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UK MD Rob Lindley aims to sell 50,000 vehicles a year by 2022

2019: A LOOK AHEAD

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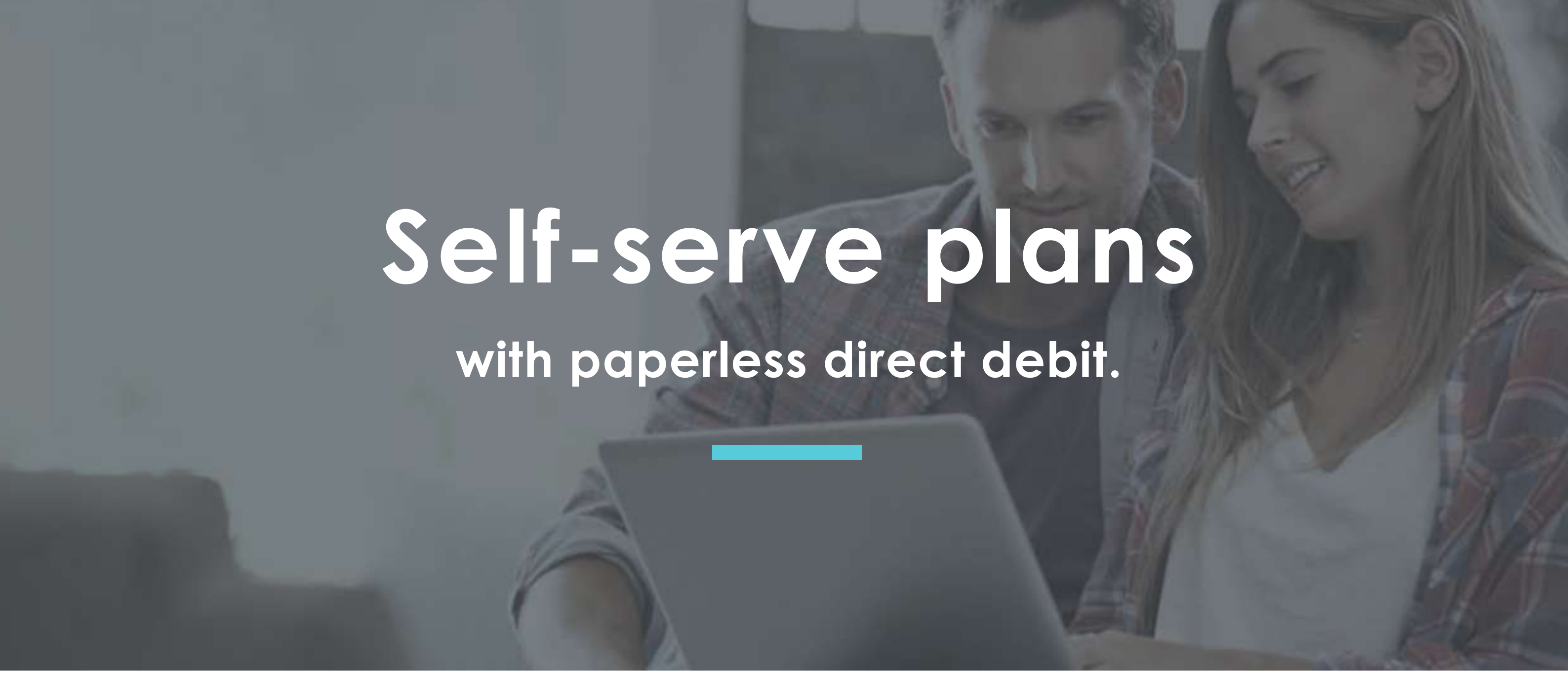

Self-serve plans

with paperless direct debit.

40% of quotes are generated outside of business hours. (Peak is 8pm)

17% of quotes are generated at the weekend

26% of visits to the self-serve plan page result in a quote

14% of online bookings click through to self-serve plans

10% of quotes created online convert to a plan sale with paperless direct debit enabled vs. 5% without

When customers visit your website today, they're both consciously and subconsciously comparing the design, usability and functionality to those from some of the world's biggest brands, like Apple and Nike. If your offering doesn't compare, your reputation could suffer. Dealers need to become customer-centric to succeed, this starts with your website and providing digital customer self-service tools. Those dealers that offer online features that would normally only be available to a customer while in dealership will have more success than those that don't.

One such facility is self-serve plans. Customers should be able to configure a plan to their requirements from a VRM lookup and purchase directly from your website. eDynamix offer such a solution which is available to your customers 24 hours a day, 7 days a week. Our self-serve plan feature is fully customisable, responsive and can be embedded in your website, regardless of your website supplier, and is also available through API to allow 3rd party companies to build their own interfaces.

Quotes can even be configured in-dealership, then amended and confirmed by the customer from the comfort of their own home, or vice-versa. If a customer enters their bank details, they can confirm it immediately online using our paperless direct debit option.

Digital self-service technology is going to have an enormous effect not only on customer service provision, but also the way businesses market themselves and compete with one another.

The technologies at the heart of self-service tools have the potential to revolutionise every aspect of a dealer's business. Whatever the future holds, digital self-service technology is leading the way and dealers need to start preparing for it now because, without it dealer's will fail to meet their customers' expectations.

EDITOR'S LETTER

Motor retailing is changing. That may send a shudder down our spines, as humans, generally, are creatures of habit. But change can be a good thing if you have opened your eyes to it and thought through the likely outcomes.

That thinking is critical for all automotive management. We are all so busy with today, that it is hard to clear our heads to think about tomorrow. But our teams can be trusted to manage today. Our people have the skills, flexibility and work ethic that keep our businesses' engines running, and deal with any breakdowns, while we must plot the course and arrange any refuelling and revisions along the way.

Throughout, we must keep our teams informed about their new opportunities and threats, and we must invest in giving them the new skills, support, processes and equipment that will allow them to embrace change. Some companies I speak to describe their employees and the Apprenticeship Levy as major costs. But it is our people that make our businesses. If they all leave tomorrow, no amount of technology and processes will keep us afloat. Yet compare how much our businesses invest in technology, new widgets and facilities, against our investment in training and managing our people.

Our people can and will cope with change, if we prepare them properly. Whatever the months ahead will bring, don't allow them to be remembered for failures, deficiencies and disputes. Let's make 2019 the Year of Our People.

Wishing you a happy and prosperous new year.

MEET THE TEAM

Tim Rose
Editor

Tom Sharpe
News and features editor

Stephen Briers
Editor-in-chief

Jeremy Bennett
Head of digital/ associate editor

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INSIGHT

PRE-OWNED SPECIALISTS EXPECT A HAPPIER NEW YEAR

Franchised retailers more pessimistic than independents on turnover, profits and volumes

Independent car retailers are entering 2019 with a more positive outlook than their franchised counterparts, according to the findings of a new survey conducted by *AM*.

With the Society of Motor Manufacturer and Traders (SMMT) predicting a further 2.4% decline in new car registrations in 2019 (to 2.325m) it is clear that competition will heat up in the used car sector.

As explored by *AM*'s news insight on the used car sector last month, consumer uncertainty ahead of Britain's planned departure from the EU on March 29 and continued constraints on new car supply as a result of the Worldwide harmonised Light vehicle Test Procedure (WLTP) will mean a continued focus on the stocking and sale of pre-owned cars.

But those without an interest in both new and used sectors appear to be more confident about their future fortunes.

The majority (60%) of independent respondents to the recent '2019 Outlook Survey' expect to increase turnover in 2019, while 44% expect profitability to increase in the year ahead with used car finance volumes also growing, according to 55%.

> **I BELIEVE IT IS INEVITABLE THAT THE FCA WILL FIND AREAS WHERE WE COULD ACCELERATE OUR RATE OF CHANGE**
>
> **SPENCER HALIL, ALPHERA FINANCIAL SERVICES**

In contrast, less than a third of respondents (31.9%) from the franchised sector expect turnover to rise in 2019, while just 28.7% were planning for growth in profitability.

The weakness of the new car sector appeared to be the key driver in franchised retailers' less positive outlook.

In contrast to the 51.1% of franchised retailers who expected used car finance business to grow, just 26.7% thought they would see growth in new car finance during the period.

Finance profits could yet come under greater scrutiny in 2019, however, with the FCA's full review of the automotive finance sector yet to be published as *AM* went to press.

It will deliver findings on the culture of firms; affordability and how dealers and lenders make assessments; business-to-business incentivisation and how it affects selling behaviour; and the clarity and accuracy of point-of-sale information.

Alphera Financial Services director Spencer Halil said the report could have "far-reaching consequences".

"While we can be pleased with the progress our industry has made in these areas over recent years, I believe it is inevitable that the FCA will find areas where we could accelerate our rate of change," he said.

TURNING DOWN THE VOLUME

In pure car retail terms, 63.83% of the survey's franchised retailer respondents said new car sales would decline in 2019, compared with 18% who thought they would increase and the same amount who saw volumes remaining flat.

An increased reliance on used car sales was indicated by the belief of 69.15% of franchisees who expected their used volumes to increase.

Among independents, a lesser 64% said volumes would increase while 28% felt their volumes would see a decline, compared with just 12.77% of franchisees.

At December's "Challenges of 2019 Seminar", hosted by the Vehicle Remarketing Association (VRA), Philip Nothard, Cox Automotive's customer insight and strategy director, told delegates to expect a "positive start" to 2019 as car manufacturers' new car supply lines start to free up in Q1.

Drawing from an automotive sector insight report, compiled in partnership with Grant Thornton, he said: "We'll see some of the supply come back in from the lease sector as new car supply increases again, along with PCP renewals, and this will also see many franchised operators shift their focus back towards new vehicles."

Alison Ashley, RSM's head of automotive, predicted that the shortfall in supply that has affected franchisees' new car sales in recent months – Volkswagen Group brands accounted for almost half of the UK market's 20.5% overall decline in September – could be enough to force some out of business, however.

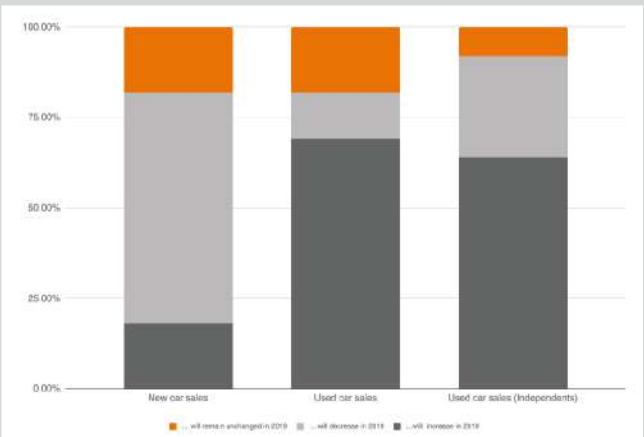
She said: "WLTP is not alone in exerting pressure in the current market, but it will be a reason for some closed businesses, I'm sure."

AFVs – A NEW HUNTING GROUND

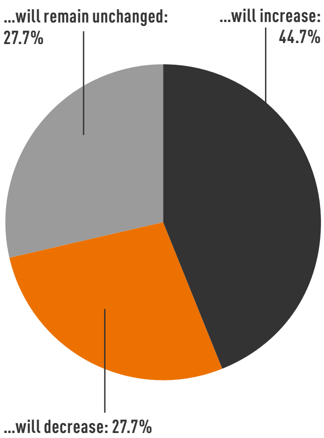
Competition among car retailers looking to stock alternative fuel vehicles (AFVs) will increase in 2019.

The SMMT has predicted a 21.1% growth in new AFV sales in 2018 (EVs up 13.2%) will be followed by a

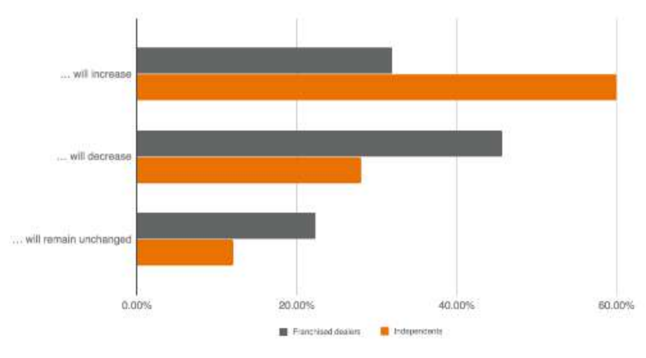
CAR SALES IN 2019



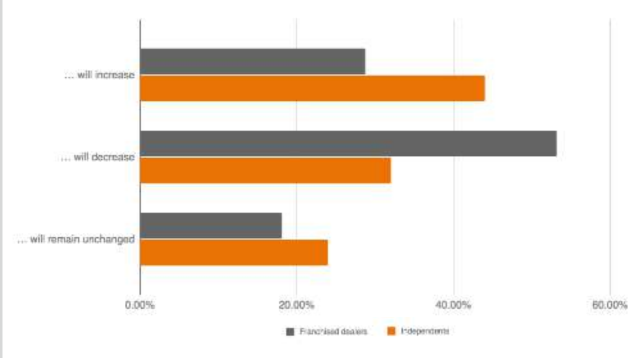
PRE-REGISTRATIONS IN 2019 ...



TURNOVER IN 2019



PROFITABILITY IN 2019



rise of 19.7% in 2019, with a 25.7% rise in EVs, taking the overall market shares to 7.5% and 3% respectively.

In predictions made specifically for the EV battery market in 2019, electronics design consultancy ByteSnap Design speculated that the Department for Transport's (DfT) cut in the plug-in car grant (£1,000 less for hybrids and nothing for cars with a zero-emissions range of less than 70 miles) would see the new and used AFV sectors diverge.

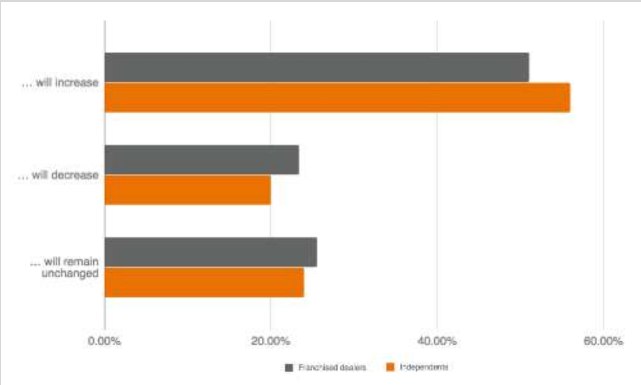
Pure EVs will generate greater growth for franchisees in 2019 as they still qualify for a £3,500 PICG (a reduction of £1,000), while the less-in-favour PHEVs will attract increasing numbers of consumers as used vehicles.

ByteSnap Design said: "Given the poor market in the rest of the automotive sector and the cutback in allowances on PHEVs, battery-electric vehicles (BEV)s will surge."

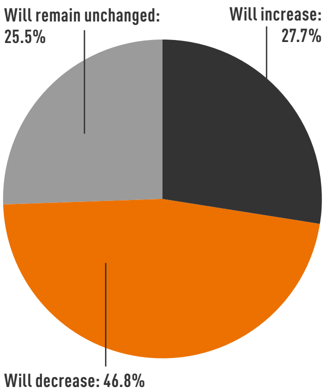
AM's survey reflected an expectation of growth in demand for AFVs, and independents see themselves increasingly competing with franchised car retailers for wholesale stock.

While 64.89% of franchisees said they were expecting a rise in sales of AFVs, 60% of independents expected the same.

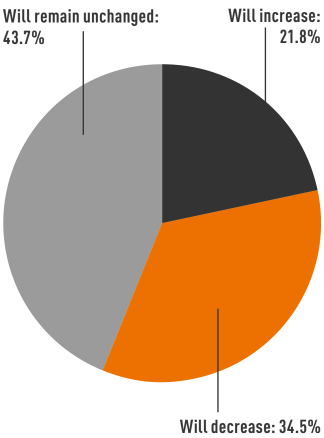
USED CAR FINANCE IN 2019



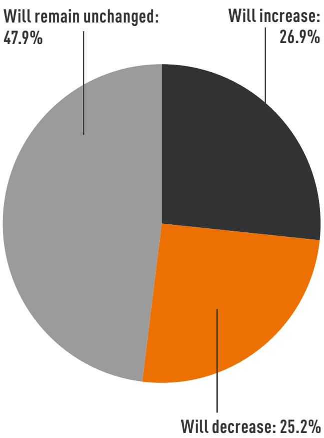
NEW CAR FINANCE IN 2019



HEADCOUNT (FRANCHISED AND INDEPENDENTS)



ACQUISITION INVESTMENT (FRANCHISED AND IND)



Franchised retailers will need to sell more AFVs if they are to plug the gap left by diesel vehicles.

Declining appetite for the fuel type led 85.11% of franchisees to predict that new diesel volumes would decrease in 2019.

The SMMT has forecast that sales of new diesel vehicles will decline by 12.2%, taking its market share to 28.3%.

The effects may be less severely felt in the used sector, with 53.19% of franchisees and 60% of independents predicting a decline in diesel cars.

BREXIT'S ILL WIND

As *AM* went to press, the Prime Minister, Theresa May, had postponed a vote on her Brexit deal just days ahead of a return to Brussels to continue discussions with EU officials.

The move caused the pound to fall to €1.109, its lowest value for 18 months.

Many see the value of sterling as a key driver of the market in 2019.

Owen Edwards, an associate director at Grant Thornton, said the weak pound is likely to prompt further consolidation, with acquisitions driven by overseas investors.

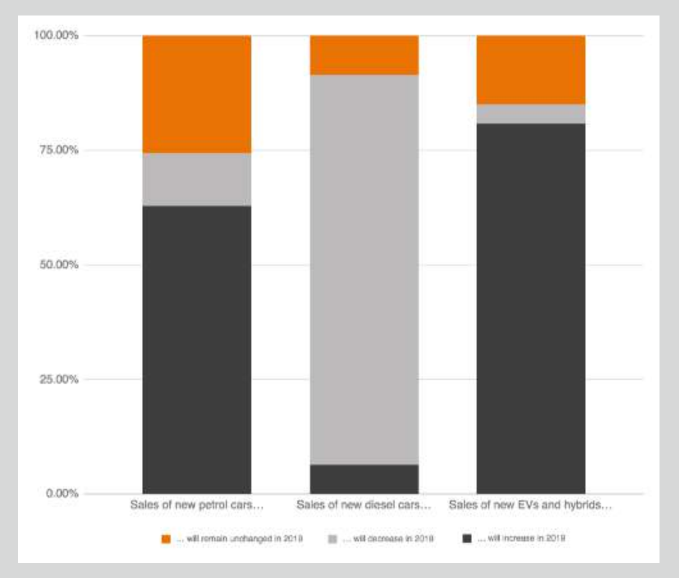
Just more than a quarter of respondents to *AM*'s survey (26.9%) said they anticipated increasing their investment in acquisitions in 2019, compared with 34.5% who said it would decrease and 43.7% who expected it to remain unchanged.

Headcount may also suffer as investments are squeezed, it seems, with 34.5% stating that their investment in this area would decrease, compared with 21.8% who said it would increase and 47.9% who said it would remain unchanged.

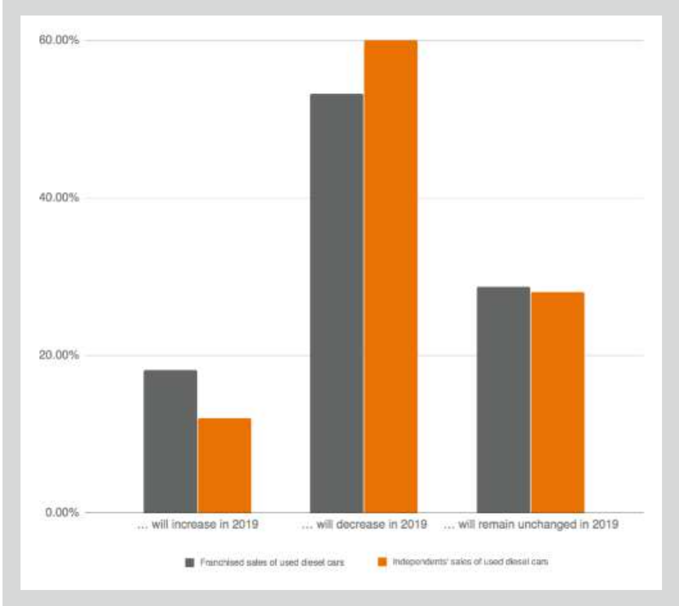
But Edwards believes that "consolidation will continue to play a major role" with "Brexit and the uncertainty around that has to be taken into consideration".

He said the weak pound had led to interest from South Africa (Super-group and Imperial Holdings), Saudi Arabia (AW Rostamani) and Hong Kong (Lei Shing Hong) in recent years and he expects

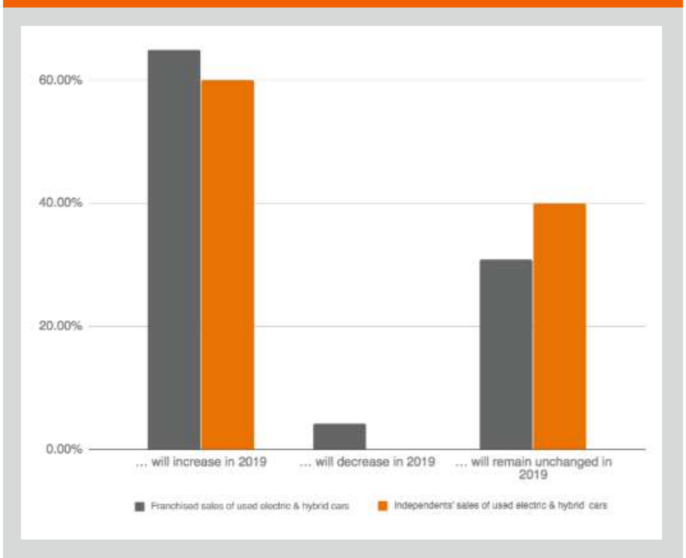
NEW CAR SALES IN 2019 BY FUEL TYPE



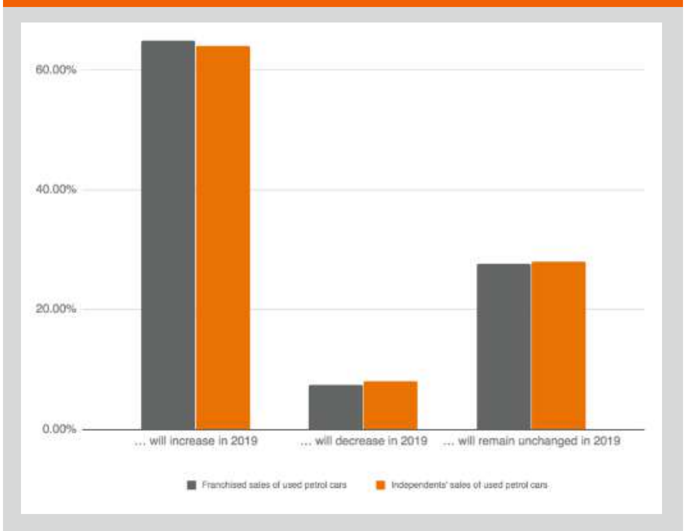
2019 SALES OF USED DIESEL CARS (FRANCHISED VS IND)



2019 SALES OF USED EVS AND HYBRIDS (FRANCHISED VS IND)



2019 SALES OF USED PETROL CARS (FRANCHISED VS IND)



that trend to continue.

