



AUTOMOTIVE MANAGEMENT

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July 2018 £8.00

**SSANGYONG / P24**

New MD Nick Laird wants to give dealers wider finance options and a focus on SMEs

**PROFIT FROM PRE-OWNED / P29-40**

Make the most of 'the year of the used car'

**WINNING DISTANCE BUYERS / P47-67**

From legal to operations, what dealers need to know about selling completely online

**EMISSIONS REGULATIONS / P6**

# ARE YOU PREPARED FOR RDE AND WLTP?

WE COULD BE ENTERING A VERY TURBULENT PERIOD FOR DEALERS

IF VED RATES GO UP PEOPLE WILL IMMEDIATELY FEEL THAT THEY'VE BEEN CONNED

CONSUMERS AREN'T AWARE OF IT AND THAT'S A REAL RISK



# iVHC

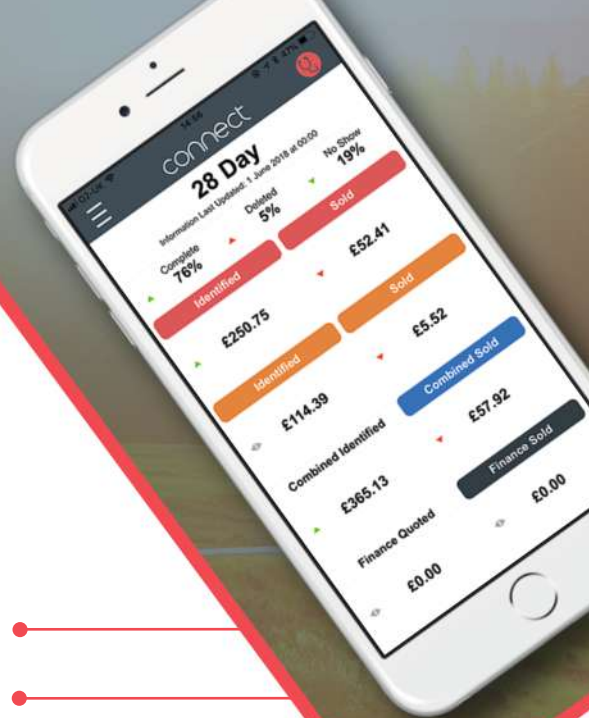
## INTERACTIVE VEHICLE HEALTH CHECK

More than just a vehicle health check system, our iVHC application is interactive, intuitive and fully integrated with all other modules, including VIDEO I st for video and photographs and Finance and Repair Plans for red and amber work upsell.

Up to date analysis available via the Connect reporting app

Detailed drill-through analysis

View at dealer or group level



The tablet screen shows the 'VHC Service Advisor' form. It includes fields for 'DATE OUT' (01/07/2018), 'TIME OUT' (7:00), 'CONTACT METHOD' (TELEPHONE / 01234567890), 'CONTACT TIME' (13:00), 'PAYMENT TYPE', 'SERVICE PLAN', 'PRE-AUTHORISED AMOUNT' (150), and 'CUSTOMER NOT PRESENT'. There is a signature 'J Doe' and buttons for 'CLEAR' and 'SAVE'.



### FINANCE PLAN

Provide customers the opportunity to spread the cost of red work concerns identified through iVHC over 6 or 12 months, with no deposit, while having the repair fixed on the day.



### ACTIVE DIGITAL RECEPTION (ADR)

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### DATA REPORTING

Full, data rich reporting helps fully analyse performance by dealership, advisor and technician.



### ONLINE BOOKINGS

Provide convenience to customers by allowing them to book VHC work now due directly through the Online Bookings platform.



### INJECTION OF PREVIOUS CONCERNS

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# EDITOR'S LETTER

It is a major challenge for the UK's motor retail industry that it can be so quickly brought into disrepute. Given the limited powers and resources that our trade bodies have, surely it must fall to the manufacturers themselves to tackle this issue.

I have been reminded of the challenge the sector faces by a number of recent incidents:

■ The advertising watchdog has tackled a deliberately provocative leasing broker for the inappropriate and offensive language used in its website marketing. But the watchdog's powers are limited. So will we see carmakers refuse publicly to allow new cars to be supplied to this company? Unlikely, in my view.

■ A saga of a Ford dealership failing to even start repairs to a Galaxy a week after it was booked in by a customer who had been loyal for 11 years, involving an abysmal trail of unreturned calls, ignored messages, excuses and even a service manager who hid rather than try to defuse the situation. The recompense after Ford intervened? An apology and about 15% knocked off the bill. The dealership has made several thousands of pounds in profit from this customer over the years, who now holds it in disrepute.

■ Manufacturers continue to be taken to task about emissions issues. Volkswagen Group has accepted a €1 billion fine in Germany for its defeat devices. Mercedes-Benz is recalling thousands of diesel cars fitted with an emissions 'shut-off device', and in February, BMW called in 12,000 cars over a diesel emissions issue.

Manufacturers, with their national voice and significant marketing budgets, need to invest in creating trust in our industry, and in spreading that message. Among the millions of customers they and their dealer networks serve annually, there must be sufficient stories to balance the disrepute. Sell the right experience, sell more cars.



## MEET THE TEAM



**Tim Rose**  
Editor




**Tom Sharpe**  
News and  
features editor



**Stephen Briers**  
Editor-in-chief



**Jeremy Bennett**  
Head of digital/  
associate editor

A man in a dark top hat and coat is shown in profile, looking towards a dark, textured brick wall. The lighting is dramatic, with the man's face and hat catching some light against the dark background.

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need extra boot space.**

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SsangYong

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## WINNING DISTANCE BUYERS



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# WLTP SWITCH COULD GIVE DEALERS A 'TURBULENT' TIME

New 'real-world' emissions and fuel economy tests may pull retail registrations forward before they come into force on September 1, but they could also dent consumer confidence, fleet sales and manufacturer supply

**A** move towards 'real-world' fuel economy and emissions tests could see retail demand rise ahead of the critical September plate-change, but the headache of re-testing entire ranges may also lead to product shortages afterwards.

The EU's Worldwide Harmonised Light Vehicle Test Procedure (WLTP) and Real Driving Emissions (RDE) tests are both due to come into effect on September 1, replacing the New European Driving Cycle (NEDC) tests.

Some dealers are concerned the legislation may prompt a spike in manufacturer 'push' and market 'pull', similar to that experienced ahead of the changes to VED in April 2017. It has been claimed that manufacturers are likely to want to clear their books of NEDC-rated vehicles and fleet operators will want to beat an anticipated rise in emissions under the new testing regime.

In an attempt to mitigate the impact of the changes after September 1, a 'derogation' rule will allow manufacturers to retail NEDC-tested cars built before June 1, but only in volumes equivalent to 10% of their total 2017 registrations.

At least one industry insider told *AM* that may not be enough.

"We could be entering a very turbulent period for dealers. The reality is that you could be faced with a huge influx of cars to register before September 1 and then a shortage of vehicles that have yet to be tested under the WLTP rules afterwards," he said.

"Without doubt, fleet will be the biggest headache. For some retailers, it might be necessary to completely re-appraise the channels they sell into."

Research by Cap HPI has found that WLTP test figures, which are correlated back to an NEDC equivalent using a tool called CO2MPAS, are typically 10% higher – delivering a rise in benefit-in-kind (BIK) tax for many.

Manufacturers have taken varying approaches to the new legislation.

In May, Volvo announced it had completed WLTP testing on all models and would sell using the new correlated figures.

While this increased its range's CO2 ratings before the switch-over, it may smooth the transition at a time of rising registration volumes for the brand.

**“IF THE WLTP DELIVERS A RISE IN EMISSIONS ACROSS THE BOARD, THEN IT WILL KNOCK BUYERS' CONFIDENCE FURTHER**  
**STUART FOULDS, TRUSTFORD**

In early June, Volkswagen Group said production of up to 250,000 cars from its group brands in the second half of 2018 will be delayed, with potential factory shut-downs in Germany as vehicles are made WLTP-compliant.

*AM's* source said: "The timing of the switch-over is very tough for retailers and it could very well affect their remuneration.

"Whether they are incentivised heavily to push some manufacturers' 18-plate stock before September could be a key issue. After that, the threat of limited supply that would normally help them reach their targets could be a factor."

## Another blow to buyer confidence?

Dealers are also concerned that if the changes are implemented without proper communication to car buyers, it could cause another crisis of customer confidence.

Stuart Foulds, chairman and chief executive of TrustFord, said: "If the WLTP delivers a rise in emissions across the board, then it will knock buyers' confidence further. If the VED rates go up, people will immediately feel that they have been conned.

"There's not been enough publicity about WLTP to inform the public of the changes and it could come as another shock to the market.

"Manufacturers haven't been talking about it much and I can only



## TESTING PRESSURES MAY LEAD TO MANUFACTURERS SCRAPPING PRODUCTS

Engine development consultants at Mahle Powertrain said WLTP and RDE testing will reduce customer choice and increase manufacturers' development costs.

The business will open the UK's first dedicated Real Driving Emissions (RDE) testing centre, in Northampton, on July 31, and it has seen first-hand the effect of the changes on manufacturer resources.

Daren Mottershead, sales and

marketing manager, said:

"I believe development costs will have trebled. Some manufacturers will be scrapping product simply because they run out of time to develop it."

Dave Pates, Mahle Powertrain's chief engineer for performance and calibration, said the business was currently working on 150 engine projects.

He said the new WLTP and RDE regimes demand tests that simulate a range of altitudes

and temperatures. Unlike the NEDC test cycle, the tests also account for the effects of optional equipment on weight and drag.

Pates said the result will be more pre-tested option packs for customers – reducing the scope for bespoke configurations – but added: "The result is a more accurate representation of what the engine delivers. It should be communicated as a positive step for car buyers."

**THE RESULT IS MORE ACCURATE... IT SHOULD BE COMMUNICATED AS A POSITIVE STEP FOR CAR BUYERS**



DAVE PATES, MAHLE



public understand why that is."

Market analyst Jato Dynamics described the shift to the new WLTP test procedure as "a seismic change in the automotive industry".

In its study into the changes, Jato found the test standard would "result in higher purchase and ownership taxes" for motorists.

It said: "NEDC-correlated CO<sub>2</sub> figures are higher than previous NEDC-tested values, and the disparity could be greater than the industry expected."

"Furthermore, our initial findings suggest that the NEDC-correlated values are resulting in higher purchase and ownership taxes for the end user in some cases."

### The impact on fleet sales

The most significant effects of the switch to WLTP-correlated fuel economy and emissions figures in September are likely to be in the fleet sector, where shifts in BIK tax bands are likely to affect vehicle choices.

A move away from the option of a business car could boost the retail market, however.

The Government may announce changes to the BIK tax policy in the autumn in an attempt to curb the effects of tax increases triggered by WLTP, but Foulds fears there will be pain for retailers and manufacturers in the interim.

"I think the resulting rises in BIK will result in complete confusion for many and a lot of pain from cancelled orders across the brands," he said.

In Volvo's case, CO<sub>2</sub> emissions of its D2-engined V40 hatchback rose by 30%, from 94g/km to 122g/km, under the new regime.

On another fleet favourite, the Mercedes-Benz E-Class 200d,

emissions rose 19.6%, from 102g/km to 122g/km, when re-tested.

Caroline Sandall, the deputy chairman of fleet representative body ACFO, told *AM's* sister title, *Fleet News*, that many of its members were concerned that the WLTP/NEDC correlation had resulted in the same vehicle coming out of the matrix with "a much higher CO<sub>2</sub> value".

She added: "I do think someone needs to explain why there is such a variance between NEDC and NEDC-correlated figures. The whole thing has been badly managed and implemented."

Cap HPI believes fleet sales could spike ahead of September 1, but said retail sales are expected to remain stable.

Andrew Mee, senior forecasting editor (UK) at Cap HPI, said: "On the retail side, consumers aren't fully aware of WLTP, and if they are, then many will not be overly concerned about official figures that only impact on VED rates."

Mee said fuel consumption will be the greater concern for the retail buyer, adding that plug-in hybrids may suffer the biggest reduction in sales.

A Cap HPI study of emissions data showed petrol vehicles had increased by an average 7.3% under the new test, petrol-hybrid by 7.8% and diesel vehicles by 12.6%. However, figures for petrol/plug-in hybrids increased by 27.3%.

Mark Lavery, the managing director of Cambria Automobiles, hopes diesel cars will benefit from the more stringent tests.

"I think we'll see diesel affected the least and that could actually bring the retail customer back", he said.

TOM SHARPE

think that it's down to a stigma, because the new tests have basically been brought in on the back of an emissions scandal."

With many car buyers now researching their next purchase online, it is feared that review sites featuring pre-WLTP and RDE test data could deliver false expectations for customers.

Peter Smyth, director at Swan-sway Group, said: "The reality is that while WLTP has been gaining column inches in the trade press, it really hasn't entered the mainstream yet."

"Consumers aren't aware of it and that's a real risk when they walk into the showroom."

Mike Hawes, the chairman of the Society of Motor Manufacturers and Traders (SMMT), said it was essential for manufacturers and retailers to make customers aware of the changes.

"The cars will be the same, but the consumer will see a negative effect on the headline performance figures and that is something we will have to continue to work hard to educate them on," he said.

"The introduction of the new test regime will be like someone submitting a GCSE paper to an A-Level examination. The cars will be the same, but the results will be very different. Manufacturers and retailers all have a responsibility to help the



## ADVERTISING FEATURE

# Electric cars, are we nearly there yet?

By Christopher Knox, PR manager, Lookers



Not a day goes by without another electric car headline. It seems the Government's focus on placing the UK at the forefront of the "21st-century transport revolution" has pushed EVs right to the top of the motoring agenda.

The conversation now has the kind of urgency that was lacking just a few years ago when questions surrounding a slow-moving infrastructure were enough to make most motorists tune out.

Perhaps the reason is that more manufacturers are now heeding the call and building cars that more of us want to buy. While carmakers such as Nissan and Renault have introduced their next generation of electric cars, fine-tuning what are already proven models, prestige brands such as Jaguar and Audi are now joining the party and offering high performance in addition to the eco-benefits that have traditionally taken centre stage. For this we can be grateful and, perhaps, some of us can be a little less cynical.

Among the cornucopia of supercars at last month's London Motor Show, Lookers Jaguar attracted a lot of attention with its preview of the I-Pace. Its green credentials aside (a single charge gives you 298 miles under new WLTP range tests) it is a brilliant car that conservationists and 'petrolheads' alike have been ordering in their droves in advance of its retail launch this summer. Perhaps the tipping point is here after all.

Lookers was also at the London Motor Show to promote the Lookers Electric Charge Challenge. The carbon-neutral challenge is in aid of Ben, the motor industry charity, and will see a relay of electric vehicles travel 2,000 miles to destinations including all 155 of the retailer's franchised dealerships, where a range of fundraising activities are planned.

■ For more on the challenge, visit:

[Lookers.co.uk/EC4BEN](http://Lookers.co.uk/EC4BEN).



[www.lookers.co.uk/EC4BEN](http://www.lookers.co.uk/EC4BEN)

# THIS MONTH'S NEWS HIGH

MAY

22nd

## AUTO TRADER TO SELL COMPANY CARS DIRECT TO DEALERS

Auto Trader announced plans to bypass traditional auctions by enabling leasing companies and fleet operators to sell cars direct to dealers before they are de-fleeted, a move echoed by Leaseplan's [carnext.com](http://carnext.com) platform. In June, Auto Trader announced pre-tax profits of £211 million from £330m revenues in the year to March 31.

23rd

## IMPERIAL PLANS TO ADD NINE SITES BY 2019

Imperial Car Supermarkets has announced plans to take its network of used car supermarkets to 20 sites by 2019. The Southampton-based group has grown from six sites to 11 in three years and wants to occupy showrooms vacated by manufacturer franchisees to add locations "up the spine of the country".



## VOLVO OFFERS HOME-DELIVERY TEST DRIVES VIA AMAZON

Volvo Car UK has teamed up with Amazon to drive convenient access to its vehicles with a 'Prime Now test drives' initiative. Trials in London, Birmingham, Manchester and Edinburgh will allow Amazon customers to have a Volvo V40 hatchback delivered to their door.



29th

## HENDY GROUP ACQUIRES UNBEATABLECAR PORTSMOUTH

Hendy Group has acquired Unbeatablecar Portsmouth, a site offering up to 500 used vehicles for sale on the city's Anchorage Road. The deal followed Hendy's announcement of a 42% rise in annual turnover to £532.8m during the 12 months to December 31, 2017.

31st

## CAFFYNS CITES VOLUME BRANDS FOR 16% FALL IN PROFITS

Caffyns' annual results to March 31, 2018, reported a 16% decline in operating profit, to £2.3m (down from £2.75m), despite revenues up by 0.5% to £213.7m to March 31, 2018. The AM100 PLC cited the "very disappointing" performance of its volume car brands.







**JENNINGS GROUP SHELVES £6M FORDSTORE PLANS**  
Nas Khan, the managing director of Jennings Group, announced that the group will not build a £6m flagship FordStore in Stockton, instead opting for a £1m revamp. Khan said with the effects of Brexit and uncertainty surrounding diesel "we did not feel that spending close to £6m was the right thing to do".

31st

## HARDIE BLAMES PEUGEOT CI DEMANDS FOR TWO CLOSURES

Hardie Motor Group blamed Peugeot's corporate identity demands for the closure of its franchises in Larbert and Stirling. Gordon Hardie, group managing director, who has re-franchised the Stirling showroom with Suzuki, said manufacturers should "ease off" in the current climate.



**CARMAKERS FACE £50,000 FINE PER CAR FOR DEFEAT DEVICES**  
Car manufacturers face fines of up to £50,000 a car if they are found to have installed emissions defeat devices under new Government legislation. Transport

Minister Jesse Norman said the law would ensure those who cheat would be "held to proper account in this country".

## BMW AND DVSA RECALL DELAYS 'A FACTOR' IN FATAL CRASH

BMW and DVSA failures were highlighted as a 'contributory factor' in a fatal crash in which a former Gurkha swerved to avoid a stricken 3-Series. Surrey assistant coroner Anna Loxton said they had "failed to initiate a recall" despite discussing the fault, which made certain models prone to sudden power failure, 16 months earlier.

