale is crucial to the success of service plans, which is why we place such a strong emphasis on maintaining support to ensure dealers are adequately armed to help their customers make an informed decision.

“Our results confirm that motorists welcome the opportunity to budget for the upkeep of their vehicle.

“In today's highly competitive motor retail marketplace, where profit margins are squeezed ever tighter, this offers dealers the ideal opportunity to boost their revenue streams significantly.”

service plans, as well as run internal competitions, all of which have resulted in creating greater motivation among the team.”

Creating bespoke solutions in partnership

For Kineholme, creating a streamlined approach to service plan pricing was a key benefit of working with EMaC.

Prior to working with EMaC, Kineholme used a service plan quotation system that could take up to 10 minutes to

EMaC
THE SERVICE PLAN THAT REALLY WORKS...

Motors.co.uk – driving fairness, transparency and value

A successful 2017 has laid the groundwork for Motors.co.uk to help dealers sell more used cars in 2018, says Managing Director, Phill Jones

2017 was another year of successful innovation and growth for Motors.co.uk. Here, the company's managing director, Phill Jones, explains how the business is seeking to build on a prosperous 12 months by further widening its reach and services as it seeks to support the industry in a 2018 that will see used cars become even more important to the financial performance of UK car dealerships.

Record-breaking performance

Commenting on last year, Jones said: "We ended 2017 with more dealers and more vehicles listed on Motors.co.uk than ever and have planned the right procedures and product developments to ensure this rise continues over the next 12 months.

"We are now reaping the rewards from investing in our website and our partnerships, with more than five

million monthly visitors to the Motors.co.uk network and a 12% year-on-year increase in new users in 2017.

"There has also been a substantial improvement in our Google search rankings for key industry terms, such as 'used car', meaning we are now giving our dealers greater exposure online as our pages frequently appear ahead of the market leader."

Creating 'win-win' advertising relationships

Motors.co.uk has always been committed to offering fairness and transparency to ensure dealers receive a measurable return on investment (ROI) for their media spend.

In 2017, the business introduced Value Based Pricing which gives dealers a performance target to ensure there is a clear ROI. This new model charges dealers for the consumer response delivered to their vehicles – as measured

by "Lead Assists" such as detailed page views, telephone calls and email enquiries. Motors.co.uk believes that moving beyond the traditional "per car, per week" model creates a win-win relationship between publisher and advertiser, with both parties incentivised to increase response on a mutually agreed basis.

Jones said: "The introduction of Value Based Pricing last year was an industry first and we are proud to be offering our customers transparent value for their advertising.

"By aligning our business model to reflect the reach we deliver through Motors.co.uk and our network, we are able to have clear conversations with our dealers, helping them understand the performance of their digital advertising on a vehicle-by-vehicle basis.

"If we miss our target, it is clear to see and we openly address this. But we are also able to work with dealers to deliver more response if they need to increase used car sales."

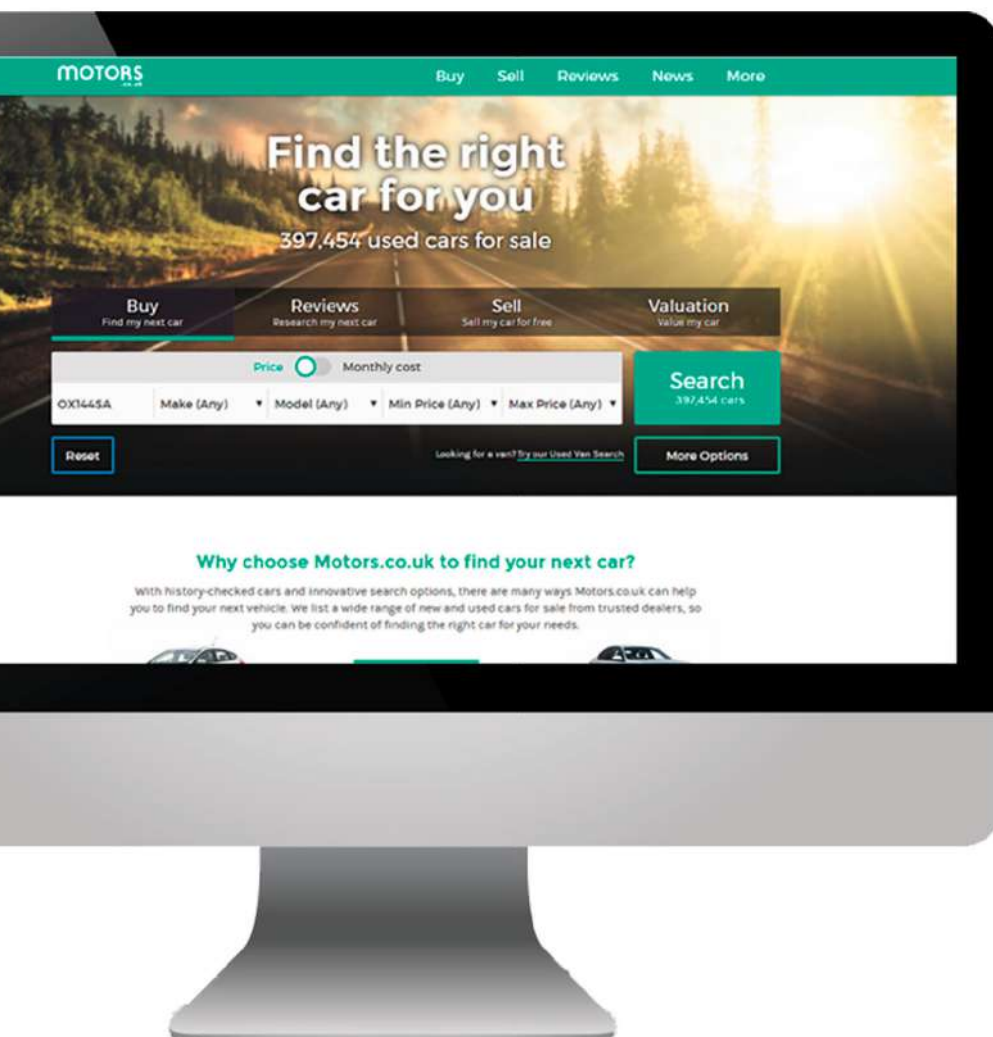
Adding value

The business has also focused on improving its dealer management tools making both its response tracking platform – The Eye – and its stock management tool – AutoEdit – faster and more mobile-friendly. It has also added features to The Eye to allow dealers to quickly and easily produce professional-looking invoices.

In terms of its core listings proposition, Motors.co.uk is also working hard to drive more footfall for its customers by improving detailed vehicle pages and adding new functionality that makes



For more information, contact 0845 265 6000 or email sales@motors.co.uk



Improving efficiency through integration

Motors.co.uk is also working with fellow Cox Automotive UK brands – such as Manheim, Modix, Next Gear Capital and Dealer Auction – to identify ways to increase efficiency across the vehicle life cycle.

In 2017, the business joined forces with Dealer Auction to reduce the number of days between buying a car via the online auction and getting that vehicle in front of the Motors.co.uk audience. The integration, which enabled mutual customers to list 'won' vehicles almost immediately after buying them, reduced administration time and increased stock turn.