He said manufacturers would also continue to drive consolidation in 2019.

"We have seen consolidation of sites from JLR, and Vauxhall has taken huge strides in reducing the size of its network. We expect this trend to continue", he said.

The weak pound has also made the UK a comparatively more appealing prospect for car manufacturers importing vehicles from outside the EU.

To the end of November, Mitsubishi (whose new car registrations were up 30.74% year-on-year) was among a number of Asian brands recording growth in a faltering market, including Toyota, Lexus, Kia and Honda. These brands look most likely to continue to deliver volume to UK shores in an attempt to increase market share, especially given that the 10% import tax already levied against Japanese imports would make many of them more competitive in the event of a hard Brexit.

> **"WE HAVE SEEN CONSOLIDATION OF SITES FROM JLR, AND VAUXHALL HAS TAKEN HUGE STRIDES IN REDUCING THE SIZE OF ITS NETWORK. WE EXPECT THIS TREND TO CONTINUE** OWEN EDWARDS, GRANT THORNTON

Despite the falling volume of new car registrations, which is predicted to continue in 2019, 44.68% of respondents to *AM's* survey said they expected pre-registrations to be on the rise in 2019, compared with 27.66% who said they would decrease and the same percentage who expected the incidence of pre-reg to remain stable.

Alison Ashley believes many retailers need to prepare better for Brexit, whatever the outcome.

She said: "As a firm, we're Brexit-mad, but dealers just don't seem to care. They say 'what will be, will be'.

"I think from a network perspective they should be paying more attention and acknowledging that what is a manufacturer problem will soon become their problem." TOM SHARPE

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.

Automotive Management Live

Our flagship event at the National Exhibition Centre in Birmingham offers something for automotive managers at all levels, from franchised dealers and independents alike. It combines an exhibition hall packed with more than 60 exhibitors and best-practice workshops spanning important aspects of dealer operations, plus insights and thought leadership from trade bodies, industry analysts and leaders of some of the biggest businesses in UK automotive retail.

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 an 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.com

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 conferences

Inspiring case studies, sector specialists' advice, 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 F&I regulation.

AM100

Profitability, growth and acquisitions are regular subjects of conversation at the annual *AM*100 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.

THIS MONTH'S NEWS HIGH

NOV

13th

REPAIR COMPANY EMPLOYEE JAILED FOR DATA BREACHES

The Information Commissioner's Office's (ICO) first prosecution under the Computer Misuse Act resulted in a six-month jail sentence. Former Nationwide Accident Repair Services (NARS) employee Mustafa Kasim accessed thousands of customer records containing personal data without permission after starting a new job at a different car repair organisation.

19th

GHOSN AND NISSAN INDICTED IN JAPAN

Nissan and its former chairman, Carlos Ghosn, were both indicted by Japanese authorities amid allegations of "financial misconduct" involving Ghosn under-reporting his income. Following his arrest in November, Ghosn has been ousted as chairman of Nissan and Mitsubishi Motors and temporary replaced at Renault.

21st

CAMBRIA REPORT 19.7% DROP IN PRE-TAX PROFITS

Cambria Automobiles recorded a 2.2% decline in revenues (to £630m) and 19.7% drop in profit before tax (to £9.1m) as it completed an overhaul of its franchise representation in its financial year to August 31. Cambria chief executive, Mark Lavery (pictured), said there had been "significant disruption" to operations.

RICHMOND ACQUIRES FORMER FIAT SHOWROOM

Richmond Motor Group completed the acquisition of a former Fiat and Abarth showroom in Drayton. Property consultants Holloway Iliffe & Mitchell said the 12-car showroom would allow Richmond to "add to its existing Hyundai and Citroën portfolio".

22nd

VAUXHALL LAUNCHES TRIAL OF VIDEO DEMO SERVICE

Vauxhall started a trial live video streaming service for vehicle demonstrations at the Tony Levoi Vauxhall dealership in Romford, Essex. The new service, provided by live video supplier Go Instore, allows customers to receive live interactive demonstrations and ask questions to the retailer sales team.

IN DETAIL
To view the full story go to am-online.co.uk/news

22nd

PENDRAGON APPEALS FINE FOR FAILING TO DISCLOSE EX-RENTAL CAR'S HISTORY
Pendragon said it would appeal a £144,000 fine after a Middlesbrough Court ruled that it failed to tell a customer that a used car it sold was an ex-rental vehicle.

27th

PENTAGON TO ACQUIRE THREE TRUSTFORD SITES
Pentagon Motor Group is to acquire three Ford dealerships from TrustFord – in Warrington, St Helens and Runcorn. Pentagon Motor Group managing director, David Lewis, said: "Working together with TrustFord, this promises to be a smooth transition."

29th

INDUSTRY PAYS TRIBUTE TO NAS KHAN
The sudden death of Nas Khan, the former Jennings Group managing director, prompted sector-wide tributes. A spokes-woman from the group described Khan as "one of the best bosses and one of the nicest people you'd wish to meet".

DEC

3rd

JCT600 CLOSES SHIPLEY VAUXHALL SITE
JCT600 closed its Vauxhall franchise in Shipley – reducing its representation with the PSA Group brand to two sites. The Salts Mill Road site closed on November 30. All but one employee moved to another role within the group.

4th

CARGURUS TO ACQUIRE PISTONHEADS

CarGurus signed an agreement to acquire the PistonHeads used car retail website from Haymarket Media Group. Commenting on the deal, which is expected to be completed in early 2019, CarGurus chief executive, Langley Steinert (pictured), described PistonHeads as "a perfect fit" with its "consumer-centric model and pioneering ethos".

11th

EX-SSANGYONG BOSS PAUL WILLIAMS DIES, AGED 57

Tributes were paid to Paul Williams, the former UK boss of SsangYong, Kia, and Daihatsu, after he died suddenly following a short illness. *AM* understands that Williams, 57, was taken ill after contracting Creutzfeldt-Jakob disease, more commonly known as CJD .

MARKET SHARE

IS VAUXHALL ABOUT TO LOSE ITS PLACE IN UK'S BIG THREE?

Collapse in hatchback market leaves Astra-maker at risk from BMW and Mercedes-Benz

The least likely statistic for the month of November (and possibly the year), is that BMW took third place in the UK, bumping Vauxhall to fourth.

Nor was November a freak month – year to date, both BMW and Mercedes have a 7.2% share, while Vauxhall is on 7.4% (down from 7.6% 2017). Vauxhall, ahead by only 4,000 units, is likely to ensure enough cars are registered in December to maintain its third place for 2018, but it is by no means certain.

This raises the question of what will happen to Vauxhall in 2019 if it continues to lose market share while BMW and Mercedes continue to grow. Both BMW and Mercedes benefited in late 2018 from supply shortages at Audi, so their share in recent months has been boosted. However, with the new A- and B- Class from Mercedes, and 3 Series from BMW, helping sales in 2019, Vauxhall will need to arrest its market share decline if it is to have any hope of keeping third place in the UK.

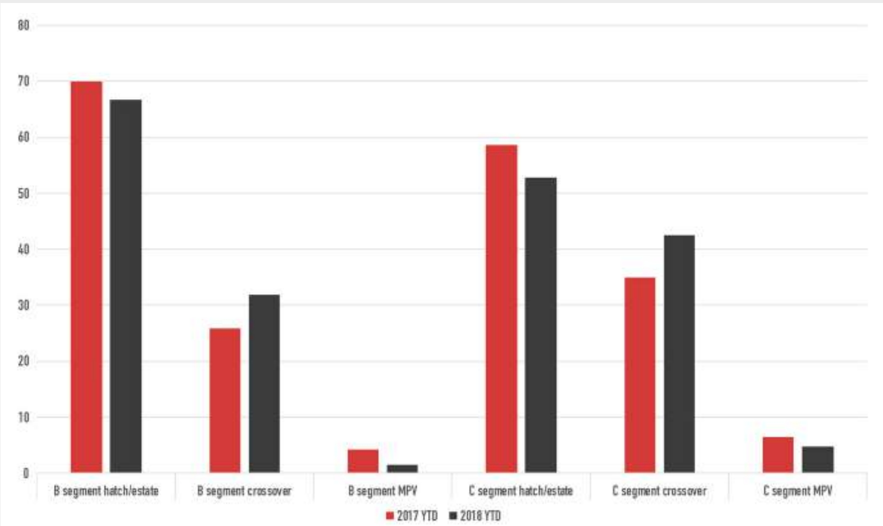
Vauxhall's biggest problem is the Astra, which is down 38.8% and now has to face the new Focus. To be fair to the Astra, the decline is not quite as bad as it looks – total C-segment hatchbacks and estates fell by 15.3%, so almost everyone experienced a decline.

In fact, 2019 could be the year C-segment crossovers outsell traditional hatchbacks and estates. Crossover sales accounted for 42.5% of the C-segment YTD 2018, while hatchbacks and estates took 52.8% (the balance being MPVs). The corresponding share for the previous year was 34.9% for crossovers, so segment leadership is not far away, given current trends. The ageing Nissan Qashqai may be suffering now (-21%), but it shows how far-sighted Nissan was when it anticipated the rise of the crossover with the 2006 original.

The corollary of a growing crossover sub-segment is that hatchbacks find it harder to cut through and establish themselves. There is now a long tail of C-segment hatchback models that hardly seem worth importing to the UK (a bit like the D-segment 10 years ago, when models such as the Renault Laguna hung around dealer forecourts to no particular effect). The Fiat Tipo, Renault Megane, Nissan Pulsar and DS 4 have all fallen by 50% or more this year, and none has sold more than 2,100 units YTD. Given that profit margins on C-segment hatchbacks are wafer-thin, one has to wonder if it would be cheaper to drop them. One exception is Hyundai. Despite introducing the Ioniq in 2017 (itself selling in very reasonable numbers), the i30 has actually increased sales by 6.8% this year.

Vauxhall Astra registrations are down 38.8% year-on-year and it now has to face the new Focus

SHARE OF BODY STYLES IN B AND C SEGMENTS



Growth in crossover SUV sales is coming at the expense of traditional C-segment hatchbacks. The latter could well be overtaken in 2019

In the more price-sensitive B-segment, crossovers take a smaller share, but the upward trend is similar. Crossovers took 31.8% segment share YTD, compared with 25.9% for the previous year. Within B-segment crossovers, there has been quite a lot of volatility. Despite the overall growth, the best-selling Mokka X has fallen by 11.8%, and the second-placed Juke has declined by 36.5%. Of the three biggest-selling models, only the facelifted Ecosport has increased sales (by 56.0%). It is noteworthy that, despite 2018 being the first full year of Crossland X sales, Vauxhall's share of the sub-sector has actually fallen, from 21.5% to 20.7%. That does not seem a great return on the investment in a new model.

At a rather more elevated price point, Jaguar is doing well in the crossover market. Combined sales of the E-Pace and the F-Pace have reached

⌄ FIVE FASTEST GROWING MAJOR* BRANDS	
Seat	14.87%
Volvo	8.23%
Jaguar	3.52%
Kia	2.80%
Toyota	2.26%

⌄ FIVE FASTEST SHRINKING MAJOR* BRANDS	
Renault	-11.06%
Ford	-12.60%
Audi	-16.36%
Fiat	-17.32%
Nissan	-32.12%

** Defined as brands with more than 1% share*

The Jaguar E-pace has done well so far this year, but registrations of the XE are down 48.7%q

20,000 YTD, representing 57.7% of total Jaguar registrations. On one level, those crossover figures are very good news, but it has been achieved at the cost of the XE – sales of Jaguar's compact saloon are down 48.7%, while the XF is down 20.7%. The net result is that Jaguar's overall sales are up only 3.5%, despite all the new model activity. Could Jaguar's model range end up looking more like Porsche – a range of SUVs, a sports car and one large saloon? It is hard to imagine a financial case for replacing the XE, and even the long-running XF must be looking marginal.

On the subject of fading bodystyles, 2018 could mark the beginning of the end for affordable sports cars. The TT fell by 42.8%, which really matters to Audi, as the UK is the largest European market for the car. There is now speculation that the current TT will be the last generation, with production ending around 2021. Remarkably, the only sports car proving to be a success in the UK is the Mustang, whose sales are up 3.9% to just more than 2,200 YTD. Given that no other model (e.g. Toyota GT86, Nissan 370Z) has sold even 500 units, that is a good result – and gives Ford dealers something both eye-catching and saleable to put in the front of the showroom. The only other current model that appears to have a secure future is the Mazda MX-5. Along with its Fiat 124 Spider sister-model, it has sold more than 6,000 units so far this year.

> **GIVEN THAT PROFIT MARGINS ON C-SEGMENT HATCHBACKS ARE WAFER-THIN, ONE HAS TO WONDER IF IT WOULD BE CHEAPER TO DROP THEM**

As we approach the final sales figures of 2019, there are still some open questions, but the fastest growing major brands can be identified already. With a growth figure of 14.9% YTD, Seat is a clear number one, while Volvo is a strong number two, with an increase of 8.2%. It is no surprise that the biggest increases have come from new crossovers (Arona and XC40 respectively), but it is interesting that "traditional" models have also grown (Leon and S90/V90), showing that buyers take the brands increasingly seriously. Given the torrid time both brands experienced for more than a decade, that is an appropriate tale of redemption for the Christmas season. DAVID FRANCIS

SPONSOR'S COMMENT

By Richard Jones, managing director, Black Horse

Happy New Year! As I write this before Christmas, we are awaiting publication of the FCA report on motor finance, which is likely to be a significant influencer for 2019.

There are ongoing uncertainties in the economic and political environment and customers are still confused over fuel choice. All of these have been eroding customer confidence and we have seen consumers delaying big-ticket purchases. New car registrations are down 6.9% on 2017 and used car sales are down 2.5%, although used car RVs have remained strong and the used car finance market has grown by 13%. Diesel sales are flattening, at about 32% of the market. In 2019, I am hopeful these things will level out. To be successful in 2019, I believe we need to focus on affordability, commission structures, informed decisions and digital technology:

- In a rising interest-rate environment, lenders must consider if customers can afford the product long-term, particularly if housing costs go up. Half of customers choose their car finance product based entirely on the monthly payment, with only passing consideration to overall costs, which could be problematic in the future.
- Commission structures need to be more transparent. Structures where the customer rate is linked to levels of commission paid cannot be in the long-term interest of the customer.
- Customers must have clarity of information throughout the journey from pre- to post-sale. Lenders can help, taking time to explore their contractual obligations as well as the protection and benefits that finance products can offer.
- Finally, what other market do you know where more than 90% of customers start the buying journey online and more than 90% finish it offline? How dealers, lenders and third parties manage customer transitions across channels is key.

Lenders and dealers have a key role to demystify and improve the car-buying journey for customers. It is very important that we all play our part in making 2019 a prosperous year for the motor industry.

NEW CAR REGISTRATIONS

'WLTP effect' knocks November

New car registrations fell 3% in November as the effects of WLTP and falling consumer confidence affected supply, said the Society of Motor Manufacturers and Traders (SMMT).

A total of 158,639 units were registered last month, 4,902 fewer cars year-on-year. Year-to-date, the market is down 6.9%, which the SMMT said was "in line with industry expectations given current challenging conditions".

1 VOLKSWAGEN

It tops the table in November, having recovered from some of the supply constraints caused by the WLTP switch. Golf registrations totalled 4,678 units, just 515 short of overtaking Britain's most popular car, the Ford Fiesta.

2 NISSAN

Despite its Qashqai being fourth most in demand in 2018, taking 47,937 registrations, the brand's slide continues, with November behind by 27% (2,113 units) against November 2017.

3 VOLVO

A 44.5% rise in registrations (1,367 units) in November was balanced equally between the fleet and retail markets. The XC40 played its part, bringing in 874 incremental registrations.

	November					Year-to-date				
Marque	2018	% market share	2017	% market share	% change	2018	% market share	2017	% market share	% change
1 Volkswagen	15,772	9.94	13,985	8.55	12.78	187,123	8.42	193,117	8.09	-3.10
Ford	14,666	9.24	18,095	11.06	-18.95	237,589	10.69	271,855	11.38	-12.60
BMW	12,821	8.08	12,781	7.82	0.31	160,448	7.22	161,630	6.77	-0.73
Vauxhall	11,560	7.29	10,343	6.32	11.77	164,653	7.41	181,834	7.61	-9.45
Mercedes-Benz	11,391	7.18	12,065	7.38	-5.59	160,873	7.24	170,543	7.14	-5.67
Kia	6,916	4.36	5,978	3.66	15.69	91,954	4.14	89,449	3.75	2.80
Audi	6,841	4.31	12,077	7.38	-43.36	137,429	6.18	164,311	6.88	-16.36
Land Rover	6,339	4.00	6,241	3.82	1.57	73,585	3.31	78,467	3.29	-6.22
Škoda	6,197	3.91	5,117	3.13	21.11	69,396	3.12	73,325	3.07	-5.36
Toyota	6,156	3.88	5,953	3.64	3.41	98,986	4.45	96,797	4.05	2.26
2 Nissan	5,710	3.60	7,823	4.78	-27.01	97,343	4.38	143,397	6.00	-32.12
Seat	5,352	3.37	3,947	2.41	35.60	60,058	2.70	52,282	2.19	14.87
Peugeot	5,270	3.32	5,073	3.10	3.88	76,280	3.43	78,092	3.27	-2.32
Mini	5,269	3.32	6,094	3.73	-13.54	59,810	2.69	61,039	2.56	-2.01
Hyundai	4,821	3.04	6,509	3.98	-25.93	85,916	3.86	88,377	3.70	-2.78
Renault	4,779	3.01	4,066	2.49	17.54	58,628	2.64	65,916	2.76	-11.06
3 Volvo	4,435	2.80	3,068	1.88	44.56	46,479	2.09	42,944	1.80	8.23
Honda	2,970	1.87	3,523	2.15	-15.70	49,917	2.25	51,269	2.15	-2.64
Citroën	2,872	1.81	2,849	1.74	0.81	47,608	2.14	49,275	2.06	-3.38
Jaguar	2,716	1.71	2,654	1.62	2.34	34,715	1.56	33,535	1.40	3.52
Fiat	2,530	1.59	1,914	1.17	32.18	33,675	1.51	42,830	1.79	-21.38
Mazda	2,522	1.59	2,091	1.28	20.61	37,584	1.69	37,523	1.57	0.16
Dacia	2,237	1.41	1,466	0.90	52.59	22,279	1.00	24,166	1.01	-7.81
Suzuki	2,119	1.34	2,526	1.54	-16.11	36,365	1.64	38,014	1.59	-4.34
Mitsubishi	1,843	1.16	1,123	0.69	64.11	19,434	0.87	14,865	0.62	30.74
MG	921	0.58	472	0.29	95.13	8,399	0.38	3,987	0.17	110.66
Lexus	663	0.42	775	0.47	-14.45	11,985	0.54	11,898	0.50	0.73
Smart	488	0.31	527	0.32	-7.40	7,247	0.33	9,867	0.41	-26.55
Jeep	467	0.29	347	0.21	34.58	5,742	0.26	6,119	0.26	-6.16
Abarth	344	0.22	366	0.22	-6.01	5,186	0.23	4,169	0.17	24.39
Porsche	264	0.17	1,151	0.70	-77.06	11,226	0.50	13,015	0.54	-13.75
Alfa Romeo	249	0.16	391	0.24	-36.32	3,903	0.18	4,693	0.20	-16.83
SsangYong	197	0.12	234	0.14	-15.81	2,643	0.12	3,449	0.14	-23.37
Subaru	145	0.09	216	0.13	-32.87	2,948	0.13	2,433	0.10	21.17
Bentley	115	0.07	136	0.08	-15.44	1,461	0.07	1,631	0.07	-10.42
DS	100	0.06	530	0.32	-81.13	4,889	0.22	8,805	0.37	-44.47
Aston Martin	86	0.05	75	0.05	14.67	1,378	0.06	1,393	0.06	-1.08
Maserati	69	0.04	124	0.08	-44.35	1,194	0.05	1,576	0.07	-24.24
Infiniti	38	0.02	204	0.12	-81.37	725	0.03	3,456	0.14	-79.02
McLaren	23	0.01	52	0.03	-55.77	600	0.03	544	0.02	10.29
Lotus	15	0.01	14	0.01	7.14	241	0.01	268	0.01	-10.07
Alpine	9	0.01	0	0.00	0.00	137	0.01	0	0.00	0.00
Chevrolet	6	0.00	2	0.00	200	38	0.00	66	0.00	-42.42
Other British	31	0.02	53	0.03	-41.51	662	0.03	655	0.03	1.07
Other imports	305	0.19	511	0.31	-40.31	4,327	0.19	5,268	0.22	-17.86
Total	158,639		163,541		-3.00	2,223,058		2,388,144		-6.91

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FINANCE OFFERS

Growth brands push for strong close to 2018

New car registrations have had a tough 2018, with only 12 manufacturers posting growth year-to-date and only half of those posting substantial growth in double digits.