## MOTORPOINT POSTS 71% PROFIT RISE

Motorpoint, the used car supermarket group, increased pre-tax profits by 71% as it ramped up sales and won record levels of repeat business. Its annual results to March 31, 2018, showed pre-tax profits reached £20m, up from £11.7m, as the 12-site group grew turnover by 20.6% to £991.2m.



JUN

1st

8th

12th

## ADVERTISING FEATURE

# Never stop learning

By Alistair Horsburgh, CEO, CitNOW



With GCSE and A-Level exams over, I wondered if students realised they should never stop learning. The moment you do, suddenly the competition is way out in front, which is true for both individuals and businesses.

App-based video may be intuitive and straightforward to use, but it's not something you can do once and become an expert instantly.

Video is embedded in the communications ecosystem and long-term success depends on the quality of training and support.

The newest generation of automotive retail employees, many just leaving school and college, may have a sound knowledge of smartphone usage, but confident presenting is a skill that grows throughout someone's career.

Meeting that development need is the CitNOW Academy, taking learning sessions into working sales and workshop environments, providing online webinars and e-learning, while offsite masterclass sessions remain popular.

Video lends itself well to coaching and performance improvement as it can be reviewed constantly, and customer feedback provides a great barometer of whether your videos continue to hit the spot.

The quality of video presentations continues to improve. In our annual awards, now in their fourth year, we have seen the standard rise every year. This year's submissions are among the best we've seen, among an ever-higher number of entrants.

Great video presenting requires tons of information delivered succinctly, both visually and verbally, while still allowing your personality to shine through. Simple, right? In fact, it's a skill that needs to be continually honed and when done well has a hugely positive customer impact.

Remember, however, that one size does not fit all. Individuality pretty much trumps everything, videos have to be personal and answer customers' questions (even the ones they didn't actually ask).

■ For more information, contact us at [help@citnow.com](mailto:help@citnow.com), or visit [www.citnow.com](http://www.citnow.com)



# Automotive management LIVE

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ASSOCIATION OF MOTOR DEALERS

## DEBATE THE FUTURE OF MOTOR RETAIL

Automotive Management Live 2018 will help car dealers and manufacturers to explore the future of motor retail through a series of strategic presentations and debates.

This year, the expo for the motor trade will include a new, technology-packed Future Dealerships zone, as well as a strategic session entitled 'Vision For The Future'. Both are both designed to stimulate debate and inform long-term planning among the industry's senior managers.

We have already signed up Steve Young, the managing director of the ICDP (International Car Distribution Programme), to speak during 'Vision For The Future' and we will reveal more guest speakers – including a major figure from a global car brand – in the coming months.

In addition to the strategic session, AML 2018 will host a variety of best-practice masterclasses, open to all dealers, as detailed here:



## BEST-PRACTICE

VIDEO



### How video has evolved the vehicle sales process

*Alistair Horsburgh,  
CEO,  
CitNOW*

This session identifies what customers do after watching a video, the customer experience of the new car purchase process and the part played by digital communications, particularly video. Video has changed the car-buying and -owning process and will continue to evolve this space. In addition, CitNOW will reveal findings from latest consumer research undertaken in 2018.

SOCIAL  
MEDIA



Marketing Delivery

DATA  
DRIVEN  
MARKETING

### Why your dealership can't ignore social media any more

*Jeremy Evans, managing director,  
Marketing Delivery*

This session will show how Facebook advertising is an essential part of the dealer marketing plan. In this masterclass, Evans will showcase some of the methods and tools used to reach an ever-increasing number of consumers. With real-world examples of campaigns and content that have driven sales, this session will show how to build campaigns that will last.

# FREE



# MASTERCLASSES

## CUSTOMER REVIEWS

### JudgeService<sup>®</sup>



#### Use authentic reviews to drive more business

*Neil Addley,  
managing  
director,  
JudgeService*

Today's consumers are sharers. They are also truth-seekers. JudgeService can reveal new factual data about how authentic feedback at the most critical micro-moments in the user journey can help you to drive more business. This applies in both the sales process and the ongoing relationship with the customer. It believes this will help dealers secure more sales and more repeat business.

## LEAD MANAGEMENT

### enquiryMAX



#### Using data to build a high-performance sales culture

*David Boyce,  
managing  
director,  
enquiryMAX*

This session explores how data can help to build a high-performance sales culture and how simple changes can make a big difference to sales conversion. Sales data should be used every day and at every customer interaction. It can enable better cross-selling, from the service department to sales, to create a low-cost, efficient route to generating business.

## LIVE CHAT

### ContactAtOnce!



#### How to best connect with more of today's shoppers

*Thom Coupar-Evans, UK sales  
director, Contact  
At Once!*

To give consumers a better experience, you need a smart, seamless route through the car shopping and buying process. This session explores how messaging (chat, SMS, Facebook Messenger) can help. Coupar-Evans will walk attendees through an approach – the Automotive Tango – that has helped dealers almost double their connections with online shoppers.

## WEBSITES & DIGITAL



### AUTOWEB DESIGN

#### The website as the heart of dealer digital comms

*Martin Dew,  
digital solutions*



*director, Autoweb Design*

The website continues to beat at the heart of the dealer's marketing strategy. Harnessing the data generated by your website means dealers can target effectively and increase the likelihood of generating enquiries, which ultimately translates into more sales. From mobile-friendly sites to driving web traffic and delivering the right content, this session explores the latest developments and user behaviour to help dealers fine-tune their digital strategy.

## ONLINE VEHICLE RETAILING

### iVendi



#### Preparing to deliver online vehicle sales

*James Tew,  
CEO, iVendi*

With increased confidence from consumers in buying big-ticket

items online, dealers and manufacturers are both investigating and investing in ways to deliver end-to-end online purchases. Tew will draw on iVendi's recent Report on Online Motor Retailing, which explores the attitudes of consumers, dealers and manufacturers to online retailing. With the overarching message that online motor retail is to grow, this session explores some of the likely changes.

## USED CARS

### Glass's....

Part of Autovista Group



#### An overview of the used car market and how the top 100 dealers performed

*Anthony Machin,  
head of content,  
Glass's*

Using its Live Retail Pricing and trade valuations, Glass's will provide an overview of 2018 and talk about how the UK's used car market has performed at overall and segmented levels. Machin will use Glass's insights to fuel his discussion about how its list of the UK's top 100 dealerships have performed against each other in terms of used car sales.

# NOVEMBER 8, 2018 NEC, BIRMINGHAM

## REGISTRATION NOW OPEN

[www.automotivemanagementlive.co.uk](http://www.automotivemanagementlive.co.uk)

@AMLIVE2018  
#AMLIVE2018

## NEW CAR REGISTRATIONS

# GERMAN BRANDS BUCK THE BROADER TREND IN MAY

A look at the UK car market to the end of May shows Vauxhall, Nissan and Fiat suffering

**T**he rise of 3.4% in car registrations in May 2018 looks like good news. However, as the SMMT pointed out, it was mostly due to a bad month in May 2017 (buyers had pulled forward sales to avoid the new VED rates), plus the uncertainty around the general election in June 2017.

The pattern at a manufacturer level looks broadly familiar. The "domestic" brands of Ford and Vauxhall are suffering, German brands are doing well, and life is tough for French and Italian companies.

For Ford, May at least saw stabilisation of market share at 11.0%, although YTD registrations are down 12.8%, as the Focus is on run-out. Vauxhall is in a worse position – market share was down 0.3 percentage points in May, to 7.3%, and down 0.5ppts YTD, at 7.4%. The biggest problems are with the Corsa (down 21.2% YTD, and less than half the Fiesta's volume) and the Astra (down a shocking 46.5% YTD, and behind the Seat Leon in May).

Volkswagen has consolidated its position as the second-best-selling brand in the UK (8.4% market share YTD, exactly one percentage point ahead of Vauxhall). With the new, sixth-generation Polo, VW is only likely to further extend its lead.

Just behind Vauxhall is Mercedes-Benz, in fourth place at 7.1% market share YTD, so the gap to Vauxhall is only 0.3 percentage points. However, Mercedes may be more concerned about the shrinking gap behind it, than the one in front of it: Audi outsold it in May (Mercedes actually had a poor result last month), and Audi is now only 0.2 percentage points behind, at 6.9%. There is now a little clear water between Audi and BMW, as the latter has a YTD share of 6.4%.

## TOYOTA NEARS NISSAN AS JUKE DEPOSED

The biggest decline among the top 10 UK brands has come from Nissan, whose volumes have fallen 29.3% YTD to a market share of 4.7%.

Specifically, the issue is the Juke, which is down 42.9% YTD, and has dropped from the top spot in B-segment crossovers to third place, behind the Vauxhall Mokka and even the lacklustre Ford Ecosport. Admittedly, the Juke had a facelift last month, but it is hard to believe such tiny changes (in essence, a new grille, foglights and new colours) could have had many people holding off for the revised model.

At 4.3% market share, Toyota is just 0.4ppts behind Nissan – how much would Toyota like to reclaim the top spot from its arch-rival in the UK? Toyota has a much broader range of models than Nissan, but it has no smash-hit products – the new C-HR crossover is doing good business, but it is still outsold by the Nissan Qashqai by a ratio of 3:1.

Behind Toyota are Hyundai and Kia (both at 3.9% YTD), who round out the top 10. They have enjoyed fractional market share gains this year thanks to the new B-segment crossover twins, the Hyundai Kona and Kia Stonic, which have both got off to a good start.

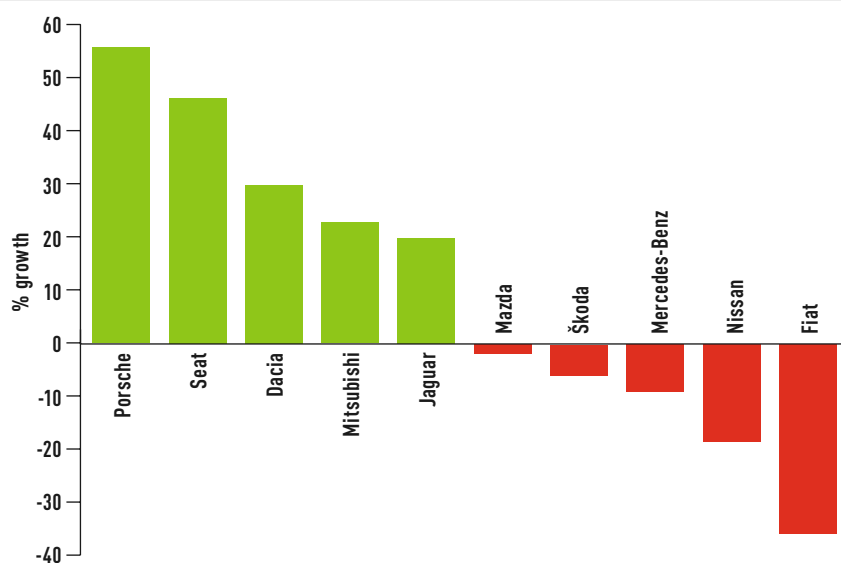
## LAND ROVER LOSING TRACTION

Elsewhere in the market, there are a few manufacturers worth focusing on. Jaguar Land Rover (JLR) is hitting its first patch of turbulence since it emerged from the financial crisis as the car industry's great success story.

At Land Rover, market share is down slightly at 3.3% YTD, from 3.4% in the same period last year (although sales did go up in May). That is no disaster, but we are so used to seeing relentless

**“WE ARE SO USED TO SEEING RELENTLESS GROWTH FROM LAND ROVER THAT IT LOOKS LIKE BAD NEWS**

## ➤ MAY WINNERS AND LOSERS: MAJOR BRANDS' YOY PERFORMANCE





## SPONSOR'S COMMENT



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

The past few weeks have seen the start of a subtle change in the tone of commentary around the

future of fuel. While I believe we still have a long road ahead, this is hugely positive, not just for our industry, but for drivers in general.

For example, we saw balanced and informed press coverage of the announcement that London's ultra-low emissions zone (ULEZ) will be extended from 2021. Much of what was written accurately emphasised the impacts on older cars and the need for drivers to shift to newer models to avoid incurring a charge – and crucially how this impacts both petrol and diesel vehicles.

Coverage also explained ULEZ standards by engine type, with several references to Euro 6. This marks a shift away from the so-called 'demonisation' of diesel and is one step on the road to drivers becoming more informed about the key considerations when choosing a car. Of course, it will take time to turn the tide completely and anti-diesel sentiment still exists. However, the increased accuracy in reporting the impacts of ULEZ changes was far more encouraging than some of the coverage we have seen.

We also saw Greg Clark, secretary of state for business, energy and industrial strategy, say it would be wrong for people to hold on to existing diesels rather than upgrading to a more environmentally friendly one. The distinction made between older and newer diesel engines shows that Government thinking on this subject is starting to mature.

Nevertheless, our drive to create a more informed consumer regarding fuel options must continue and I do agree that existing diesel drivers may be delaying their next purchase due to confusion around what to buy. We can all play a part in creating clear and consistent guidance for consumers on this topic, to support customers to make the right choices for them.

In the long term, the shift to zero-emissions technologies is crucial, of course, but the path to get there still needs more clarity, and it is here, it seems to me, that we are seeing signs of progress.

FORD FIESTA



6,896

FORD FOCUS



6,573

VW GOLF



6,372

NISSAN QASHQAI



4,956

VW POLO



3,961

VAUXHALL CORSA



3,932

MINI



3,505

MERCEDES-BENZ C-CLASS



2,955

MERCEDES-BENZ A-CLASS



2,939

AUDI A3



2,791

# TOP 10 MODELS MAY 2018

growth from Land Rover that it looks like bad news.

Interestingly, there is a sharp division in fortunes within the company. The more affordable models (Evoque and Discovery Sport) are down 29%, but the luxury models (Discovery, Velar, Range Rover Sport and Range Rover) are actually up by 20%. That suggests the revenue hit to Land Rover is less than the sales hit, but a major part of the company's strategy is to extend the range downwards – after all, it can hardly increase its share of £60,000-plus SUVs much further. A decline in sales of the ageing Evoque is only to be expected, but a fall of 23% in Discovery Sport sales is more worrying. A comparison with the Audi Q5 is instructive – total Q5 sales have gone up by 87.6% YTD, and the petrol mix is 45.1%, whereas the petrol mix of the Discovery Sport is just 6.4%. It seems the Discovery Sport needs a more credible petrol or hybrid option.

The biggest decline among mainstream manufacturers came from Fiat, whose sales fell 26.1% YTD (market share 1.8% YTD). At his recent farewell press conference, Sergio Marchionne, the ever-quotable boss of Fiat, said the company would henceforth concentrate on growing Jeep, Alfa Romeo and Maserati (plus Ram pick-ups, not sold in

Europe). That would be fine, except that YTD sales of Jeep have fallen by 16.7%, Alfa Romeo by 6% and Maserati by 27.3%. Although it could be argued that Alfa Romeo sales have tracked the overall market, 2018 was supposed to be the year of recovery thanks to the new Giulia and Stelvio. Indeed the combined market share of the three Fiat specialist brands is just 0.5% YTD – for reference, Porsche alone is on 0.7%.

## INFINITI AND BEYOND 2020? PERHAPS NOT

The wooden spoon for worst overall performance goes to Infiniti, whose registrations are down by 74.0% YTD to an infinitesimal 0.04% market share. The culprit is the Q30/QX30 – although built to astonishing levels of quality (suppliers to the Qashqai who thought they were already at the quality pinnacle were shocked by the incredible demands of Infiniti), it is completely unwanted by the market. The bizarre decision to base it on the Mercedes A-Class platform when the Qashqai platform was available from the same Sunderland factory has not helped – what is the value of a Mercedes A-Class minus the Mercedes brand? One has to assume that Infiniti is the brand most likely not to appear in a 2020 analysis of the UK market. **DAVID FRANCIS**

## NEW CAR REGISTRATIONS

# Market rises again in May, but is down on 2016 figures

New car registrations rose by 3.4% in May in what the Society of Motor Manufacturers and Traders (SMMT) described as a "modest" increase in light of last year's 8.5% decline during the same month (driven largely by the effect of VED changes introduced in April 2017).

Some 192,649 new vehicles were registered in May, against 186,265 in the same month last year. However, the month's total was 5.37% down on May 2016's 203,585 registrations.

Registrations of diesel vehicles fell for the 14th consecutive month, by 23.6%. Petrol vehicle sales increased by 23.5% and demand for AFVs grew by 36.1%, to 11,240 units, accounting for a record 5.8% of the market.

The SMMT noted that retail demand in the month grew by 10.1% in May, with more than 83,000 consumers driving home in a new car, but the business and fleet sectors suffered 9.6% and 0.7% declines, respectively.

Year-to-date, the market was 6.9% down on 2017 (1,079,049 registrations versus 1,158,357).

## 1 VOLKSWAGEN

A 2,441-unit, or 15.6%, improvement over May 2017 was due to a boost in volume for the Golf (up 17%) and Tiguan (up 32%), driven by fleet registrations.

## 2 SEAT

Demand in May increased 46.2%, or 1,792 units, over May 2017. Growth came largely in the fleet sector, with a rise of 1,020 units, led by Leon orders.



## 3 FIAT

Its May registrations were down 35.6%, or 1,452, units year-on-year. Only the Panda and 500X increased in sales, but its core 500 city car dropped by 39.5%, or 1,029 units, purely in the fleet market.