Jones said: "The sooner a car is listed on the internet, the quicker it will generate the interest required to lead to a sale. On average, our integration with Dealer Auction is saving dealers seven days between purchase and listing, a huge percentage reduction and one that enables them to maximise their profit opportunity. This is a service that has an immediate, quantifiable upside at no additional cost to the dealer."

Certainty in an unpredictable 2018

While the ongoing macro-economic effect of Brexit, interest rate rises and inflation may be hard to accurately forecast, what Motors.co.uk can predict is the importance of used vehicles to dealerships in 2018.

Commenting on the latest data from more than 600,000 vehicles, Jones said: "With a softening in new car sales, we've seen pro-active franchise dealers increase their focus on the profit opportunity in used cars. Franchise groups are stocking more used cars and selling them quicker. We expect this trend to continue into 2018.

"Every dealer group will have a need to sell more used cars in 2018 and Motors.co.uk is perfectly placed to support dealers with this. As an industry partner, we exist to work with dealers on a fair and transparent basis to help them increase their visibility to in-market car buyers to drive more sales."



"We ended 2017 with more dealers and more vehicles listed on Motors.co.uk than ever"

Phill Jones, Motors.co.uk

it even easier for consumers to engage with dealers.

For example, its Dealer Merchandising pack enables advertisers to amplify the reach of their in-dealership marketing campaigns through promotion on their Motors.co.uk listings. Dealers can customise key messages and promotions and drive visits straight from their vehicles on Motors.co.uk to their own website.

Jones added: "Dealer Merchandising

allows dealers to communicate brand messages or special offers that can otherwise be lost on classified advertising sites. We are helping consumers understand 'who' they should buy from, as well as 'what' to buy.

"Instead of relying on consumers to visit their own website or the forecourt to find out about these offers, dealers can display them on Motors.co.uk in front of millions of in-market car buyers."

MOTORS
.co.uk

Supagard celebrates its success over the past alongside an exciting future

Dealers benefit from 30 years of experience and cutting-edge research

They say history repeats itself and in Supagard's case that's definitely true, because its success as the UK's market leader in automotive paint and interior protection has repeated itself every year for the past 30 years.

Founded in 1988 by Brian Quinn and John Orrick, Supagard has grown from humble beginnings to celebrate its 30th anniversary. A major factor in Supagard's DNA is the strong family heritage and the pride that the staff take in working for the company.

Jean Quinn, managing director, said: "We are immensely proud of where we have come from and looking back over the years from our foundation to where we are now, we owe our success to the fact that we never stand still or rest on our laurels.

"For us, it's more than just selling a product, it's also about enhancing our customers' lifestyle by providing the best treatments for their vehicle. Supagard products will make it easier to clean and visually maintain or improve its appearance and we get great satisfaction from the many testimonials we receive."

From its state-of-the-art premises in Glasgow, Supagard has built its reputation through continuous focus on ensuring its products are the best in an ever-changing market.

David Paterson, marketing director, said: "All of Supagard's products are

developed over a considerable period of time before we will release them to the market, because we want to be sure that they are not just the equal of our competitors products, but are the best available for their purpose.

"This has been a major contributing factor to our popularity in the trade, particularly among vehicle manufacturers who have applied their own stringent quality assurance measures before endorsing Supagard as their products of choice."

Supagard Bionic Technology

Good things come to those who wait and the results of the two-year research and development period for Supagard's new Bionic Technology range in laboratories and in the field across Europe, the US and Asia, have definitely been worth waiting for.

These new Bionic Technology products have redefined paint, fabric and leather protection with their extraordinary strengths, capabilities and endurance. By using the latest cutting-edge technology, Supagard has pushed the boundaries of paint and interior protection to the limit and added to its enviable reputation.

Supagard is a global business and operates in a variety of international markets – such as South-East Asia, where the climate is hugely challenging – so it was important to develop a range of products that would offer unrivalled



protection in the most extreme conditions. Supagard Bionic Technology is the result of those two years of research and development and is an all-round upgrade to previous paint, fabric and leather protection products with a new brand, fresh design, new web-based portals and an enhanced consumer guarantee.

James Smyth, Supagard's technical director, said: "When we 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 rate within the first four weeks of our pre-launch programme. The durability and finish are outstanding – not just the equal of our competitors' products, but the best available for their purpose.

"Supagard has created a new paint and interior protection range that 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."



"Looking back over the years, we owe our success to the fact that we never stand still or rest on our laurels"

Jean Quinn, Supagard

Successful future



"Supagard has created a new paint and interior protection range that is unrivalled in the marketplace"



James Smyth, Supagard

not only cover product information and benefits, but also a proven sales process to ensure success – penetration rates of more than 40% are not unusual among Supagard customers. Valeters and paintwork specialists are also given specialist training to professionally apply the products and are awarded a certificate of competence, which can be displayed in your showroom.

History and heritage

There's more to Supagard than a forward-looking company with 30 years of strong heritage and a great pedigree. In a celebration of history and technical innovation, it sponsors the Historic Grand Prix Cars Association, supplying products and advice to keep these amazing pieces of motorsport history from the 1920s to the 1960s in prime condition, so both their drivers and fans can keep on enjoying them for many years to come – something your own customers will be able to do when their car has been treated with Supagard.

The times may have changed, but 30 years after its first venture into the marketplace, Supagard is still the most respected UK company in automotive paint and interior protection.

Isn't it time your business benefited from Supagard's expertise?

Bionic SupaVision

Another addition to the range is Bionic SupaVision, a product that will greatly enhance driver safety by dramatically improving both day and night visibility while driving in rain, sleet or snow.

Smyth explained: "This invisible hydrophobic film over the windscreen alters the surface tension, which aids the removal of water and other contamination from the surface of the glass. As part of our two-year research and development programme, we have succeeded in chemically building a formulation that can last up to 12 months."

Bionic SupaVision could also assist with customer retention, as it requires the customer to return to the showroom to have it re-applied, so opportunities to speak to the customer again and again are greatly increased – a real benefit in today's highly competitive market.