One of the biggest growth brands of the year has been Seat, with more than 60,000 registrations as of November and a 15% boost year-on-year.

Part of that is down to a favourable product cycle, with launch models in the Ateca and Arona crossover SUVs providing a boost, particularly as they are both in segments that are still growing.

Seat's performance is also particularly impressive considering the Volkswagen Group brands' reported challenges with getting WLTP-homologated product through to dealerships.

The last quarter of the year saw Seat push even harder than Q3 on its representative examples, with a 0% offensive to close out the year. Just the Arona and Ateca were supported with 0% deals in Q3, but the last three months of the year have seen every model, apart from the Leon ST, offered with a zero-interest deal.

The Mii, Ibiza, Arona and Ateca are all available on PCP for under £200 a month and the Leon range isn't far behind, making every car pretty affordable for the average family.

Škoda had long been Volkswagen Group's affordable workhorse option, but as that brand has pivoted towards more of a premium offering, Seat is now catching up in pure volume terms.

Seat's dealer network rated the brand 7.5 out of 10 on how competitive its finance offers are, according to the most recent NFDA Dealer Attitude Survey. The average score was 6.6.

Volvo is the stand-out premium player this year, with 8.2% growth up to November. While it is still a very long way from the kind of numbers its German rivals put out, it is really the only credible challenger brand in that marketplace right now. Jaguar sits just below Volvo in the year-to-date growth chart but there's more than 10,000 units between them.

Volvo's Q4 campaign is varied, with an affordable offer on the V40 entry level model – 0% at £189 a month over four years. The new XC40 is under £300 a month, but it has the highest APR rate out of Volvo's model range, hinting at the confidence the brand has in the car to not have to support it financially as much as other vehicles.

The V60, V90 and S90 are all also available for under £300 a month and available on low-rate finance at 2.9% and 3.9% respectively.

That leaves the XC60 and XC90 to cater for the more expensive end of the market, with higher percentage APRs and chunkier monthly payments for those customers with more disposable income.

Volvo's network rated it at the average of 6.6 on the competitiveness of its finance deals, so there is some room for improvement against Mercedes, Audi and BMW next year, as they scored 8.4, 7.5 and 7.2 respectively.

Kia is the volume king so far in 2018, with nearly 92,000 registrations. Growth hasn't been massive, up almost 3% this year, but the South Korean brand has accelerated away from Hyundai and almost caught up with Toyota.

Of the top performers picked out by *AM*, Kia is the only brand that is forgoing 0% offers in Q4 this year. Ceed and Sportage get 2.9% APR offers, but the rest of the range is pushing 6%. Those higher interest rates will be pulling in more profits for all concerned and that's reflected in how the network feel about Kia's finance strategy.

Kia was rated 8.3 out of 10 by its dealer network for how competitive its finance offers are in the market, the second-best rating of all manufacturers (Toyota was the highest rated at 8.7). TOM SEYMOUR

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Volvo							
V40 T2 R-design Manual Metallic	PCP	£3,891.63	48	£189	£7,200.38	0%	31/12/2018
XC40 T3 Momentum FWD Manual Metallic	PCP	£7,467.58	48	£299	£12,918.75	5.90%	31/12/2018
XC60 T5 AWD Momentum Automatic Metallic	PCP	£7,697.19	48	£359	£16,380	4.90%	31/12/2018
V60 D3 Momentum FWD Manual Metallic	PCP	£4,740.14	48	£289	£11,992.50	2.90%	31/12/2018
V90 T4 Momentum Automatic Metallic	PCP	£6,788.33	48	£299	£14,941.88	3.90%	31/12/2018
S90 D4 Momentum Automatic Metallic	PCP	£6,324.23	48	£279	£12,553.13	3.90%	31/12/2018
XC90 D5 AWD PowerPulse Momentum Metallic	PCP	£10,322.61	48	£499	£21,693.75	4.90%	31/12/2018
Seat							
Design Mii 1.0 12V 60PS	PCP	£1,409	48	£150.00	£3,231	0.00%	02/01/2019
Ibiza SE Technology 1.0 TSI 95PS	PCP	£2,849	48	£169.00	£5,433	0.00%	02/01/2019
Arona SE Technology 1.0 TSI 95PS	PCP	£1,459	48	£199.00	£7,018	0.00%	02/01/2019
Leon FR 1.5 TSI Evo 130PS	PCP	£3,609	48	£219.00	£7,528	0.00%	02/01/2019
Ateca SE L 1.0 TSI 115PS	PCP	£4,619	48	£199.00	£10,168	0.00%	02/01/2019
Leon ST FR 1.5 TSI Evo 130PS	PCP	£3,969	48	£229	£7,686	6.40%	02/01/2019
Kia							
Picanto '3' 1.25 83PS 5-speed manual 5dr	PCP	£2,700	36	£148.49	£5,198	5.90%	31/12/2018
Rio '3' 1.0 T-GDi 99PS 5-speed manual ISG 5dr	PCP	£3,350	36	£216.86	£5,674	5.90%	31/12/2018
Venga '3' 1.6 123PS 6-speed manual ISG 5dr	PCP	£4,250	36	£209.13	£5,865	5.90%	31/12/2018
Ceed 'First Edition' 1.4 T-GDi 138PS 6-speed manual ISG 5dr	PCP	£5,650	36	£274	£9,990	2.90%	31/12/2018
Ceed Sportswagon 1-4 T-GDi 138PS 6-speed manual ISG 5dr	PCP	£6,100	36	£304	£10,305	2.90%	31/12/2018
Optima '3' 1.6 CRDi 134PS 7-speed DCT ISG 5dr	PCP	£5,150	36	£303	£9,608	5.90%	31/12/2018
Optima Sportswagon '3' 1.6 CRDi 134PS 7-speed DCT ISG 5dr	PCP	£5,400	36	£308	£10,305	5.90%	31/12/2018
Optima 'PHEV' 2.0 GDi 202PS 6-speed auto 5dr	PCP	£7,700	36	£484	£10,519	5.90%	31/12/2018
Stinger GT-Line 2.2 CRDi 197PS 8-speed auto ISG 5dr	PCP	£7,550.00	36	£483	£10,438.62	5.90%	31/12/2018
Carens '3' 1.7 CRDi 139PS 6-speed manual ISG 7-seat 5dr	PCP	£5,700.00	36	£296	£8,925.00	5.90%	31/12/2018
Stonic '3' 1.0 T-GDi 118PS 6-speed manual ISG	PCP	£4,650.00	36	£230	£7,586.25	5.90%	31/12/2018
Niro '3' 1.6 GDi 1.56kWh 139PS 6-speed auto DCT 5dr	PCP	£5,850.00	36	£240	£11,565.00	5.90%	31/12/2018
Niro PHEV '3' 1.6 GDi 8.9kWh 139PS 6-speed auto DCT 5dr	PCP	£7,200.00	36	£346	£12,195.00	5.90%	31/12/2018
Soul '3'1-6 CRDi 134PS 6-speed manual 5dr	PCP	£4,550.00	36	£269	£7,671.25	6%	31/12/2018
Soul EV 5dr	PCP	£6,100.00	36	£417	£6,100.00	5.90%	31/12/2018
Sportage 'Edition 25' 1.6 GDi 130PS 6-speed manual ISG 5dr	PCP	£6,150.00	36	£236	£11,857.50	2.90%	31/12/2018
Sorento 'KX-3' 2.2 CRDi 197PS 6-speed manual ISG 7-seat 5dr	PCP	£8,150.00	36	£452	£14,377.50	5.90%	31/12/2018


Seat's Ateca, Mii, Ibiza and Arona are all available on PCP for under £200 a month

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

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WHETHER AGENCY OR 'HUB & SPOKE', MOTOR RETAIL IS CHANGING

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

The debate about the future structure of the automotive retail industry is about as convoluted as the Brexit negotiations.

There are many forces at work, ranging from new entrants, such as Amazon, through to Ford opening a sales facility in a Next store in Manchester's Arndale Centre. Different formats have been offered by companies such as Rockar, while powertrain changes may change the sector's business model for good.

Other unknowns include Government policy, which seems to change on a whim, without cognisance or acknowledgement of the real world. The problem with unfounded speculation is it causes uncertainty, which makes raising finance more difficult. But things are beginning to change.

A couple of years ago, James Muir, head of group national sales companies for Volkswagen, told me he believed the franchise structure in the sector needed reform. Since then, 'Dieselgate' occurred and VW was distracted by legal matters in Europe and the US. Although things are still going through the courts, the situation within the organisation seems to have settled down, with announcements regarding future technological investment.

At a recent meeting of the Automotive Fellowship International (AFI), Muir was reported saying that VW is considering a structure based on an agency model.

Under this arrangement, the retailer would draw down stock from the manufacturer and be paid a handling fee to supply the vehicle to the customer. Pricing would be determined by the manufacturer and the dealer would not have the same stocking arrangements as they do now. For many retailers, this has the benefit of easing pressure on the balance sheet and could give a better ability to project potential income.

While undertaking some university research with senior managers from the sector, two industry structure scenarios emerged as most likely over the next 10 years. The first was 'hub and spoke', with large retail centres being demanded by the manufacturer, with service spokes radiating out into the surrounding areas. This appears to be happening, with some manufacturers making specific products available as a reward for investment in the building of large brand stores.

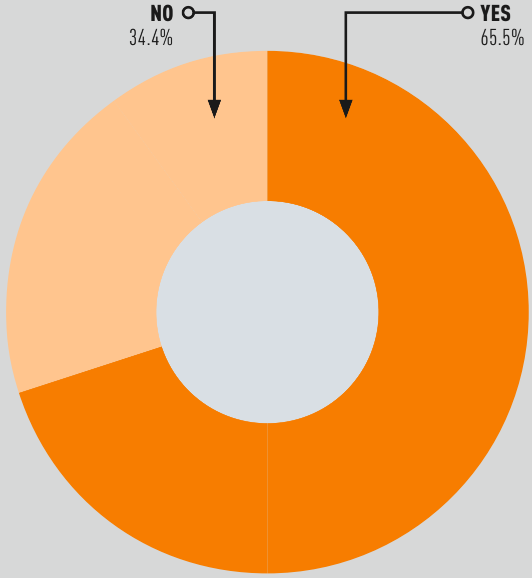
The second scenario predicted the agency arrangement under consideration by VW.

Questions remain, however. If dealers are simply paid a handling fee, where is the incentive to invest? Secondly, if the handling fee makes sense to logistics organisations such as Amazon, won't this arrangement simply play into their hands, to the detriment of the network?

"IF DEALERS ARE SIMPLY PAID A HANDLING FEE, WHERE IS THE INCENTIVE TO INVEST?"

AM POLL

SHOULD CONSUMERS RECEIVE MORE INCENTIVES TO ENCOURAGE THEM TO BUY ELECTRIC OR HYBRID CARS RATHER THAN PETROL AND DIESEL VEHICLES?



Two out of three AM-online voters believe consumers should get more incentives to buy electric or hybrid cars. However, voters in the third who said they should not were concerned that incentives could lead buyers to choose powertrains that do not suit their lifestyle, and could leave dealers with new petrol and diesel cars they will struggle to sell.

Several 'yes' voters commented that the segment needed support to "drive the prices down to an amount customers can afford". "Environmentally, this is the obvious choice, with the potential to provide higher levels of customer satisfaction," said one voter. Another added: "Should customers receive more incentives to encourage careful use of finite fossil fuels? Absolutely."

In the 'no' camp, voters suggested incentives have driven fleet operators to buy hybrids that are driven only on regular fuel, and increased support would lead consumers to make the wrong decision, defeating the object. Voters requested investment in charging facilities instead of subsidies to consumers. One voter added: "We still need to sell petrol and diesel cars!"

Robert Forrester, the chief executive of Vertu Motors, tweeted after reading reports on incentives: "The industry seems very keen on being subsidised by the poor taxpayer to promote expensive new alternatively fuelled vehicles. I would love to see some opinion polls on whether the taxpayer agrees."

NEXT MONTH: WILL MOST OF YOUR FOCUS IN 2019 BE ON RENEWING EXISTING CUSTOMERS OR CONQUESTING NEW ONES?

VOTE NOW AT AM-ONLINE.COM/POLLS

WILL 2017'S STUMBLE BRING CHANGE THE INDUSTRY NEEDS?

Falls in turnover and profitability spur the AM100 to diversify and, maybe, to seek a new model

The AM100 is different this year.

In previous editions, while there was talk of some dramatic change or other – consolidators, disruptors, technology, Block Exemption, category killer new entrants, the digital experience, new sales channels, mobility as a service (MaaS), autonomous cars, EVs, dieselgate – the AM100 soldiered on regardless.

To some extent, this is reassuring – the industry has always been resilient, with failures fewer and farther between than in other industries.

Carmakers (or their national sales companies) have a vested interest in stability. By managing targets, bonuses, investment demands etc., the (in)famous 'variable marketing spend' is used to maintain market representation.

The downside of this stability is there has been little incentive to develop the business model and move away from a 'supply push' system to one that makes better commercial sense in the long term.

Fiscal year 2017 could be the year that changed – because, unlike in previous years, the AM100 has not soldiered on regardless.

Many of the UK's 100 biggest motor retailers have contracted, with a quarter showing decreased turnover. More significantly, profitability has declined for two thirds of these businesses.

Why have dealers had more difficulty in selling new cars at a profit this year?

For starters, their over-reliance on new cars, a rather fickle segment (where many of the levers are in the hands of others) does not bode well. A number of businesses in their strategic reviews (the mandatory commentary in their statutory accounts) noted that the decline of the new car market was the root cause of their reduced turnover and profitability.

However, when comparing similar businesses, even those operating the same franchise, it is clear that the variations are not simply market-driven. Some businesses have started (or continued) to diversify and some have not.

There are two obvious areas into which dealers can diversify – used cars and aftersales.

> "ACROSS THE AM100, THE DECLINE IN PBT EXCEEDS £250M. THAT IS A SUBSTANTIAL AMOUNT OF MONEY THAT IS NOT AVAILABLE FOR INVESTMENT; TO REWARD STAFF; OR FOR EXPANSION WAR CHESTS

TURNOVER

Rank	Group	Turnover Autumn 2018
1	Sytner Group	5,562,589
2	Pendragon	4,739,100
3	Lookers	4,696,300
4	Arnold Clark Automobiles	3,931,414
5	Inchcape Retail	2,990,000
6	Vertu Motors	2,796,068
7	Marshall Motor Group	2,268,948
8	Jardine Motors Group	2,062,794
9	Group 1 Automotive	1,912,000
10	TrustFord	1,729,307
11	JCT600	1,251,165
12	Listers Group	1,230,495
13	Mercedes-Benz Retail Group	1,102,971
14	Greenhous Group	1,051,851
15	Robins & Day	898,494
16	Park's Motor Group	780,000
17	Swansway Garages	779,878
18	Stoneacre Motor Group	750,000
19	John Clark Motor Group	741,849
20	Rybrook Holdings	671,997

Rank	Group	Turnover Autumn 2017
1	Sytner Group	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 Automobiles	614,218
20	Harwoods Group	612,610

Rank	Group	Turnover Autumn 2016
1	Pendragon	4,453,900
2	Sytner Group	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

PROFIT BEFORE TAX

Group	Rank Autumn 2018	PBT £'000's
Arnold Clark Automobiles	4	106,186
Sytner Group	1	97,713
Lookers	3	65,300
Pendragon	2	60,400
Marshall Motor Group	7	30,021
Vertu Motors	6	26,860
JCT600	11	17,074
Jardine Motors Group	8	13,804
TrustFord	10	13,134
Helston Garages Group	24	11,870
Listers Group	12	11,801
Cambria Automobiles	21	11,265
Dick Lovett Group	31	10,535
Porsche Retail Group	50	9,709
Allen Ford (Supergroup)	42	9,632
Eastern Western Motor Group	25	9,569
RRG Group	29	7,734
Hatfields	58	7,524
Peter Vardy	36	7,511
CEM Day	71	7,107

Group	Rank Autumn 2017	PBT £'000's
Arnold Clark Automobiles	4	124,802
Sytner Group	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 Automobiles	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 Group	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

The most prominent and largest example of such diversification is Sytner. The group's rise to the top of the AM100, overtaking Pendragon in the process, was down to Sytner's acquisition of two substantial used car operations, CarShop and The Car People. Its used car division alone would now rank in the top 30 of the AM100.

But Pendragon, too, has been focusing on used cars for a number of years and a number of groups have recognised this as the required direction of travel.

Others have been developing a 'one-stop shop' approach. One of the long-term success stories of this strategy is CEM Day. The Welsh group offers whatever form of transport a motorist needs – ownership, short-term rental, long-term rental, and an appropriate finance mechanism – and generates more than 3% RoS consistently (3.4% this year) as a result.

To some extent, CEM Day is operating a similar model to Arnold Clark. The Scottish group, too, offers finance, contract hire, bodyshops, used car supermarkets, new car sales, as well as being the source of some of its own used cars. And it is no slouch in the RoS stakes, at 2.7%, while topping the profit before tax (PBT) table on £106 million.

The key to profitable growth is customer retention. You will retain customers if you provide them with choice – in the range, price, style and mechanism for their car acquisition – and in the cost flexibility and reliability of their maintenance experience. And, of course, if you do it all nicely.

It is difficult to understand why dealer groups have left it so late to address the twin opportunities of used cars and aftersales.

Is it too late? The tables make depressing reading. Total PBT among the top 20 groups (ranked by PBT £'000s) is £100m lower than the previous year.

Among the top 20 groups by turnover, total profit is down on the previous year by £130m and has fallen below the 2014 figure.

Across the entire AM100, the year-on-year fall in PBT exceeds £250m. That is a substantial amount of money that is not available for investment; not available to reward staff, and owners; not available for expansion war chests.

The return-on-sales (RoS%) table adds to the depressing story. While many of the names remain the same, the best result (CEM Day) is 3.4% vs 3.9%

EBITDA & EBITDA-TO-DEBT RATIO

Group	Rank Autumn 2018	EBITDA to debt ratio
Rybrook Holdings	20	0.0
Peoples Group	59	0.0
Westover Group	47	0.0
Yeomans	67	0.0
Marshall Motor Group	7	0.1
Lloyd Motors	28	0.3
Hartwell	60	0.4
Vertu Motors	6	0.8
Porsche Retail Group	50	0.9
JCB Group	100	1.0
Lookers	3	1.1
Pendragon	2	1.2
Cambria Automobiles	21	1.2
Brindley Garages Group	76	1.3
Howards Group	97	1.7
John Grose Group	82	1.7
Arnold Clark Automobiles	4	1.7
Sinclair Group	34	1.8
Hatfields	58	2.0
Perrys Group	22	2.2

Group	Rank Autumn 2018	EBITDA (£000's)
Arnold Clark Automobiles	4	276,083
Sytner Group	1	157,606
Pendragon	2	146,000
Lookers	3	103,700
Marshall Motor Group	7	63,303
CEM Day	71	41,252
JCT600	11	31,493
Jardine Motors Group	8	30,302
Vertu Motors	6	28,806
TC Harrison Group	55	23,510
TrustFord	10	20,399
Listers Group	12	19,833
Toomeys	73	15,745
Helston Garages Group	24	15,361
Dick Lovett Group	31	14,808
Sandicliffe Motor Group	52	14,005
Mercedes-Benz Retail Group	13	13,705
Cambria Automobiles	21	13,679
Eastern Western Motor Group	25	13,649
Lloyd Motors	28	12,370

RETURN ON SALES (ROS %)

Group	Rank Autumn 2018	RoS%
CEM Day	71	3.4%
Porsche Retail Group	50	3.1%
Yeomans	67	2.8%
Hatfields	58	2.7%
Arnold Clark Automobiles	4	2.7%
Allen Ford (Supergroup)	42	2.4%
Peoples Group	59	2.2%
Hughes of Beaconsfield	86	2.2%
Dick Lovett Group	31	2.1%
Helston Garages Group	24	2.0%
Sytner Group	1	1.8%
Cambria Automobiles	21	1.7%
Peter Vardy	36	1.7%
Westover Group	47	1.7%
Eastern Western Motor Group	25	1.6%
Lloyd Motors	28	1.5%
Fish Brothers	94	1.5%
John Grose Group	82	1.5%
CWC (UK Holdings)	51	1.4%
RRG Group	29	1.4%

Group	Rank Autumn 2017	RoS%
Hatfields	58	3.9%
CEM Day	66	3.8%
Arnold Clark Automobiles	4	3.4%
Porsche Retail Group	50	3.3%
Hughes of Beaconsfield	87	2.7%
Peoples	60	2.6%
City West Country	48	2.6%
Currie Motors	56	2.4%
Helston Garages Group	21	2.4%
Supergroup UK	45	2.3%
Sytner Group	1	2.3%
Yeomans	74	2.3%
Steven Eagell	73	2.3%
Westover Group	43	2.3%
Eden Motor Group	53	2.1%
John Grose Group	81	2.0%
Robinsons Motor Group	39	2.0%
Bestodeck	85	2.0%
Glyn Hopkin	33	2.0%
Peter Vardy	35	1.9%

Group	Rank Autumn 2016	RoS%
CEM Day	60	4.4%
Yeomans	73	3.3%
Arnold Clark Automobiles	4	3.3%
Porsche Retail Group	51	3.2%
Hatfields	67	3.2%
Helston Garages Group	23	3.1%
City West Country	53	2.9%
Hughes of Beaconsfield	92	2.8%
Eden Motor Group	63	2.5%
Steven Eagell	89	2.4%
Peter Vardy	29	2.3%
Fish Brothers	95	2.3%
Dick Lovett Group	34	2.3%
Peoples Group	56	2.2%
Sytner Group	2	2.2%
Westover Group	49	2.2%
Lloyd Motors	36	2.2%
John Grose Group	81	2.0%
Glyn Hopkin	32	2.0%
Robinsons Motor Group	42	1.9%

(Hatfields) for the previous year. The entry point for the top 20 in terms of RoS has declined from 1.9% to 1.4%.

However, all is not doom and gloom – a select few have increased PBT by more than £1m (see table below).

Even better news, these groups all increased their RoS %. Having said that, it is by no means clear that they have changed (or needed to change) their strategies. And all but three of them fall short of the generally accepted RoS target of 2%.