Marque	May					Year-to-date				
	2018	% market share	2017	% market share	% change	2018	% market share	2017	% market share	% change
Ford	21,136	10.97	20,514	11.01	3.03	123,207	11.42	141,221	12.19	-12.76
1 Volkswagen	18,097	9.39	15,656	8.41	15.59	90,162	8.36	85,388	7.37	5.59
Vauxhall	13,983	7.26	14,041	7.54	-0.41	79,732	7.39	91,506	7.90	-12.87
Audi	13,687	7.10	13,764	7.39	-0.56	74,737	6.93	74,638	6.44	0.13
Mercedes-Benz	13,387	6.95	14,660	7.87	-8.68	76,414	7.08	82,842	7.15	-7.76
BMW	12,940	6.72	12,731	6.83	1.64	69,411	6.43	73,489	6.34	-5.55
Nissan	8,699	4.52	10,627	5.71	-18.14	50,941	4.72	72,018	6.22	-29.27
Hyundai	7,387	3.83	7,321	3.93	0.90	42,378	3.93	42,135	3.64	0.58
Toyota	6,774	3.52	6,720	3.61	0.80	46,702	4.33	46,872	4.05	-0.36
Kia	6,721	3.49	6,682	3.59	0.58	42,344	3.92	42,678	3.68	-0.78
Land Rover	6,566	3.41	5,619	3.02	16.85	35,408	3.28	39,474	3.41	-10.30
Škoda	6,337	3.29	6,713	3.60	-5.60	34,164	3.17	35,046	3.03	-2.52
Peugeot	6,335	3.29	6,060	3.25	4.54	37,203	3.45	39,858	3.44	-6.66
2 Seat	5,674	2.95	3,882	2.08	46.16	29,379	2.72	24,590	2.12	19.48
Mini	5,094	2.64	4,972	2.67	2.45	25,949	2.40	25,973	2.24	-0.09
Renault	4,964	2.58	4,308	2.31	15.23	29,030	2.69	33,508	2.89	-13.36
Citroen	4,408	2.29	4,028	2.16	9.43	23,103	2.14	25,164	2.17	-8.19
Honda	3,825	1.99	3,397	1.82	12.60	25,051	2.32	24,184	2.09	3.59
Volvo	3,621	1.88	3,184	1.71	13.72	19,060	1.77	19,501	1.68	-2.26
Suzuki	3,117	1.62	2,722	1.46	14.51	16,561	1.53	18,331	1.58	-9.66
Jaguar	3,069	1.59	2,564	1.38	19.70	15,192	1.41	17,430	1.50	-12.84
3 Fiat	2,623	1.36	4,075	2.19	-35.63	16,333	1.51	23,633	2.04	-30.89
Dacia	2,516	1.31	1,939	1.04	29.76	11,617	1.08	11,542	1.00	0.65
Mazda	2,408	1.25	2,447	1.31	-1.59	18,253	1.69	19,306	1.67	-5.45
Porsche	1,991	1.03	1,278	0.69	55.79	7,711	0.71	6,255	0.54	23.28
Mitsubishi	1,400	0.73	1,142	0.61	22.59	8,586	0.80	7,555	0.65	13.65
Lexus	851	0.44	715	0.38	19.02	5,602	0.52	5,281	0.46	6.08
MG	811	0.42	395	0.21	105.32	3,415	0.32	1,679	0.14	103.39
Jeep	652	0.34	303	0.16	115.18	2,857	0.26	3,429	0.30	-16.68
Smart	636	0.33	924	0.50	-31.17	3,198	0.30	5,106	0.44	-37.37
Abarth	612	0.32	341	0.18	79.47	2,497	0.23	1,855	0.16	34.61
DS	547	0.28	647	0.35	-15.46	3,184	0.30	4,274	0.37	-25.50
Alfa Romeo	355	0.18	269	0.14	31.97	2,117	0.20	2,253	0.19	-6.04
SsangYong	250	0.13	273	0.15	-8.42	1,266	0.12	1,914	0.17	-33.86
Subaru	231	0.12	155	0.08	49.03	1,362	0.13	1,210	0.10	12.56
Aston Martin	128	0.07	148	0.08	-13.51	571	0.05	870	0.08	-34.37
Bentley	87	0.05	115	0.06	-24.35	604	0.06	800	0.07	-24.50
McLaren	85	0.04	62	0.03	37.10	353	0.03	208	0.02	69.71
Maserati	83	0.04	107	0.06	-22.43	622	0.06	856	0.07	-27.34
Infiniti	69	0.04	346	0.19	-80.06	454	0.04	1,749	0.15	-74.04
Lotus	20	0.01	2	0.00	900.00	112	0.01	119	0.01	-5.88
Chevrolet	6	0.00	4	0.00	50.00	26	0.00	35	0.00	-25.71
Other British	95	0.05	51	0.03	86.27	330	0.03	296	0.03	11.49
Other imports	372	0.19	362	0.19	2.76	1,851	0.17	2,286	0.20	-19.03
Total	192,649		186,265		3.43	1,079,049		1,158,357		-6.85



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**Aimee Winder**  
Account Manager  
North East Region

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## FINANCE OFFERS

# EV and hybrid offers reach parity with ICEs

**W**hile May was a strong month for private registrations (up 10% year-on-year), retail demand is still down 5.7% for the first five months of 2018 compared with the same period a year earlier.

Warmer weather in May helped to boost footfall at dealerships and manufacturer offers continued to entice, but among the things on consumers' minds may have been Brexit and the Government's forthcoming Road to Zero strategy.

This is likely due in the next few weeks, but it could have a big influence on how the market plays out during the next plate change in September. The strategy should bring more clarity on how internal combustion engines will be phased out and how hybrids will be treated from a tax and incentive perspective.

AM's retail offer data shows there are options at the more affordable end of the spectrum for alternative powertrain technology, with Hyundai's Ioniq hybrid priced from £215.85 a month after a £4,248 deposit and Renault's pure EV Zoe at £219 with a slightly lower deposit at £3,579.

The PCP pricing puts alternative technology on price parity with traditionally engined cars.

BMW's i3 comes with the lowest APR rate, at 2.9%, and a monthly price below £330, although the deposit level is quite a lot higher at £6,474.59.

The Mitsubishi Outlander PHEV also has a higher deposit point to get the monthly payments down to a more affordable £315.32 a month, but should be achievable for customers trading in a car with strong residual values.

Mitsubishi is having a good 2018 so far with registrations up 14% to 8,586 units year-to-date. It has been given a boost by the arrival of the Eclipse Cross crossover at the start of the year and its

## TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Plug-in vehicle offers							
Hyundai Ioniq Hybrids SE 1.6 GDi DCT	PCP	£4,248.00	36	£215.85	£10,161.00	4.90%	30/06/2018
Renault Zoe Dynamique Nav Q90 Quick Charge	PCP	£3,579.00	36	£219.00	£4,344.00	4.90%	09/07/2018
Mitsubishi Outlander PHEV 3h petrol hybrid auto 4WD	PCP	£8,000.00	36	£315.32	£13,605.00	5.90%	26/09/2018
BMW i3	PCP	£6,474.59	48	£323.26	£9,818.88	2.90%	29/06/2018
Toyota Prius Plug-In Business Edition Plus 5dr 1.8 VVT-i Auto	PCP	£4,808.00	36	£369.00	£13,950.00	4.90%	01/07/2018
Nissan Leaf Tekna	PCP	£5,098.97	36	£375.00	£11,067.50	4.49%	01/07/2018
Tesla Model S 75D	PCP	£11,000.00	48	£645.00	£32,120.00	4.90%	30/06/2018
Jaguar i-Pace EV400 S	PCP	£13,887.00	36	£699.00	£33,003.00	6.90%	30/06/2018
Tesla Model X 75D	PCP	£11,000.00	48	£725.00	£34,962.00	4.90%	30/06/2018
Porsche Panamera E-Hybrid	PCP	£17,800.00	36	£794.59	£49,099.80	6.30%	01/07/2018
Mitsubishi							
Mirage Juro Petrol Manual	PCP	£2,000.00	36	£185.06	£4,026	5.90%	26/09/2018
ASX 3 Petrol Manual	PCP	£2,500.00	36	£274.87	£7,447	5.90%	26/09/2018
Eclipse Cross 3 Petrol Auto	PCP	£3,000.00	36	£288.97	£12,626	5.90%	26/09/2018
Outlander 3 Diesel Auto 4WD	PCP	£5,000	36	£340.33	£10,624	5.90%	26/09/2018
Outlander PHEV 3h petrol hybrid auto 4WD	PCP	£8,000.00	36	£315.32	£13,605	5.90%	26/09/2018
Shogun SWB SG2 diesel auto 4WD	HP	£9,900	36	£419.86	£419.86	0.00%	26/09/2018
Fiat							
500 Pop 1.2 70PS	PCP	£1,310	48	£139	£3,788	3.90%	30/06/2018
500C Pop 1.2 70PS	PCP	£1,110	48	£195	£4,460	3.90%	30/06/2018
500X 1.6 E-torQ Mirror 5dr 2018	PCH	£5,370	48	£179	N/A	N/A	30/06/2018
500L 1.4 Mirror 5dr 2018 with Bi-colour paint 17-inch alloys	PCH	£4,901	48	£169	N/A	N/A	30/06/2018
Tipo EASY 1.4 95PS Hatchback	PCP	£780	48	£199	£4,503	4.90%	30/06/2018
Tipo S-Design 1.4 T-Jet 120PS	PCH	£3,975	35	£159	N/A	N/A	30/06/2018
124 Classica 1.4 MultiAir Turbo 140PS	PCH	£796	23	£199	N/A	N/A	30/06/2018
Panda City Cross 1.2 69PS	PCP	£1,160	48	£179	£3,264	5.90%	30/06/2018
Fullback Double Cab 2.4 150PS SX	PCH	£2,868	24	£239	N/A	N/A	30/06/2018

smaller entry-level models, the Mirage, ASX and the Eclipse Cross are all within the £300-a-month range with accessible deposit levels.

At the other end of the spectrum, Fiat is having a tough time so far this year, with registrations down 31% as of the end of May to 16,333 units. That leaves the dealer network with a 7,300-unit deficit over this time last year.

Some manufacturers are having conversations with dealers to help adjust quarterly targets to realign expectations with demand at the half-year point, but if those discussions are not happening across the Fiat network, dealers' Q1 and potentially Q2 bonus payment levels could pile on more pressure for the second half of the year.

Fiat's model range is built around the 500 city-car and dealers will be hungry for a next-generation model – it last received a facelift in September 2016. A new 500, along with an estate version may reinvigorate interest for the dealer network. Fiat is also launching an electric version within the next couple of years that it hopes will help to bring the brand up-to-date with rivals.

While the network waits for Fiat's product cycle to kick into gear, it cannot point the finger at the manufacturer's finance offers for failing to help retail demand. There are low-deposit levels across the board and every model in the range is priced at below £300 a month with a mixture of PCP and PCH examples. **TOM SEYMOUR**



**FIAT'S MODEL RANGE IS BUILT AROUND THE 500 CITY-CAR AND DEALERS WILL BE HUNGRY FOR A NEXT-GENERATION MODEL**



### SEARCH FOR FINANCE OFFERS

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

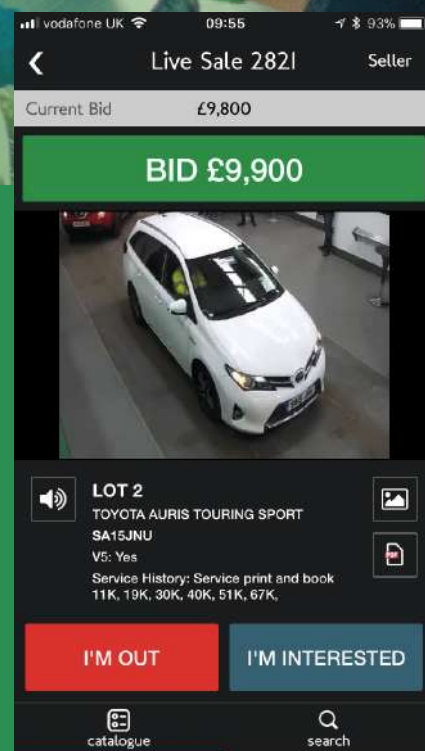


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# VIEWPOINT



## KEEP A VERY CLOSE EYE ON VAT

**GERRY MYTON** is head of VAT at Harwood Hutton



## THE OTHER DATA LAWS DEALERS SHOULD FEAR

**TIM MERCER** is the chief executive of Vapour Cloud

→ Significant growth in the percentage of new cars bought on finance has brought dealers a mixed bag when it comes to VAT.

On the one hand, it has resulted in dealers receiving additional VAT-exempt commission.

On the other, the associated growth in new car registrations has prompted manufacturers to demand updates to franchisees' facilities, in line with the latest corporate identity requirements. This can be a big outlay for dealers, who then find they cannot recover all of the VAT incurred due to the partial exemption rules.

This is especially important where dealers either acquire new sites where VAT is charged by the vendor, or where a dealer spends more than £250,000 (net) on refurbishing an existing property. This creates a capital item for the purposes of the Capital Goods Scheme, and additional VAT rules come into play.

Another issue facing motor retailers is negative equity. HM Revenue & Customs is razor-sharp on this area and isn't shy about issuing assessments plus penalties to dealers.

Some finance houses have worked with dealers to highlight the negative equity sum as a

separate item on the invoice paperwork, which is great.

The VAT issue crops up where a finance house does not cater for separate disclosure. In this situation, the invoice and the finance documents are at odds and HMRC uses the latter as the basis of raising an assessment.

The good news is there is a simple and technically correct workaround to have assessments withdrawn. Any dealer who receives or who has had an assessment in the past four years should look to protect their position as HMRC's approach is correct from one perspective, but not in its totality.

Another potential problem area is deposit contributions. There has been much talk about whether dealer/manufacture contributions amount to a reduction in a vehicle's selling price.

A dealer deposit contribution is a reduction in the selling price and reduces the VAT payable on the sale. A manufacturer deposit contribution is part of how a customer pays for the vehicle. It does not reduce the selling price.

Be careful with submitting claims that include manufacturer deposit contributions as HMRC could levy penalties for submission of an inaccurate claim.

Finally, those of you who retail Maserati will know the cars are purchased directly from the factories in Modena or Turin.

Thanks to Brexit, as of January 1, 2021, the purchase of these cars will no longer be an intra-community movement but an import. Affected dealers may need to look at setting up a deferment account and possibly Customs regimes to minimise any adverse cashflow issues.

→ GDPR has been putting the frighteners on virtually every business in the UK for the past 12 months, with many concerned about how to market to customers who fail to opt in to ongoing communications and fearful of penalties that could be imposed following a data security breach.

However, with so much attention being paid to these new data protection regulations, how many car dealers have overlooked other important legal hurdles?

Closely linked to GDPR is the need to be PCI- and MiFID II-compliant.

The Payment Card Industry Data Security Standard (PCI DSS) requires all companies that accept, process, store or transfer credit card information to do so in a safe environment.

Compliance levels are graded, with level 1 representing the most robust degree of conformity.

If a dealer takes card payments over the phone – either verbally or via the keypad – this is just one scenario where PCI compliance comes in.

If these calls are recorded to provide an audit trail, this is where a breach becomes risky. In such instances, it is illegal not to have some form of protection in place to safeguard the customer's personal details.

The call recording could be manually paused – or better still the process would be automated – but either way, the result must be a recording that does not contain sensitive data. Why? Because this would be problematic if it were ever accessed unlawfully.

Then there is MiFID II – the

## "HOW MANY CAR DEALERS HAVE OVERLOOKED OTHER LEGAL HURDLES?"

latest Markets in Financial Instruments Directive which came into force in January 2018. Implemented largely to reform the financial services sector, this latest move means that anyone involved in this advice chain must record their calls.

Dealers must therefore ask themselves if they fall into this category, or if they are likely to find themselves so.

If the answer is yes, considerations need to be made as to how these conversations are captured and stored.

The process becomes particularly difficult if salespeople discuss vehicle leases, for example, on incoming or outgoing calls made via a mobile phone or their own device.

Every call must be subject to the same treatment.

With cloud technology advancing apace, telecoms compliance is feasible and it doesn't have to break the bank.

There is no need to invest in complex hardware, when intuitive apps exist to facilitate security with ease. But an understanding of the legislative landscape is required first.

Irrespective of GDPR worries, dealers must research their wider regulatory obligations so that appropriate next steps can be planned.

**"BE CAREFUL WITH CLAIMS THAT INCLUDE MANUFACTURER DEPOSIT CONTRIBUTIONS"**



## GIVING MOTOR RETAIL A NEW WAY OF LEARNING

**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 motor retail sector has long been familiar with the concept of apprenticeships, especially in the workshop.

From the very start of the industry, experienced technicians have passed on their skills and knowledge, either informally or in a more structured way. With the advent of the Government's apprenticeship levy, this activity has received a welcome boost.

Since the Centre for Automotive Management at Loughborough University was founded in 1996, retail management programmes have been offered from certificate through to MSc levels, both domestically and internationally.

Apart from one programme in Singapore that received support from its government, all of the courses have been paid for by companies or, in many cases, the individual. The good news is it is now possible to get a Masters-level qualification in Strategic Leadership for the Automotive Retail Sector using levy funding.

For 20 years, we have offered the highly successful Master's degree for leaders and prospective senior managers. This course remains, but has been reshaped so that it can also be opened up to those who wish to draw down levy money to fund their studies.

The programme is not a typical general degree programme. The whole of the course is embedded

within the sector and draws on the latest research and practices. Typically, people attend for three-day modules spread across three years. We avoid any teaching in March and September and delegates attend for between 30 and 36 days, spread over the duration of the course.

The aim has always been to deliver a bottom-line benefit while allowing the participants to grow in knowledge, with the confidence to challenge existing practises in what is a rapidly changing economic, legal, social and technical environment.

We have found that this type of programme, with its interactive teaching style, allows there to be open discussion of difficult issues, and participants often learn as much from each other as from the tutors.

In a changing environment, we need to equip our existing and prospective senior managers to respond appropriately. Although many core skills remain the same, there is an increasing need to be adaptable and adopt different approaches. The ability to critically evaluate situations and come up with new answers will differentiate the winners from the losers.