Aftercare products

Alongside Supagard's Bionic Technology,

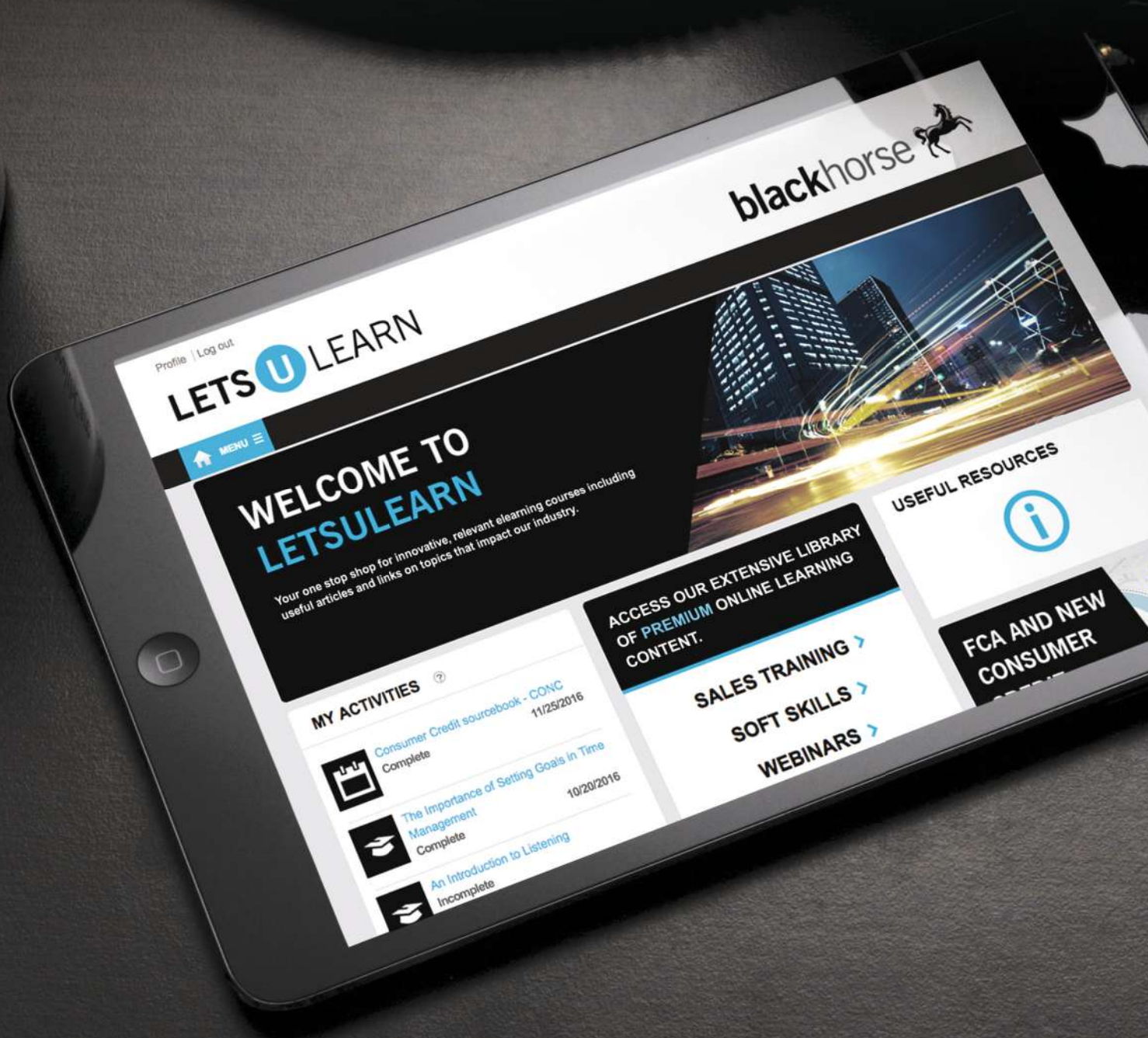
its customer aftercare products have also been upgraded and they offer a comprehensive range of handy products in 300ml and 500ml trigger-spray packs, all containing new formulas that give outstanding results and an impressive 'wow factor' when used to clean your car. Products can be supplied in a Supagard aftercare bag, which was designed for additional use with features including internal compartments to carry a laptop, reflective piping for night-time use and a zipped storage compartment large enough to hold documents.

Supagard aftercare products are available as single items or multiple product kits and offer another opportunity to generate additional revenue through over-the-counter or online sales.

Training and support

In addition to its innovative products, Supagard also provides a range of comprehensive training programmes tailored to individual businesses. These

SHOWROOM CLASSROOM



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SSANGYONG REXTON: REFINED SUCCESSOR



SsangYong thinks 1,000 Rexton registrations a year are possible

Few UK consumers have even heard of the SsangYong Rexton, let alone seen one of the roughly 350 registered a year. Those who are familiar with it consider it a 4x4 workhorse, cheap to buy and rather agricultural, yet capable of towing and traversing anything they desire.

However, there is now a new Rexton on the block. It's a higher-quality product, so buyers of the old model will notice an immediate difference. They will also be relieved that it has not been 'SUV-ified'.

Many other brands that once had 4x4 workhorses have evolved their products away from the type, making them handle better on the road, improving fuel economy and reducing emissions. Doing so has broadened their consumer appeal, but the consequent reduction in towing and

go-anywhere capabilities has left some niche customers behind. SsangYong wants those customers, as evidenced by its displays at national caravanning shows, equestrian meets and agriculture events.

The Rexton's fundamentals have not changed. It will tow 3.5 tonnes, sufficient for a double-axle horse trailer or huge caravan. It is a proper 4x4 – on the media launch, I drove it up and down an overgrown, long-abandoned quarry, using low-ratio four-wheel drive to climb steep, rutted inclines thick with wet mud and allowing hill descent control to safely bring me down again.

However, it is still cheaper than the competition – Rexton starts at £27,500, about £5,000 less than an equally capable Mitsubishi Shogun and some £16,000 cheaper than a diesel Land Rover Discovery.

This Rexton is a great step forward from its predecessor, in styling, perceived quality,



OLD REXTON SALES WERE ABOUT 350 A YEAR. I THINK THE NEW ONE CAN GET INTO FOUR FIGURES. THE CRITICAL POINT IS THE NETWORK

**STEVE GRAY,
SSANGYONG UK**

cabin layout and technology. Depending on the model grade, it has up to nine airbags, lane departure warning, forward collision warning and autonomous emergency braking. The range-topping Ultimate trim gets 360-degree camera monitoring for easy parking and blind-spot detection with cross-traffic alert.

The cheapest grade, EX, includes an eight-inch touchscreen with infotainment, including Apple Carplay and Google Android Auto connectivity, plus a reversing camera. Buyers also get seven seats, high-beam assist, front and rear parking sensors, and automatic lights and wipers.

Mid-grade ELX (priced £32,000) and Ultimate (£37,500) add a larger screen with navigation, leather trim, powered and heated front seats, keyless entry and start, and a heated steering wheel, with Ultimate getting additional styling details and an

R AIMS TO TRIPLE WORKHORSE'S SALES



electric tailgate. ELX is available with five or seven seats, and Ultimate is five-seat only.

SsangYong claims the new Rexton is quieter and more powerful than the old model, thanks to better cabin sealing, a slightly sleeker shape and the 2.2-litre turbodiesel and seven-speed auto transmission sourced from Mercedes-Benz. Customer test drives will show it's far from peaceful when cruising at A-road speeds, however. Running costs are a weakness too – thirty-odd miles per gallon and £140 annually for VED band K have to be budgeted for.

But buyers will forgive it, because it will do so much else for them, and the five-year warranty gives them some peace of mind with such a relatively unknown Korean brand. And with its 820-litre boot, which expands to 1,977 litres with the rear seats lowered, they could always sleep in it while away at the gymkhana. **TIM ROSE**



£27,500-
£37,500



2.2-LITRE DIESEL,
181PS



0-62MPH
11.9 SECONDS;
TOP SPEED 115MPH



6SP MAN/7SP
AUTO



34MPG



191-225G/KM CO₂

Q&A



STEVE GRAY,
MARKETING
DIRECTOR,
SSANGYONG UK

What opportunity does Rexton represent for your dealer network?