Those businesses that do consistently exceed that target RoS of 2% each have their own success factors. Either brand specialisation, or geographic control, or command of process or one-stop-shop style diversity. But it is difficult to deduce a theme, except that none of them, bar Arnold Clark, are large.

It would seem that the evidence continues to point at a need to change the business model, a need that is becoming more pressing given current trends. But it also suggests there is sufficient profitability, and survivability, among the larger players to prevent a consensus forming about what really needs to be done. Or perhaps more worrying, these groups may be doing well enough that they do not even perceive there is a need to reach a consensus at all.

Is this a failure of vision? Or is there another reason? One subject that has received more attention in recent times is the type and quality of management available within the industry and also the capacity of the industry to attract new and high-quality management from outside, a problem I address in the column on page 23 and which will be dealt with in detail in the February issue of *AM*.

In an attempt to stem their declining profitability, some of the larger groups have been trying to limit the cost of staff by centralising various functions, by reducing headcount, or by outsourcing. However, no consistent theme emerges from the numbers.

The average cost of staff varies from a minimum of about £20,000 to a maximum of over £45,000.

The most profitable groups do not have the cheapest average cost of staff. But the best five groups for RoS span the range from lowest average cost to highest.

The most profitable groups do not deliver the most cars per staff member. Again, the best five span the range.

The most profitable groups do not turn their working capital the fastest. Once more, the best five span the range.

This may seem surprising. Surely there must be something approaching a 'one best way', albeit with variations. Otherwise why would people be looking for 'best practice' to share? Surely all those smart consultants must have some answers and some customers who follow them to a visible advantage. Otherwise why would they still be in business?

Maybe the answer is that there is an overriding nullifying force that prevents progress. There have been some analysts with expertise in other industries who have concluded the same, on the basis that regardless of the common factors between industries, car retailing has major differences.

In particular, attempts at changing the system continually fall foul of the need to 'chase the month' and deliver short-term targets at (almost) any cost. Experiments in hiring managers who can deliver change founder in the confusion of oscillating priorities – one thing at the beginning of the month and another at the end.

However, the segment that is least exposed to these conflicting and changing priorities is used cars. And to a lesser extent (N.B. parts bonuses) aftersales.

Maybe as the emphasis shifts from new to used, the opportunity to move the management model will increase. However, it does seem that there is a long way to go.

A few simple questions may illustrate this. Research shows there is substantial demand for a reliable, while-you-wait service. 'Reliable' meaning appointment time guaranteed; exit time guaran-

Group name	Increase in PBT £'000	RoS % 2017	RoS % 2016
Marshall Motor Group	4,621	1.3%	1.3%
JCT600	3,470	1.4%	1.1%
Hendy Group	3,152	1.1%	0.8%
HR Owen	3,034	1.4%	0.7%
Allen Ford (Supergroup)	2,124	2.4%	2.3%
Motorline	2,050	0.7%	0.4%
Dick Lovett Group	2,015	2.1%	1.8%
Yeomans	1,598	2.8%	2.3%
RRG Group	1,404	1.4%	1.2%
TG Holdcroft	1,107	0.8%	0.6%

PROFIT BEFORE INTEREST AND TAX (PBIT) PER EMPLOYEE

Group	Rank Autumn 2018	PBIT per employee
Porsche Retail Group	50	34,176
CEM Day	71	16,241
Hatfields	58	15,623
Peoples Group	59	15,397
Dick Lovett Group	31	14,254
Allen Ford (Supergroup)	42	14,235
Yeomans	67	14,134
Sytner Group	1	12,248
Toomeys	73	12,223
Helston Garages Group	24	12,123
Hughes of Beaconsfield	86	11,738
CWC (UK Holdings)	51	11,434
Arnold Clark Automobiles	4	10,316
Peter Vardy	36	9,769
Cambria Automobiles	21	9,745
Marshall Motor Group	7	9,717
JCT600	11	9,653
Harwoods Group	23	9,602
Eastern Western Motor Group	25	9,485
Lookers	3	9,001

Group	Rank Autumn 2017	PBIT per employee
Porsche Retail Group	50	35,563
Hatfields	58	24,795
CEM Day	66	19,578
City West Country	48	19,503
Peoples Group	60	17,410
Sytner Group	1	15,617
Toomeys	75	15,602
Helston Garages Group	21	14,882
Harwoods Group	20	13,543
Glyn Hopkin	33	13,395
Steven Eagell	73	13,335
Dick Lovett	31	13,310
Stephen James Group	68	13,032
Supergroup UK	45	12,841
Arnold Clark Automobiles	4	12,726
Robinsons Motor Group	39	12,542
Halliwell Jones Group	38	12,513
Hughes of Beaconsfield	87	12,464
Currie Motors	56	12,067
Peter Vardy	35	11,894

Group	Rank Autumn 2016	PBIT per employee
Porsche Retail Group	51	33,101
CEM Day	60	23,342
City West Country	53	19,101
Helston Garages Group	23	18,328
Hatfields	67	18,276
Toomeys	68	17,471
Yeomans	73	16,443
Dick Lovett Group	34	15,703
Peter Vardy	29	14,384
Sytner Group	2	14,372
Peoples Group	56	13,972
Stephen James Group	69	13,942
Steven Eagell	89	13,200
Harwoods Group	20	13,137
Fish Brothers	95	12,627
Glyn Hopkin	32	12,611
Eden Motor Group	63	12,359
Arnold Clark Automobiles	4	12,291
Robinsons Motor Group	42	11,749
Lookers	3	11,363

teed and duration short – say half an hour.

How many groups offer (or are capable of offering) such a thing? How many groups still struggle with parking – while service cars hang around all day to be worked on for an hour or so? How many groups know exactly how long each used car has been on site without being prepped? How many set and keep to a target of say, maximum 48 hrs? How many groups know how much working capital is tied up in cars not yet available for sale? How many managers are confident (and rightly confident) that how they think processes are operating is in fact how they are operating in practice?

Perhaps more importantly, how many actually visit the places where the processes happen in order to find out?

Observation over a number of years and a fairly large sample of the industry tells me – not many. And these are pretty

PROFIT BEFORE INTEREST AND TAX (PBIT) PER OUTLET

Group	Rank Autumn 2018	PBIT per Outlet
Porsche Retail Group	50	1,941,200
CEM Day	71	912,455
Sytner Group	1	775,539
Hatfields	58	729,600
Peoples Group	59	703,111
Dick Lovett Group	31	651,722
Cotswold Motor Group	89	640,750
Peter Vardy	36	558,133
Hughes of Beaconsfield	86	538,286
CWC (UK Holdings)	51	537,400
Arnold Clark Automobiles	4	533,403
Ocean Automotive	91	523,000
Lookers	3	502,597
Halliwell Jones Group	41	494,900
Harwoods Group	23	490,824
Stephen James Group	72	473,429
JCT600	11	448,745
HR Owen	39	445,059
Pendragon	2	431,959
Eastern Western Motor Group	25	430,000

Group	Rank Autumn 2017	PBIT per Outlet
Porsche Retail Group	50	1,912,400
Currie Motors	56	1,096,500
Hatfields	58	961,909
CEM Day	66	796,091
Sytner Group	1	769,448
Peoples Group	60	683,700
Williams Motor Company	29	624,000
Halliwell Jones Group	38	610,200
Stephen James Group	68	600,571
Arnold Clark Automobiles	4	594,295
City West Country	48	592,769
Harwoods Group	20	574,647
Peter Vardy	35	567,533
Dick Lovett	31	532,500
Hughes of Beaconsfield	87	472,667
Inchcape Retail	5	449,782
Lookers	3	440,244
Poole and Yeovil Audi	100	428,000
Eastern Western Motor Group	26	397,750
Lloyd Motors	30	389,143

Group	Rank Autumn 2016	PBIT per Outlet
Porsche Retail Group	51	1,767,600
CEM Day	60	1,203,182
City West Country	53	964,625
Thompson Motor Company (Audi North West)	78	957,000
Dick Lovett Group	34	810,000
Peter Vardy	29	798,286
Sytner Group	2	792,714
Harwoods Group	20	711,875
Hatfields	67	676,200
Arnold Clark Automobiles	4	626,412
Stephen James Group	69	615,429
William Morgan Group	74	611,750
Toomeys	68	582,786
Currie Motors	62	557,600
Peoples Group	56	551,900
Lookers	3	541,176
Williams Motor Company	31	540,308
Halliwell Jones Group	40	526,900
Pendragon	1	502,500
Steven Eagell	89	470,250

PROFIT BEFORE TAX (PBT) PER OUTLET

Group	Rank Autumn 2018	PBT per Outlet
Porsche Retail Group	50	1,941,800
Hatfields	58	752,400
Sytner Group	1	693,000
Peoples Group	59	685,444
CEM Day	71	646,091
Dick Lovett Group	31	585,278
Peter Vardy	36	500,733
Hughes of Beaconsfield	86	484,286
Arnold Clark Automobiles	4	480,480
CWC (UK Holdings)	51	441,500
Lookers	3	424,026
Halliwell Jones Group	41	413,200
Lloyd Motors	28	398,429
Cotswold Motor Group	89	389,000
Harwoods Group	23	372,529
JCT600	11	363,277
Eastern Western Motor Group	25	354,407
HR Owen	39	349,647
Stephen James Group	72	349,000
Helston Garages Group	24	312,368

Group	Rank Autumn 2017	PBT per Outlet
Porsche Retail Group	50	1,912,400
Currie Motors	56	1,096,500
Hatfields	58	961,909
CEM Day	66	796,091
Sytner Group	1	769,448
Peoples Group	60	683,700
Williams Motor Company	29	624,000
Halliwell Jones Group	38	610,200
Stephen James Group	68	600,571
Arnold Clark Automobiles	4	594,295
City West Country	48	592,769
Harwoods Group	20	574,647
Peter Vardy	35	567,533
Dick Lovett	31	532,500
Hughes of Beaconsfield	87	472,667
Inchcape Retail	5	449,782
Lookers	3	440,244
Poole and Yeovil Audi	100	428,000
Eastern Western Motor Group	26	397,750
Lloyd Motors	30	389,143

Group	Rank Autumn 2016	PBT per Outlet
Porsche Retail Group	51	1,753,400
CEM Day	60	913,636
City West Country	53	887,375
Thompson Motor Company (Audi North West)	78	794,667
Dick Lovett Group	34	755,083
Peter Vardy	29	730,357
Sytner Group	2	712,030
Hatfields	67	658,700
Harwoods Group	20	598,563
Currie Motors	62	580,800
Arnold Clark Automobiles	4	567,974
Peoples Group	56	529,800
Williams Motor Company	31	485,231
Stephen James Group	69	483,286
Halliwell Jones Group	40	451,100
Lookers	3	448,366
Steven Eagell	89	440,875
Helston Garages Group	23	424,079
Marsh Wall	96	406,250
Lloyd Motors	36	395,905

straightforward questions. Will 2018 be any different? The financial results may well be similarly alarming. New car supply has been affected by WLTP and the simple commercial impact of uncertainty over Brexit is still with us. Those groups who have started to change direction into used cars and to have more focus on after-sales have only really just started.

However, this industry is rightly known for resilience, drive and persistence. There may be hope yet.

■ 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.

RETURN ON CAPITAL EMPLOYED (RoCE %)

Group	Rank Autumn 2018	RoCE%
Porsche Retail Group	50	40.9%
Steven Eagell	46	24.7%
Yeomans	67	24.7%
Allen Ford (Supergroup)	42	22.2%
JCB Group	100	20.5%
Hatfields	58	18.2%
CWC (UK Holdings)	51	18.0%
Marshall Motor Group	7	16.5%
Hendy Group	30	15.8%
Lookers	3	15.4%
Cambria Automobiles	21	15.2%
Pendragon	2	14.6%
Eden Motor Group	53	14.6%
Sytner Group	1	13.5%
Swansway Garages	17	13.2%
Lloyd Motors	29	12.9%
Ancaster Group	96	12.4%
Westover Group	47	12.4%
Endeavour Automotive Group	92	12.3%
Sinclair Group	34	12.0%

Group	Rank Autumn 2017	RoCE%
Porsche Retail Group	50	44.0%
Steven Eagell	73	37.8%
City West Country	48	36.2%
Hatfields	58	30.2%
Supergroup UK	45	23.8%
Bestodeck	85	22.9%
Yeomans	74	20.2%
Stephen James Group	68	18.0%
Rybrook Holdings	22	17.6%
Lookers	3	17.6%
Glyn Hopkin	33	17.5%
Pendragon	2	17.4%
Sytner Group	1	17.4%
Westover Group	43	17.3%
William Morgan Group	77	17.1%
Marshall Motor Group	8	14.5%
Lloyd Motors	30	14.4%
Robinsons Motor Group	39	14.4%
Cambria Automobiles	19	14.2%
Helston Garages Group	21	13.6%

Group	Rank Autumn 2016	RoCE%
Porsche Retail Group	51	36.7%
City West Country	53	34.1%
Eden Motor Group	63	32.4%
Steven Eagell	89	30.6%
Hartwell	50	28.8%
Yeomans	73	28.3%
Hatfields	67	23.7%
Swansway Garages	27	21.8%
Lookers	3	21.2%
Rybrook Holdings	30	20.8%
Glyn Hopkin	32	19.4%
Pendragon	1	17.4%
Blade Motor Group	85	17.1%
Helston Garages Group	23	16.9%
Chorley Group	99	16.8%
Sytner Group	2	16.6%
Thompson Motor Company (Audi North West)	78	16.5%
Stephen James Group	69	16.5%
Vindis Group	37	16.0%
Lloyd Motors	36	15.9%

WHY DOES MOTOR RETAIL HAVE SUCH A PROBLEM WITH MANAGEMENT?

The sector needs a more rational approach, argues Piers Trenear-Thomas

AM ran a story in its talent pages recently entitled 'Should automotive retailers try to tempt high street managers?' One of the conclusions was that it was difficult for middle managers to make the transition because of the different level of complexity and specialist knowledge involved in running a business with the diversity of "new, used, service, parts and bodyshop to manage".

This does rather underline the problem. The function of those middle managers should be to facilitate problem-solving. The job of the team leaders reporting to them is to understand the 'specialist knowledge' and to receive assistance in defining, proposing and implementing improvement experiments to better apply that knowledge. If the middle managers try to understand it, they are second-guessing those with better knowledge of the detail than they have. Wasteful effort.

The barrier to improving the management structure is the idea that everyone should know a bit of everything, that you move up the chain by imposing that knowledge more aggressively and the badge of seniority is that you have more answers than the person below you.

A more rational approach is to accept that the person who knows most about the work is

the person who does it.

Then that the person who does the work needs a team leader who understands the work, but also the wider context of how it all fits together.

Then that the team leader needs someone who understands how to solve problems to coach and assist in smoothing out the issues running through that wider context.

Then, finally, that all people are operating in a rational environment where the direction of travel is clear and consistent and one that everyone can buy into, which is the job of board members/senior management.

Car retailing does not look like that. Managers have been rewarded and promoted, since time immemorial, for being successful at shooting from the hip, putting out fires, cracking the whip and being sparing with the carrots. All the way up to board level. Wasteful.

Groups have been searching for more effectiveness in a variety of ways. It would seem, however, that most have been focusing on cost, rather than on changing the structure.

> **"MANAGERS HAVE BEEN REWARDED AND PROMOTED FOR BEING SUCCESSFUL AT SHOOTING FROM THE HIP**

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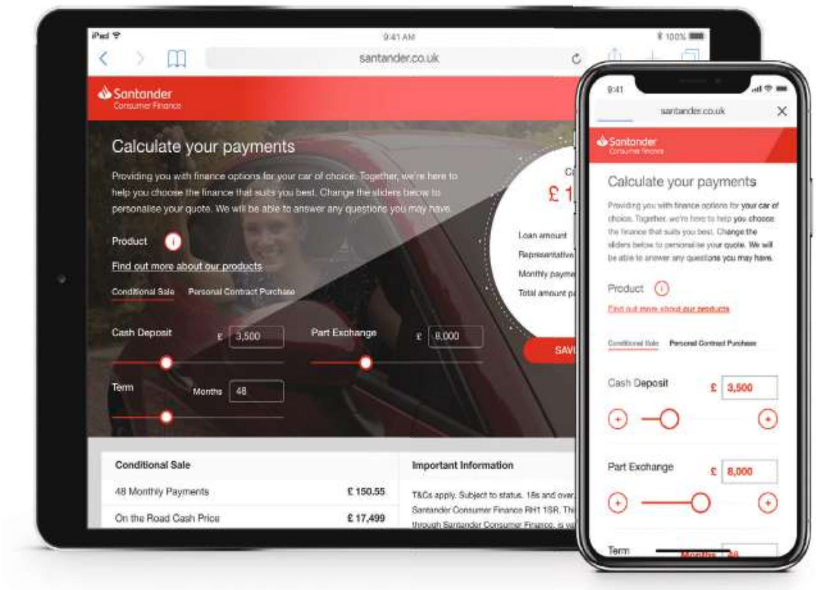

To find out more contact your Santander Consumer Finance Business Development Manager or visit the dealer section of our website **www.santanderconsumer.co.uk**

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5 MINUTES WITH…

Alison Ashley, head of automotive, RSM UK

Who is RSM UK's average customer?
We tend to work with what I'd call a mid-tier client base, which, if we were not talking about the motor sector, would include businesses with a £30 million to £100m turnover. Including motor retail, you can probably add a couple of noughts to that. Generally, we find ourselves working with growing or entrepreneurial businesses.

What is the business's main function?
Brexit planning is part of what we are doing at the moment, but our real sweet spot is as a trusted adviser in an array of areas. Many franchised retailers are very good at what they have been doing with a certain brand, but we are able to bring in expertise from other areas and cast a new set of eyes over the business. That can really help, whether with auditing, compliance or restructuring. We also have our own team of surveyors, who can look into a dealership development and advise on what tax can be recouped. With the corporate identity (CI) demands of manufacturers, this can be extremely useful.

What is the scale of the automotive element of the business?
There are about 20 sector-specific partner directors regularly working closely with clients, but we have the expertise to bring in to deal with specific needs. We have a huge pool of expertise we can tap into. About 60 people work regularly on automotive retail sector audits.

How long have you been with the business and how has it changed?
I joined the business in April 2006 as an audit partner. Back then, RSM was better known as Baker Tilly, but it rebranded

> **"AS A BUSINESS, WE'RE BREXIT-MAD, BUT DEALERS JUST DON'T SEEM TO CARE. THEY SAY 'WHAT WILL BE, WILL BE'**
> **ALISON ASHLEY, RSM UK**

after acquiring RSM Tenon. RSM International is now in 120 countries. In the UK, we have 45 offices and more than 4,000 employees. We have huge resource, and specialism in every area, but we can send someone to your business from a local office and deliver a very local and consistent approach.

What are the biggest challenges facing retailers in the coming months?
Cost-based revenue and cost reduction and the reduction in the franchised retail networks.

Technology, though, remains the main disruptor. Nothing will stop technology – especially in finance – and it will only continue to be considered a 'disruptor' as long as dealers attempt to ignore it, rather than embrace it.

Many dealers have remained optimistic about compliance because they haven't seen any consequences, but it will happen. 'Making Tax Digital' is another thing they can't afford to bury their heads in the sand about. It won't be deferred.

Could other changes disrupt the market faster than expected?
It has been talked about for a long time, but I think the reward structure has to change. We are closer to that now than ever. I think it will have to change, so that registrations as a be-all and end-all KPI for retailers can finally change.

And the fallout from WLTP?
WLTP is also going to be played out for some time. The German manufacturers have really mismanaged the situation. Dealers are saying customers are still coming through the door, but they don't want to buy something that they don't want or that will take six months to get here. This really is an example of why retailers need to hedge their bets and operate across various brands.

Will dealers go out of business as a result?
WLTP is not alone in exerting pressure in the current market, but it will be a reason for some closed businesses, I'm sure. With some manufacturers keen to shrink their networks, the support may not always be there.

Are car retailers doing all they can to prepare for Brexit?
As a business, we're Brexit-mad, but dealers just don't seem to care. They say 'what will be, will be'. From a manufacturer's point of view, there is a physical, tangible aspect to the various repercussions, but retailers feel there is nothing significant they can do.

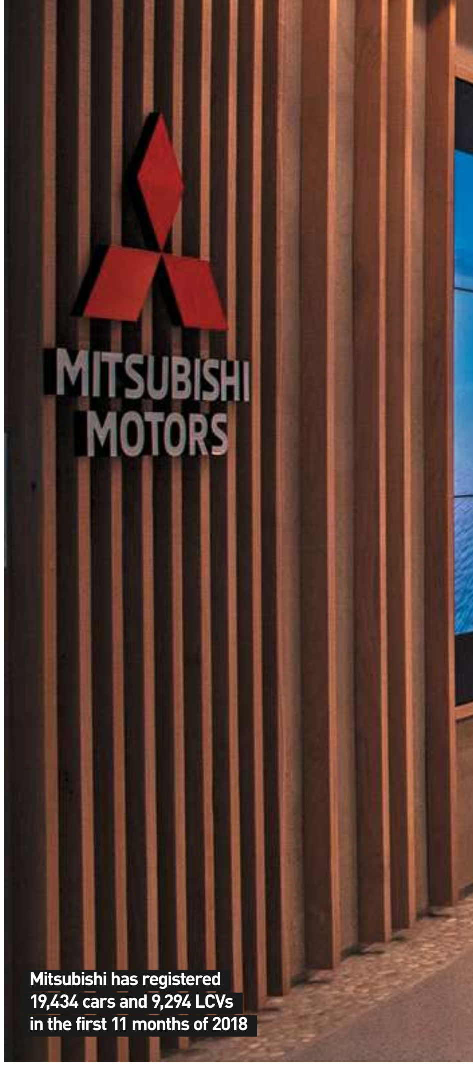
From a network perspective, they should be paying more attention and acknowledging that what is a manufacturer problem will soon become their problem. I just want whatever is going to happen to become clear. It's the uncertainty that's unhelpful. TOM SHARPE

FACT FILE

COMPANY: RSM UK
HEADQUARTERS: LONDON
TERRITORIES: 45 REGIONAL UK OFFICES
STAFF: 4,000

MITSUBISHI

MD Rob Lindley is confident he can hit 50,000 registrations a year and fill almost 30 open points by 2022, he tells Tom Sharpe



Mitsubishi has registered 19,434 cars and 9,294 LCVs in the first 11 months of 2018

Outlining his five-year plan for growth, Rob Lindley, the managing director of Mitsubishi Motor UK, described the Japanese brand as "humble but ambitious".