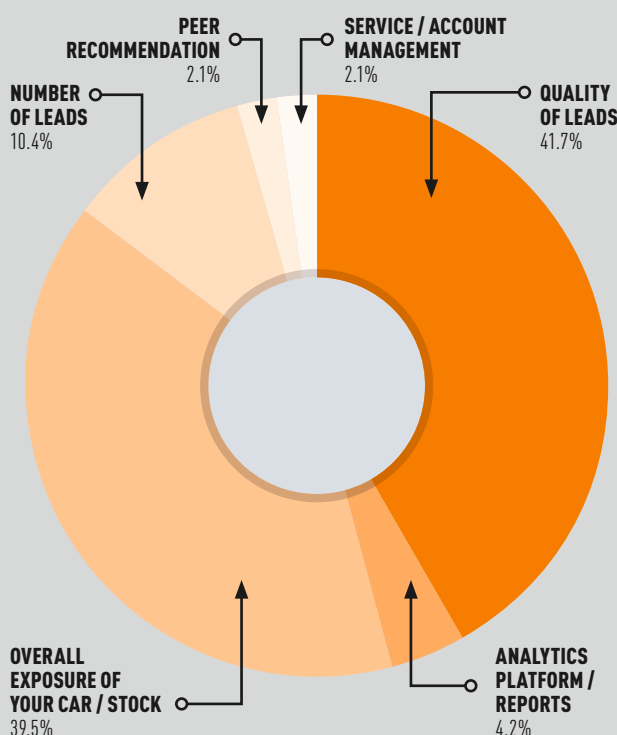
■ **If you are interested in the Apprenticeship Masters programme or any of the other courses that the centre offers, please contact Ruth Cufflin at [r.cufflin@lboro.ac.uk](mailto:r.cufflin@lboro.ac.uk) or call 01509 228 839.**

**"WE NEED TO EQUIP OUR EXISTING AND PROSPECTIVE SENIOR MANAGERS TO RESPOND APPROPRIATELY"**

# AMPOLL

## DEALERS WANT BIG AUDIENCES AND QUALITY LEADS FROM USED CAR PORTALS

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Dealers want to put their used car stock in front of as many eyeballs as possible, but also want that audience to be high-quality and in the market for a new car.

The results of our latest poll show that dealers place some value on the management information they receive from used car portals and on the customer service provided. However, such factors are marginal compared with the key operational requirements of a used car portal – to reach people and generate sales leads to prospect.

One voter stated: "Once you have great exposure, the rest will follow." Another said platforms must now support videos and interior 360-degree views to be more effective and allow the best dealers to make their products stand out.

Given the cost of some classified advertising, some dealers have concerns about the attribution of leads, so the analytics systems many suppliers provide can be useful, although are not critical, according to our poll participants.

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## BARCLAYS









# MINUTES WITH...

John Matthews, business development director, Retail Automotive Alliance



## FACT FILE

**COMPANY:**  
RETAIL AUTOMOTIVE ALLIANCE  
**HEADQUARTERS:**  
CRAWLEY, SUSSEX

**STAFF:**  
3

**MEMBERS:**  
BENTLEY AND BENTLEY GROUP;  
BIRCHWOOD GROUP;  
BUSSEYS;  
CEM DAY;  
DESMOND MOTORS;  
EMG;  
FORDTHORNE;  
FURROWS;  
GATES;  
HARTWELL;  
HAYNES;  
HENDY;  
HILLS FORD;  
JENNINGS MOTOR GROUP;  
OMC MOTOR GROUP;  
PAYNES OF HINCKLEY;  
PEOPLES;  
PVE MOTORS;  
RINGWAYS;  
SANDICLIFFE MOTOR GROUP;  
VOSPERS;  
WR DAVIES

### The RAA is now into its 14th year. What were its original aims, and have they since been fine-tuned?

The RAA was established on the back of a Ford dealer council meeting. The big family-run and privately owned dealers couldn't compete adequately with the big PLCs, who were increasingly dominant.

The idea was put forward that a new organisation – which would exclude PLCs – would have a combined buying power and commercial strength to help members punch above their individual weight.

Its initial aims were to champion family-run and privately-owned dealers, to make them more competitive by sharing ideas and best practice, and to help them become better motor retailers.

There has been fine-tuning. Different targeted suppliers, more mandatory programmes and more control of our spending patterns, but no fundamental changes.

### Are you looking for new blood?

Very much so. Consolidation and acquisitions will always occur, sometimes through succession planning or exit strategies by members. In 2017, for instance, we lost three members to PLC acquisitions, including EAG, a founding member.

In May, we took on three new members – Paynes of Hinckley (a main Ford dealer since 1922), Birchwood Motor Group and Dinnages. We are always looking to meet potential new members, to explain the RAA's benefits to them, and learn more about their business model and ambitions.

We think [combined annual turnover of] about £3 billion is the right level to maximise our commercial strengths and purchasing power. Membership numbers around the mid-20s also help us keep the feel of a club.

A typical member would have between four and eight sites, but our largest (Hendy Group) turns over more than £530 million from 25 locations.

If groups think the RAA could work for them, they should certainly get in touch.

## THE TYPICAL SAVINGS MADE BY EACH MEMBER WILL BE ABOUT 10 TIMES THEIR ANNUAL MEMBERSHIP FEES

JOHN MATTHEWS, RAA

### Is it possible to say what typical annual savings a member may achieve?

It's impossible, because our programmes range from used car finance to number plates, and every member uses different amounts of each. However, and over a long period, the typical savings made by each member will be about 10 times their annual membership fees. (The RAA has previously stated combined savings of more than £5m a year.)

### Are your membership fees based on the size of each dealership?

Everyone pays the same amount, regardless of size. There is a one-off joining fee towards the cost of running the RAA, and an annual fee. The annual fee varies according to the services offered by the RAA, but we're not a profit-making organisation, so we just raise sufficient money to cover our costs.

All 23 members have an equal shareholding and the same voting power. If they leave, or are purchased by a PLC, they have to sell their shares back.

### Are suppliers receptive to being asked to tender for RAA partnerships?

Very. I receive several calls every week from suppliers looking to engage with us, and become an approved supplier.

### Your organisation has enjoyed a long partnership with Manheim Remarketing. How did it win the RAA's loyalty?

At a local level, Manheim understands our members better than any other

[auction house]. They have always understood what we are about, and how the relationships works between the RAA and its members. No other supplier in this field has come close to that.

### You once suggested that RAA benefits would move beyond simply purchasing. Has that happened?

It has, although there is much more to do. The best example is our RAA Marketplace platform, which has been tremendously successful. It displays all RAA stock in real time, so at any one point there will be 10,000-12,000 vehicles there. Members can buy and sell them between each other and at no extra cost.

### We have seen previous annual figures of 220,000 new and used car sales, and combined annual turnover of £3bn, across your membership. What are you expecting for 2018?

Similar – £2.9bn-£3bn this year, and about 215,000 new and used sales.

### The UK motor industry is going through a volatile period, with Brexit and consumer attitudes towards diesel. Does the RAA expect that volatility to last, or has it become the 'new normal'?

We expect it to last and to become the 'new normal', although I don't think we are there yet. Manufacturers are wrestling with too many issues to be able to give the dealer network the clarity they need to make long-term plans, so we are somewhat 'treading water' at the moment.

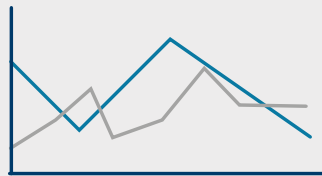
We are very confident in the long-term future of the franchised dealer model, but it will need to adapt to handle – or possibly embrace – the influences of 'disrupters' as it does so.

The RAA is listening, absorbing and responding to these new market forces, but the customer is always at the centre of what we are about. We are an alliance of like-minded businesses, which will always hold value for those who choose to buy from us. **IAN HALSTEAD**

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Jon Head, Commercial Director  
Marshall Motor Group

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# SSANGYONG

SsangYong wants to use its dealers' local expertise and high service levels to win corporate business in 2018, managing director Nick Laird tells **Tim Rose**

**A**lmost 20 years since he left Ford to work in other industries, Nick Laird returned to motor retail in late 2017 to steer SsangYong UK as it sought a replacement for departed managing director Paul Williams.

Laird accepted the mantle of managing director himself in January of this year and has now set a course for the brand – winning sales from local businesses and giving dealers more finance tools to work with.

Laird expects the brand's sales performance this year to continue "to have its ups and downs", due to the introduction of the WLTP testing regime in September, which places short-term constraints on what it can import while all models achieve certification.

Last year, SsangYong's registrations reached 3,590 units, down from 4,444 in

2016. The model to suffer most was the Tivoli, its cheapest car. However, the brand had increased its volume in daily rental and other short-cycle channels during 2016.

The effect of that pullback from some fleet channels is also evident in its performance in the first five months of this year – while the brand as a whole was down almost 34% (from 1,914 units to 1,266), most of that fall is in fleet (down almost 53%, from 1,204 units to 567). Its retail registrations were largely flat (down 1.5% to 699).

Laird said it is now focused on quality retail and business sales, which he said means "selling real new cars to real customers".

With local fleets in its sights, SsangYong wants its dealers to better understand their local business customers.

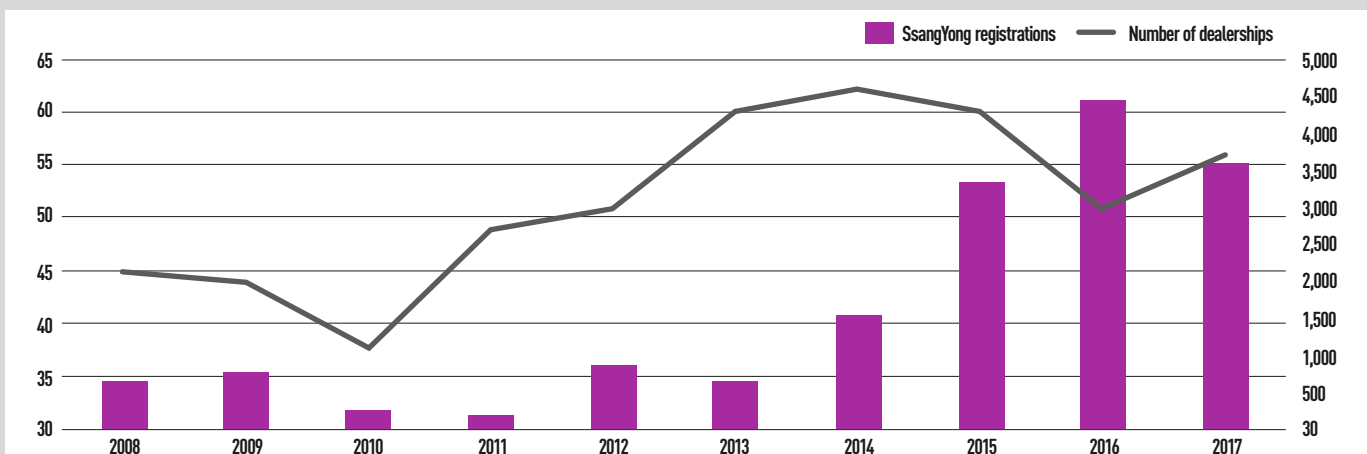
"We're trying to find ways to address the fleet market that are right for us, our brand and our dealers. For example, some of the



contract hire companies working with blue-chip companies set very high standards and requirements that they put dealers through. That's not really a great fit for the products we have that are 'value for money'-type. Our dealers reflect our brand, as a manufacturer that is easy to do business with and therefore not to have tonnes of standards

## SSANGYONG REGISTRATIONS VS NUMBER OF DEALERSHIPS 2008-2017

SOURCE: SMMT



## KEY PRODUCTS



### Tivoli

Priced from £13,495 (or £149 a month on five-year 0% HP finance), it competes on value against the Nissan Juke, Renault Captur and Jeep Renegade. 2017 registrations: 1,504.



### Korando

Its 930 registrations in 2017 were tiny compared with Nissan's segment-leading Qashqai (64,216). But, from £16,295, this car won plaudits – it's the Caravan and Motorhome Club's Towcar of the Year.



Nick Laird said SsangYong does 'a lot of straight finance', but is seeking to give dealers more tools to attract retail and business sales

and demands from dealers.

"As a result, some of those contract hire companies that want to mandate the length of the grass outside the showroom are not a good fit for our dealer body and therefore that's not the market we're aiming for."

Asked whether the South Korean brand's network has adequate capability to target fleets, Laird said most of his dealers have other franchises, such as Ford, Vauxhall, Citroën and Honda, so at management level, at least, there is experience of fleet sales, and SsangYong can help them with central marketing resources.

He said SsangYong dealers with no other franchise or just a retail franchise, such as MG, would require more support. The brand is trialling a fleet programme working with about 20 dealers at the moment, to work through what processes, commercial terms and marketing campaigns are right for them to sell effectively. It includes an additional margin incentive.

He said "one or two" big-brand fleet customers with specific requirements may be managed centrally by staff at SsangYong's Luton base. In January 2018, SsangYong appointed Vanessa Cox to the newly created role of PR and key relations manager. Cox, who previously worked in corporate sales



**“CONTRACT HIRE COMPANIES THAT WANT TO MANDATE THE LENGTH OF THE GRASS OUTSIDE THE SHOWROOM ARE NOT A GOOD FIT FOR OUR DEALER BODY. THAT’S NOT THE MARKET WE’RE AIMING FOR  
NICK LAIRD, SSANGYONG**

and media relations roles at Mitsubishi Motors UK, was tasked with leading the fleet strategy and identifying contract hire and specialist fleet opportunities. Despite her appointment, SsangYong's overriding ambition is for dealers to achieve success in the market segment themselves.

Laird said many of its dealers know their retail customers really well because they have operated in the same location for years, albeit not necessarily with SsangYong.

In aftersales, they score really well for quality of service – he referenced the 2017 Honest John Satisfaction Index, in which SsangYong ranked third, behind Lexus (first) and Jaguar (second). He wants local business buyers to experience the same sense of intimacy and personal service.

"Our dealers build good relationships because they know that leads to a lifetime of revenue and profit from multiple services. Those are the kind of relationships we'd like them to have in the fleet side, too."

"We try to do the simple things really well," he said, adding that SsangYong will not impose convoluted campaigns and daily reporting demands on franchisees.

**'Our dealers generate good margin'**

Laird said dealers generate good margin in

each sale – on average, about £1,400 per vehicle – so they have the capability to increase discounts for local fleets buying multiple new cars without throwing away all their profits. If a fleet demands more of an incentive to win their business, SsangYong UK can consider sharing that centrally with the dealer concerned.

He believes the range-topping Rexton, which has premium-grade luxuries such as front and rear heated seats, touchscreen infotainment system, reversing camera and an electric tailgate, appeals to some business owners, who may not want their staff to see them in a flashy, premium-brand SUV while their own purse-strings are being tightened.

Musso, a double-cab pick-up truck launching in July, is based on the Rexton and will target small businesses. SsangYong is bullish about its potential – marketing director Steve Gray believes its volume could reach 2,000 units.

For the first time, SsangYong has advertised on TV in two consecutive quarters of the year, and Laird said dealers' feedback suggests it is driving footfall.

"The product is superb. We know that to get people to take the product as seriously as it should be taken, we need



#### ◀ Rexton

The brand flagship's latest iteration arrived last autumn. In five- or seven-seat form, from £28,495, it will pull a 3.5-tonne horsebox. 2017 registrations: 448 (including run-out).



#### ◀ Musso

Based on the Rexton, this new double-cab pick-up promises similar off-road and towing capability (3.2 tonnes braked trailer) and can carry a one-tonne payload in the back.



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## ADVERTISING FEATURE

# Stepping up to the digital challenge

By James Tew, CEO, iVendi



We've just completed a major piece of research – 'Attitudes to Online Motor Retailing in the UK'. It's quite a hefty document, running to almost 60 pages, that looks in detail at the attitudes of consumers, dealers and manufacturers.

Like any analysis of this kind, a few headline findings stood out. These three grabbed our attention:

- 79% of car buyers said they would be "confident" or "completely confident" buying a car entirely online
- 87% of car buyers said visiting a showroom was an important part of the buying process
- 57% of car buyers believe motor retail lags behind the best online retail experiences.

To us, these paint a very clear picture of car buyer attitudes at this moment. The majority see the dealership as an important part of the shopping process, but they want the option to buy online and they rate current dealer digital provision poorly.

These findings very much underline what we have been saying about online motor retail for some time. Today, car buyers undertake very few purely online or analogue customer journeys when they buy a vehicle. Instead, most want to mix and match digital and real-world processes, being able to make their own decision about which to use at every step.

The report also shows that 43% of dealers are investing in their online provision in the next 18 months and this is something we very much support. Dealers clearly realise that they need to be moving towards meeting customer demands and are stepping up to meet the digital challenge.

There is much more information in the report of interest to dealers, manufacturers and others across the motor industry. Contact us for a copy.

■ **iVendi is the international market leader in online motor retailing solutions. Visit [www.ivendi.com](http://www.ivendi.com), e-mail [enquiries@ivendi.com](mailto:enquiries@ivendi.com), or call 0345 226 0503**



## LEAVING LONDON

SsangYong has shut its London retail experiment, in which it funded a small team of 'customer champions' who were embedded at dealerships on the outskirts of the UK's capital and who could take out demonstrator cars to prospective buyers' homes or workplaces on appointment.

When it was launched in autumn 2016, the initiative was seen as a potential solution to SsangYong's lack of brand representation in London. Property and people costs were making the business case difficult for such a small volume 4x4 franchise, so Paul Williams, the managing director at the time, wanted to try a brand-backed, field sales-type model for high-cost urban markets.

Some 18 months later, Williams has gone and so has the London experiment. Laird said it did win some sales, but the lesson was that SsangYong needed to "give it more scale" to make it work effectively, and it does not currently have the resources to do so.

The distributor's 2016 accounts showed a £200,000 pre-tax loss and stated an aim to restore profitability in 2018.

So for London, it's back to square one, and an appeal for traditional franchised representation or a tactical presence from existing nearby franchisees. The prospects in London for a brand weighed down with diesel 4x4s may leave some dealers scratching their heads, but the new Korando, expected in late 2019, will include an electric powertrain.

Laird believes diesel has been "demonised", but buyers of a large SUV for towing or off-road capability still require this powertrain (Rexton and Turismo are diesel-only), and he said SsangYong has been better protected from the mainstream market's rapid shift as a result. Its smallest model, Tivoli, is still split 50/50 between petrol and diesel. In the medium to long term, Laird said he expects diesel-hybrid powertrains to become viable for SUVs.

to improve awareness and the image of the brand," he said.

SsangYong's current marketing expenditure is weighted towards helping to clear existing stock ahead of WLTP in September. Once that has been completed, Laird expects Gray to assign more of the budget to brand marketing rather than tactical "merchandising" actions.

He said brand awareness should involve both SsangYong and its dealers, and he believes that the more dealers get products out in front of buyers, the better.

SsangYong currently has a 0% APR hire purchase scheme to entice buyers. Many of its retail customers tend to be older, cash-rich individuals, who like 0% offers because they feel they can keep hold of their savings.

It is working with its finance partner, GMAC, to broaden the finance offers available to dealers. It is set to agree a new wholesale and retail funding package and will announce this to franchisees on July 2.