Significant. It's a new flagship vehicle, which takes the brand into a different place. [It has a] contemporary interior, great exterior, great value, but a much bigger volume proposition than before. It really stretches the brand, and will stretch the network considerably.

How much volume?

Old Rexton sales were about 350 a year. I think the new one can get into four figures. The critical point is the network – if we had, say, the Mitsubishi network with largely owner-drivers, the car is probably worth 3,500 units, although we'd probably need £1.5 million in marketing as well. The balance between investment in marketing and the size of your dealer network is an interesting challenge. We don't know how we'll solve it, but we're doing a lot of planning and thinking.

How are you marketing the Rexton?

We held the media launch in October, and we've been on the internet with full information since September. Once the

cars are in the UK, we will use the internet quite aggressively. We already have quite a decent bank of enquiries. We're also working at shows and events, such as the Birmingham NEC caravan show in October, which is our biggest single event of the year. The Rexton was the centrepiece of our stand, and visitors had the opportunity to ride and drive, with or without a caravan attached, around the NEC. We also got one of our TransEurasian cars (first production new Rextons which undertook an 8,000 mile road trip) into the marquee of the Caravan And Motorhome Club, which we sponsor.

What business does the show generate?

Our display is manned by our people, who do lots of shows for us during the year, and it's oriented toward data capture, rather than selling. We get about 400 leads from the show, and convert between 5% and 10% of those during the year. Everything gets pushed out to dealers overnight.

This Rexton is not offered as a commercial vehicle, unlike the old one. What else is coming from SsangYong?

A Rexton-derived pick-up is coming in the middle of next year. We think it will take us more formally into the pick-up market. It's exciting times. You change the orientation of your brand from a Tivoli-dominated brand, in 18 months' time, to a brand selling perhaps 2,000 pick-ups.

≈ KEY RIVALS



3-yr-old Land Rover Discovery



THE BRAND,
PRESTIGE, STYLISH



PRICEY, RISK OF
COSTLY MAINTENANCE



Mitsubishi Shogun



TRIED AND TEST OFF-
ROADER, RESPECTED



LOOKS OLD, FUEL
ECONOMY



Kia Sorento



GOOD DEALER
NETWORK, SEVEN-
YEAR WARRANTY



REDUCED TOWING
AND OFF-ROAD
ABILITY

≈ REXTON REVIEW RATINGS

AUTOCAR



PARKERS



MOTORING RESEARCH



MG ZS: WILL ITS SMALL SUV BE THE CAR



The interior quality is not the greatest



MG has listened to feedback from GS owners on the dashboard layout



MG has an ambitious plan to double its sales volume, from an estimated 4,500 in 2017 to about 9,000 in 2018, taking it closer to its long-held aim to top 10,000 registrations a year.

Launched under the banner "a new era", the Chinese-owned brand is banking on the new ZS to help deliver those numbers.

The ZS is a small crossover, intended as a rival to established small SUVs such as the Nissan Juke and Renault Captur. It also faces tough competition from new models such as the Kia Stonic, Hyundai Kona and Seat Arona.

MG has focused its marketing strategy for the ZS on three areas: price, space and warranty.

Buyers can choose between three trims and two engines. Entry-level Explore models are priced from £12,495, with mid-range Excite cars from £13,995. The highest-spec Exclusive model is the predicted best-seller and costs from £15,495.

Compared with rivals, the ZS is about £2,000 cheaper like-for-like and offers a high level of specification as standard.

All models feature cruise control and Bluetooth, while the Excite has an eight-inch touchscreen infotainment system, alloy wheels, parking sensors and air conditioning.

Exclusive adds leather upholstery, sat-nav and a reversing camera.

There are no options across the range, so buyers will have to choose their model wisely. MG does offer a range of customisation accessories through the dealer network, but the only choice available from the factory is colour.

The engine line-up starts with a 1.5-litre, 106PS naturally aspirated petrol engine. Its fuel efficiency is an average 49.6mpg and propels the ZS to 60mph in 10.6 seconds. This engine is only available with a five-speed manual transmission.

For an extra £2,000, a 1.0-litre turbo-charged petrol engine is available. It is more

“

BY THE END OF THE YEAR, WE WILL HAVE 90 DEALERS. IT MAY NOT SOUND LIKE MANY, BUT IT GIVES US MORE THAN 65% COVERAGE OF THE UK
MATTHEW CHEYNE,
MG MOTOR UK

powerful (111PS), but only comes with a six-speed automatic transmission. As a result, its acceleration is not as good as the 1.5, taking 12.4 seconds to reach 60mph.

With more torque from lower in the rev range, the smaller engine feels more powerful on the road. It is also much quieter and more refined than the 1.5. MG expects the 1.0 to be the more popular choice among buyers.

Despite its relatively compact dimensions, interior space is impressive. There is adequate room for five adults and the boot is almost 100 litres larger than that of a Nissan Juke.

Perhaps understandable given the car's low list price, interior quality is not the greatest. However, MG has made a considerable effort to listen to feedback from owners of its other models.

Unlike its bigger brother GS, the ZS has a much more simple dashboard layout with far fewer buttons. There are also more soft-

TO HELP MG BREAK THE 10,000 BARRIER?



MG is targeting registrations of about 5,000 MG ZS's next year



£12,495
- £17,495



106PS 1.5-LITRE
VTI-TECH PETROL;
111PS 1.0-LITRE
T-GDI TURBO
PETROL



0-62MPH
10.4 - 12.1
SECONDS;
TOP SPEED 109
-112MPH



FIVE-SPEED
MANUAL OR SIX-
SPEED AUTOMATIC



44.9 - 49.6MPG



129 - 144G/KM CO₂

touch trim pieces. The new infotainment system is easy to use, has crisp graphics and great connectivity with Apple Carplay.

All ZS models come with a seven-year 80,000-mile warranty, which is manufacturer-backed and transferable.

The brand said it will have 90 dealers by the end of the year and hopes to grow by another 10-15 in 2018.

It no longer performs final assembly at its Longbridge site. Cars arrive fully assembled in the UK from China. MG says customers should be able to drive away in a car within days of purchase.

There are no PCP deals available on the ZS yet, but MG is working with CAP to firm up residuals. Instead, buyers are offered a five-year conditional sale scheme with 0% interest. Exclusive models are available from £199 per month with a £3,550 deposit with no final payment and full ownership of the vehicle at the end of the term.

MATT DE PREZ

Q&A



MATTHEW
CHEYNE, HEAD
OF SALES AND
MARKETING AT
MG MOTOR UK

How has the MG brand evolved?

Our early years were about re-establishing the company. Since 2014, we have been growing organically. We've taken our average customer age from 65 to 45. Some of them have never heard of the old MG Rover, they look at us as a new company. We've grown the network and by the end of the year, we'll have 90 dealers. It may not sound like many, but it gives us more than 65% coverage of the UK.

Have you lost any dealers?

We have cleared out some of the poorer-performing dealers this year – the most important thing is quality. It often comes down to the attitude of the staff. Putting the MG badge above the door doesn't get you hundreds of people coming wanting to buy one. We have to take the vehicle out to customers and show them and we depend on the dealer for that. Next year, we hope to add a further five to 10 sites to the network.

Are you targeting ZS fleet sales?