The ambition comes in the form of Lindley's target of 50,000 annual car and LCV registrations (the same target set by his predecessor, Lance Bradley, in 2016 – albeit this time ending in 2022) from 25% more retail sites. There has also been a much-reported drive towards online retail with Rockar – although perhaps not the 12 urban stores claimed at the time – and the introduction of a new corporate identity.

The humility lies in Lindley's pragmatic approach to the plan, conceding that the brand will need "a bit of luck" and "good leadership" if it and its retailers are going to get there.

But he insists the goal is possible and said his thinking is informed by his record of success: "I have some experience of that kind of growth. I was at Mazda from 2001 to 2008 when Mazda went from 17,000 to 28,000 and then to 50,000 in a five-year turnaround. I was marketing director, sales director and managing director in that period."

The 50,000 target is one Mitsubishi has coveted for some time – a quick look at *AM*'s back issues shows it existed as far back as 2004. Back then, Mitsubishi sold 22,573 vehicles from 143 franchised sites. To achieve its 50,000-vehicle target, the brand wants to grow its UK retail network from its current 109 retail sites to 138 by 2022.

But given that Mitsubishi had registered 28,728 vehicles in the first 11 months of 2018 (19,434 cars and 9,294 LCVs), and was down 1.5% (cars and LCVs) for the full year 2017 compared with 2016, that 50,000 target still looks some way off.

"I want to take this brand to somewhere it's never been before. The peak was around about 38,500 so when we go beyond that, that's a really great start," said Lindley.

"Our plan will rely on product, the right dealer network with the capacity and capability to grow, and, thirdly, brand investment."

> **WHERE WE ARE LOOKING TO EXPAND AND OPPORTUNITIES ARISE, WE WILL BE LOOKING AT A MORE CONSOLIDATED NETWORK IN THE FUTURE**
>
> **ROB LINDLEY, MITSUBISHI MOTOR UK**

THE ADVANTAGES OF ALLIANCE

That product will come from the strong foundations and greater consistency the Renault-Nissan-Mitsubishi Alliance gives its members, believes Lindley, despite the recent disruption following the removal of Carlos Ghosn as its chairman and chief executive amid allegations of financial misconduct.

"The big benefit that the alliance brings is the investment plan and the product development in that kind of period," said Lindley.

"Where in the past we might have had a future volume based upon the product plan, there might have been times when Mitsubishi Motor Corporation wasn't able to execute that plan, for various reasons. As a standalone business, it's not always possible to make those huge investments."

Lindley said the alliance gives him the backing of one of the world's largest manufacturing organisations.

"Then you've also got a group of senior leaders coming in who are very ambitious for the brand," he added.

"Trevor Mann [chief operating officer], came from the Nissan side and then Guillaume Cartier (senior vice-president of global marketing and sales division at Mitsubishi Motors), who's very ambitious and aggressive in a good way.

"Trevor Mann talks about Mitsubishi as being a 'sleeping giant' and they're clearly on a mission to achieve growth."

CONSOLIDATING AN EXPANDING NETWORK

Growing the network will also be central to Mitsubishi's volume aspirations, said Lindley.

It tasked commercial consultancy CACI with drawing up a new plan for its UK network, taking into account potential developments at one year, three years and five years.

The result was a model based around consolidated territories, operated by the same partner "where strategically possible".

Lindley said the network was currently operated by more than 90 franchisee part-

KEY PRODUCTS

Eclipse Cross

New for 2018, the Eclipse Cross is Mitsubishi's answer to the Renault Kadjar or Toyota Rav4. Priced from £21,290, the crossover had added 5,418 registrations to the end of November.

Outlander PHEV

Refreshed for 2018, the Outlander PHEV is Mitsubishi's best-selling vehicle, with 7,502 registrations YTD. Prices start at £34,805 for the WLTP-rated 41g/km CO2 SUV.

ners. He acknowledged that the model was "fragmented" and said he intended to consolidate some partners: "It's not a wholesale strategic 'we're going down the groups route'. Some of our very best dealers are small private operations that only have a Mitsubishi dealership. They have nothing to fear from the strategy, but where we are looking to expand and opportunities arise we will be looking at a more consolidated network in the future."

Lindley said the plan envisaged an ideal model with adjacent territories in a contiguous market area (CMA), with three to four dealer locations under one partner.

He said he is talking to dealers about key partnerships with Mitsubishi, with a focus on regional groups rather than PLCs.

In the past year, AM100 retail groups Arnold Clark (September 2017) and Stoneacre (June 2017) have both taken on the franchise for the first time.

Lindley's new strategic plan in the UK coincides with the unveiling of a new corporate identity (CI) for Mitsubishi Motor Corporation globally.

At the time of *AM*'s interview, he said he has yet to learn many of the specifics of the scheme, which will be introduced across 5,000 dealers worldwide, but spoke of the need to invest and the network "looking a bit tired".

Mitsubishi's new CI designs are based on the brand message "drive your ambition". It said recently that it wants to improve customer service and provide a "high-quality retail environment" to strengthen its brand image.

Cartier said: "Our brand is evolving and we need to reflect this in each and every customer touch point.

"We are implementing the new dealer identity to ensure customers can experience a consistent Mitsubishi-ness, including the look and feel and service quality of Mitsubishi Motors wherever they are in the world."

Commenting on his own network plan, Lindley said the brand needed to evolve: "I was recently at Firs Garage, in Hook Norton, a place the owners would concede is in the middle of the middle of nowhere. It is a great garage, with a great profitability and an extremely strong community reputation.

"If you started with a clean piece of paper now, though, you probably wouldn't start with those places and we do have to develop the network now around metropolitan centres, which are proving to be our hard-to-fill open points."

Mitsubishi's current open points include Newcastle, Glasgow, Bolton, Wigan, Rochdale, Solihull, Leicester, Reading, and Oxford.

NEW RETAIL

Part of the brand's plan to ensure it accesses customers in locations that are traditionally hard to fill and expensive to operate will be its shift to online retail and an exploration of store facilities.

Mitsubishi announced a partnership with Rockar in November 2017, when it officially launched its Mitsubishi Buy Online new car retail platform.

In June, it opened its first car retail store in the UK, at Intu Lakeside shopping centre, just two months after Rockar managing director, Martin Sewell, told the AM Digitech conference in Milton Keynes

Shogun Sport

With the departure of the Shogun as its flagship, Mitsubishi Motor UK turned to the seven-seater built for the Australian market. It expects annual registrations to be in the region of 3,500 vehicles.

L200

Powered by a 2.4-litre turbodiesel engine and with a payload limit of 1,060kg, the L200 is battling a market that has seen the arrival of pick-up rivals from Mercedes-Benz, Renault and Volkswagen.

that the brand was "planning to open a further 11 stores across the UK".

However, Lindley denied that this is the case. He said Mitsubishi will open a second store, at a key shopping location in the north of England, but no further commitment has been made at this stage.

"The number of 12 basically came from that fact that there are 12 major retail shopping centres in the UK, but I have nothing in my plan that says 'we're going to have 12 by this date'," he said.

Lindley said the two stores would be treated purely as a learning exercise and conceded that the store model "would not stack up" if judged purely in sales terms.

He said each store would cost about £1m to set up, with "around that amount again" in annual running costs.

The UK stores are funded by a subsidiary of the Mitsubishi parent corporation and staffed by employees of its UK head office.

Mitsubishi's new corporate identity will be introduced in 5,000 dealerships worldwide

Mitsubishi's existing dealer network has been "positively sceptical" about the project, said Lindley.

Among the key KPIs of the project are footfall (the Lakeside store gets about 1,300 visitors a week); the number of accounts set up in-store through Buy Online to get a part-exchange or a test drive; and vehicle sales.

In-store facial recognition systems will also deliver insight into customer demographics.

Lindley said: "What is trickier to measure is the impact on broader brand awareness, but you can look at an example from the geographic area of where the stores are.

He added: "It's new format retailing and you only have to look at Toys R Us to realise that, if you're not online and working hard on brand experience, you face a very sticky future."

CHANGING DEALER SENTIMENT

A straw poll of Mitsubishi retailers in the run-up to Lindley's appointment suggested he was a popular choice among franchisees long before he was confirmed as the brand's new managing director in February.

According to the results of the National Franchised Dealer Association's (NFDA) Summer 2018 Dealer Attitude Survey, he has done well since.

Mitsubishi was the most improved brand

in the survey, winning an additional 67.9 points across all questions to rise from an overall rating of 4.3 in the Winter 2017 survey to 6.2 (average: 5.7) – finishing 10th out of 30.

"It was clear to me that the network needed a bit of love," said Lindley.

"We needed to do a better job on communication and listening to what was going on. That was a priority."

Lindley said he worked hard with members of the 11-strong dealer council to boost participation so that he could use the NFDA survey results as a genuine barometer of sentiment among franchisees.

He said: "At the time, around 40% of dealers were filling in the survey, so with a really good effort from the field team and the dealer council we had 98% of our dealers respond.

"We went from being somewhere in the bottom third to being in the top 10. Our target now is to be consistently in the top quartile of the survey."

Lindley said working groups had been set up with the dealer council to help focus on areas where NFDA scores disappointed.

Dealer margin structure and used vehicles are two areas where "tweaks" have been made and Lindley said this had helped to reassure retailers that he is listening to their views and implementing changes.

Profitability lies at the heart of a strong NFDA survey score and Lindley is keen to improve on 2017's network average return-on-sales of 1%.

Official Mitsubishi figures for its current fiscal year reveal that retailers were achieving 1.3% to the end of September, compared with 0.8% at the same point last year.

Lindley rebutted suggestions that some Mitsubishi franchisees may be over-dependent on aftersales. He described a network average overhead absorption of "around 88%" as a "strong foundation for a good franchise business".

Profitability is key to attracting the right calibre of new franchisee to make Lindley's network plan a reality.

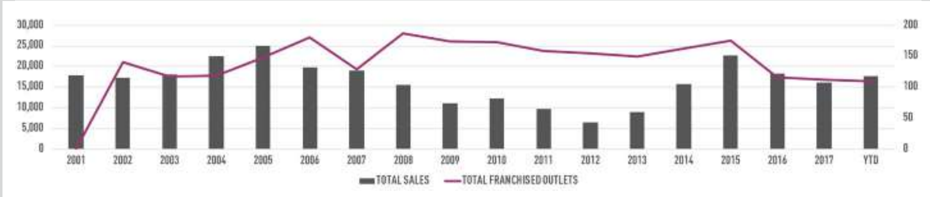
He said: "Where we want to be is at an average level of 2% RoS, but more than that we want the average profit per site to go up to help us attract the best quality dealer partners and to retain them.

"We need to be seeing an average £200,000 net profit per site. Then we represent a good return."

NFDA OVERALL RATING

Mitsubishi Motors in the UK hit a low point in its overall rating in the National Franchised Dealers Association's (NFDA) Dealer Attitude Survey in 2017, but a renewed focus on participation delivered the biggest points turnaround of any brand in 2018.

SALES AND FRANCHISE LOCATIONS



Looking at the ratio of sales to franchised sites it appears that Mitsubishi franchisees have not had it better for well over a decade. Lindley's plan is to grow the current 109 network by almost 30 additional locations as volumes continue to rise.

THE NATION'S PHEV-ORITE

Mitsubishi's Motor UK's plans for volume growth are very much at odds with market trends and will rely on a rich influx of alliance-backed new product.

Mitsubishi's focus is now firmly on crossovers, SUVs and alternative fuel vehicles (AFVs), said Lindley, adding that sales of the L200 pick-up remained a core element of the franchise. Currently, the brand's mix of sales is geared 56% towards retail in passenger cars (52% retail with LCVs included) and Lindley said his network has an advantage over brands selling new entrants to the pick-up market.

He said: "Our dealers know the product and the market back-to-front. Added to that is the fact that sales accessories for the L200 are roughly six times greater than any other product in the line-up. The benefits to the dealer are obvious."

Mitsubishi imports its cars into the UK via Portbury, near Bristol, and the brand's PDI centre equips the L200 Barbarian special edition and can fit dealer options to alleviate the demands on franchise workshops.

Additional demands have been placed on the facility – which holds about two months of dealer stock – by the newly launched Shogun Sport, one of three new models introduced in 2018.

The seven-seat off-roader is built in Thailand for the Australian market and must go through a "convoluted" individual vehicle approval (IVA) process before being signed off by the DVSA, which eats into the margin.

Lindley said: "It does give us something else that is offering proper seven-seat, four-wheel-drive capability, which fills that gap in the sub-£40,000 bracket."

> **"WE NEED TO BE SEEING AN AVERAGE £200,000 NET PROFIT PER SITE. THEN WE REPRESENT A GOOD RETURN**
>
> **ROB LINDLEY, MITSUBISHI MOTOR UK**

The Eclipse Cross also arrived in the market in January and has added 5,418 incremental sales for the brand to the end of November.

Buoyed by strong vehicle supply through the transition to the Worldwide harmonised Light vehicle Test Procedure (WLTP) – volumes were up 22.6% in September – and with the launch of a new derivative for 2018, Lindley was keen to sing the praises of the Outlander PHEV (up 10.5% at 7,502 YTD).

"It has been on sale since July and we're in a particularly strong position because, from a WLTP point of view it's still sub-50 g/CO_2, it's still got a 30-mile range, its real-world economy figures are fantastic and we have good availability," he said.

"If you look at the plug-in market, we get 17% share of all plug-in vehicles and 34% of the retail market. It's still clearly seen as the plug-in model of choice."

Mitsubishi will be hoping that the Government makes no further cuts to its plug-in car grants as it chases ongoing AFV success with the new Outlander PHEV.

Lindley described October's confirmation from the Department for Transport (DfT) that the PICG for hybrids will be cut by £1,000 and no longer apply to cars with a zero-emissions range of less than 70 miles, as "extremely disappointing".

In an official statement issued at the time, the brand said the grant had "played a crucial role in establishing the EV and plug-in hybrid markets in the UK".

FLEXIBILITY IS KEY TO THE FUTURE OF MOTOR RETAIL

New features for Automotive Management Live 2018 included a keynote session involving industry leaders outlining their take on the Vision of the Future

'We're going through a period of exceptional change. We have to work together in the industry and the key to doing that is to remain flexible," Tony Whitehorn, the president and chief executive of Hyundai Motor UK, told delegates during Automotive Management Live's Vision of the Future seminar.

As the boss of one of the first national sales companies (NSCs) to shake up the traditional new car retail channels with its omni-channel shopping mall stores and Click to Buy – in partnership with Rockar – Whitehorn is well placed to comment on an increasingly digitalised future for car retail.

He was joined on stage by experts and analysts from across the sector to share their insight into the trends that will shape the change, in a sector where relationships between franchisees, manufacturers, suppliers and disruptors will be both disrupted and exploited to the full.

Panel chairman Steve Young, the managing director of the ICDP, summarised many of the challenges facing the sector, including new mobility models, EV adoption and the evolving retail model.

While his comments drew on the research organisation's European Dealer of Tomorrow Report, which projects forward to 2030, those who joined him on stage were also aware of the more immediate need for change.

Marcus Dacombe, product marketing director at CDK Global, said: "This is no longer an analogue business. We no longer rely on footfall."

James Mullins, finance director at Cambria Automobiles, said dealers must consider the need to "engage with guests in as many ways as they wish to interact with us".

THE PROFITABILITY OF PROPULSION

Whitehorn said current changes could be broken down into three areas – technology, propulsion and ownership versus usage.

He said the industry would need a "smooth glide path" to reach the Government's target of an outright ban on the sale of new non-hybrid or EV vehicles by 2040.

"There will be around 15,000 EVs sold this year, so the required shift is massive overall," he said.

"In six years' time we are looking to sell 400,000 zero-emission vehicles. That means we have to supply you with vehicles."

Whitehorn said the Government would have to be part of the drive towards zero emissions, however, and backed calls for better charging infrastructure.

He criticised the recent changes to the plug-in car grant scheme, which reduced the sum available to EV buyers from £4,500 to £3,500, reduced the plug-in hybrid grant from £3,500 to £2,500 and removed the grant completely from plug-in vehicles emitting more than 50g/km. Whitehorn said: "It seems like there's something of a silo mentality going on there."

He did not mince his words when addressing the challenges faced by manufacturers in making alternative fuel vehicles (AFVs). Hyundai continues to pursue its development of both pure EV (Ioniq and Kona) and hydrogen fuel cell (ix35 and Nexo) vehicles.

Whitehorn said: "It is hugely,

hugely expensive to get into vehicle technology where you are not making any money today. They are a big, big loss leader."

OMNI-CHANNEL RETAIL

Despite that, Hyundai's new Kona EV is the network's "most profitable vehicle".

And more than three years after Hyundai moved into new car sales online, the electrified version of the compact SUV has been launched wholly via the Click to Buy online sales platform.

Whitehorn said: "The car's been on sale for two months and I've had 140 come into the country.

"If I'd sent one out to each dealer, no one would have had one.

"As it is we have 700 orders today, with no discount, full up, and they haven't seen the car yet.

"Customers have to go to the dealership to pick up the car and there they have the chance to sell a service plan, accessories, and the dealership receives the

MASTERCLASSES

Using data to build a high-performance sales culture

Capturing quality data is vital for dealerships looking to provide the highest level of customer service and boost sales, said EnquiryMax.

The company believes those using paper-based systems to manage enquiries and sales should embrace digital solutions.

"Sales executives are probably out there right now writing things down on paper and not using the digital experience.

"You only get one opportunity to make a great first impression and capture quality data," said Adrian Wilmore, sales director at EnquiryMax (above left).

He encouraged AM Live delegates to remove their paper enquiry forms and provide staff with the right electronic tools to capture data.

"When using these tools, let it start in the right place. Make people comfortable and they will share more information with you," Wilmore advised.

Tablets are the recommended tool as they allow salespeople to share more information with the customer, such as videos.

"Make sure you find out information, such as when the best time to contact the customer is and the best method.

"Simple things like drink preference provides a better customer experience," said Wilmore.

Including the customer in vehicle appraisals is another opportunity to capture data: "If they have damaged wheels, why not talk to them about wheel protection?

"The data can be shared across all of your departments to generate sales. If the customer doesn't buy a car, their service might be due – pass it on to the service department.

"Quality data will enable you to make quality decisions and deliver more profit into your business."

The importance of managing internet enquiries was also raised during the session.

"You all have fabulous websites and this is driving internet enquires up 16% year-on-year," said David Boyce, managing director of EnquiryMax (above right).

He said web conversions had risen from 8% to 15.2% in a year, but only among the top retailers. The performance from most dealerships has flatlined.

"Make sure your internet leads are integrated into your lead management system (LMS). That means they can be tracked.

"Don't target people to respond to leads within a set time period. It should be about what happens after the lead comes in, such as whether they arranged a test drive," added Boyce.

How video has evolved the vehicle sales process

Alistair Horsburgh, the chief executive of CitNOW, gave a range of examples showing how dealerships can use video to target customers and drive sales.

Horsburgh said: "Video does not need to be restricted to an enquiry, and could help to connect the customer from the digital world to the dealership."

He said personalising videos could help to bridge the gap between digital sales and physical interactions in dealerships.

"It's all about determining which customers you want to send a video to, what the aim of the video would be and then personalising that to the customer. Simply using their name at the start would help to connect those dots," said Horsburgh.

Having surveyed 2,000 customers, CitNOW research found that 80% of used car customers were more likely to purchase a vehicle after they watched a video, and 50% saw a video tour as an essential part of the online buying experience.

ADVERTISING FEATURE

Valet, image and upload – instantly

By Michaela Gunney, UK sales director, Secure Valeting Group

You can now book a valet, images and upload instantly with our new Secure/Auto Imaging app, which allows dealers to capture vehicle images at the point of valet.

The increasingly popular workflow app is being used by top 100 dealer groups and independents across the UK. Secure has been providing total supply valeting and support services for 20 years and our Auto Imaging division has now launched the amazing new imaging app to improve dealership efficiencies and photography quality.

Instant QC and upload

Instant upload is possible during the capture process. Images can upload immediately or have a digital backdrop added and can be accepted or rejected with real-time quality control. Forward-thinking dealers are seeing the benefits of faster uploads, instant quality control and backdrop changes to agreed specifications.

Video voiceover and branding

Video continues to be a key factor in used car sales. Our professional video solution offers automatic stabilisation and optional branding with bespoke music, text, voiceover and logos all available. Our Dealer Portal shows the percentage of vehicles displaying videos on the web. The Vehicle Tracker software can tell us what cars need videos and are available.

A unified solution

An industry first valeting/imaging solution. Secure Valeting supports almost 400 dealer sites across the country with additional support services available, such as sales and service drivers, inspectors, progress chasers and software solutions to improve efficiencies within dealerships and fleet operations.

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full margin. It's the most profitable car that we sell."

Whitehorn said dealer involvement was key and the manufacturer ensures that the dealership remains part and parcel of the transaction.

"What we have got to ensure with the network is that it's not a race to the bottom because we'll have intermediaries coming in and stealing from us," he added.

The ICDP has similarly determined that collaboration between manufacturer and retailer will be essential as the new car distribution model evolves.

"The networks need to be omni-channel and allow customers to interact in the way they choose," said Young.

"To make that happen, we need to share data between the different parties in the process and recognise that manufacturers will have direct contact with customers.

"They are taking test drive requests from customers, they are holding the contract with customers. It makes good sense for them to run the online channel because otherwise it will become a race to the bottom."

Hyundai's partnership with Rockar did more than usher in online sales. It also introduced stores in shopping malls. An initial store at Kent's Bluewater shopping centre was followed by a second at the Westfield shopping centre, at Stratford.

About 250,000 people visit Hyundai's stores each year and each facility generates about 750 vehicle sales annually, according to Whitehorn.

The average age of a customer at the stores is 39, compared with 52 for the wider car retail environment, with women making up 54%, compared to 26% in a traditional dealership. Whitehorn said 96% of

sales are classed as "conquest", with 86% using the stores to buy their first new car.