"Today we do a lot of straight finance – five-year 0% (HP) for example – and we differentiate the deposit level between petrol and diesel, to try to stimulate diesel sales volume as we have more stock here in the UK," said Laird.

"But we are looking to promote options, moving into PCP, for example, which, traditionally, we've not done a lot of. We're working hard with GMAC to get a really competitive PCP programme for the third quarter of the year."

With businesses in its sights, the brand could also be expected to broaden its offers into contract hire.

Good residual values are critical for PCP affordability and fleet desirability, and

**WE ARE LOOKING TO PROMOTE OPTIONS, MOVING INTO PCP, FOR EXAMPLE, WHICH, TRADITIONALLY, WE'VE NOT DONE A LOT OF**  
**NICK LAIRD, SSANGYONG**

SsangYong believes Cap has undervalued its cars in the used market. The brand wants to share its own data with Cap and Glass's to convince their experts. Laird said data from SsangYong's network shows dealers are retailing used Tivolis at £600-£700 above Cap Retail, and making great margins because they are buying at Cap Clean or below. He said used Korando Sports pickups are retailing at £2,000 above Cap Retail.

Laird believes low volumes through auction may be leaving the brand unnoticed.

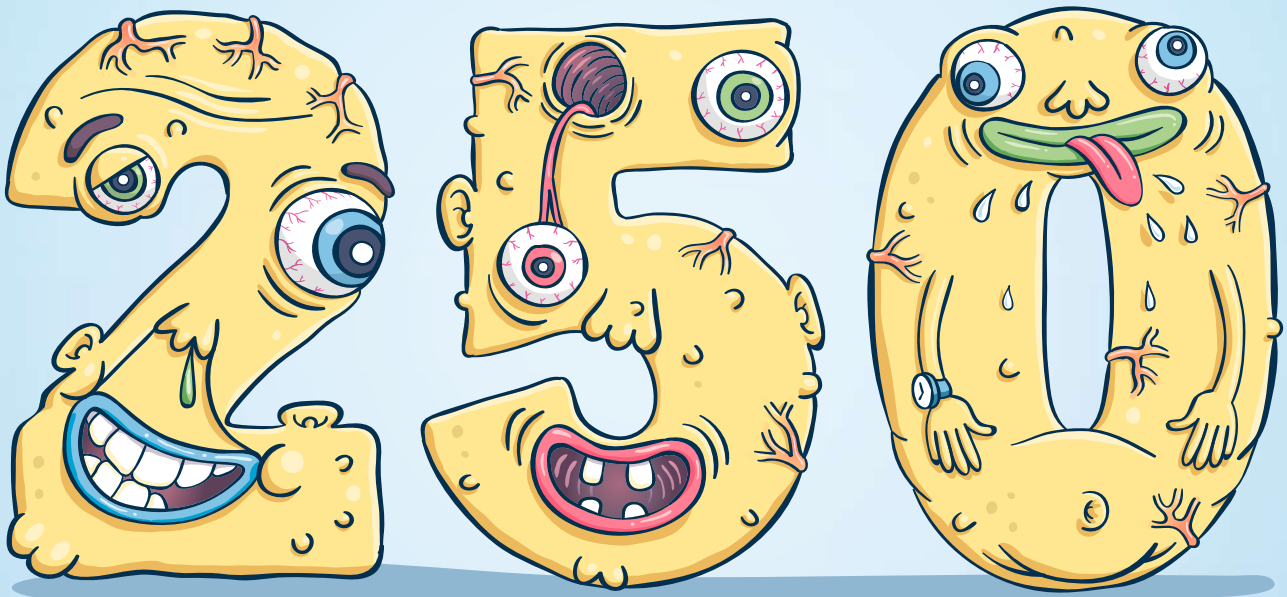
SsangYong UK has about 60 dealers, but aims to build that to 90 sales points. Laird said the network must develop "in quantity and quality", and he wants to meet people running dealerships where SsangYong could fit as a second or third brand, perhaps as they cope with a primary brand whose market share has declined.

SsangYong's top quartile dealers are currently achieving between 2.7% and 3% return on sales, said Laird.

"Being a smaller brand, the dealers that work for us are those who are really proactive... because we have to jointly get out there to persuade the customer to consider something they have never considered before."



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# SPOTLIGHT:

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### TRACKING THE MARKET

AM ASKS EXPERTS TO ANALYSE THE  
STATE OF THE MARKET AND FORECAST  
WHAT THE REST OF 2018 MAY HOLD

PAGES 30-33

### SOLVE THE DE-FRANCHISING PUZZLE

THE KEY STEPS DEALERS NEED TO  
FOLLOW IN SWITCHING TO  
NON-FRANCHISED OPERATION

PAGES 34-35

### IS THE PRICE RIGHT?

DEALERS TELL US HOW THEY HIT  
THE SWEET SPOT BETWEEN STOCK  
TURN AND PROFITABILITY

PAGES 39-40



# Tracking the used car market

As dealers look to used car sales to offset slowing new car registrations, AM asks experts to analyse the current state of the market and forecast what the rest of 2018 may hold

**M**any franchised dealers are concentrating on selling used vehicles in response to a slower new car market.

This is having the positive, knock-on effect of keeping the remarketing sector particularly competitive at a time of year that traditionally sees dealers preoccupied with new registrations. But will the strength of the market continue?

AM has asked market experts to break down current trends in the used car market and to look at what may be coming next.

## OVERVIEW

Jayson Whittington, Glass's chief car editor, said the wholesale used car market has been very strong so far in 2018, regardless of vehicle sector or fuel type.

He said: "There are, of course, cars that are looked at less favourably. Nearly new cars



**WHILE PETROL SUVs WERE CONVERTING BETTER THAN DIESEL FOR MUCH OF THE PAST YEAR, SINCE JANUARY, DIESEL HAS TAKEN THE UPPER HAND**

**JAYSON WHITTINGTON, GLASS'S**

currently top that list, which is reflective of a new car market where discounting and well supported manufacturer finance incentives make buying new rather than used the sensible choice for consumers."

When expressed as a percentage of cost when new, Glass's average trade values (at three years and 60,000 miles) show supermini, lower medium and premium upper-medium segments share the same fuel trend, with petrol retaining slightly more value throughout the past 12 months, although there is no evidence of a slump in diesel values.

Diesel values took the upper hand for the majority of 2017 in the lifestyle SUV segment, although petrol has overtaken diesel more recently.

Rupert Pontin, Cazana's director of valuations, said: "The strength of the used car market this year was particularly evident during April as used car stock supply reached

the point where it was not keeping up with retail consumer demand."

Cazana's data shows an upturn in retail pricing over March and April 2017. At the same time, wholesale values also tipped upwards.

Pontin said: "The early part of May has seen greater corporate defleet activity and a consistent flow of part-exchanges."

"At the same time, the turn in the weather has mildly subdued retail demand and values are starting to stabilise in the wholesale market, although there is little evidence of that in the retail pricing."

## SEGMENT-BY-SEGMENT

Looking across the different segments, one of the strongest performers had been city cars.

In April, however, city cars saw the largest decline of any volume sector – down 1.7% at the three-year point and 1.8% at one year.

Over the past year, some city cars have appreciated in value, but it appears they may have reached their peak.

SUVs remain the star performers across all sectors, accounting for almost one third of new cars registered.

Over the past 10 years, the volume of used SUVs within sold data analysed by Cap HPI increased sixfold and now makes up almost 20% of the data received. Derren Martin, the head of current valuations at Cap HPI, believes the trend will continue.

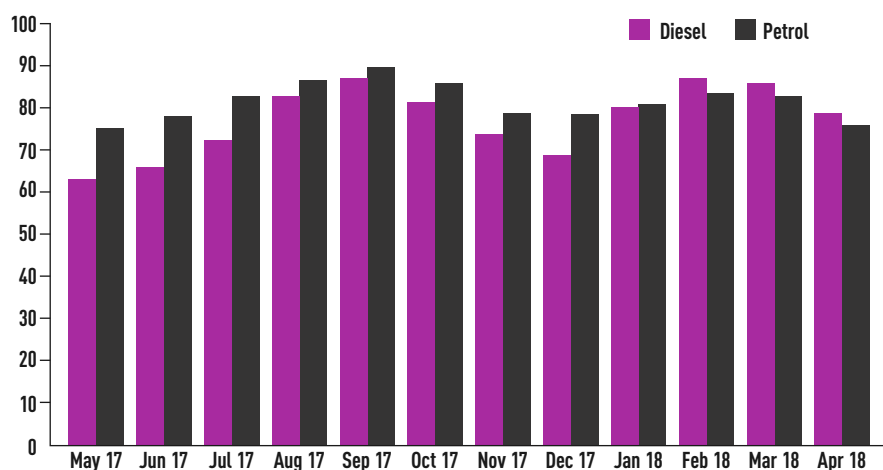
As is usual for this time of year, convertible prices are rising. Values increased in April by 0.7% at three years, 60,000 miles.

Glass's data shows that in the supermini segment, petrol models have been converting at a slightly better rate than diesel, although the gap has narrowed more recently, which underlines the strength of the used market over the first four months of this year.

Volume cars from the lower medium

## CONVERSION RATE – LIFESTYLE SUV

Source: Glass's

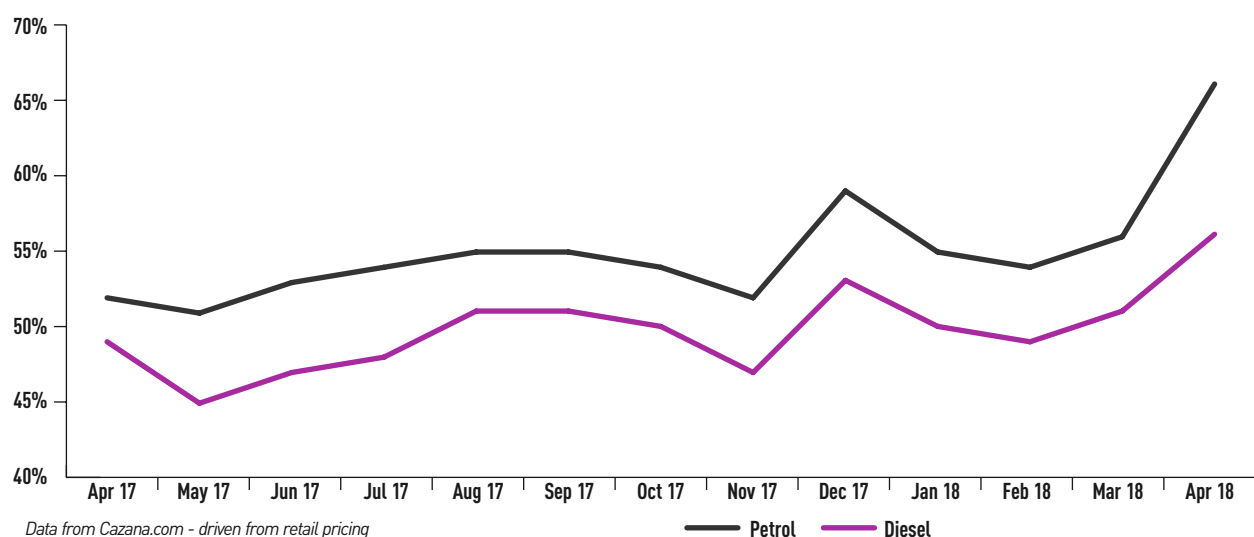


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## RETAIL PRICE PERFORMANCE AS A % OF ORIGINAL COST NEW - ALL CARS UP TO 10 YEARS OLD



segment, such as the Ford Focus, Vauxhall Astra and Volkswagen Golf, are displaying a similar pattern.

Diesel is still holding strong in the upper premium segment, due to the number of BMW 3 Series, Mercedes-Benz C-Class and Audi A4s that filter through from fleets, the majority of which still favour diesel.

Whittington said: "It is interesting to see that while petrol SUVs were converting at a better rate than diesel for much of the last 12 months, since January, diesel has taken the upper hand."

"It is believed that only around 25% of the total volume in the first four months were petrol models. The resurgence of diesel activity is not, therefore, due to a supply imbalance."

"It is worth remembering that there are no fiscal penalties to owning a used diesel. Recent activity reflects the public's view on used diesel cars, which is they remain good value for money."

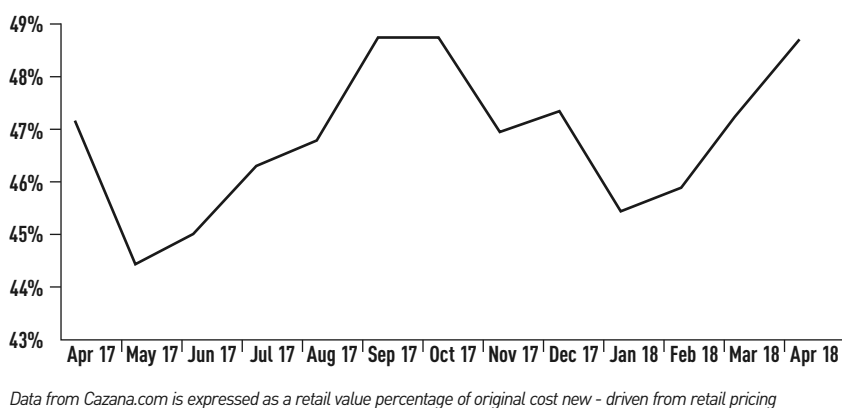
### PETROL VS DIESEL

The concern over the drop in new diesel car demand – year-on-year registrations were down 31.9% in the year to the end of April – has consistently been covered in the national press and it has been rumoured to be affecting the used car market too.

Pontin said: "There has been discussion in the wholesale environment of a reduction in used diesel values, although looking at the live retail valuation data this has not been the case from a consumer perspective and demand on the whole has been good."

While Cazana's data shows petrol values

## TWO- TO FIVE-YEAR-OLD DIESEL CARS AT AVERAGE MARKET MILEAGE OF 47.4K



have increased by 14 percentage points in the past 12 months, diesel values have improved by just 7ppts.

Pontin said this change is to be expected bearing in mind the volume of diesel cars returning to the used car market and is not necessarily related to a reduction in demand, more that there is a greater supply.

"It is interesting to note that values from April 2017 dropped for one month as the press interest over diesel pollution impacted on retail consumer demand," he said.

"However, as the year progressed, values improved. The decline during the winter months is as would be expected as the retail market quietened during the tradi-

**RECENT ACTIVITY REFLECTS THE PUBLIC'S VIEW ON USED DIESEL CARS, WHICH IS THEY REMAIN GOOD VALUE**  
JAYSON WHITTINGTON, GLASS'S

tionally slower sales months of the year."

However, Pontin said values have consistently increased in 2018 as stock has been behind retail demand, and values in May 2018 are actually higher than the same month in 2017.

Martin said even as new diesel registrations decline, consumers are displaying little or no resistance to buying a used car with a diesel engine.

Cap HPI's data shows average diesel values dropped by 0.7% in April, whereas petrol fell by 0.9%.

Martin said: "This is likely to be slightly more pronounced in May, but overall, used diesel demand has remained steady."

"As well as being strong in the upper medium sector, many SUV

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### ➤ CARGURUS

Used car classifieds website Cargurus shared its results for searches and lead data for the first four months of 2018.

#### TOP MAKERS BY OVERALL SEARCH:

Ranking	Used car searches brand
1	Audi
2	Ford
3	Mercedes-Benz
4	BMW
5	Land Rover
6	Volkswagen
7	Nissan
8	Vauxhall
9	Toyota
10	Jaguar

#### TOP MODELS BY OVERALL SEARCH:

Share rank	Used car searches brand	Used car searches model
1	BMW	3 Series
2	Ford	Fiesta
3	Land Rover	Range Rover Sport
4	Ford	Focus
5	Nissan	Qashqai
6	Mercedes-Benz	C-Class
7	Volkswagen	Golf
8	Land Rover	Range Rover
9	Audi	A3
10	Vauxhall	Corsa

#### CARGURUS TOP MODEL BY LEADS:

Rank	Make and model	Share
1	Ford Fiesta	2.5%
2	Nissan Qashqai	2.4%
3	BMW 3 Series	2.3%
4	Vauxhall Corsa	2.2%
5	Ford Focus	2.2%
6	Mini hatchback	2.0%
7	Volkswagen Golf	1.9%
8	BMW 1 Series	1.6%
9	Vauxhall Astra	1.6%
10	Mercedes-Benz C-Class	1.5%

➤ diesel values have either increased or stayed level, whereas their petrol counterparts have declined.”

Whittington said while it's clear petrol has outperformed diesel, it has only been slight and there is no suggestion that diesel is underperforming.

He said: “Taking account of the volume on offer, diesel cars have performed consistently well.”

Values of hybrids declined more than other fuel-types in April because many models look expensive when compared to traditional petrol or diesels, and supply levels have increased. Models such as the Golf GTE and Audi A3 E-tron have recently entered the used market, creating more competition and pressure on prices.

EV values have been more mixed, and very much down to supply versus demand. Tesla Model S and e-Golf values have increased, while the BMW i3 now has increased used volumes available and values dropped by 3% during the month.

#### WHAT'S NEXT?

Market experts are predicting a robust used car market for the remainder of 2018 – and predict full-year sales will grow as high as 8.6 million, or 4.5% more than 2017.

Pontin said: “It will be important for the industry to watch certain market sectors for changes in both volume and values.”

“Using live ‘big data’ to see what is happening in today's environment will be key to maximising both retail profit and return on investment of the asset, ensuring risk is minimised.”

Whittington said he believed activity in

wholesale channels will continue to be strong this year.

He said: “As in previous years, it is expected that the market will experience a lull throughout the summer months, as consumers' attentions and finances are drawn elsewhere, like holidaying.”

“However, trading conditions are expected to bounce back in August and September, with the rest of the year bringing buoyant activity and continued stability in wholesale channels.”

While Whittington acknowledged there has been a move away from diesel in the new car market, he does not believe this will have a detrimental impact on future diesel values.

He said: “Glass's view is that there is no evidence of any significant weakening in the performance of used diesel and we expect to continue seeing strong used demand across the board, regardless of fuel type and segment.”