We've just appointed a new fleet

manager, and we are interested in selling to businesses near our dealers. The plan is to pick out a number of dealers and support them in marketing to their local business area. We can help with marketing, branding and demo cars, getting us out in front of people and raising awareness of the brand as a credible fleet option.

Why did you decide to keep the model range limited?

We try to keep everything simple. One of the issues we found with competitors is their line-ups are incredibly complex. The more complex the line-up, the more expensive the car is to produce, but also you end up with models you never sell. If buyers do want to personalise, it can be done at dealer level. There's a full range of accessories, decals and alloy wheels available.

Where is the profit opportunity for the dealer?

They make decent returns on selling our cars. It's not about chasing bonuses. Dealers make money on every car they sell. We could ask them to pre-register cars and give them incentive, but next month they still have to sell the cars, so it doesn't help. Last year, we did start to offer extra support, but it became like a drug and we had to switch it off.

KEY RIVALS



Nissan Juke

- ✓ STAND-OUT LOOKS
- ✗ DATED INTERIOR



Renault Captur

- ✓ EFFICIENCY
- ✗ LACKLUSTRE DRIVING EXPERIENCE



Seat Arona

- ✓ BUILD QUALITY AND REFINEMENT
- ✗ HIGHER STARTING PRICE

ZS REVIEW RATINGS

PARKERS.CO.UK



AUTO EXPRESS



AUTOCAR



MERCEDES-BENZ C220D SPORT ESTATE

REPORT
PROGRESS



APPROVED USED SCHEMES MAY PROVE THEIR WORTH IN 2018

New car volumes fell in November for the eighth month in a row, leaving many commentators to suggest that 2018 will be the year of the used car.

Mercedes-Benz registrations are up overall by 6.9% to November year-on-year, with C-Class sales up 6.5% this year to 43,793 units. However, in October they were down 24% and down 21% in November. Perhaps there is no better time to exploit the benefits of an approved used car scheme such as Mercedes-Benz's, the source of our C220D Sport estate.

Robert Redman, Glass's UK car editor for forecast values, said: "A successful scheme will not just increase footfall, and thus sales, but will also raise awareness of the brand in the used market, which is also good for long-term business."

"It could be as simple as potential buyers realising that, for the same price as a Mondeo or Insignia they could have a, perhaps slightly older, C-Class or 3-Series, or it could help to promote the first returns of a car that is new to the brand."

At Cap HPI, senior Black Book editor James Dower agreed: "An approved used car programme is one of the key factors where manufacturers can demonstrate the value of buying from a franchised dealership.

"While price will always be a concern to any buyer, the overall value of the whole deal is not to be underestimated.

"The customer benefits included in the used car programme allow franchised dealers to charge a premium above non-franchised competitors."

JEREMY BENNETT

MAZDA MX-5 RF 2.0-LITRE SPORT NAV

REPORT
PROGRESS



HEATED SEATS DELIVER A ROADSTER FOR ALL SEASONS

Winter tests the spirit of sports car owners. Those of us who still use their roadsters daily can only look on as others in premium SUVs and saloons switch on quick-clear windscreens and heated mirrors to banish the frost and get under way.

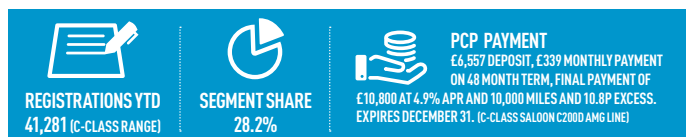
In our MX-5 RF's favour, it has very effective heated seats as standard at Sport Nav trim level and the folding hard top is well insulated, ensuring the cabin warms quickly.

Lowering the roof on a crisp, dry winter's day demands a heater turned fully on and some warm headgear, so it is possibly less glamorous than owners of the Mercedes-Benz SLC with its optional clever Aircarft system, which blows warm air around the occupants' heads. Still, MX-5 RF buyers can

have the warm feeling of knowing they have saved themselves at least £6,700 and own a car which leads the class for driving dynamics and value.

The damp, cold roads give even more opportunity for fun in the MX-5, at low speeds and in safety, thanks to its dynamic stability control system, which quickly reins in unwanted slides. Nevertheless, I'm not looking forward to the possible arrival of more snow, which can be the enemy of all rear-wheel drive cars unless they are on winter tyres.

Sales of roadsters naturally slow down as the daylight hours reduce – in October, there was less than one MX-5 registration per Mazda dealership – yet the franchised network has plenty of opportunities to promote this two-seater's virtues, whatever the season. **TIM ROSE**



≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Katie Wilson, sales executive at Snows Toyota in Honiton, correctly identified the Toyota Starlet 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 with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, January 12.





GDPR, are you ready?!

How much of your existing database will you be able to contact, post May 2018 ?

Call-It Automotive will enable you to retain the right to contact your customers after the GDPR deadline.

We will assist your business in establishing contact with your customers via email and telephone in order to seek the relevant permissions for future marketing activities. As part of this service Call-It Automotive will standardise, cleanse and enhance your DMS data.

Fully Managed

With prices starting from £1 per record for a Fully Managed solution, Call-It Automotive will manage both the Data Cleanse (lapsed customers, errors in data & DVLA checks) and fulfilment services via email and telephone.

Commitment Month	Discount	Un-leansed Database	Cleansed Database
December	30%	£1.00	£1.55
January	20%	£1.15	£1.75
February	10%	£1.25	£1.95
March	0%	£1.40	£2.15

Self-Fulfilled

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DEALERS MUST DO THEIR BIT TO FIX TECHNICIAN SHORTAGE

The motor retail industry 'must take the skill shortage as our problem'

Any 'state of the nation' conversation between franchised dealers at industry conferences or awards dinners these days almost invariably encompasses the subject of technician shortages.

Every dealer has anecdotal evidence of how hard it is to recruit and retain high-quality technicians, but there is an absence of actual statistics on the subject – which perhaps reflects the underlying causes of the problem facing the industry.

Guy Liddall, managing director of motor industry recruitment firm Motor Trade Selection, said: "As an industry, we have to take the skill shortage as our problem. If we can't attract [technicians], then we're doing something wrong."

Over the past couple of decades, the focus of the nation's education system has largely been on preparing pupils for higher education. This has been exacerbated by shortcomings in career guidance. Research from the Institute of the Motor Industry (IMI) earlier this year found 50% of young people surveyed had not received careers advice. Of those who had, 36% of 15-year-olds said the quality of the information was average, at best.

However, following initiatives such as the apprenticeship levy and calls from bodies such as the IMI for greater standards, apprenticeships are on the agenda again.

Toyota is just one of a number of companies investing in their provision. Paul Craven, general manager of the Toyota Academy, said: "The issues our dealers face with attracting and retaining trained staff are affecting the industry as a whole.

"We recruit around 100 apprentices per year, but at the same time our dealers experience a similar rate of attrition for their existing qualified technicians.

"We continue to promote the automotive industry to schools and colleges, providing



clearly defined career paths from apprentice to fully qualified technician."

The problem is deep-seated, said Liddall: "We have not been attracting enough good people into the industry, we have not been training them, we have not been creating enough good apprenticeships for a very long period of time. And if you think it's bad in workshops, then you need to look in bodyshops, because there it's chronic."