NETWORK RESTRUCTURING

The ICDP's Dealer of Tomorrow Report believes that the shift towards omni-channel car retail is likely to be a major disruptor of the franchised retail segment, and the volume-driven remuneration model will need to change.

Young said: "You can't continue with the person who closes the deal getting the whole margin. There will need to be a fee for services, such as test drive provision.

"It gets you closer to an agency contract, but it won't be that. Manufacturers cannot afford to take the product back onto their own balance sheet."

A restructuring of dealer networks will see a reduction of up to 50% of traditional full dealerships in the territories served by franchisees today, Young said, with single investors operating large market areas from a single,

centralised location.

Young said there were currently £10 million dealerships in the sector that are "just too close to other investors", adding: "One message today is that you need to reduce your exposure to the wrong kind of property on a five-year horizon."

Mullins suggested that the property market had had an effect on the view of the sector held by potential investors.

He said the equity markets had "fallen out of love with traditional motor retailers", adding: "At the moment, motor retailers are investing a huge amount of money.

"We've had to save money to invest in our own facilities to drive the business forward. We know we want to be part of the future. We've had to commit the capital to do that."

Young said medium-sized retailers were most at risk from manufacturers' network restructures. Larger operations have the funding and facilities in key territories to remain vital, and smaller sites can continue to service harder-to-reach rural areas, he said.

SHIFTING EXPECTATIONS

Growth in mobility as a service (MaaS) will bring together the growing prevalence of AFVs in the market, growing digitalisation and the impact of outside "disruptors".

Whitehorn and Young both expressed a belief that there will be a trend towards selling usage, rather than vehicles.

Young said manufacturers may choose to manage their new car availability the way airlines manage their seat availability, with cut-price early swap deals for vehicles available in high volumes.

He said lease companies such as Leaseplan and Hertz were offering consumers long-term hire agreements with similar benefits. "There's no reason why dealers can't offer a similar product of their own," he said.

The ICDP said the current number of driving licence holders in the UK remains twice that of 1970.

"Between 2005 and 2014, the number of people with two or more cars on their driveway has barely changed, despite the hostile environment," he said.

However, attitudes are changing.

Whitehorn said that by 2020, 35% of all cars will be bought on personal contract hire (PCH) and asked whether the silver bullet may prove to be a daily or hourly rental or a variable lease solution.

He said: "Each month they could go to an app and slide their requested monthly mileage up or down from 200 to 2,000 miles and see the price rise accordingly."

> "WE NEED TO RECOGNISE THAT MANUFACTURERS WILL HAVE DIRECT CONTACT WITH CUSTOMERS
>
> **STEVE YOUNG, ICDP**

Dacombe highlighted Carvana, which operates a car vending machine in the US. In Asia, meanwhile, Alibaba allows consumers with a good credit scores to buy a car from the machine in under 10 minutes.

"Conversations I've had suggest that subscription is coming," he said. "Others, however, claim very strongly that ownership is very much part of the value proposition."

The attitude of the online shopper is also changing.

Zerolight, a sponsor of the seminar, specialises in virtual reality (VR) and car configuration technology that delivers car buyers' online activity seamlessly into a retailer's DMS to help streamline the dealership sales process.

Young said the trend towards that type of integration will grow, with 37% of consumers expecting dealership staff to know what they have looked at online.

Paul Humphries, the managing director of Cox Automotive Retail Solutions, another sponsor, told the audience how he started his retail career as a store layout designer for high street shops: "When I first started, I was literally designing customer journeys.

"Connected retail is about bringing people to your shop, showing them your stock and doing other brand-led stuff as well."

He said retailers needed to "link together what happens above and below the line to deliver a seamless consumer journey".

Mullins said Cambria has also been investing in technology that will streamline customers' shift from website to dealership.

The group's e-Pro DMS system was developed in-house and delivers dashboard notifications of all leads – via web, telephone or social media – to sales managers. Each has a prescribed response, including the delivery of a video for all car sales enquiries.

Dacombe said: "We need to use all the data available to create content for the individual who is looking.

"We need to be able to configure a car and when I get to the point where I want to buy, it's all going to follow me into the dealership."

He added: "We don't use data as much as we could or as effectively as we should. We genuinely can see a seamless future, where there is a personalised check-in process and the dealer is always one step ahead of the question the customer is about to ask."

MASTERCLASSES

How data about the used car market can be used in your dealership

Is making a margin of about 20% on a used vehicle that has taken nearly 60 days of work from purchase to retail sale enough in a turbulent market?

Anthony Machin, head of content at Glass's, posed this question at his seminar on how market data can be used in dealerships.

Information gained from Radar, Glass's real-time pricing data tool, put the average price paid for a trade sale at £8,277. The average retail asking price was £10,220, but the eventual transaction price was £9,954.

"Is this enough margin for 60 days' work?" asked Machin. "Assets need to be sweated, but are there processes in your dealerships that aren't working that can be tackled to improve days on stock?"

Machin highlighted a market "in turmoil and in decline", which makes attention to details of this kind crucial.

"New car registrations in 2018 have been in significant decline month-on-month" and both the new and used markets are being affected by WLTP, Brexit uncertainty and the fluctuations in the pound/euro exchange rate.

The so-called 'demonisation' of diesel had damaged diesel sales in the retail market, but not in the wholesale market, he said. New LCV sales were "topsy-turvy" in 2018, but in the wholesale market they were reasonably stable, said Machin, with average residual values up on 2017.

Using Glass's data, he highlighted dealer groups maximising opportunities in the used market by analysing regional and national pricing and sales.

Sytner is selling its used stock at £300 higher than the all-dealer average; Arnold Clark and Brindley Garages Group only change prices on vehicles a little more than once before sale (1.2 and 1.4 times on average respectively). The "worst offenders" are doing it nearly four times per vehicle.

The best dealer group for minimising the amount taken off the original asking price was also Arnold Clark. Its average was £185 (1.65%). The highest discount by a dealer was more than £1,600 (5.52%).

"Consumers can monitor prices and you will gain a negative reputation for reducing prices regularly and by large amounts in the market."

The website as the heart of dealer digital communications

Martin Dew, digital solutions director at AutoWeb Design, outlined how to break away from the traditional automotive website template by adding e-commerce to its design.

Changes in Google's algorithms have shifted the online focus to mobile users, said Dew. In light of this, he advised dealers to use progressive apps, which load like web pages, but offer consumers extra functionality such as push notifications.

"We see progressive apps as the next stage," said Dew. "Dealers should get their databases as good as they can be in preparation for this. When they become more widely used, a customer can save your website as a web app to their phone, allowing you to market through push notifications.

"While GDPR may have changed the marketing landscape and use of databases, progressive apps will ensure you are targeting customers who are already engaged with your brand."

Dew does not think the infrastructure to buy a car completely online is developed, but automotive retail could learn from other industries.

"Research indicates that 88% of consumers won't buy a car without test driving. This is not about moving to online retail, it's about connecting the website visitor to the dealership in a more effective way."

IMI PEOPLE THEATRE

Al Clarke, advisory board chairman at executive search firm Ennis & Co, outlined how workforce diversity and inclusion (D&I) in dealerships can increase profits. Automotive retail is in a perfect position to lead the way, he said.

Detailing the findings of a D&I white paper* by Ennis & Co and Auto Trader, Clarke said that with ASE figures showing the average dealership making 0.5% - 2% return on investment, this opportunity should be "seized upon".

Research by McKinsey & Company** found that for every 10% of a leadership team that becomes more diverse through age, gender, ethnicity or recruiting those with a disability, the bottom line improvement is up to 3.5%*.

The white paper outlined the top three opportunities D&I presents:

1. REDEFINING WAYS OF WORKING

Managers should create an environment based on trust and empowerment, rather than a 'one size fits all' policy. If an employee needs to leave early, let them. Think about how age affects this. Younger employees may need to pick up a child from school and an older worker may need to care for a parent, said Clarke. In return, staff work harder.

2. SELECTIVE FOCUS

Successful D&I policies should look beyond gender or ethnicity to consider age, disability, sexual orientation or religion. Don't aim at a quota target, but a change in attitude.

TrustFord removes the recruiting manager from the candidate selection process, not because it doesn't have faith in their abilities, but to give their team a chance to engage with prospective employees.

Sharon Ashcroft, TrustFord's HR director, said: "We follow a simple mantra: 'Happy colleagues equals happy customers equals happy profits'. Without a proper commitment to D&I, happy colleagues simply wouldn't be possible."

Clarke also suggested making CVs 'blind' – removing references to gender, age, etc. – removing the possibility of conscious or unconscious bias.

3. BRAND ENGAGEMENT

"Get out more," said Clarke. "Take your brand into schools and inspire your next generation of customers and employees."

The skills dealerships need are changing from being simply sales or technical roles. To attract the right talent, dealers should engage with schools and universities to inspire students on the breadth of opportunities available.

Clarke cited Jardine Motor Group's work experience programme, inviting Year 10 and sixth-form students into dealerships for up to a fortnight.

"Twenty years ago, there weren't enough engineers in the trade. Today, there aren't enough engineers in the industry. To change this, go outside the sector into IT to attract people with different backgrounds," said Clarke.

"Otherwise you'll be fishing from the same pool for staff, moving people from one dealer group to another, increasing salary costs to get them to move."

He also emphasised that dealers should consider current employees when looking outwards to increase diversity and inclusion: "Take them on the journey and make them part of the change, rather than leaving them with the feeling they are the ones you're waiting to get rid of."

> "TAKE YOUR BRAND INTO SCHOOLS AND INSPIRE YOUR NEXT GENERATION OF CUSTOMERS AND EMPLOYEES
> AL CLARKE, ENNIS & CO

The white paper reported on comparative attitudes towards D&I in the automotive and other sectors from 75 senior executives.

When asked if the senior team of their organisation was demonstrating a commitment to creating an inclusive environment, 30% of respondents strongly agreed, 48% agreed, 8% disagreed, 14% didn't know. None strongly disagreed.

Furthermore, 7% said progress on D&I in the past 12 months had been excellent, 54% very good or good, 31% fair and 8% poor. The main focus of D&I was on gender (97%), race/ethnicity (61%) and age (45%).

The most common D&I activities were flexible working (93%), monitoring of diversity (71%), active recruitment on the diversity of employees (51%) and an articulated D&I commitment or plan (44%).

Steve Nash, Institute of the Motor Industry chief executive, who chaired the diversity session and hosted the IMI People Theatre at AM Live, told delegates a third of the population by 2023 will be over 65 years old and the number of 18-year-olds is the lowest since the last war. The pool from which staff can de drawn has to deepen in order for businesses to stand a hope of thriving, he said.

** 'Making diversity and inclusion a business reality'/ #diversityinauto*

*** McKinsey & Company: 'Diversity matters' (2018)*

MASTERCLASSES

Preparing to deliver online vehicle sales

Selling cars online in the UK is not yet a viable business proposition, because the process is too complex and dealers are failing to meet consumers' expectations, James Tew, the chief executive of iVendi, told his seminar.

He said the industry was failing to deliver experiences, such as those of Amazon, John Lewis and eBay, which had become the benchmarks of online retailing.

iVendi carried out research this year which found that 79% of consumers would be confident or completely confident in buying a car online. But in their perception of which sectors were the most advanced in online retailing, automotive finished almost last, below clothing and fashion, technology, food and music.

"There's a very good reason for it – the whole transaction is too confusing," said Tew.

He offered four pieces of advice:

1. Improve your site's search Leading consumer websites use contextual search, e.g. 'seven-seater family cars' or 'cars with three Isofix', not just make and model. This 'faceted search' provides dealers with insight into what customers want. Contextual search can be seen on JCT600's and Sinclair's dealer websites.

2. Further web-enable the sales process Allow the consumer to complete administrative tasks (form-filling) online, freeing sales staff to focus on their core roles.

3. Make the buying process more convenient "Email me a finance quote – don't ask me to come to the showroom to talk me through it."

4. Allow rapport-building through video messaging, and live messaging or chat Buyers still want to negotiate, so allow a deal – including trade-in value, multiple finance offers and value-added products, such as paint protection and service plans – to be restructured by the consumer and sent to the dealer for consideration.

"Consumer expectation of online retailing is far more advanced than what dealers are offering. They're demanding more than dealers can deliver at the moment," said Tew.

Improving customer satisfaction results to increase sales

There is a direct correlation between customer satisfaction and the number of days it takes to sell a car, according to JudgeService.

New research conducted by the business, and presented at AM Live, showed that a dealership with a net promoter score (NPS) of 30 points will take, on average, 45 days to sell a car.

Sites with an NPS of 90 shift stock in just 28 days, on average. The data is based on sales performance and customer feedback from more than 1,000 dealers using the JudgeService system.

"The difference in speed of sale between someone with an NPS of 50 and 70 is five days. That is something that you can affect quite quickly," said Neil Addley, managing director of JudgeService.

He told delegates that improving the average time taken to sell a car by just one day could be worth £12,000 a year for the average dealer.

Data presented by JudgeService at AM Live showed that the salesperson's attitude is the most important factor in improving customer satisfaction.

"Based on all the scores we get in, if you can get people to improve the score for a salesperson's attitude by 5%, it means you can sell cars five days quicker overall," said Addley.

He recommended that dealers recruit on attitude, to ensure the right people are dealing with their customers and therefore drive up the NPS.

Attitude at handover was the second most important factor flagged in Addley's session.

"We put a lot of effort into training people on 'the road to the sale', but how much effort do we put into training handover," he asked delegates.

Addley also highlighted the importance of greeting customers promptly when they arrive at the showroom.

"What's really interesting is the NPS falls off really quickly if they are left waiting at all."

AM
DEALER
RECOMMENDED
2019

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 2019 are GAP insurance, auctions and remarketing, warranty, service plans, finance, and paint protection.

AM DEALER RECOMMENDED

GAP/RTI insurance – get it right and it's more than just a profit opportunity

AutoProtect is on a mission to change the way people think about GAP/RTI insurance. This change of thinking is equally valid for people in the showroom and for car buyers. When dealers get it right, the benefits are:

- **Increased sales.**
- **Greater trust.**
- **An enhanced customer experience.**
- **A better informed customer, who bought a product they understood and valued.**
- **A deeper long-term customer/dealer relationship.**

In today's increasingly competitive car and van retailing environment, dealers must look to every opportunity to delight the customer and to differentiate their proposition. Mike Macaulay, AutoProtect's head of corporate sales, said: "It's time to ensure there is a quality GAP product in your service."

All GAP/RTI policies are not the same

If you read trusted consumer guidance websites such as The Money Advice Service and Moneysavingexpert.com, it is easy to understand why people often believe all GAP-type products are the same, but they are not. These sites do recognise that there is a difference between the cover afforded by GAP and RTI, but guidance falls short of highlighting that terms and conditions and the breadth of cover often varies. Mis-selling – or 'mis-buying', for those consumers looking to buy online – could so easily be the unwanted outcome.

All GAP/RTI policies are not the same, even if the principles are. A current and very relevant example is that GAP cover for customers with a PCH finance agreement should be lease-specific, or the customer may not be fully covered.

However, even at finance GAP level, cover can vary. The breadth of cover is an essential aspect when helping the customer, said Macaulay: "All too often, online guidance for GAP/RTI overlooks the importance of understanding the breadth of cover. This detail may only be relevant when a claim becomes necessary. Only then, if 'gaps' appear in the GAP/RTI cover, will the damage be realised. If a dealer opts for a lighter cover, it is essential that they and their team are well aware of the exact level of protection they are providing for the car buyer."

In recent weeks, dealer personnel understanding and communicating the key features of all insurance policies became even more important, with the introduction of new Insurance Distribution Directive (IDD) compliance standards on October 1 – see below for more information on this key change.

Trustpilot

All GAP providers are not the same – AutoProtect TrustPilot rating: 8.6/10

The culture, values, processes and controls of the people who will serve a dealer's insurance customers are not the same. Yet the experience of those customers, should they make a claim, opt to cancel, seek further information, or simply change details, such as their address, reflect upon the dealer who opted to promote their services.

Choose a partner whose approach and ethos is highly customer-centric

> "Dealers are and should be the GAP experts that customers trust"

Mike Macaulay head of corporate sales, AutoProtect

and the important values of satisfaction, retention and advocacy can be enhanced.

The evidence of great customer experiences are clear from the market-leading 8.6/10 TrustPilot ranking from customers – it is a nice reassuring item to share with customers in the showroom.

IDD-compliant for the October 1 launch

The new IDD compliance standard for general insurance went live on October 1.

IDD, which replaced the Insurance Mediation Directive, affects everybody within the general insurance sector, whether or not insurance is their full-time role. For motor retailers, it has meant a significant increase in regulation to improve customer protection.

In summary, the IDD general principles say that:

- Firms must act honestly, fairly and professionally in accordance with their customers' best interests (the 'best interest rule').
- Firms must communicate in a way that is clear, fair and not misleading. Marketing materials must be clearly identifiable as such.
- Remuneration of a firm or its employees, and performance management of employees, must not conflict with the duty to act in accordance with their customers' best interests.

IDD requires a higher level of process rigour in discussing insurance policies and a greater level of professionalism. Every person involved in promoting general insurance products must undertake a minimum 15 hours continuing professional development (CPD) training every year.

By October 1, every dealer and their staff working with AutoProtect in the sale of insurance products, such as GAP/RTI, had received training and guidance on how to comply with the new standards and had a training plan in place to ensure that they complied with CPD.

Macaulay said he sees IDD as an important and positive step for dealers: "A higher level of customer care and product understanding represents a step forward for dealers, helping to address the popular negative perceptions of car sales executives. In an increasingly digital operating environment, quality and care are what will reinforce the value of the dealer showroom.

"The new requirement for all sales executives to have an annual 15-hour CPD record is something we are delighted to support; the connection between training and greater success in sales and a great customer experience cannot be underestimated."

Why attention to detail matters

Macaulay concluded by pointing to the importance of detail in the promotion of GAP/RTI.

"Online assessments* of GAP/RTI have a tendency towards generalisms; the showroom can be specific and appropriate to the needs of the individual customer. While some consumer advice sites point to reasons why GAP may be inappropriate, their guidance may not be appropriate. For example, in the event of a total write-off, not all new car insurance policies offer a brand new car replacement approach and fewer still stretch this beyond the first 12 months of a policy.

"Similarly, a suggestion that GAP may be inappropriate for cars over two years old because they don't depreciate as much as a new car could be misleading. The structure of a PCP agreement and, as mentioned, a leasing agreement are two areas where customers could find themselves particularly exposed. Highlighting such issues represents great customer service.

"Dealers are and should be the GAP experts that customers trust. IDD helps and so does a high-quality supplier providing that extra level of support and reassurance for dealers and their customers. Perhaps that is why, once again, AutoProtect is the Dealer Recommended GAP/RTI supplier – thank you to all dealers for your confidence."

**Sources*
https://www.moneyadviceservice.org.uk/en/articles/do-you-need-gap-insurance
https://www.moneysavingexpert.com/car-insurance/gap-insurance/

Making remarketing more efficient at scale

BCA plans to leverage its scale to drive further improvements in its supply chain and make the remarketing process more efficient and profitable for car dealers.

In April, the remarketing and logistics specialist surpassed the sale of one million cars over a 12-month period for the first time in its history at a BMW/Mini sales event at its 20-acre Perry Barr auction site.

The one-millionth vehicle sold was a Mini John Cooper Works at a sale that realised a 100% conversion rate and £11 million in sale proceeds.

Just two months later, the business announced a five-year Auto Services Solutions contract with BMW UK, including its specialist leasing business, Alphabet.

BCA will provide joined-up solutions from defleet, refurbishment, inspection and collection, inventory management and remarketing in both physical and digital forms for BMW.

Craig Purvey, BCA's chief commercial officer, said the agreement was a perfect demonstration of how the breadth of the business's supply chain capabilities can meet the most stringent demands of both retailers and manufacturers.

"In the past 12 to 18 months, there has been considerable ongoing investment in our physical facilities, our digital offering – through the introduction of the mobile buyer app and BCA Dealer Pro appraisal tool – and our logistics offering," he said.

"All these things ensure that we stand out in the marketplace as the one business that can leverage scale to meet the demands of the market and our customers and continue to drive growth while delivering a quality service."

Growth has been a hallmark of the BCA story in recent years, with increased capacity at BCA's remarketing sites central to its performance.

The Perry Barr auction facility was opened in January 2017 and has three auction lanes plus a state-of-the-art digital auction suite, undercover viewing for 450 vehicles, customer parking for more than 400, a restaurant, barista kiosk and business suites.

The on-site BCA Auction Services facility also offers valeting and Smart Prepared services, post-valet appraisal, a digital imaging bay and the BCA Assured service, which is delivered by the AA.

Developments are currently under way to enhance BCA's remarketing facilities across the network of 24 UK-wide centres in line with the needs of the operation.

Work was completed at BCA Bedford a year ago that included a new two-storey building with a staff training facility, office space, marketing suites, staff rooms and meeting rooms.

A newly expanded Manchester auction site opened in September 2017 – featuring five auction halls and a new centralised operational headquarters for the BCA Logistics business – and work is now under way to transform BCA Nottingham.

For more information, email customerservices@bca.com or visit bca.co.uk

AM DEALER RECOMMENDED 2019
AUCTIONS & REMARKETING

Purvey said: "Nottingham will be live in October and will feature a dual-lane set up like Perry Barr, with no dividing physical wall, so bidders can view and bid on cars in both lanes at the same time. That's something we're very excited about."

Facilitating the placement of an increased number of cars in front of retailers at physical auctions is one development of BCA's auction house updates, but the business is also working on its digital systems to make the buying and selling process more efficient.

Its mobile buyer app allows traders to track vehicles through an auction and gain a full appraisal insight, along with alerts to ensure they don't miss its arrival on the sales hall floor.

Purvey said the app will deliver added value to auction attendees and drives buying power both physically in-lane and online via the BCA Live Online auction platform, which accounts for 30% of auction sales.

He added: "We're very much committed to improving and upgrading our remarketing facilities as the large majority of our professional buyers prefer to buy in the physical environment. Live Online generates additional buying power, giving buyers more choice to acquire stock profitably."