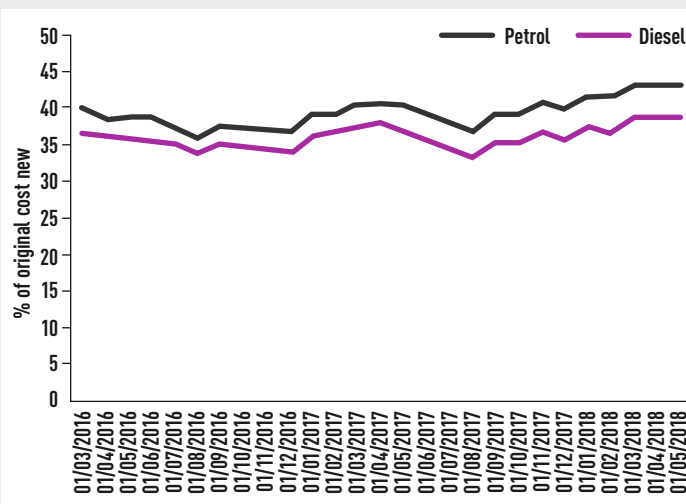
Martin said Cap HPI and the industry will be looking to see if diesel price movements will continue to outperform petrol and hybrid.

He said: “It would appear that petrol and hybrids have peaked, but with the proportion of used diesel supply high for some time yet, will demand match it?”

With new car registrations reduced, there will be a knock-on effect, with a drop in part-exchange levels.

Martin added: “As a result, we're actually at a point where supply and demand are well matched. Used car finance is also more and more commonplace, with monthly payments becoming the norm. While all this is the case, values are still likely to drop away gently, as is the norm at this time of year.” **TOM SEYMOUR**

#### ➤ SUPERMINI SECTOR RESIDUAL VALUES



# How to fit the parts of the de-franchising puzzle together

Dealerships looking to take advantage of increased profits in used car sales by switching to non-franchised operation must follow some key steps

**W**ith new car registrations on the decline, franchised dealerships are increasingly turning to the used car market as a means of boosting their revenues.

There has been an increase in groups converting some of their sites into non-franchised used car operations to complement and diversify their business. Leading the way are Stoneacre Motor Group, which recently set up Stoneacre Specialist; Hayselden Motor Group, which launched Hayselden Select; and Snows Motor Group, which now has nine specialist used car locations.

The biggest challenges in setting up a non-franchised outlet include changing the dealership's signage and branding, retaining skilled staff and getting the stock mix right. However, if done correctly, the rewards can be great – more control of your finances, stock and signage, and lower overheads without manufacturer extras such as demonstrators and courtesy cars.

"There may be lots of advantages in not having a manufacturer franchise," said Guy Ainsley, director of franchised dealer development consultancy Front Foot Developments.

"Independent dealers can innovate far more quickly and in a way that suits their particular market.

"Non-productive costs can be reduced. Capital tied up in not-for-sale stock can be redeployed."

So, what steps must a dealer take to de-franchise?

Firstly, the dealer must serve a notice period, typically of two years, Ainsley said. Next, it's imperative that they tell their employees as soon as they have made the decision, so that they know exactly where they stand, as well as their banks, other funders, accountants and auditors, he added.

A major change, Ainsley said, is in their signage, including removal of manufacturer logos and totem. That extends to an overhaul of their websites and marketing systems as well, he said.

"The dealer needs to plan to replace the signage with something that is neat and fits in, but avoid trying to pretend the dealer is still a franchised business," he said.

"There is nothing to stop the dealer saying 'independent [manufacturer name]' in advertising as long as they do not use the manufacturer font or logo."

Another key area, Ainsley said, is in the evaluation of a dealership management system (DMS) for that particular site as the dealership migrates from a manufacturer-led system to its own. By doing so, a dealer can strip out any unnecessary parts and end up with a system tailored to its needs, he said.

"The dealership should stand back and do an audit of all the systems it uses and decide what it really needs," he said.

"This is likely to be cleaner and simpler than their current systems, and cost a lot less."

Dealers also need to ensure they have a robust customer satisfaction index (CSI) in place for that particular business, said Ainsley. That involves finding a compromise somewhere between the previous manufacturer's customer satisfaction scores and feedback on social media, he said.

"An independent dealership has to have



some way of reliably managing and controlling its own CSI and it can't just rely upon the likes on Facebook – that's not robust enough," he said. "So management needs to implement a process for keeping on top of quality of service and prospect business without the manufacturer's customer satisfaction scores."

On top of that, the dealer needs to get their F&I partners lined up for that particular operation, said Ainsley. That also applies to replacing other strategic suppliers that may be tied to manufacturers, such as oil and tyre suppliers.

"Make sure the cost of finance is right, and the type of underwriting suits the anticipated customer base," he said. "If used vehicle stocking is currently supported by the manufacturer's finance company, what replacement facility is needed?"

Then there is the staff to consider. That includes making sure all bonuses, particularly ad hoc ones, are well documented and the process of settling up is agreed before the termination date.

In terms of stock, the dealer needs to unwind demonstrators and any courtesy cars, used vehicles on sale or return, parts vans or other not-for-sale stock, said Ainsley. It must have a stock profile that either suits its local market or that of the



previous franchise, or else it needs to specialise.

"This needs research and will change over time. Being [non-franchised] allows the dealer to be far more entrepreneurial, which is great as long as they are disciplined at the same time."

For many, the appeal lies in retailing trade-ins that do not suit a franchised forecourt, and in escaping manufacturer standards for stock mix and minimum stocking requirements.

Ainsley said a dealership would also need to tie up any loose ends, such as settling outstanding warranty claims, returning parts and concluding any audits.

Finally, the dealership must decide whether to retain its authorised repairer status. If so, it needs to have a clear understanding of the standards required to be a standalone operation and to have the resources to do it properly.

Steve Burrows, the managing director of Burrows Motor Company, bought the Grant & McAllin MG and SsangYong showroom near Sheffield last year and turned it into Mint Cars, a non-franchised used car operation. He said the biggest challenge was getting the stock mix right.

"You need to look at what you should do with your stock profile from both a local



**“YOU ARE NO LONGER RESTRICTED BY FRANCHISE REQUIREMENTS, SO YOU DRAW UP YOUR OWN RULES, GIVING YOU GREATER FLEXIBILITY AND THE ABILITY TO REDUCE YOUR OVERHEADS**

**PROFESSOR JIM SAKER**

market and an online perspective," he said. "When we took over the site a year ago, we wanted to maintain the high standards of the previous owners, who were well recognised in the area, at the same time as getting our own name across."

David Bilsborough, the owner of Cheshire Cars and a founder member of the Independent Motor Dealers Association, said a dealer moving to non-franchised operation will also need to reduce head count.

Without manufacturer support, a dealer must also step up its marketing and public relations efforts to ensure that its messaging is consistent and timely, he said.

"There's lots of thing you need to do in

terms of PR and marketing both within the company and outside of it. That includes managing your social media properly."

Professor Jim Saker, director of the Centre for Automotive Management at Loughborough University's Business School, said the biggest change required is a shift in mindset.

"It can take a while to come round to this way of thinking, particularly if you have been operating as a franchise before," he said.

"But ultimately it means that you are no longer restricted by franchise requirements, so you draw up your own rules, giving you greater flexibility and the ability to reduce your overheads previously spent on selling a manufacturer's car." **ALEX WRIGHT**



# Hammering home the value of auctions

**Auction halls play a vital role in feeding the vehicle supply chain, but there's more to remarketing than lanes and hammers, says Manheim MD Peter Bell**

**Q As a comparative newcomer to both Manheim and the remarketing sector, what are your initial observations?**

**A** I'm no stranger to the sector, having spent six years with VW Financial Services and Jaguar Land Rover, but it's fair to say I have still been on a voyage of discovery over the past three months.

Having walked the floor and listened to a true cross-section of our stakeholders, it's clear that vehicle remarketing is changing, and the need to be forward-thinking, innovative and adaptive to industry change is more apparent than ever.

Manheim is superbly placed to drive this change – we have 100 years of experience to call on, the backing of the world's largest automotive service organisation, the geographic footprint needed to perform at scale, the most comprehensive service offer and the loyalty of almost 300 vendors and more than 10,000 active buyers. More importantly, we have the vision, talent and ambition to drive the change needed to stay relevant and valuable.

**Q In your view, what are the drivers behind these changes?**

**A** Both vendors and buyers face intense challenges, both in terms of the market and assessing and adapting to the new ways of working available to them.

Market influences include declining new car sales, cautious consumer spend, more competition in some segments and changes in buyer behaviour. With margin under pressure, the need to buy well, price right and move fast has never been greater.

Then there is the rise of digital. This sector has arguably been slow to adopt new technologies, but the pace of change is ferocious – the existing wholesale model is accelerating towards a time when it risks being no longer fit for purpose.

**Q How is Manheim evolving to adapt to changing buyer behaviours and requirements?**

**A** At the heart of our strategy is an intense investment in digital processes, products and services. Our

prediction is that 80% of remarketed vehicles will be sold online within five years.

This requires a fundamental rethink – not just in terms of buying channels, but in how digital can drive efficiencies throughout the remarketing process, from inspection and descriptions to vehicle movements, funding and marketing – all with the ambition of reducing cost, improving trust and increasing pace.

Perhaps the most profound development we expect to see in the near future are tools that give both parties improved insights on individual vehicles. Today, capturing onboard or telematics data is labour-intensive and fraught with complexity, but it's key to improving trust.

Shared APIs will transform the way this valuable vehicle data can be shared.

However, we recognise the importance of our physical presence too. Perhaps the most visible expression of this is the renovation of our Bruntingthorpe site to create the UK's first dual-lane auction floor. This permits 'double-blocking' and has driven a 60% increase in stock throughput during large sales.

**Q As demand for used car stock rises, so will competition to snap up the best stock. How is Manheim working to satisfy dealer demand?**

**A** Having a reliable pipeline of quality vehicles entering the market is essential. We work tirelessly to maintain a partnership with hundreds of vendors who choose to move their vehicles through our halls and digital platforms. They do so because they value our product and service but more importantly, our ethos.

The right quality stock is only one part of the jigsaw – we also have to provide the tools and services that help drive margin up and days to sell down. We've invested heavily in online auction channels to give flexible access to stock nationwide, plus we've developed a portfolio of solutions, from inspection services and vehicle solutions to logistics and managed services.

**Q With so much talk of digital services, what's the future for the physical auction?**

**A** There's plenty of life yet in the auction floor model. Today, 60% of vehicles are sold through physical auctions and while we estimate that figure will reduce to 20% by 2023, that still represents a significant volume. Mainstream volumes will move online, but at the premium end we will see brand experience 'event auctions', while at the lower end, there will still be a requirement to see the metal up close.

And we must not forget this is still a people business. The buyer community is a social one many enjoy the collective competition of the physical auction and the opportunity to network and connect with peers and colleagues.

## COMPANY PROFILE

### Key products and services:

Manheim Inspection Services;  
Manheim Vehicle Solutions; Manheim  
Auction Services (Digital and Physical);  
Manheim Managed Services;  
Manheim Logistics (including Movex)

### Key staff:

Peter Bell (managing director,  
Manheim); Martin Forbes (chief  
operating officer, Cox Automotive UK)

### Founded:

In the 1920s – it was originally called  
Central Motor Auctions

### Based:

Headquartered in Leeds, Manheim  
has 16 auction centres and five  
specialist vehicle defleet and  
preparation centres throughout the UK.

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IS THAT 80% OF  
REMARKETED  
VEHICLES WILL BE SOLD  
ONLINE WITHIN FIVE  
YEARS. THIS REQUIRES A  
FUNDAMENTAL RETHINK**

PETER BELL, MANHEIM

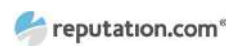


# We have the experts

This new series of **'Everything You Need To Know About...'** videos enables AM commercial partners who are experts in their field to provide crucial advice and best practice for car dealers to implement in their businesses.

These short videos will be full of practical tips that will enable car dealers to manage and optimise this particular area of their business and ultimately drive improvements to the bottom line.

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# Don't forget about the price tag

Pricing a car correctly is intricately linked with stock turn and profitability – we asked dealers how they hit the sweet spot



**P**ricing used cars correctly sets a beneficial chain of events in motion – the vehicle figures higher in online classified searches, a potential buyer is more likely to click and enquire and the chance of a sale is increased.

### PRICE-SETTING

Each of Cambria Automobiles' sites sets its own used car prices. These are checked three times a week by the central digital team. The team also produces reports using BCA Auction Pro, Auto Trader iControl and the group's own software, which determine retail market price and ensure that Cambria's listings stay within 3% of that.

Together with sales specialists and product geniuses, each dealership employs a digital operative, who provides analytical information to their sales manager.

Mark Lavery, Cambria's chief executive, said: "I would describe them more as tech company employees. They are mathematicians, they are data checkers, they have got some rudimentary understanding of how an algorithm works.

"If you're a stock broker looking at a

screen and seeing what's going up in green and what's going down in red, that's what our digital operatives do at each individual retailer.

"Our businesses are looking at their prices daily. The highly proactive ones are doing it on an hourly basis. We're changing prices three, four, five, six times a week."

Hendy Group uses traditional methods, such as Cap valuation, and data providers, such as iControl and Cox Automotive, to set prices and determine the desirability of vehicles.

Simon Palmer, used car sales director, said: "You have a window of 30 days where you stand a chance of maximising the price."

Used car managers or general sales managers usually set retail prices, but the process is managed differently at Hendy Group's Exeter business.

**“ WE DO USE INDUSTRY GUIDES, BUT OUR PRICING IS PRIMARILY DRIVEN BY OUR MARKET KNOWLEDGE. PRICING CARS IS A MULTI-FACED PROCESS**

**GRAEME POTTS, EDEN MOTOR GROUP**

"The general sales manager's job is to sell, he doesn't get involved in any of the pricing or the reductions. I think the valuing of the cars will still be done on-site, but we will come to a time where the price-setting and ongoing price management will be done centrally," said Palmer.

Thirteen of Hendy's 24 sites operate a standalone used car department and will account for 11,000 of the expected 14,500-15,000 units it expects to sell this year. One site selling 1,200 cars a year employs a sales manager, sales controller, five executives and three product geniuses.

Graeme Potts, the managing director of Eden Motor Group, helps to oversee used car pricing along with each site's sales manager and general sales manager. The group's digital pricing administrator, appointed four years ago, is responsible for overseeing digital pricing and the quality of images online and remarketing.

Potts said: "We do use industry guides, but our pricing is primarily driven by our market knowledge. Pricing cars is a multi-faced process. We try not to link the offer price with our purchase price and the prep costs."

There's no split between new and used at Glyn Hopkin, although a three-person

central team looks at pricing, image quality, vehicle descriptions, overall presentation and to make sure all enquiries are recorded and dealt with properly.

Sally Germain, Glyn Hopkin's brand director, used cars, said: "Our cars are priced centrally to ensure we have price parity across all stock. We use CAP and look at market prices as a guide. I will add suggested retail prices and share these with the brand director before they are issued to all sales staff and the systems are updated."

### SPECIFICATION AND OPTIONS

Cambria places a lot of importance in personalisation of its listings and includes a comment from, and ideally picture of, a sales manager with the car's description.

Lavery said: "It's 'tell and sell'. If it's just price-driven, then everything else pales into insignificance and you can win the race to the bottom. You don't want to win the race to the bottom."

For prestige marques, such as BMW, Mercedes and Audi, "specification is absolutely everything", according to Palmer.

"There are cars we won't even buy in that market if they haven't got certain extras or factory-fit options," he said.

It is here that the data providers come into their own for Palmer, who criticises the traditional pricing tools for not accommodating price variations for vehicles with substantial specifications or factory-fitted options.

At Eden it's a different story: "The market is now less willing to give a premium for higher-spec cars. Customers are not particularly bothered if a car has 19" wheels compared to 18" or if the alloys are options rather than standard," said Potts.

Glyn Hopkin only retails its own brands, so specification and options are checked when setting the retail price, although a styling pack or a higher value option can command a higher price.

### STOCK TURN VS MARGIN

At Cambria, used car sales are flat year-on-year (albeit from a high comparative year) but its average days in stock figure was 27.9 for the first six months of its financial year, bettering its target of 30.

Lavery said: "We turn our cars twice as quick as industry average [60 days, according to ASE]. We also increased our used car profit per unit on a like-for-like basis by 7%. We are making £1,711 for each used car we transact on."

Having introduced a "velocity trading

strategy", which aims to sell cars within 30 days, Lavery puts the results down to several factors, including the digital operative's input, prepping cars in less than 48 hours and using product geniuses to demonstrate vehicles.

He said: "We started our velocity trading strategy five years ago, but it took us three years to get all our heads of business to understand it and that has had a real tangible impact. It's a science now and it's a data-driven science."

Stock turn and maximising profit go hand in hand, according to Palmer: "I certainly don't want to be the cheapest. Good pricing and turning it quickly does give you a chance of increasing your profit margins. I would rather have a reduced margin and sell the car quickly."

On average, Hendy turns stock 10.4 times a year, although some of its Ford sites can turn 11 or 12 times.

Potts said: "You need to view your inventory as an asset that reduces in value over time. [Eden's] stock turn is 13 times a year."

"We deliver our fastest stock turn in our space-constrained sites. Our best-performing site for stock turn achieves 25 a year. It's a combination of factors including the used vehicle display, distribution and storage. It all starts and finishes with us seeing ourselves as retailers and not as motor traders."

Germain said: "We aim to turn our stock within 45 days, but this isn't always achiev-

**IF IT'S JUST PRICE-DRIVEN, THEN EVERYTHING ELSE PALES INTO INSIGNIFICANCE AND YOU CAN WIN THE RACE TO THE BOTTOM. YOU DON'T WANT TO WIN THE RACE TO THE BOTTOM**  
**MARK LAVERY, CAMBRIA AUTOMOBILES**



able. Our best-performing branches are the ones that get their stock imaged and prepped as soon as it arrives."

### CLASSIFIED SITES' INFLUENCE

Potts uses the analytics provided by the classified sites, but said they are not followed "doggedly".

"We also apply our market intelligence and our intuition," he said.

Having a 'great price' tag on all cars all the time isn't important for Palmer, who believes Hendy's heritage "counts for a lot".

"An overpriced car will take you longer to sell, but that's not changed in 20 years. The difference is the customer is using different tools and data to determine a lot sooner that a car is overpriced."

"I do get a bit vexed sometimes, when another dealer may change their package, which suddenly pushes all my cars down the listings and I have to up my spend to compete."