Remuneration and retention initiatives are becoming increasingly important to prevent mechanics moving on.

Craven said: "As a result of the lack of trained technicians in the sector, we have seen overall pay levels increasing, as dealers try to attract and retain the best qualified staff. To counter this, some of our network have their own staff retention schemes, with clear motivational or financial incentives in place.

"I have heard of company cars for technicians, although it's at best a neutral incentive, because they get taxed very heavily on it," said Liddall.

"The issue for dealerships is that I suspect every empty ramp costs dealerships something like £3,000 a week.

That's £12,000 of gross margin they lose a month to have an empty ramp. They have enough incentives to fill these ramps. But for whatever reason, they struggle at times to fill shortages because they don't have the flexibility and the ability to see that by maybe increasing pay and incentives, they can bring a few extra in."

Mike Hawes, chief executive of the Society of Motor Manufacturers and Traders (SMMT), emphasised that training the technicians of the future in sufficient numbers requires cooperation between industry, government and schools.

"The automotive industry has already invested heavily in apprenticeships and training for existing staff to grow and develop a new generation of skilled workers," he said.

"However, even more support is needed. The struggle to fill vacancies is holding back growth and opportunities for business, and it is essential that both the Government and industry work together quickly to identify ways to plug this gap. Future schemes must focus on quality, not just quantity – and more support is needed to promote STEM subjects in schools." **CRAIG THOMAS**

RESOURCES

TECHNICIAN TRADE SHOW

If you want to find technicians who are looking to improve themselves, attending next year's series of Mechanex trade shows should be worthwhile.
www.am-online.com/Mechanex

REQUIRED READING

Pick up a copy of *Talent Selection and Onboarding Tool Kit: How to Find, Hire, and Develop the Best of the Best* by Erika Lamont and Anne Bruce for ideas on recruitment and retention best practice.
www.am-online.com/RecruitmentBook



IMI TECHNICIAN ADVICE

IMI Autocity provides impartial careers information and advice on careers in the retail motor industry. A good direction to point anyone looking to become a technician.
www.am-online.com/Autocity

TALENT ON THE MOVE



CitNow has appointed former BMW general manager Ollie Parsons as its head of sales and client services.

The appointment follows the promotion of Sarah Sylvester, CitNow's former UK sales manager, to head of business development. The UK and international sales teams will continue to be led by Gordon Grant, global sales director.

Parsons has more than a decade of experience with blue-chip vehicle manufacturers, including two stints with BMW, where he was most recently general manager of aftersales strategy and planning.

He will be tasked with maintaining UK sales and client retention, as well as managing CitNow's field-based product experts and account managers.

"Having followed CitNOW for a number of years from a manufacturer's perspective, it's clear to see how technology is changing the way we buy, sell and maintain our cars. Being on the front line of driving that change is a hugely exciting prospect and a natural next step," said Parsons.

Grant added: "Having Ollie on board will bolster our ambitious growth plans here in our home market, which in turn will enable us to put more focus and energy into the ever-growing global opportunity."



Mike Wise has joined vGroup International as group sales director, following a restructure as the company readies itself for a phase of expansion.

The former Kwik Fit and ATS Euromaster director will be responsible for overseeing the integration of two recent acquisitions – Cosmos Motor Accessories and Middleton Manufacturing.

Wise has held a number of senior roles during his 37-year career, including director at technology solutions provider Epyx.



Jennings Motor Group has appointed Adam Price as franchise manager of its Middlesbrough Mazda dealership.

Having worked for the group since 2007, Price succeeds previous franchise manager James Chorlton, who was transferred to the group's new Mazda and Kia dealership in Sunderland.

Price said: "This is a fantastic opportunity for me and I'm delighted to have been given another opportunity to progress my career within the company."



Ashley Wiltshire has joined learning and development agency RTS Group as an account director.

Wiltshire will work on delivering learning and development to automotive retailers, car launches and RTS Group's F&I compliance arm, FIMTRAC.

His career in the motor industry began in 1986 and most recently he worked with a Channel Islands retailer, managing training and recruitment, and developing its social media channels.



Suzuki GB celebrated the graduation of 25 members of its Advanced Apprenticeship Programme (AAP) at Rockingham Motor Speedway. The annual event celebrates the successful completion of the hands-on learning initiative, which takes place over three years for automobile and motorcycle technicians, and 24 months for aftersales service and parts advisers.

ADVERTISING FEATURE

Investing in the car, van and bike markets

By James Tew, CEO, iVendi



We are in the process of making one of the single biggest investments ever made at iVendi – within a few weeks of you reading this, we will have recruited no fewer than 20 new software developers to our team.

This will significantly increase our capacity and give us the ability to deliver new and innovative technology at a faster rate than ever. Also, this wave of recruitment will mean we need to move into larger premises in Manchester and we are currently looking at suitable new office developments.

All of this activity will underpin our extensive product development plans for 2018. These include the new release in Q1 of our core platform, which will form an innovative end-to-end online motor retailing solution for new and used cars, vans and bikes.

Why are we doing this now? Well, we see next year as very much the one in which dealers, manufacturers and motor finance providers will start to engage with online motor retail in a much more committed fashion and the investment in people and premises that we are making is a substantial vote of confidence in this vision.

The technology, the buyer mindset, the dealer ethos and even general economic conditions are all pointing in this direction. Eight years after we started iVendi, we are in the position we planned to be in at the outset – with a unique and highly effective online motor retailing proposition and an increasingly receptive market.

These are very exciting times for us and there is a buzz around the company at the moment that is undeniable. In terms of online car, van and bike retailing, we believe that 2018 will be a decisive year.

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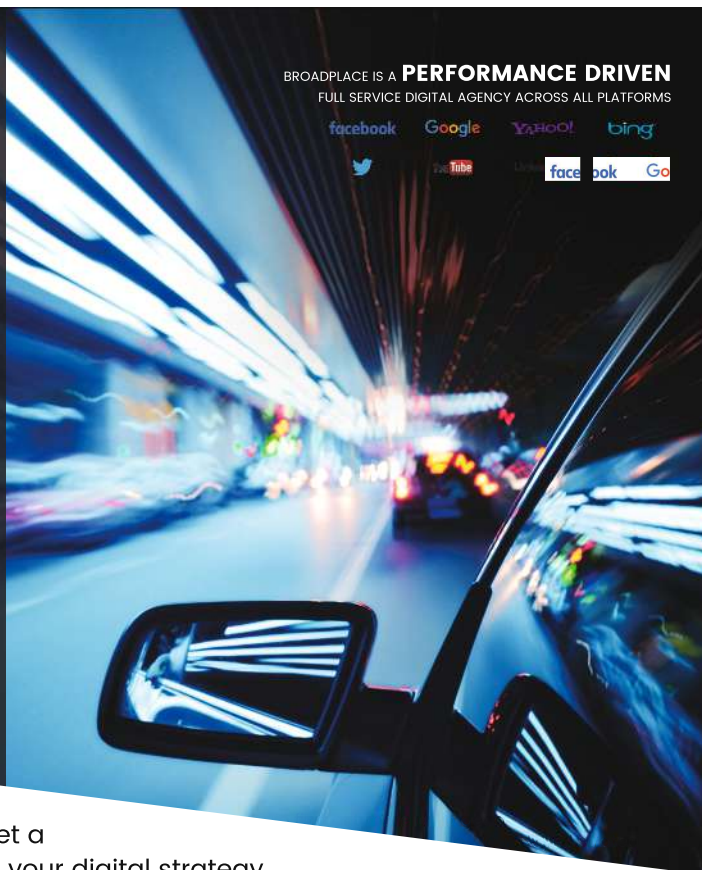
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12503	Asst Accountant	Bradford	To £28k
12502	Management Accountant	Lines	£36.5k +
12491	Management Accountant	Lincs	£40k
12489	Dealership Accountant	E London	£35k
12484	Dealership Accountant	Surrey	To £60k ++
12480	Payroll Assistant	NW London	£28k
12478	Financial Controller	Northampton	OTE £65k
12474	Dealership Accountant	E Kent	To £40K
12467	Finance Director	Avon	£Exc
12464	Financial Controller	W London	£Exc