BCA will continue to deliver digital solutions that benefit the retailers.

Recently upgraded through the introduction of a mobile app, the cloud-based, iPad-operated BCA Dealer Pro system – adopted by many of the UK's leading dealer groups – delivers a vehicle appraisal tool that values and then allocates incoming part-exchange vehicles to remarket or retail, sharing the details throughout a dealership operation.

We stand out as the one business that can leverage scale to meet the demands of the market

Craig Purvey, BCA

Non-retail stock can be sent to be remarketed by BCA with a click of a button.

Purvey said Dealer Pro was at the heart of a number of developments that have helped drive efficiency for car retailers, speeding up the valuation, preparation, remarketing and logistics processes to help realise greater profit.

"We are not dealing in an appreciating asset here," he said. "The faster we can process cars and the better condition we can deliver them to retailers' forecourts, the better that is for the business and its margins."

At 20 specialist de-fleet centres across the UK, BCA has introduced new RFID (radio frequency identification) technology to speed up vehicle processing. A stock check of 20,000 vehicles can now be completed at the push of a button.

Vehicles can be prepared to retail-ready standards with video and imagery captured using AutosOnShow technology, contributing to a package of vehicle data which is made available for use on dealership stock locators and retail websites. This approach radically shortens the time between defleet, retailer forecourt and retail sale.

At auction sites, BCA's relationship with the AA delivers reassurance through stock checks carried out as part of its BCA Assured programme, with any minor faults remedied on-site and others flagged up for peace of mind on the auction hall floor.

Purvey said BCA uses more than 800 transporters and 2,200 "plated drivers" to transport vehicles around the UK.

A desire to offer the broadest choice of vehicles in ever greater volumes while retaining key contracts and auction customers through quality service lie at the heart of Purvey's goals for the business.

He said: "From the smallest independent to the largest dealer group, we have a responsibility to deliver the best possible service and that's what we'll continue to do."

BCA

Who is Car Care Plan?

Car Care Plan is the UK's leading provider of vehicle warranty, asset protection products and aftersales motoring programmes, registering more than 1 million products globally each year.

Having been established in the automotive industry for more than 40 years, Car Care Plan has built up an impressive portfolio of clients, including some of the industry's leading manufacturers and dealers. Car Care Plan partners with these clients to offer protection and peace of mind to motorists worldwide.

Global coverage

The company is active in more than 50 countries, with offices in:

- Leeds and Manchester, UK
- Shanghai, China
- Sao Paulo, Brazil
- Istanbul, Turkey
- Moscow, Russia

Car Care Plan's geographical coverage, combined with its multi-lingual claims-handling capabilities, allows the company to meet clients' needs, whether they are localised to a single market or a global programme spread across multiple markets.

The company's operational capabilities are supported by a team of more than 400 employees based across six locations. The team possesses an extensive and wide-ranging knowledge of the industry, products and supporting disciplines. This knowledge allows Car Care Plan to support the varying needs of its clients and of its clients' customers.

An end-to-end solution

Car Care Plan offers its clients in-house underwriting, compliance, marketing, claims administration, customer service, auditing and account management expertise. This allows Car Care Plan to provide manufacturers and dealers with an experienced, knowledgeable and seamless end-to-end solution, all administered from under one roof.

What does Car Care Plan do?

For more than 40 years, Car Care Plan has been dedicated to providing reassurance and peace of mind to motorists worldwide.

To do this, it partners with dealers and manufacturers, to offer a bespoke, white-label solution, leveraging the company's 40 years of experience and an extensive mix of in-house capabilities to offer motorists high-quality, suitable and reliable products.

Car Care Plan's success over its 40 years in business has been built on the foundation of quality products. Car Care Plan adopts a relentless approach to product development, constantly reviewing and enhancing its product range, to ensure the products remain relevant and suitable to the market, while ensuring the quality of the products mirror the high standards of Car Care Plan's clients.

To help dealers convey the quality of Car Care Plan's product range, the business has built up a relationship with Defaqto, an independent financial product ratings company. These ratings allow dealers to easily communicate

Want to learn more about what Car Care Plan can do for your business? Visit

AM DEALER RECOMMENDED 2019 WARRANTY

and demonstrate the quality of their products to motorists. Many of the programmes Car Care Plan provides into dealerships carry a five-star Defaqto rating.

Offering both white-label and umbrella brand approaches, Car Care Plan manages the programme on the client's behalf, essentially acting as an extension of their business. Car Care Plan oversees the administration of the policies, the management of claims and steps in at the end of the product life cycle with retention campaigns to keep the customers within their client's brand and drive footfall back into their dealerships.

What can Car Care Plan do for your business?

Car Care Plan essentially offers its clients an expert, hassle-free and efficient way to manage vehicle warranty, asset protection and aftersales motoring programmes.

Through these programmes, Car Care Plan is able to open up new revenue streams for its clients, enhance product ranges, build upon the customer experience offered to clients' customers and drive footfall back into dealerships and workshops. All while ensuring motorists enjoy a hassle-free, friendly and worry-free experience.

"Car Care Plan offers an expert, hassle-free and efficient way to manage vehicle warranty, asset protection and aftersales"

Product development

Car Care Plan prides itself on offering the best products available in the market. Through detailed analysis of product performance, Car Care Plan reacts to market and consumer needs to continually improve its products and enhance its product range.

Car Care Plan adopts a clear, honest and transparent approach towards business, constantly striving to improve its suite of products and to make processes more efficient for policyholders.

Car Care Plan's focus on its products is evidenced in the company retaining the AM Dealer Recommended status in warranty again in 2019, a status they have held for more than five years consecutively.

Enhancing the customer experience

However, Car Care Plan doesn't rest on the laurels of its 40 years of success within the industry. The company is always looking for new ways to improve the customer experience.

In recent years, Car Care Plan has rolled out mobile claims apps, designed to help policyholders benefit from a convenient, straightforward and efficient way to claim through their smartphone. To further enhance this experience, Car Care Plan has subsequently rolled out its customer portal, giving policyholders the means to self-manage their account from a central point. These initiatives give customers more autonomy, control and visibility of their policy, ensuring the experience mirrors the high standards set by Car Care Plan's clients.

Car Care Plan
An AmTrust Financial Company

www.carcareplan.com or call 0344 573 8000

Service plan innovation: Building loyalty to boost revenue

In these rapidly changing times, the value of building strong consumer relationships to boost loyalty must not be underestimated. Finding ways to create positive ongoing partnerships with consumers is vital to future prosperity and must be the priority. Improved consumer loyalty and increased revenue will follow.

Success is a partnership

EMaC works closely with dealer groups to build bespoke service plan solutions using the latest technology and automation, supported with expert training and engagement programmes.

Programmes are built in partnership, to meet the specific requirements of each business. For example, EMaC and Evans Halshaw worked together to make service plans integral to Evans Halshaw's ongoing consumer dialogue. Engaging the expertise of the EMaC outbound sales team to continue the consumer relationship well beyond the initial vehicle sale, Evans Halshaw increased revenue and continues to build consumer loyalty and retention for the longer term.

James Godley, aftersales director of Evans Halshaw, explained: "Our partnership with EMaC has allowed us to better serve our customers. Using the outbound sales team at EMaC alongside our own contact centre team, we have been able to maximise the benefits service plans offer our customers, which has boosted customer retention and loyalty."

Motorline also partnered with EMaC to increase service plan sales. The continued evolution of EMaC technology, combined with its expert training and the full engagement from Motorline employees, sees service plans now sit at the centre of its consumer retention strategy. As a result, Motorline service plan sales doubled within four years. Thomas Obee, group chief executive at Motorline, said: "EMaC has always remained committed to continually enhancing its service plan sales and administration process. This has enabled our employees to easily maximise opportunities from initial sale right through to implementing service plans.

"With excellence at the core of our customer ethos, EMaC is central to the continued growth and success at Motorline, allowing us to further enhance the customer experience."

Eden Motor Group's partnership with EMaC is playing a key role in the growth of Eden's revenue – service plan sales have increased by 60% in just two years. Working closely with EMaC and placing an emphasis on technology-driven solutions, Eden is aiming for a further projected year-on-year sales growth of 25% by the end of 2018.

Mark Clifton, group general manager for Eden Motor Group, said: "EMaC is a proactive partner and treats each of our dealerships as individual entities – there's no one-size-fits-all mentality. Working in collaboration, we are supported in the launch of consumer offers, driving colleague engagement through training, and the delivery of valuable management and performance review information."

Working in partnership with dealerships and service providers allows EMaC to deliver tailored solutions that meet the needs of each individual business. EMaC continually invests in innovation, supporting the continued success of the EMaC service offering and driving wider aftersales opportunities in order to increase revenue for dealers.

Call our friendly team now on 0330 099 6826 to see what EMaC can do for

Easing the credit burden for your consumers

A recent EMaC survey revealed a worrying picture – 29% of consumers without service plans pay for car servicing and repairs with credit cards or loans.

The good news is that 62% would take advantage of an interest-free credit option if their dealer offered such a solution. These respondents confirmed that this would not only help them reduce the financial burden of unexpected vehicle maintenance, but would also make them feel more positively towards their dealer.

This is where EMaC can now offer even greater added value. In partnership with EMaC, dealers can now offer their consumers the ability to use Klarna's consumer finance in store to pay for repairs and vehicle accessories, interest-free, as part of the new 'Drive Now, Pay Later' facility.

John O'Donnell, managing director for EMaC, said: "The launch of Drive Now, Pay Later, a flexible interest-free monthly instalment plan, comes as EMaC commits to delivering a wider suite of services to dealers and their consumers.

"Our survey reveals a real opportunity for dealers to boost their consumer offering, enhancing loyalty and growing aftersales revenue throughout the ownership cycle. Building on our position as the leading provider of service plans and expanding our portfolio of value-adds, we are perfectly placed to provide dealers with tailor-made consumer retention solutions."

> **"EMaC is central to the continued growth and success at Motorline"**
>
> **Thomas Obee, Motorline**

Flexible access to service plans 24/7

In the summer of 2018, EMaC launched Self-Serve, a new platform which allows consumers to purchase service plans 24 hours a day via the dealer or manufacturer website of their choice. With consumers showing an increased appetite for making purchases online, this easy-to-use facility is making the purchase of a service plan extremely accessible and convenient.

The Self-Serve facility is embedded into a dealership's existing website with no need for extra "pop-up" windows, making it easy to integrate within the consumer's online purchase path. Dealers and manufacturers can also control the look and feel of the landing page, with support from EMaC offering best-practice advice on how to keep consumers engaged.

With the launch of the Self-Serve facility, EMaC is making service plans even more accessible to dealers and their consumers. Crucially, the light-touch IT resource requirement means that Self-Serve fits seamlessly into an existing dealer website, making implementation both inexpensive and easy.

In addition, EMaC manages everything post-sale, with no extra administration costs for the dealer or manufacturer. Self-Serve perfectly complements a motor retailer's existing service plan sales channels, offering consumers and dealers optimal flexibility and choice, increasing consumer retention, aftersales revenue and upsell opportunities.

Celebrating change

As part of the Innovation Group, EMaC has been going through many positive changes. To reflect these developments, it launched a new cohesive brand and logo that brings together the once separate businesses, combining company values and culture.

But focusing on delivering a consumer-centric approach to its day-to-day operations remains at the core of its ambitions. EMaC's increasing capabilities and success in harnessing technology, as well as its ability to build key partnerships, has culminated in an extremely exciting new identity for the business, supporting it as it continues to diversify and grow.

EMaC.

Black Horse: Supporting dealers, no matter what is around the corner

With huge growth in the motor finance sector, the decision by the Financial Conduct Authority (FCA) to undertake a review was hardly surprising. As we await full details of its UK industry regulator's findings, Black Horse is continuing to focus on supporting dealers in putting their customers' needs first.

Car financing has increased by an average of 20% a year since 2012, according to figures produced by the Bank of England in 2017. Little wonder that FCA announced plans to review the sector in its annual report last year.

Over the past year, the FCA has been looking closely at the sector to make sure dealers use fair processes to sell motor finance to customers. It has engaged with lenders, analysed customer credit reference agency files and looked at agreements between lenders and dealers – as well as the sales practices and processes of various companies.

In its initial findings in March 2018, the FCA noted that, despite favourable economic conditions and motor finance arrears and default rates remaining quite low, instances of these are rising among 'high credit risk' consumers. This suggests lenders may need to consider how they assess affordability.

Exploring customer journeys

The FCA also identified that some types of commission arrangements may act as an incentive for dealers to arrange finance at higher interest rates for their customers, so it is reviewing how lenders currently manage this process.

Finally, the regulator is conducting a series of mystery shopping exercises, reviewing the typical customer journey and exploring whether car buyers are being given the information they need to make genuinely informed decisions.

The benefits of transparency

At Black Horse, we fully support the FCA's review. We believe it will demonstrate the value of motor finance to customers and

build on the great work that has already been done in the industry to improve the transparency of this product. Our customers deserve to be treated fairly and to be given accessible, easy-to-understand information.

It also makes business sense for our dealers, who understand that this level of transparency actually improves their image and supports customer retention, and that selling products to customers who cannot afford to repay them is an unsustainable commercial model.

Our roadmap to good customer outcomes

When the FCA took over the regulation of consumer credit in 2014, we embraced this regulatory shift – with its focus on delivering good customer outcomes – and placed it at the heart of everything we do, every day.

We did this by implementing our 'roadmap', a strategy that continues to this day to encourage our dealers to treat their customers fairly. As well as supporting sustainable business for our dealers and greater transparency for their customers, it means we are well placed to answer the questions the FCA is asking of the motor financing industry:

1. Are firms taking the right steps to ensure they lend responsibly, in particular by appropriately assessing

whether potential customers can afford the product in question?
2. Are there conflicts of interest arising from commission arrangements between lenders and dealers, and, if so, are these appropriately managed to avoid harm to consumers?
3. Is the information provided to potential customers sufficiently transparent and clear, so they can understand the risks involved and make informed decisions?

Affordability is at the heart of our customer commitment
Thanks to the journey we began in 2014, Black Horse has already gone a long way towards improving services for dealers and their customers, with affordability our priority. We have achieved this by:

1. Implementing a robust affordability assessment within our finance application process, which is easy to use for the customer and the dealer.
2. Creating our own bespoke Black Horse Dealer Dashboard, to give dealers enhanced management information and help them track measures around customer affordability, product suitability and finance pricing.
3. Introducing a credit indicator for customers to check their credit status and identify whether they are likely to get the finance they need. This helps customers to shop around without leaving a mark on their credit file for other lenders to see.
4. Offering modules on affordability and sustainability to our dealer staff through an online LetsULearn training programme. It can also deliver training in soft skills. We support our dealers and their employees with training on regulated sales processes and our products so that they can deliver these to our customers.

Building a customer-first approach
We have also been proactive at Black Horse about improving the way customers are given information so they understand our products and can make informed decisions. We have invested in sales tools and training for our dealers and developed a range of tools to support them:

1. A mobile finance calculator, so our dealers can create instant indicative PCP or HP quotes for customers. By showing the customer the full cost of finance, we can help them make informed funding decisions.

"By increasing transparency and putting the interests of our customers first, we can boost customer confidence in the motor finance sector and improve its sustainability"

2. A customer contact programme, where we ask the customer about their experience at the dealership, usually within 48 hours of them signing their car finance agreement. Account managers share this feedback with dealers, so they can review and improve the customer experience and ensure they are delivering a transparent and compliant service to customers.
3. Black Horse product videos, which dealers can embed on their websites to help customers understand their finance options.
4. A personalised welcome video, which is sent to the customer after they have purchased a vehicle using Black Horse finance and provides important information about their finance contract.
5. Financial promotion guidelines for dealers, to help them produce compliant advertising for their customers.
6. LetsULearn, which provides online training for dealer staff on product suitability and how to explain our products to their customers.

Publication of the FCA's report will drive further positive change in the sector, for lenders, dealers and customers.

At Black Horse, it will allow us to benchmark our strategic approach. By increasing transparency and putting the interests of our customers first, we can boost customer confidence in the motor finance sector and improve its sustainability.

Whatever the outcome of the review, we remain committed to our focus on affordability and transparency, so that our dealers can continue to offer their customers a seamless financial experience now and in the future.

■ **For more information about our strategy or the tools and training we have available for dealers to support our customers, please visit: www.blackhorse.co.uk/abetterway**

Supagard – a history of innovation and expertise

1988 was a memorable year in motoring: the SMMT announced that new car sales in Britain exceeded two million units for the first time; the Ford Escort was Britain's best-selling car for the sixth year running; Vauxhall launched the third generation of its popular Cavalier hatchback and saloon; Jaguar unveiled its new Jaguar XJ220 supercar at the Motor Show; and Supagard, the UK market leader in automotive exterior and interior protection products, was founded by Brian Quinn and John Orrick!

From their state-of-the-art premises in Glasgow, Supagard's reputation has been built through continuous focus on giving exceptional service and ensuring their products are the best in an ever changing market. As they celebrated their 30th anniversary in 2018, the Supagard team reflected on how the company has expanded from those humble origins to be the UK's No. 1, enjoying double-digit growth year-on-year.

Strong family heritage

"A major factor in Supagard's DNA is the strong family heritage and the pride that the staff take in working for the company," said David Paterson, marketing director.

"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.

"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 that have applied their own stringent quality assurance measures before endorsing Supagard as their products of choice. With penetration rates in excess of 40% not unusual among Supagard customers, we are confident that the ease of application and superb finish of our various ranges will continue to ensure there is no better alternative on the market."

Technical innovation

Supagard's research and development team is led by technical and purchasing director James Smyth, who said: "We invest a great deal of time and money in our formulas and are continually making tweaks and revisions to ensure that the company stays at the cutting edge of chemical technology and continues to develop new and innovative products that can offer major savings in time and ease of application."

Exciting new products

The past year was another memorable one for Supagard, between their 30th anniversary celebrations and more new product launches, including their profitable range of wheel protection and glass protection kits. And 2019 promises to be even better, with some exciting new releases ahead for both the professional and DIY markets.

Smyth said: "After extensive development, we will soon be revealing details of these new ranges and are looking forward to bringing them to market, where we expect they will be very well received. They will be readily available as single items or multiple product kits and will offer dealers and manufacturers further opportunities to generate additional revenue at point of sale, over the counter or through online sales."

Comprehensive training

In addition to their innovative products, Supagard also provide a range of comprehensive training programmes, tailored to individual businesses, which ensure that sales and service personnel can present the products correctly and clearly to the customer. In addition to on-site training, the Supagard team will also provide more comprehensive training in the form of one-day workshops. These not only cover product information and benefits, but also a proven sales process to ensure success.

Valeters and paintwork specialists are also given specialist training to professionally apply the products and are

"We owe our success to the fact that we never stand still or rest on our laurels"

David Paterson, Supagard

awarded a certificate of competence, which can be displayed in your showroom.

Keeping dreams alive

Supagard are a forward-looking company with a strong heritage and a great pedigree, but their products are not only suitable for today's new and used cars. In a celebration of history and technical innovation, they sponsor the Historic Grand Prix Cars Association (HGPCA). Supagard supplies products and advice to keep these amazing pieces of F1 motor sport history, from the 1920s to the 1960s, in prime condition, so both their drivers and fans can keep enjoying them for many years to come – something your own customers will be able to do when their car has been treated with Supagard products.

Supagard's sponsorship of the HGPCA has the additional benefit that research and development can be carried out at the trackside in both the UK and Europe and real-time testing of paint sealant, ceramic and aftercare products can be observed in a variety of climatic conditions and on a range of very different paint finishes.

Supagard also recently took the opportunity to demonstrate the quality and versatility of their products to the ever expanding classic car and restoration community through their sponsorship of the London Classic Car Show, where their team helped prepare many of the exhibits.

Looking to the future

The times may have changed as we enter the age of the electric car, but 30 years after their first venture into the marketplace, Supagard continue to be the most respected UK company in automotive exterior and interior protection.

Their commitment to the research and development of new and innovative quality products has led to outstanding success for the company, with more than 16 manufacturers and hundreds of small, medium and large dealers and dealer groups specifying the Supagard range as their products of choice. They want competitively priced, hassle-free products that can generate substantial earnings while keeping their customers satisfied – Supagard delivers in every way.

Look to the future and make 2019 a memorable year for your business when you team up with Supagard, the UK's No.1 in automotive exterior and interior protection.

BMW expects the 3 Series to generate 26,000 registrations in its first full year on sale

BMW 3 SERIES: CLEANER AND GREENER, BUT LIVES UP TO ITS SPORTY LEGACY

Described by BMW as the heart and soul of its range, the carmaker expects its new 3 Series to continue the success of its predecessor.

BMW's best-selling model has long been considered as the aspirational vehicle for many company car drivers, with its badge appeal, traditionally sporty characteristics and efficient engines proving to be a winning formula in the corporate market.

It is also a significant car for BMW in the retail sector – the brand expects retail customers to account for 40% of 26,000 registrations in its first full year on sale.

Designed to look sharper and more muscular than its predecessor, the new 3 Series saloon also offers optimised efficiency through reworked engines, more interior space and new technologies aimed at enhancing the ownership experience.

At its launch in March, it will be available in three powertrain variants – a 190PS 320d diesel in rear-wheel drive or xDrive all-wheel drive versions, and a 258PS 330i petrol.

These will be followed soon after with two further petrol engines (184PS 320i, 374PS M340i xDrive) and two diesels (150PS 318d, 265PS 330d), with a 330e plug-in hybrid electric vehicle (PHEV) following in July.

Of these later arrivals, the PHEV is expected to be the biggest seller – it will be able to travel up to 37 miles on electric power alone, 50% more than its predecessor – while average combined fuel economy will be 138mpg, with CO_2 emissions of 39g/km.

BMW expects this powertrain to account for 30% of registrations, with more than 90% of those going to corporate customers.

The biggest seller, however, will be the two-wheel drive 320d, which will account for 50% of registrations.

Under the Euro 6d-TEMP exhaust standard, it has CO2 emissions of 110g/km to 122g/km depending on transmission and trim level. Its official combined fuel economy ranges from 67.3mpg to 60.1mpg.