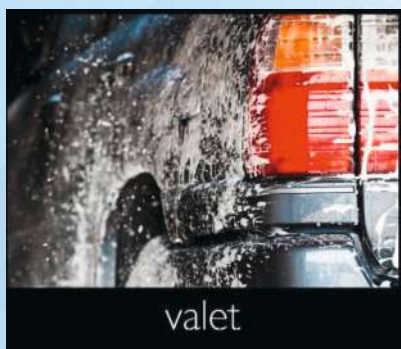
Glyn Hopkin monitor prices and makes use of the classified websites' 'back offices', said Germain.

"The 'market price' and 'great deal' tags on classified ads can work both for and against us and I can't see this changing. As long as we price our stock correctly, I don't see this as too much of an issue, especially once we have had the opportunity to explain the benefits of buying a used car from a main franchised dealer group." **DEBBIE KIRLEW**

# Amazing New Valet & Imaging App from Secure

Secure Valeting has just released the Auto Imaging App in response to the increasingly popular VALET – IMAGE – WEB workflow that allows dealers to capture vehicle images at the point of valet. The key features are;

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- Progress Chaser Portal dashboard
- Valeting Model
- Visitation Model
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1

## Concentrate on the journey, not the destination

The first and most important step to delivering excellent customer service is to realise that it is a never-ending process of continuous improvement.

Everyone who has bought goods or services, online or offline, knows the feel-good factor of encountering a business model that really works in their favour... and the dispiriting sensation of using one that doesn't.

In the digital world, most customers are footloose, and if they don't feel comfortable with the environment in a dealership, they are likely to walk.

Equally, progress isn't achieved by reciting the latest buzz-words (transparency, digital parity, peer-to-peer service techniques, etc.) – but then failing to ensure that the concepts are both fully understood and correctly implemented.

A dealer principal may have a burning desire to introduce free-flowing conversations between sales staff and would-be buyers, but the impact will be diluted if less committed individuals default to their traditional scripts.

When service enhancements are delivered correctly, they must also be regularly monitored by either internal or external assessors, and fine-tuned to suit the changing preferences of customers.

This is true even at the micro-level. Installing a coffee machine by the reception desk will be welcomed by most visitors, but not if the coin slot regularly jams. Better to suck up the cost of providing lattes, teas and water – and set the machine on 'free'.

# SIX EXCEL IN CUSTOMER SERVICE

2

## Benchmark your customer service skills

Realising the scale of the challenge is a critical step, and the Institute of Customer Service's (ICS) annual assessment of satisfaction levels across 13 strategic sectors makes an excellent starting point.

Its latest study put automotive in sixth place across more than 30 metrics of customer satisfaction. It was below the all-sector average in six of those metrics, including on-time delivery and check-out process – both for online sales.

Intriguingly, the research suggested complaints by customers fell in the last year, and that satisfaction with how complaints were handled rose.

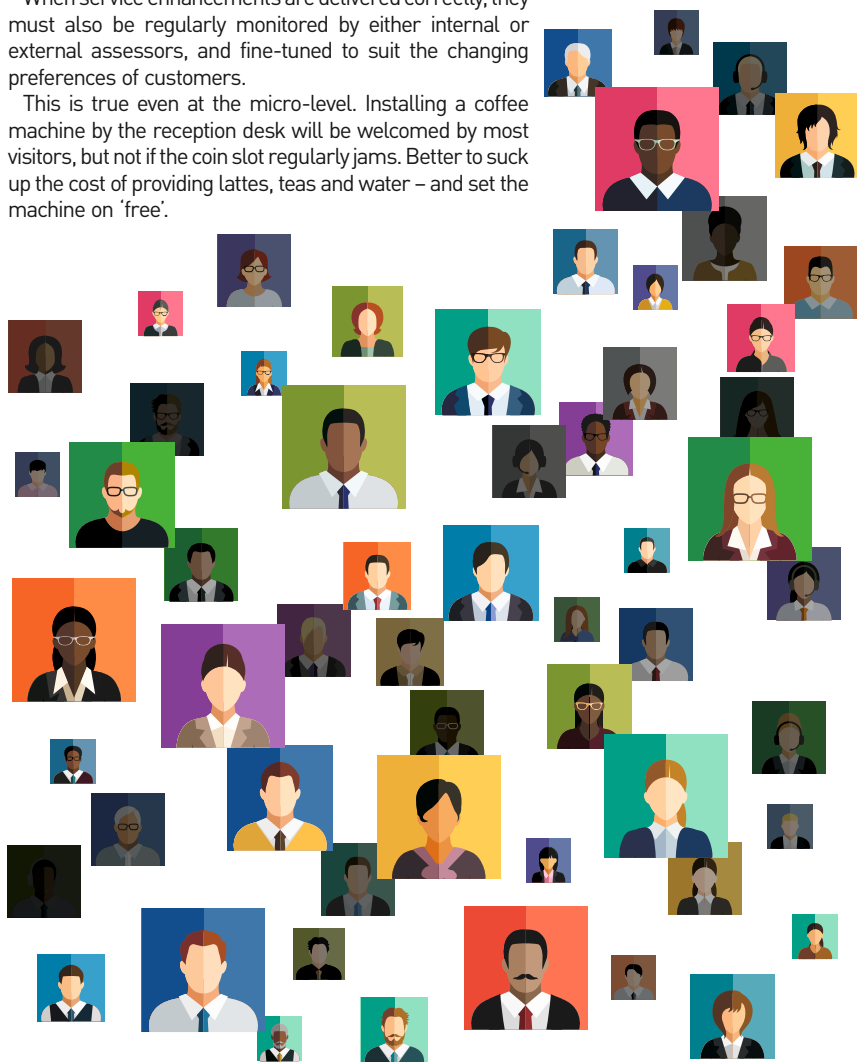
Jo Causon, the chief executive of the ICS, highlighted analysis showing that 58.7% of automotive customers favoured a balance between service and price, and were not prepared to compromise on the former in pursuit of the latter.

"We see significant opportunities for organisations that consistently deliver higher standards of service than their competitors," she said.

"In general, the sector is still above the UK average, but hasn't jumped hugely, although organisations with high levels of customer satisfaction tend to have higher productivity, revenue and profitability."

Causon said a clear correlation exists between outstanding customer service and customer trust, and this leads to higher levels of repeat purchases and positive endorsements. Among the issues that she said enhance customer service were the ease of doing business, the staff's problem-solving abilities and product knowledge, and timeliness.

"We believe organisations looking to deliver better service levels should compare themselves with the best in all sectors, not simply the best in their own," she said.



Treating your customers in a way that will keep them coming back is a non-stop process.

Ian Halstead solicits some advice for dealers

# STEPS TO CUSTOMER SERVICE



3

## Help customers to share their experiences in measured and meaningful ways

JudgeService specialises in analysing feedback from car buyers, so it's no surprise that Neil Addley, the company's managing director, identifies 'digital' channels as the most important routes to achieving loyal customers.

"Everyone talks about customer loyalty, but to me it's more than that, it's about advocacy. Every person in a dealership team needs to be a marketer, and they need to get every single micro-moment right, or there's a danger that people will become detractors to that business," he said.

"Customers, or potential customers, are on different (digital) platforms all the time, and many will air their grievances about a dealership, even if it's only about the coffee. Your staff must help people to share their experiences, and to do so in measured and meaningful ways.

"Of course, you always get naysayers, but they soon get left behind. I remember when email was new, and some people thought it wasn't worth trying. It's human nature to get 'early' and 'late' adopters, and some always huff and puff when things are new and require a bit of effort.

"It doesn't matter if you are a major PLC, or an owner-managed dealership – adopting and embracing the opportunities of digital is about leadership and focus."

The Harrogate-based organisation recently hired an analyst to look at links between past and future behavioural patterns by car buyers.

"If you get things right on day one, what impact might that have two or three years down the line?" muses Addley.

"Some people ask which platform to use, and the answer is always the one which their customers are inclined to use. How do dealership staff know? My preferred option is just to ask. It's evolution within the sales process."

## COMMERCIAL PARTNER COMMENT

By Jo McKeown, automotive business development manager, Moneypenny



A colleague of mine was recently telling me about her car-buying experience. In the market for an SUV to transport her growing family, she and her husband had visited a number of different brands and retailers.

Most of their trips, over the course of a few weekends, had started to blur into one, but they decided to try one last dealership. Expecting the same, slightly homogeneous, experience they had become accustomed to, they were surprised – and delighted – to be completely wrong. Inside, the showroom had an informal feel, with a coffee shop serving free food and drink and comfortable chairs to relax in. The staff all greeted them with friendly smiles and, having travelled with a 15-month-old toddler in tow, they were especially delighted to find a wicker hamper filled with children's goody bags and balloons.

She said the car her family went there to view didn't necessarily stand out from other brands, but the service did. It was this that won their trust and, ultimately, their business. At every touchpoint – be it in person, when they had called on the phone or used live chat – the dealership had gone above and beyond to exceed their expectations, and it is this overall 'picture' which is key. Just as John Lewis does in retail and Virgin Atlantic does in air travel, automotive retailers can turn a standard service into an experience to gain the edge over their competitors.

So ask yourself: What would customers tell their friends and family about the experience they had with your dealership? And, crucially, is this the experience you want them to tell people about?

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Moneypenny is a commercial partner of our Dealer Masterclass programme, and will be sharing more inspiration at Automotive Management Live at Birmingham's NEC on November 8.

Next issue's dealer masterclass: Online vehicle retailing



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Hayley, Moneypenny Receptionist.







4

## Put people before process

Realising that people matter more than process is a crucial step, according to Karl Davis, the managing director and founder of Coachworks Consulting, a specialist agency for delivering sustainable performance improvements in the automotive industry.

Coachworks has advised 130 dealer groups and manufacturers and Davis has worked in the sector for 37 years, so his observations are underpinned by solid foundations.

"The foundation for great customer service is having an engaged workforce. The starting point for effective engagement – which unfortunately is often missed – is to always put human interest first, and the process second," he said.

"I realise the automotive sector is increasingly process-centric, as it has to be, but equally, it is people who make the vital difference. Sadly, manufacturers often miss the 'softer' issues.

"When I began work in this sector, the return on sales was typically 1%, and all these years later that has barely changed, so we have to improve."

Davis said the obsession with process can even affect aftersales, and cites one German marque whose customer service operations Coachworks analysed via mystery shoppers. "Owners had to spend 16 minutes online just to book their vehicle in," he said.

Putting people first can take many different forms, he believes.

"It could mean getting to know your own people better, or discovering more about your customers, or both. It might be tailoring a product demo to an individual's needs, or ensuring your recruitment is designed to identify customer-centric people, and you then give them the support they need," said Davis.

6

## Train your staff to tailor their approach

Since its formation in 2001, Accident Exchange has become one of Europe's largest accident management specialists, with a fleet of more than 2,000 vehicles, covering everything from luxury marques to vans.

At the 2018 UK Customer Service Excellence Awards, it took the trophy for Outstanding Customer Journey.

Scott Hamilton-Cooper, Accident Exchange's director of sales and operations, believes staff training is the most important step to achieve ever higher customer service standards.

"All our customers are having pretty bad days when they contact us. They've been thrown into chaos and turmoil, and for many, it is a traumatic and confusing experience.

"So our staff must be able to immediately make a connection, and because of the different demographics, and the various types of accidents, that requires a very flexible approach.

"One caller might be the CEO of a large PLC, or a Premier League footballer, and the next might be an pensioner who has never before had an accident. Realising how to tailor your approach takes time and it takes training, so every recruit spends four weeks learning their role.

"We also provide a significant level of autonomy, because there are lots of different nuances to consider, and it's crucial that every customer understands precisely what is happening before their first call ends."

All training is in-house and Trustpilot is used to monitor customer satisfaction levels.

"We share all feedback, both positive and negative, to ensure service levels are consistent," said Hamilton-Cooper. "We use the feedback to continually improve our processes, and once a month, our validation team listens to several messages (typically five) made by each handler."

5

## Happier workers = happier customers

The UK's biggest provider of phone-answering services believes creating an environment where people really want to work is the biggest step in delivering great customer service.

Moneypenny has made much of the staff-centric design of its £15 million head office, which opened in Wrexham in mid-2016, and is now home to 600 workers.

The 100,000 sq ft building includes a tree-house meeting room, in-house pub (the Dog & Bone), nature trails and fitness classes.

Joanna Swash, Moneypenny's managing director, said: "We did everything we could to make this a happy place to work, and the results are tangible. Our annual

absenteeism rate is under 2%, and staff turnover is under 5%. Our people stay longer, so they really get to know their clients."

She said Moneypenny received about 3,000 CVs last year, "so we can cherry-pick the best". Swash said Moneypenny looks for recruits who are good with people.

"People expect phone-answering to be about sticking to scripts, but we're the opposite, because we want staff to interact naturally with customers.

"We recruit people for their attitude, not their skillset, train them, and then provide clarity about what we expect. We also have the absolute antithesis of a 'clear desk' policy. People can bring whatever personal items they like – and we even give everyone a lamp allowance to make them feel at home.

"We didn't like how most call centres were laid out, so we arranged our desks in a honeycomb pattern, in groups of four or five, so the space for interaction is maximised, and feedback suggests that is really appreciated by everyone."



# Turn prospecting calls into sales

**Don't make the mistake that even some experienced salespeople make, says Simon Bowkett of Symco Training**



In this column, I've talked about the best ways of making a prospecting call, and overcoming the various objections that customers will have to coming into the showroom for an appointment. However, this month I want to warn you about a big mistake many salespeople make when the customer actually turns up.

You actually have to work harder with a prospected customer than you do with a walk-in customer, because you are dragging them forward in the sales process. So you can't just go straight to the numbers.

You have to give them a longer demonstration drive, spend more time talking about the differences on the new model, and work harder at raising their desire, because they probably weren't thinking of changing their car at that point in time.

## Dead money

You also need to understand 'dead money', and be able to show it to the customer clearly – watch my sales training video on the AM website this month ([www.am-online.com/symcotraining](http://www.am-online.com/symcotraining), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)) to find out how.

Let's say the customer has had their current car for two years. If they keep it for another year, they are going to have to spend some money on it – on servicing, replacement tyres, road tax, and possibly breakdown cover, too. That could easily add up to £600 or more of dead money, or £50 a month, that they won't have to spend if they buy the new car.

Clearly explain that to the customer, and finish off by saying: "OK, you are paying £270 a month at the moment, and the new car will take you up to £300. But with the brand new car you don't have to worry about the tax, or the tyres or the servicing. You're actually going to be saving £20 a month! And that's before we take any fuel savings into account."

## Sell the car before the deal

Don't think you're home and hosed just because you have converted a prospecting call into a showroom appointment. That is just the start. You have to sell the car before you sell the deal – that's the most important part of this whole process. Raise the desire. Trial close – "if we can get the figures right, is this the car you'd like to own?". Only then should you put a deal in front of them, with the dead money and fuel-saving calculations.

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# Direct marketing – consent vs legitimate interest

**By Steve Ure, strategic account manager, eDynamix**



As part of our due diligence in the lead-up to the introduction of the General Data Protection Regulation (GDPR), we asked the dealers using our Follow Up CRM module how they would like to process customers' details for the purposes of direct marketing. The answers

that came back were quite interesting:

- 48% opted solely for legitimate interest
- 11% opted solely for consent
- 41% opted for a mixture of both.

The last option is the most interesting and after consulting those dealers, there is clearly an appetite to start with legitimate interest and gradually move over to using consent. By our estimate, this would take about two years to have a fully consented customer database.

To tackle these various scenarios, we have applied upgrades to our CRM module to ensure that, no matter which option has been chosen, those dealers can continue to send out service reminders, surveys, amber and red work follow-ups, etc.

At eDynamix, we believe that moving to a consented world is the best way forward, which is why we have also built iConsent.

iConsent is a consent management tool that integrates with all eDynamix modules and other databases such as dealership management systems (DMS). iConsent, combined with GDPR Cleanse and Follow Up, gives dealers not only the flexibility to use any of the three options above, but also to change their approach to direct marketing at any time.

■ To find out more or book a demo, contact eDynamix client services at 0845 413 0000, or email [enquiries@edynamix.com](mailto:enquiries@edynamix.com).





# WINNING DISTANCE BUYERS

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With some consumers on the verge of buying cars completely online, *AM* brings you advice on the legalities concerned for dealers and the operations required to meet the needs of distance buyers



# MARKETING TO DISTANCE BUYERS



## HOW FAR WILL YOU GO TO SELL MORE CARS?

Motor retail in the UK has already undergone significant digital disruption – how can dealers use this to expand their geographical reach and the customer bases they serve?

**'G**oing the extra mile' is considered a pre-requisite for success in many fields, but in the online age of motor retail, even an extra mile may no longer be enough. Some dealers want to break the bounds of their traditional catchment areas and sell cars to a wider audience – with some even going so far as to sell nationally.

Research undertaken by Motors.co.uk last year found 76% of buyers still want to speak to a dealer face to face, but 30% would currently consider buying online. Looking forward five years, however, 40% of buyers expect to do a car deal on the internet. Clearly, there is a lot of potential for automotive retailers to tap into – especially among

younger buyers, who have grown up with online shopping. The Motors survey found 41% of 25- to 34-year-old buyers would currently be open to buying their next car online.

There are also regional differences, with 49% of Scottish buyers saying they would seriously consider buying their next car online, followed by 42% of Londoners.

The big question is, can motor retailers make the necessary changes to make a success of distance selling?

Tony Patterson, director of automotive at e-commerce expert Summit, outlined the challenges involved.

"The industry is still essentially a local-based industry, where you have your very expensive

buildings and the whole of the business is oriented around that. It's likely to include test drives, the handover experience and everything else.

"Against that background, you have the customer, who expects the ultimate choice.

"They don't really care where the vehicle is and they expect more choice and more democracy in how they choose."

### How to find customers

Once dealers embrace the fact that the retail climate is shifting and that online channels are part of the solution to widening their reach, the next big question is how to find those customers.

Patterson said online channels are a very effective way to "take a local proposition and

# Take control of your reputation

By Neil Addley, managing director,  
JudgeService Research



JudgeService starts with a simple mission—use insight to help deliver a great experience to get great reviews from raving fans. Launched officially in 2011, we have received more than 750,000 verified testimonials and are helping more than 1,000 dealerships in the UK gain more business.