OPERATIONAL

12517	Service Manager	W London	£49k
12516	Sales Executive	NW London	OTE £50k
12511	Snr Service Advisor	NW London	OTE £42k
12510	Snr Serv. Team Leader	NW Essex	£ Neg + OTE
12499	Regional Manager	Herts	OTE c£46k
12496	Service Adviser	Dubai	£34.5k tax free
12494	General Manager	Dundee	£Neg
12482	Audi Master Tech	E London	£45k +
12481	Vehicle Admin	W London	£30k OTE
12475	Workshop Controller	E London	£35k OTE
12470	New Car Sales Mgr	NW London	OTE £50k
12468	General Manager	Stockton on Tees	£Exc
12462	General Manager	Scotland	£60k Neg

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The talent's out there
The trick is finding it!

'GET THE PEOPLE WITH THE RIGHT ATTITUDE INTO THE BUSINESS'

Giving employees the freedom to explore opportunities, make suggestions and try new things without fear of failure will aid innovation and makes for a more engaged workforce

GILLIAN WILMOT BOARD MENTORING

To ensure your business is not left behind, you need to hire based on attitude and allow your staff the freedom to make mistakes, Gillian Wilmot told guests at the AM Executive Breakfast.

Wilmot is a mentor to chief executives and executive directors through her business, Board Mentoring, and advises ministers on infrastructure and investment projects seeking UK Government assistance in her role as a member of the Industrial Development Advisory Board. Wilmot launched the Next Directory and helped to drive change in businesses as varied as John Lewis, HSBC and PricewaterhouseCoopers.

Opening her presentation to the assembled car retailers at Simpsons in the Strand with a quote made famous by Mark Fields at Ford in 2006, Wilmot asserted: "Culture eats strategy for breakfast."

She added that the first thing she notices when entering a new business is what she referred to as the "too difficult" folder: "When you go into organisations and have to deal with all the stuff that everyone else has deemed 'too difficult', what will make those things happen, help to turn the fortunes of the business, is really down to the attitude of the people around you."

Wilmot said the best businesses are led by a structure that works hard to refine their recruitment and reward models, appointing new staff on attitude and then giving them the freedom to help drive the business in a positive direction.

"There are two types of people in this world, people who suck energy out and those who put energy in. We waste a lot of time on the energy sappers. We want to recruit on attitude, for those who drive forwards," she said.

A business's reward structure is often closely aligned to how adaptable it is to changing market forces and how readily it will embrace change and innovate to succeed, according to Wilmot.

She said: "Henry (Engelhardt, chief executive) at Admiral Insurance used this analogy: 'You stick a frog in a pan of lukewarm water and it will stay there until it boils to death. Throw a frog in a pan of boiling water and it will very sensibly hop straight back out again'. That's the same with business."

"We all get into this safe zone about how a market works and until someone pushes us out of that we never know any different until it's too late. That's the risk."

"You have to get the people with the right attitude into the business and get them to figure out the solution to the problem."



“THERE ARE TWO TYPES OF PEOPLE IN THIS WORLD, PEOPLE WHO SUCK ENERGY OUT AND THOSE WHO PUT ENERGY IN. WE WASTE A LOT OF TIME ON THE ENERGY SAPPERS

**GILLIAN WILMOT,
BOARD MENTORING**

Allowing employees the freedom to explore opportunities within the business, make suggestions and try new things without fear of failure is central not only to innovation, but also a happy, engaged workforce.

Wilmot said: "Give people the freedom to do something different, give people the freedom to take the initiative. That's how you create change."

"Fear of making mistakes is a big stalling point. The mistake is nearly always recoverable. Don't bet the franchise on it, but allow people to try something."

A misalignment of remuneration can also create a workforce that lacks motivation.

Wilmot said she learned most "about people" during her time as marketing vice-president at Avon – which relies on a workforce of 150,000 independent contractors – and as chairman of Derbyshire Probation Trust.

She said Avon employs 90% carrot and 10% stick to drive results.

"The people that do recognition best are the volunteer sector," said Wilmot.

"Generally, a huge focus tends to be put on the money, but much of the key to success in this area is ensuring that people feel recognised for what they do."

"This is why charts of who is top performer work really well. No one wants to be bottom."

TOM SHARPE

ADVERTISING FEATURE

EXECUTIVE PANEL

Industry professionals share

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

VIDEO

Focus on the customer with video and images

By Adam Price, MD and founder, AutosOnShow.tv



Car buyers have more choice today than ever, and dealers need to make the most of every opportunity when competing for the attention of the retail customer.

Video is proven to support the customer buying journey and it is important to cherish every hard-won enquiry. The use of great images will build a closer

connection to the customer and increase conversion rates when they visit the showroom.

The data is clear from hundreds of retailers in the UK and Europe that consumers are increasingly using video when researching their next purchase.

Ensuring that teams at all sites keep images up-to-date with current stock is essential. Every vehicle not uploaded is potentially an opportunity missed. AutosOnShow has developed one of the most comprehensive support packages in the industry to ensure that everyone can use the platform quickly and efficiently.

The AutosOnShow Dealer Solution is designed to be easy to use on the busiest of forecourts and captures high-quality video and imagery to improve footfall.

The solution produces consistent, high-quality video and imagery without the need for any face-to-face training. Users simply follow the step-by-step pre-populated guides for the brand and within minutes the video and images can be live on the dealer website and third-party websites, such as Auto Trader.

It's clear consumer behaviour is changing, and video is leading the drive. As part of BCA, AutosOnShow is leading the automotive industry through innovation and service to sell more vehicles, improve customer relationships and speed up the remarketing and retail process.

■ To find out how AutosOnShow can help you, visit AutosOnShow.tv.

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VALETING

Ease the labour burden in 2018

By Martin Peters, sales director, Autoclenz Group



A Happy 2018 to you from all of us at Autoclenz. 2017 was a record year at Autoclenz in terms of new business gains and customer retention and now we get to do it all again.

Autoclenz partners the best across all sectors of the motor industry including eight of the top 10 AM100 dealer groups, as well as car rental, volume refurbishment and preparation companies.

A diverse range of clients choose Autoclenz due to our four pillars of compliance, unmatched account management, robust service delivery and innovation. However, it is not enough just to deliver what you have always done. We understand the challenges that face our clients and are constantly recommending solutions, adding value and ultimately delivering.