This compares favourably with its direct rivals – the Audi A4 40 2.0 TDI has CO_2 emissions of 118-120g/km and official combined fuel economy of 62.8mpg, the Jaguar XE 2.0 180 128-141g/km and 53.3-57.6mpg, and the Mercedes-Benz C220 2.0d 117-121g/km and 59.9-61.4mpg.

We drove the 320d with the eight-speed Steptronic automatic transmission, and the driving experience lived up to the range's sporting image. The 2.0-litre diesel engine produced plenty of power, delivered smoothly throughout the rev range.

The ride was typical of BMW – firm and controlled enough to give a sporty feel, but also delivering a decent level of comfort. The steering was also nicely weighted and precise, making the car feel agile.

The 3 Series is more spacious than its predecessor, offering more shoulder and elbow room in the front, while legroom in the back is also greater. All

£33,610-£40,700

2.0-LITRE 190PS DIESEL; 2.0-LITRE 258PS PETROL

0-62MPH 5.8-7.1 SECONDS
TOP SPEED 145-155MPH

6SP MANUAL, 8SP AUTOMATIC

48.7-67.3MPG

110-132G/KM

REVIEW RATINGS

AUTO EXPRESS	PARKERS	WHAT CAR?
★★★★½	★★★★½	★★★★☆

KEY RIVALS

Audi A4

✔ STANDARD LED HEADLAMPS

✘ FIRM RIDE, REAR LEGROOM

Jaguar XE

✔ COMPETITIVELY PRICED

✘ SMALLER BOOT, FUSSY INFOTAINMENT SYSTEM

Mercedes-Benz C220

✔ TOP QUALITY INTERIOR, COMFORT

✘ UNEXCITING DRIVE

> WHEN YOU ARE DEALING WITH SUCH AN ICONIC CAR, IT'S VITAL THAT ANY NEW VERSION IS TRUE TO ITS ORIGINS
>
> JAMES THOMPSON, BMW UK

The new 3 Series is designed to look sharper and more muscular

New digital instrument clusters are among the cabin highlights

occupants benefit from increased headroom.

The quality of build and materials is impressive, while the refreshed interior design is comparable to the best-in-class.

Among the highlights is the new digital instrument cluster. Instead of using round dials as before, the speed and engine revs are shown on arced graphics that follow the outside edge of the display, creating space in the centre of the cluster to display information such as navigation guidance.

This is complemented by a large touchscreen at the top of the centre console, from where the infotainment system can be controlled. It all feels fresh and intuitive.

Three trim grades are available: SE, Sport and M Sport. All offer improved levels of standard equipment compared with their predecessor, with SE offering adaptive LED headlights, BMW Live Cockpit Plus (which includes BMW Navigation, BMW Teleservices and map updates), heated front seats, automatic parallel parking, a reversing camera and 17-inch alloy wheels.

Sport adds a range of exterior upgrades, such as 18-inch alloy wheels, as well as heated leather sports seats and high-gloss back interior trim highlights.

Both these trim levels will account for 15% of sales, with the range-topping M Sport taking the remaining 70%, further emphasising the car's sporty appeal.

M Sport adds sports suspension with a 10mm lower ride height, a number of 'sporty' exterior and interior styling features, and the BMW Live Cockpit Professional, which includes a 12.3-inch digital instrument cluster, 10.3-inch central instrument cluster and BMW's new ID7 operating system.

Q&A

JAMES THOMPSON,
3 SERIES PRODUCT MANAGER, BMW UK

How important is the new 3 Series for BMW UK and its dealers?

We launched the first BMW 3 Series in 1975. When you are dealing with such an iconic car, it's vital that any new version is true to its origins. That's why so much focus has been placed on the driving characteristics of this seventh-generation car. But just as much focus has gone in to the technology and innovations, where customer expectations are growing considerably.

What are you doing to support your dealers with the launch of the car?

We have a major launch planned for March 9, alongside the brand new Z4. This will attract customers at a peak time of the year for retailers. We have also simplified the model structure and option and package programmes – from six packages and 45 options to five packs and closer to 10 options. This should help customers make their choice of specification confidently.

How many do you expect to sell in the first full year in fleet and retail?

We expect to sell more than 20,000 3 Series saloons in 2019. However, 2020 will be our first full year with the car and this number should increase to over 26,000. We will launch the 330e PHEV in July 2019 and this car has proved a huge hit for fleet customers. In fact, the PHEV is now only outsold by the 320d.

How do you expect the sales mix (trims, powertrains) of this generation to differ?

We have ensured that from the SE trim upwards, standard specification is very strong, as you would expect of a premium car. However, our customer appetite for M Sport has grown consistently for many years now and shows no sign of slowing down. This model will be at least 70% of the 3 Series volume. Diesel continues to outsell petrol by a significant margin on 3 Series, so although petrol has seen a resurgence in popularity, we expect diesel to continue to sell extremely well.

What new opportunities does the car present to your dealers? Why do you expect the 3 Series to conquest customers in fleet and retail?

We believe the new 3 Series is such a compelling mix of outstanding driving dynamics and class-leading technology that customers who may have purchased alternative cars in recent years will be compelled to come and try it. Retailers will have a fantastic opportunity to revisit their customer base and engage with potential customers. The high level of standard specification and extremely competitive CO_2 position will undoubtedly be a significant draw for fleet customers.

> **"WE WILL LAUNCH THE 330E PHEV IN JULY 2019... THE PHEV IS NOW ONLY OUTSOLD BY THE 320D**
>
> **JAMES THOMPSON, BMW UK**

Standard safety equipment throughout the range includes Active Guard Plus, which includes speed limit information, lane departure warning, autonomous emergency braking and adaptive cruise control.

BMW has simplified the option structure for the 3 Series, with five main packages and about 10 single options available.

The packages group options with similar functionality or customer benefit, and BMW said this will ease the ordering process while still allowing for personalisation.

Packages include M Sport Plus, which consists of 19-inch wheels, M Sport brakes, Adaptive M Suspension, sun protection glazing, M seat belts, black kidney grills and M rear spoiler, while a premium package includes electric seats and electric glass sunroof.

A Driver Assistant Professional package includes the driving assistant as well as active cruise control, steering and lane control assistant, lane keeping assistant with active side collision protection, and cross-traffic alert. ANDREW RYAN

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SEAT ATECA

REPORT PROGRESS

Seat's dealer network has been buoyed by its first SUV

PRICED FROM: £20,825 (THIS MODEL £30,000)

SEGMENT SHARE 2.53% (SOURCE: SMMT)

55.4MPG

2.0-TDI 150PS

HOT SEAT SETS LOINS BURNING FOR DEALERS (AND DRIVERS)

Having lived with the Ateca since early July, I can see why the dealer network was so buoyed in 2017 by the first SUV to join their showrooms. For the past two generations, Seat's cars have been under-rated by too many car buyers, ignorant about the brand and the value it offers.

The Leon has changed that, to some extent, but the Ateca takes it further. It has certainly been well received by the motoring press, winning a clutch of awards. And Ateca owners on the SeatCupraNet enthusiasts' website seem generally delighted with their purchase decision.

Their Atecas of choice have mostly comprised of the high-specification Excellence trim, and these owners crow about the great level of standard equipment and optional extras, such as the 360-degree parking camera and powered tailgate.

> "APPARENTLY INFLUENCED BY THE UK'S HEATWAVE IN 2018, [ATECA OWNERS] SEEM AGGRIEVED THE EXCELLENCE TRIM COMES WITH ARTIFICIAL LEATHER AS STANDARD

A few comment about a jerking sensation as the electronic parking brake releases in auto mode, and its Seat Front Assist automatic braking system being a little over-cautious. Several, apparently influenced by the UK's heatwave in 2018, seem aggrieved that the Excellence trim comes with artificial leather as standard, and there is no option to change it to cloth or Alcantara.

I don't agree with the latter grievance – the leather upholstery is a necessity at this price point to help put the Ateca on consideration lists – but I have experienced the first two. Both are niggles, and can be overcome by adapting your driving style – if there is the will. TIM ROSE

Leather upholstery is a necessity at this price point

✔ NICE STYLING, POWERFUL ENGINE, RIDE HEIGHT

✘ INFOTAINMENT NIGGLES CONTINUE

CURRENT MILEAGE 0 3 5 1 7

START MILEAGE 0 0 0 9 4

GUESS THE CAR COMPETITION

THIS MONTH'S WINNER

Rod Norwood, parts manager at Lloyd Honda in Carlisle, correctly identified the Ford Fusion in our 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 4.

ADVERTISING FEATURE

EXECUTIVE PANEL

Industry professionals share their best advice on motor retail issues

AUCTIONS

Accurate valuation builds confidence

By Stuart Pearson, COO, BCA UK Remarketing

With January busy for used car sales and competition intensifying for customers' attention, it's important for dealers to be able to offer quick and efficient valuations on part-exchange vehicles. It's also important that this fits seamlessly with existing systems and processes a dealer is expected to use.

It's important that customers appreciate that they are getting the best value for their car. Pricing competition is intense and customers are better informed than ever.

Dealers that present a professional, transparent and trustworthy process during the part-ex process have a significant advantage when it comes to closing the deal.

BCA Dealer Pro offers dealers a quick and efficient way to manage the part ex-process and has been built in consultation with sales professionals. Now in its second generation, with additional functionality and available as an app, Dealer Pro uses a simple guided process to appraise, image and accurately value vehicles.

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

Dealers can maintain a real-time view of their inventory at the touch of a screen as vehicles are uploaded, ensuring no profit opportunities are missed.

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.

■ **Visit bca.co.uk for more information and make sure no profit opportunities pass you by.**

BCA

VALETING

Spend should be the driver, not price

By Martin Peters, sales director, Autoclenz Group

A Happy 2019 to you from all of us at Autoclenz.

When I receive tenders for new business, I always ask myself 'how is this client looking at selecting or benchmarking their current valet supplier?'.

Often it can be due to service issues, but almost always it seems to be about price, or certainly spend.

Any supplier can put forward what seems to be a very competitive pricing page and therefore a compelling case for change. But this is not the whole story. Notoriously in valeting, cheaper suppliers win the business on cheaper rates, but support their margin by billing multiple codes or unmanaged sundry items.

When controlling costs, transparency is king. At Autoclenz, utilising our cloud-based paperless vehicle management system (PVMS), we can gatekeep your spend, by vehicle, by department, and by site, to ensure you hit your budget. Our system is bespoke, so we can configure it to suit each customer's application. Along with its very powerful reporting suite, it has proven to be a very valuable management tool in the modern-day dealership.

On like-for-like pricing, PVMS Gatekeeper can save at least 3% by controlling and limiting multiple codes and unnecessary spending.

Using this tool along with pricing that supports sustainable service delivery, your spending can be controlled to the penny, giving you the peace of mind to focus on your core business.

■ **For more information on the difference Autoclenz can make to your business, please call Lucy on 01283 554 682, or visit www.autoclenz.co.uk.**

autoclenz™

APPRENTICESHIPS

MAKE THE MOST OF YOUR APPRENTICESHIP LEVY FUNDS

The IMI is offering free advice to dealers before April disbursement deadline

The Institute of the Motor Industry (IMI) hopes it can help dealers to maximise their use of the Apprenticeship Levy and improve apprenticeship take-up by unpicking the changes the Government has introduced since the tax was introduced in April 2017 and by offering free advice to retailers.

The levy, imposed on companies with a total pay bill of more than £3 million a year, amounts to 0.5% of their total pay bill. However, of the total £2.7 billion levy pot across all industries, just £370m has been drawn down to fund courses, according to Department for Education (DfE) data following a Freedom of Information request.

Employers that have contributed to the levy pot since April 2017 have until April 2019 to put those funds to good use, or see them redirected to SMEs and other DfE projects.

Chris Cotterill, IMI business development manager, said: "The clock is ticking on this, so there is a real call to action here for dealers in Q1 next year.

"This is why we're offering free advice to help dealers use these funds."

Cotterill said the biggest challenge for dealerships over the levy boils down to the Government's own apprenticeship catchline to put "employers in the driving seat".

He said: "Giving more control to employers to help shape the levy and their apprenticeships is positive, but it does mean that a lot of the administrative burden falls on them.

"When you mix this with the changes that have been introduced since it was first launched in April 2017, it can be confusing for those that don't know where to start when looking to draw on levy funds."

> IT'S IMPORTANT THAT BUSINESSES ARE AWARE THAT THERE ARE FUNDS TO MAKE USE OF – USE THEM OR LOSE THEM
> LARA MAZZOLARI, PINEWOOD

Advice will be offered on a case-by-case basis, with enquiries usually starting as emails or phone calls.

If a dealer group needs more specific support, the IMI will arrange a meeting with its business development team.

Cotterill said this interaction would usually be with senior managers or directors from the HR or operations department from a dealer group.

A survey conducted by the IMI found that apprentices typically generate a return on investment of between 150% and 300%, and usually generate profit within 12 to 24 months, but the organisation fears that confusion surrounding the levy may be putting some employers off recruitment.

In his annual Budget, the Chancellor of the Exchequer, Philip Hammond, announced a £95m increase to the levy, and an extra £90m of Government funding to enable employers to invest a quarter of their apprenticeship funds in people working for businesses in their supply chain (an increase of 5%).

He also took steps to introduce a new system for T-level vocation training and allowed smaller businesses taking on apprentices to halve the amount of co-investment from 10% to 5%, as part of a £695m package of support for apprenticeships.

An additional bonus for companies paying into the levy is that the Government is applying a 10% top-up to monthly funds entering levy-paying employers' digital accounts, for all apprenticeship training in England.

'Use it or lose it'

Lara Mazzolari, HR partner at dealer management system provider, Pinewood, said: "It's important that businesses are aware that there are funds to make use of – use them or lose them.

"There are thousands of pounds available for training the next generation of talent to help push your business forward."

Pinewood has used the apprenticeship levy to help take on Level 3 apprentices.

Mazzolari said: "We have success stories from people who have worked their way through the business, who will continue to advance their career with us upon completion."

The IMI is an approved assessment organisation for apprenticeship standards in Autocare Technician (L2), Light Vehicle (L3), Heavy Vehicle (L3), Bus and Coach (L3), and Customer Service (L2 and L3) – and will soon be announcing further standards that meet the new reforms.

TOM SEYMOUR

RESOURCES

IMI FREE EXPERT ADVICE FOR DEALERS

Any dealer that would like to access the expert advice on the Apprenticeship Levy should call 01992 511 521 or email enquiries@theimi.org.uk.
www.autocity.org.uk/index.php/find-a-job-apprenticeship/

FROM THE SOURCE

The Department for Education has a website detailing all the changes to the Apprenticeship Levy. It spells out how this system works and it's here that an online account can be created for levy-paying employers.
www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work

GET IN GO FAR

The YouTube channel for the Government's Get In Go Far apprenticeship campaign features case study videos and interviews across multiple industries on the benefits of apprenticeships. The getingofar.gov.uk website features advice for employers and parents.
www.youtube.com/user/ApprenticeshipsNAS/about

TALENT ON THE MOVE

ALEX SMITH, MANAGING DIRECTOR OF VOLKSWAGEN GROUP UK

Volkswagen Group UK has confirmed Alex Smith will replace Paul Willis as managing director in the new year.

Meanwhile, Volkswagen UK has appointed Andrew Savvas as its new managing director after Alison Jones announced her departure from the brand to pursue a role "elsewhere in the industry".

Smith returns to the Milton Keynes-based manufacturer group after two years running Nissan. After spending his early career with Ford and Kia, he was recruited by VW Group UK in 2007 and held positions within group parts operations and retail operations, before becoming director of VW Commercial Vehicles UK in November 2011. In July 2014, he was appointed as director of VW Passenger Cars UK, reporting to Willis, but moved to Nissan in 2016.

TONY WHITEHORN, PRESIDENT AND CEO, HYUNDAI MOTOR UK

Hyundai Motor UK president and chief executive Tony Whitehorn confirmed he will step down from his role after 13 years at the manufacturer. During his time with the brand, Whitehorn has overseen its rapid expansion in the UK, guiding the company from 23rd to one of the top 10 carmakers in the UK.

His successor is yet to be named, but Hyundai said Whitehorn will remain with the brand as an "executive adviser" to ensure a smooth transition.

BARRY BEESTON, MANAGING DIRECTOR, CIRCLE LEASING

Infiniti is also on the hunt for a new UK boss after Barry Beeston, its regional director of Northern Europe, left the brand to become managing director of Circle Leasing.

Beeston's move to Circle comes 19 months after he joined the premium brand from a position as the UK's corporate sales director at Nissan.

No direct replacement had been officially named, but fleet manager Jonathan Reynolds will lead Infiniti UK until an appointment is announced.

CHRIS ROBERTS, OPERATIONS MANAGER, CAMBRIA AUTOMOBILES

Cambria Automobiles has appointed former Drive Vauxhall managing director Chris Roberts as operations and business development director. Responsible for developing the business in the north and Midlands regions, he will report to Cambria's motor division MD Tim Duckers.

JAMES TAYLOR, GENERAL SALES MANAGER, VAUXHALL

Vauxhall's fleet sales and remarketing director James Taylor has been promoted to the new role of general sales director.

He will oversee all vehicle sales activities in his new role, which includes his current responsibilities for the fleet and remarketing sectors.

ZOE LAWSON, HEAD OF CORPORATE SALES, MARSHALL MOTOR GROUP

Marshall Motor Group has named Zoe Lawson head of corporate sales after eight years as corporate sales manager.

Starting at Arriva in 2000 as a corporate sales administrator, Lawson developed her career in key account management with Reg Vardy and Pendragon.


We have the experts

EIGHT QUESTIONS TO...

A SALES DIRECTOR

Hepworth Honda's Mark Brook explains how he handles fuel and Brexit uncertainties and why listening to customers talk about hobbies can win sales

What are the main responsibilities of your role?

BROOK: As sales director, my role is to oversee the smooth running of the sales department and deliver an excellent customer experience for new and used car sales, resulting in genuine customer satisfaction. I'm also here to ensure maximum profit is retained and relevant funding options and insurance products are recommended appropriately.

Additionally, I'm responsible for motivating and coaching the sales team and communicating with all staff members and manufacturers on a daily basis. I also ensure that all customers feel they have received the very best level of service and they are happy with any outcome. This is vitally important for customer retention and a loyal customer base.

What are the most significant challenges ahead in your field of work?

BROOK: Uncertainty in the market and Brexit are challenges that face everyone at the moment. Additionally, maintaining profitability and dealing with the pressures of hitting new car targets for manufacturers.

Keeping staff motivated during the tougher periods can be tricky as can the ever-growing concern of fuel, particularly diesel being given such bad press, yet no real explanation of why. The biggest challenge will be to adapt as quickly as industry competition, as I believe the speed of change will increase in the coming years.

How might these challenges be overcome?

BROOK: It comes down to having a strong team behind you. We continue to keep the teams motivated and ensure basics are done correctly. This is aided by keeping the sales process simple, but effective, and by listening to customer requirements. We also treat all customers and staff fairly and show interest in them. We try to focus on areas we can influence, not what we can't, and not assume what customers may or may not be thinking.

We always aim to demonstrate that customers still need people in dealerships to experience the best car-buying journey. We also have a strong process for handling customers who have doubts over fuel type.

What attracted you to this area of expertise?

BROOK: The motor trade kind of ran in the family and I really wanted to get into car sales from an early age. I joined Hepworths as a trainee sales executive in 1998, and I've been lucky to progress with the same company over the years with Mitsubishi and Honda. Having a very loyal customer base and staff longevity is a bonus but a challenge at the same time.

What's the most important thing you've learned in your career, and how have you made use of it at your company?

BROOK: To listen – whether it be to customers, staff or manufacturers, I find that listening properly shows you are interested in the person talking and you can gather as much information as possible. This helps you to act appropriately to achieve mutual goals. I try and get across to the team the importance of showing an interest in all customers. Talking about their interests and hobbies makes them feel relaxed and shows you don't see them as just another customer.

My managing director also has a saying that we were given one mouth and two ears – they should be used accordingly.

MATT DE PREZ

QUICK-FIRE QUESTIONS

What drives you?

Success and seeing the team succeed. Receiving genuine, great customer feedback.

What's your favourite app?

Spotify.

How do you relax?

I'm a season ticket holder at Manchester City, so I get to see the best football on the planet! Also, I like listening to music and going to the gym.

AM

AM, Media House, Lynch Wood, Peterborough PE2 6EA
Email: AM@bauermedia.co.uk

THIS MONTH'S QUESTION TO THE *AM* TEAM:
What's your favourite piece of trivia?

EDITORIAL
Editor Tim Rose 01733 468266
tim.rose@bauermedia.co.uk
The Carolina Reaper, currently the world's hottest chilli, has hospitalised people who tried it
News and features editor Tom Sharpe
01733 468343 tom.sharpe@bauermedia.co.uk
Sheffield has more trees per person than any city in Europe
Web producer Elizabeth Howlett 01733 468655
Elizabeth.Howlett@bauermedia.co.uk
A stopped clock tells the right time twice a day

PRODUCTION
Head of publishing Luke Neal 01733 468262
Your foot is the same length as your forearm
Production editor Finbarr O'Reilly 01733 468267
The English words slogan, smithereens, Tory and whiskey are all derived from Gaelic

CONTRIBUTORS
Matt De Prez, David Francis, Andrew Ryan, Jim Saker, Tom Seymour

PROJECT MANAGEMENT
Head of project management
Leanne Patterson 01733 468332
Project managers
Kerry Unwin 01733 468578
Chelsie Tate 01733 468338
Niamh Walker 01733 468327

ADVERTISING
Commercial director
Sarah Crown 01733 366466
Group advertisement manager
Sheryl Graham 01733 366467
Account managers
Sara Donald 01733 366474
Kelly Crown 01733 366364
Kate Atkinson 01733 366473
Recruitment enquiries 01733 366473

EVENTS
Event director Chris Lester
Event manager Sandra Evitt 01733 468123
Event manager Louise Baylis 01733 468325
Senior event planner Kate Howard 01733 468146

PUBLISHING
Editor-in-chief Stephen Briers
Head of digital/associate editor Jeremy Bennett
Managing director Tim Lucas
Office manager Jane Hill 01733 468319
Group managing director Rob Munro-Hall
Chief executive officer Paul Keenan

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