Labour is harder than ever to attract and retain since the Brexit vote, so share the burden with a tried and tested partner who understands your business, the challenges and the solutions that will improve your bottom line.

So if you are struggling with a poorly managed and delivered valeting solution, come and have a look at Autoclenz and let us benchmark your current arrangements.

We can also bring our expertise in providing additional services including imaging, cosmetic repairs, and logistics operators to add value to any modern dealership. Outsource and share the challenges you face in 2018.

■ For more information on the difference that Autoclenz can make to your business, please call Lucy on 01283 554 682 or visit our website at: www.autoclenz.co.uk

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AUCTIONS

Accurate valuation builds confidence

By Simon Henstock, BCA chief operating officer, UK remarketing



With fewer customers stepping through dealership doors these days, it's important for dealers to be able to offer a quick and efficient valuation process on a part-exchange vehicle. It's also important that this does not add to the proliferation of systems a dealer is expected to use, but fits in seamlessly with existing

systems and processes.

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

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

Once the car's information is entered into the system, BCA Dealer Pro can offer market values to the user, allowing them to relay accurate and dependable prices back to the customer.

For non-retail stock, Dealer Pro has already captured all the information dealers need to start the remarketing process. Vehicles can then be sent directly to the BCA online catalogue straight from the device.

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



FINANCE

A round-up of 2017's car finance trends

By Shaun Harris, sales director, Codeweavers



In previous editions of *AM*, we focused each month on the car finance trends in specific cities in the UK. In this edition, as the year draws to a close, we thought we would provide you with a 'full year' view of the finance trends we have found throughout 2017 in the UK, based upon consumer activity.

This year, more than 30 million unique car buyers viewed a finance quote on dealer websites from a Codeweavers plugin calculator and more than 11m went on to personalise a finance quote to their needs. Unquestionably, this demonstrates the value of a finance calculator in helping a dealer's digital 'stickiness' and more especially in helping to capture the attention and interest of would-be car buyers.

The most popular finance quote information entered by car buyers was a term of 60 months, a deposit of £1,000 and a monthly payment of £200. Very evidently, the monthly payment is important, but at the same time, so is a low deposit.

This may be the generic picture, but we encourage dealers to use their own finance calculator data from your website to determine what your car buyers are entering. You can then change your default finance quote information to match your real-life customer needs.

In terms of timing, unsurprisingly, September was the most popular month for calculator activity. What will be more useful is the fact that the most popular day that car buyers personalised a finance quote was a Monday. Going further, car buyers' interactions with a finance calculator typically peak at 7pm. So have your staff in place to manage any enquiries at this time and be imaginative with offers etc, at these times.

We hope this proves useful.



EIGHT QUESTIONS TO...

HEAD OF DEALER AND DIRECT MARKETING

Kia's Sanka De Silva believes customer service can never stand still, that his legacy spurs him on and why planning a family holiday is the best way to relax



What are the main responsibilities of your role?

DE SILVA: As the head of dealer and direct marketing, I am responsible for the strategic direction of dealer, tactical, aftersales, fleet and direct marketing at Kia Motors UK.

One of my key responsibilities is to act as the custodian of the brand on behalf of the UK executive management. It is my duty to ensure we represent our core brand values to both our customers via our communications and to our dealers through point-of-sale and dealer events.

I am also leading an alternative fuel project team with a sponsor at Kia Motors UK.

What are the most significant challenges ahead in your field of work?

DE SILVA: I'm a big believer that we cannot stand still. If we do something unique today, it would be a surprise or bring added benefit to the customer, but it would be the norm tomorrow.

With regards to dealers, the market is tough and profitability is always challenging. We have to work with our dealer partners to ensure that we increase our efficiencies, ranging from showroom standards and dealer marketing to lead management.

Looking at things that sit outside our control, legislation such as GDPR is no doubt a challenge for anyone who owns a database and needs repeat business. We have to give clear reasons to customers to ensure we get their consent to speak to them again.

How might those challenges be overcome?

DE SILVA: Firstly identify the challenge, do a lot of research to give you sufficient information to take an educated judgement or calculated risk, define the outcome of your expectations, launch a solution with a clear plan and a strategy with the end-user in mind and finally the most important step would be to follow up and review every step of the way.

What attracted you to this area of expertise?

DE SILVA: My role provides me with the opportunity to interact with the two most important stakeholders – the customers and the dealerships.

My experience in marketing allows me to ensure that

the customer is at the heart of everything we do and we plan our activities around the customer's requirements. Having worked in sales, I also understand the importance our partners – the dealerships represent our brand to a customer. We have to trust and rely on our partners to showcase our brand values.

Our job is to consistently find smart marketing initiatives to build brand awareness and promote our models while delivering a profitable solution to our dealer partners and exceeding customer expectations.

What's the most important thing you've learned in your career, and how have you made use of it?

DE SILVA: The importance of a team. You can have the best idea and process, but in our industry we rely on the teams to deliver our vision. You can only be as good as your team.

Whatever job I've had, I've always tried to take the team with me on the journey. No one likes change in a team, but we all like to enjoy the benefits of a positive change. I always try to create a culture where my teams are working hard to achieve a common goal while helping each other out. **MATT DE PREZ**

QUICK-FIRE QUESTIONS

What drives you?

A successful legacy. I am always striving hard to ensure that I achieve mid- to long-term success.

What's your favourite app?

An app called Between. With laptops and mobile phones, you can never switch off. Between is basically a calendar I share with my wife to ensure we plan for life outside both of our jobs.

How do you relax?

Travelling. As a family, we try to plan a few holidays a year. Choosing a location, preparing for it and reviewing the holiday pictures is a great way to relax. Bora Bora is definitely the best place I've visited to date.

AM

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THIS MONTH'S QUESTION TO THE AM TEAM:

What are you most looking forward to in 2018?

EDITORIAL

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► **My children swimming at the county championships for the first time**

Editor Tim Rose 01733 468266
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► **A house extension and new kitchen**

News and features editor Tom Sharpe 01733 468343
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► **Finally getting an EV chargepoint plumbed into my house**

Head of digital/associate editor Jeremy Bennett 01733 468261
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► **A two-week holiday in the sun (destination yet to be decided)**

Web producer Elizabeth Howlett 01733 468655
Elizabeth.Howlett@bauermedia.co.uk

► **Superhero films in abundance**

PRODUCTION

Head of publishing Luke Neal 01733 468262

► **Five days' extra holiday (for long service)**

Production editor Finbarr O'Reilly 01733 468267

► **The sweet, sweet sobbing of Brexiteers**

Senior designer Erika Small 01733 468312

► **My trip to Washington DC in the spring**

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AM PORTFOLIO

WHAT WE DO IN YOUR INDUSTRY



AM magazine

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

Independent Dealer magazine

Independent Dealer is published every spring and autumn. The spring edition brings you the ID50 rankings and analysis of the largest used car retailers in the UK. The autumn edition shares best practice to help readers understand where the growth opportunities lie.



AM Awards

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



AM-online

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

AM Executive breakfast club

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

AM conferences

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

Automotive Management Live

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

AM100

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