The success of our clients can be pinned to our end-to-end customer contact and monitoring tools. These not only enable groups to assess sales processes and satisfaction levels across different locations and sites, but also encourage and promote authentic and credible customer testimonials published on search engines and

social media channels. The surveys we send out are developed from market demand and proven expertise in the automotive industry. More than 25 years of motor trade experience enables us to ensure the questions we ask our clients' customers provide answers that will drive significant information about how to improve.

Our team's digital savviness ensures that our dealer customers have a fully responsive online presence and marketing opportunities. We have also recently released products that allow brands to take control of their reputation

by monitoring all reviews, intensify digital marketing activities by capturing handover of keys and publish content on social media and search engines instantly. As reviews now play a highly influential role in a customer's journey, JudgeService is able to help capture prospects from all parts of the funnel.

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# Distance selling in 2018 means digital

By James Tew, CEO, iVendi



When dealers talk about distance selling, they are really talking about one thing in 2018 – online retail. A phone call or two will probably form part of each customer's journey, as well as a visit to the

dealer's showroom, but it will be online retail that is the backbone of any remote process.

There is little question that this kind of selling is becoming more important. At iVendi, we have just completed research that shows 79% of vehicle buyers would be "confident" or "completely confident" about buying a car entirely online.

As you would expect, motor retailers are in the process of meeting this demand – our findings also indicate that 43% of dealers are investing in their online

provision within the next 18 months.

This shift will mean that dealers will not just need to improve their online provision, but also to learn a whole new series of skills and processes, eventually becoming not just showrooms but genuine e-commerce businesses that operate on what we once called a 'clicks-and-mortar' basis.

Essentially, the industry is working to provide the kind of online experience that you may expect from well known clicks-and-mortar businesses, such as John Lewis. Retailers such as these are among the gold standards of modern distance selling.

For dealers, meeting this challenge will mean better online finance processes, better online part-exchanges, better online handling of customers' queries and much, much more – and integrating these so that, every step of the way, car

buyers can choose whether to take the digital or analogue option. This last point is crucial – our research shows that there will be very few pure online or showroom vehicle sales, but that most consumers want to mix and match as they see fit.

The following pages, sponsored by iVendi, take a timely look at some of these issues. We found them fascinating reading and we hope that they are similarly useful to you.



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# Respond to every opportunity

Thom Coupar-Evans, UK sales director,



**Contact At Once!, a LivePerson Company**

Distance buyers are not always distant. They may live just down the street, but prefer to complete many shopping steps online, a preference that

can extend to car shopping. Contact At Once!, a LivePerson Company, helps such consumers connect with car dealers and manufacturers in the micro-moments when they shop – whether on a brand or retailer site, via online advertising, on social media and more.

These connections happen in a messaging format (live chat, SMS, asynchronous messaging such as Facebook), taking advantage of the way consumers naturally communicate with friends and family – and how they

increasingly expect to communicate with businesses of all industries. In fact, Contact At Once! is the motor industry's leading provider of conversational commerce platforms, with more than 17,000 businesses using our solutions to build the initial relationship with online, mobile shoppers and continue it for all their ownership and servicing needs.

With Contact At Once! messaging, it's easier for consumers to ask questions and get the information they need to take action. It's also easier for you to manage those consumer interactions because you only need to use one platform to engage, regardless of where the consumer started the conversation – your website, car

search sites such as Auto Trader or Motors.co.uk, Facebook, Google AdWords, etc. Even traditional advertising methods can be made conversational by using Contact At Once! SMS text numbers.

In addition, Contact At Once! Live Advisors help you respond to every opportunity. If your team is too busy or is no longer available, the Live Advisors can step in to "tango" with consumers on your behalf, share leads and even seamlessly hand-deliver conversations back to your team if they detect the purchase is imminent.

We look forward to helping you meet the conversational commerce demands of car buyers near and far!

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# MARKETING TO DISTANCE BUYERS

**C**amplify it nationally". "From a marketing point of view, it's absolutely no problem. There are lots of devices – for example, Google has been focusing on improving the local experience for years now – so all the tools are there.

"I can target people of a certain profile, but also include a specific location as well.

"If I've got a dealership in London, I can profile my customer. I can show Facebook ads to people with the same profile, but target Scotland as the region.

"There are two ways to do it – targeting people who are actively searching, for example using Google pay-per-click (PPC) AdWords, but also [by] profiling people in a quite granular way, for example, through Facebook ads and pages."

Neil Smith, the operations director at Imperial Car Supermarkets, said for the majority of the time it uses the likes of Auto Trader and Motors, and other classified platforms, such as CarGurus.

"Although they are localised in terms of the individual consumers visiting those sites, being able to select their distance to search, those individuals who are looking for that slightly more premium and unique vehicle will always open up that mileage search, because they know there's only going to be a few of those in the country. That allows us to get to those customers."

For Imperial, that notion of rarity and desirability is important. Smith said: "What we look for is two- or three-year-old ex-lease cars that have most of the time got additional factory-fit spec.

"That makes them quite rare in the marketplace and quite attractive, so we then look to attract buyers not just from the local areas around our sites, but anybody searching for one of only seven or eight cars in the UK – and are prepared to travel 100, 150, 200 miles, if it's the right car."

## Getting the price right

In the competitive environment of the internet, pricing is hugely important, too.

"We competitively price every car on a daily basis," said Smith. "We've got a team of six who just work through that daily looking at where it sits on Auto Trader. We pull in i-Control data, Vehicle Inside data or Cox Automotive pricing data. We pull in CAP auction data for retail pricing as well.

"We use all of those data sources as a sanity check, but our guys will then still go online and visually eyeball those cars on Auto Trader, and make sure they're sitting right and probably in the top five of that search criteria."

Dermot Kelleher, marketing and business intelligence director for Motors.co.uk, said the internet now gives everyone access to the same information on price, to help them know whether they are paying over the odds or not.

"The days of it being cheaper to buy a car in North Wales, for example, than in North London, are gone. The transparency that brands like Motors and Auto Trader have brought to the

market means that consumers can very quickly check if they're paying the right price for something," he said.

## Offering convenience to distance customers

Successfully marketing cars to online buyers is about more than just offering the right product at the right price in any place. Dealers also have to offer convenience to customers.

Smith explained how Imperial facilitates distance buyers, who he said now comprise about 10% of all sales: "We offer a service specifically for the distance customers, where we will do everything with the customer over the phone and via the web, including getting them approved on finance if they're a finance customer and giving them a guaranteed valuation on their part-exchange, based on their description.

"When they arrive onsite, we've agreed a value for their car, agreed the finance and raised an order form for them to put a deposit against the vehicle. They then bypass the whole of the sales process, go straight to the vehicle delivery, test drive the car, and drive away there and then."

**“AT THE MOMENT  
[DEALERS]  
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BECAUSE THEY'RE A LOCAL  
DEALER.**

**THAT'S NOT  
GOING TO  
CUT IT  
ANYMORE**

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## Making the long-distance relationship work

Patterson is very clear about some of the challenges dealers have to embrace – not least of which is the need to build relationships with customers.

"One challenge that we've seen is that if dealers view the first sale with a customer as the only sale, it can be quite expensive. If you add the distance element into that, it obviously becomes more expensive, because not only is there the high acquisition cost, but also the high servicing cost of getting the vehicle to the customer," he said.

"It only works, therefore, if you've got a long-term relationship with a customer and you can basically sell them a second car and then a third car and a fourth car."

Patterson believes dealers need to be proactive about building those relationships and must take the nature of the customer into account when determining how to facilitate them.

"If a buyer walks into a dealership on a Sunday morning, then it's not unreasonable to suggest that you can build a local relationship with them. If you use Google or Facebook ads to sell to them in Scotland, it's not unreasonable that you probably should use online channels to facilitate that relationship as well," he said.

"Dealers just need to recognise that the customer, and selling to a customer, is what they need to orientate themselves around. At the moment, they're very product-focused – they concentrate on getting product in a place and then people come and find them, because they're a local dealer. That's not going to cut it anymore."

There's little doubt that some consumers will become increasingly comfortable with buying a new car online, with any physical sampling of the product possible at any dealer before actually purchasing from one that offers the best service. For used cars, a dealer that can offer as hassle-free an experience as possible, with just a final test drive to conduct before the customer drives away, will likely find that buyers are prepared to make the necessary journey.

Volvo's announcement that potential buyers can now test drive a car via online retailer Amazon only cements the view that the disruption of the traditional dealership model is well and truly under way.

If dealers want to harness the power of the internet, they need to start thinking about where their customers may be and put in place processes that will help them go an extra 100 miles – or more.

Research by Carwow in 2016 found the distance over which buyers would consider purchasing was low for common smaller cars, such as the Ford Fiesta and VW Golf – less than 30 miles. However, for premium cars and SUVs, this distance doubled or trebled. Alex Rose, Carwow's director of trading, advised dealers: "Don't rely on visibility within your town or county. Make sure you communicate a clear, compelling message online and that your website is easily discoverable. The majority of dealers on Carwow will offer a new car delivery service... Can you offer the same and is it clearly communicated?" **CRAIG THOMAS**

# 'What car buyers want is a high degree of flexibility'

Customers are ready to buy online, but showrooms are still a vital part of the process

**N**early eight out of 10 (79%) people say they would buy a new or used car entirely online – but almost nine out of 10 (87%) also believe visiting a car showroom is an important part of the buying process.

The findings come from the first iVendi Attitudes to Online Motor Retailing in the UK Report, which provides probably the most detailed and credible insight yet into this rapidly growing area of the motor industry.

Highlights of the report, which looks at the attitudes of car buyers, dealers and motor manufacturers and was completed by APD Global Research, include:

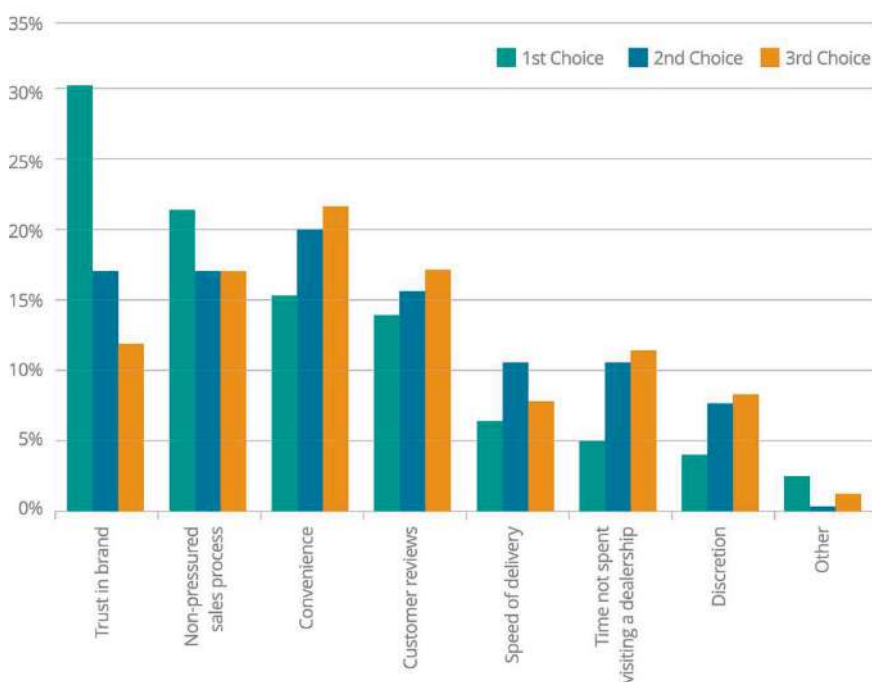
#### Car buyers

- 79% say they would be "confident" or "completely confident" about buying a car online
- 87% indicate that visiting a car showroom is an important part of the buying process
- 57% believe motor retail lags behind the best online retail experiences

#### Car dealers

- 52% believe customers would buy a car from them entirely online and 6% offer this option currently
- 43% plan to increase their online retail activity in the next 18 months

### Factors that make it more likely for consumers to buy a car online



## What iVendi's Attitudes to Online Motor Retailing in the UK Report says

For consumers, the main advantage of online retailing was seen to be convenience and ease of shopping around and, when asked who provided the best online retail experience, Amazon was widely cited. The clothes and fashion, and consumer technology, sectors were seen as the most advanced for the online experience, with the car sector well behind, ranked fifth.

When asked about general confidence regarding online security for a large purchase, 61% responded positively and said they may choose to buy a car entirely online. For online car finance, this confidence rose higher still.

The main barriers to buying a car online related to the desire to see and test drive the car as well as the security aspect. For financing a vehicle online, the barriers related to confidence and security. The positive factors making consumers more likely to buy and finance a car online were seen to be "trust in brand" followed by the lifestyle factors of a non-pressured sale and convenience.

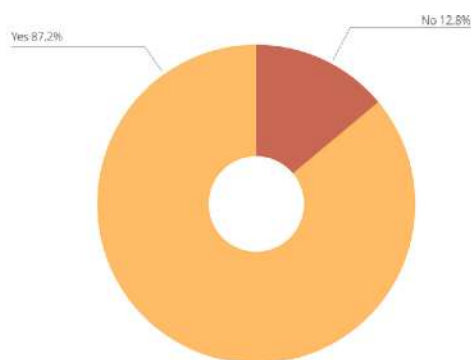
The role of a dealership visit as part of the buying experience was important, with 87% of consumers likely to visit a showroom to see and test drive a vehicle and ask questions.

Of the dealers surveyed, a majority

thought consumers would appreciate the option of buying and financing a car entirely online, and that this kind of activity would increase, particularly in the next 12-18 months. Some 28% of dealers felt they were already fully ready to offer car retailing and finance fully online, with a further 29% building solutions at the moment.

Dealers were aware that online retailing would have an impact on how the motor industry retails to consumers and were keen to offer more online services. Those actively building solutions in the area say the top three areas of investment are video overviews of vehicles, car

### Do consumers believe it is important to visit a showroom as part of the car buying process?



● 83% say it remains important for the customer to visit the showroom

#### Motor manufacturers

- 33% plan to offer the option to buy and finance a car online within 18 months
- 73% say they will be increasing their investment in this area
- 91% believe their existing dealer networks should be involved in online retail
- They currently see car supermarkets as their biggest online competition, but foresee it becoming digital marketplaces, such as Amazon

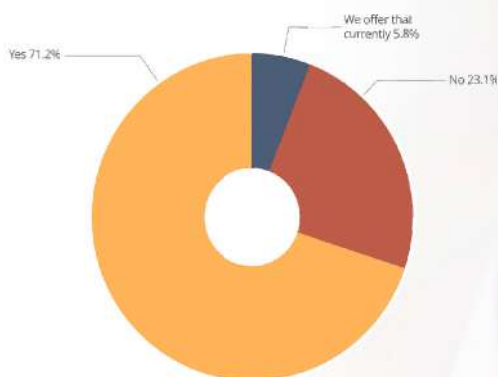
James Tew, the CEO of iVendi, which works with about 7,000 car dealers across the UK, said: "The overarching message is that online motor retail is set to grow, probably rapidly and substantially, with increased investment from dealers and manufacturers, and increased trust and activity on the part of consumers.

"Crucially, it shows that – however the

searches and live chat. However, it was still important to them (84%) that a customer visit their showrooms.

Almost half of the manufacturers surveyed already offer the option to buy a car on their website or agree that the technology is available to offer this facility. Half of the remainder intend to do so. They see the opportunities of more brand visibility and believe it will bring new consumers. All but one manufacturer envisaged a role for the dealer network in this process, but they also see their dealers as a potential barrier to digital sales, alongside a lack of consumer interest.

### Would consumers entirely finance a car online?



market develops in the future – everyone believes that dealerships will remain a central part of the car-buying experience."

Tew said the apparently contradictory findings from consumers – that they wanted both to buy online and visit a dealership – were easily explained.

"This is very much in line with the message that we get from car buyers every day. What they want, in 2018, is a high degree of flexibility. To construct their own buying process that may be entirely online or entirely at the dealer – but is much more likely to combine the two in whichever way they desire.

"For example, they may find a used car online that they are interested in buying, go to the showroom to have a look at it, but then come home and complete the buying process and finance online. It's all about allowing them to buy in whatever way they feel comfortable."

Tew said the attitudes shown by the three groups surveyed provided an insight into the opportunities and challenges facing the online motor retail sector.

"Consumers are comfortable with online retailing and finance when considering a car, but they have concerns based around the requirement for security, the need to see the vehicle in the flesh and the desire for ease of experience. The dealer is still perceived as important in the sales process for a new car.

"The dealer is keen to maximise sales and believes that getting consumers into their showroom will support this, but also wants to meet consumers' needs and improve the overall sales experience, so are evolving their online offerings.

"Finally, manufacturers want the highest sales and brand profile at the lowest cost, and view online as an important way of achieving this. Plus, they see the need to compete with other retailers online, from car supermarkets to digital marketplaces."



**James Tew, iVendi's CEO: 'The dealer is still perceived as important in the sales process'**



**iVendi is the international market leader in online motor retailing solutions, working with everyone from dealers and manufacturers to car portals and motor finance providers.**

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# KEEP YOUR SALES ON THE RIGHT SIDE OF THE LAW

As online car sales become more prevalent, dealers should be aware of exactly what counts as a distance sale and what additional rights the legislation grants to consumers

**W**hile there is much debate about how quickly direct-to-consumer car sales will take off, some dealers are already selling cars "at a distance".

However, this can be a confusing area for those not familiar with the regulations governing this emerging area of motor retail.

Although commonly referred to as the Distance Selling Regulations, the legislation that covers distance selling is actually called The Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013. This has been in force since June 2014 and like many of the UK's current laws, it is based on an EU directive, in this case the Consumer Rights Directive.

## What are the types of contract?

The Consumer Contracts Regulations define three different types of contract between a trader and a consumer. A distance contract, an off-premises contract and an on-premises contract.

In the scenario where there is no face-to-face contact with the dealer, it would be covered as being a distance contract.

Paul Carroll, a partner and commer-

cial solicitor at Motor Industry Legal Services (MILS), said: "A distance contract is a contract concluded between a trader and a consumer under an organised distance sales or service-provision scheme without the simultaneous physical presence of the trader and the consumer."

"A distance contract must be concluded exclusively through one or more means of distance communication.

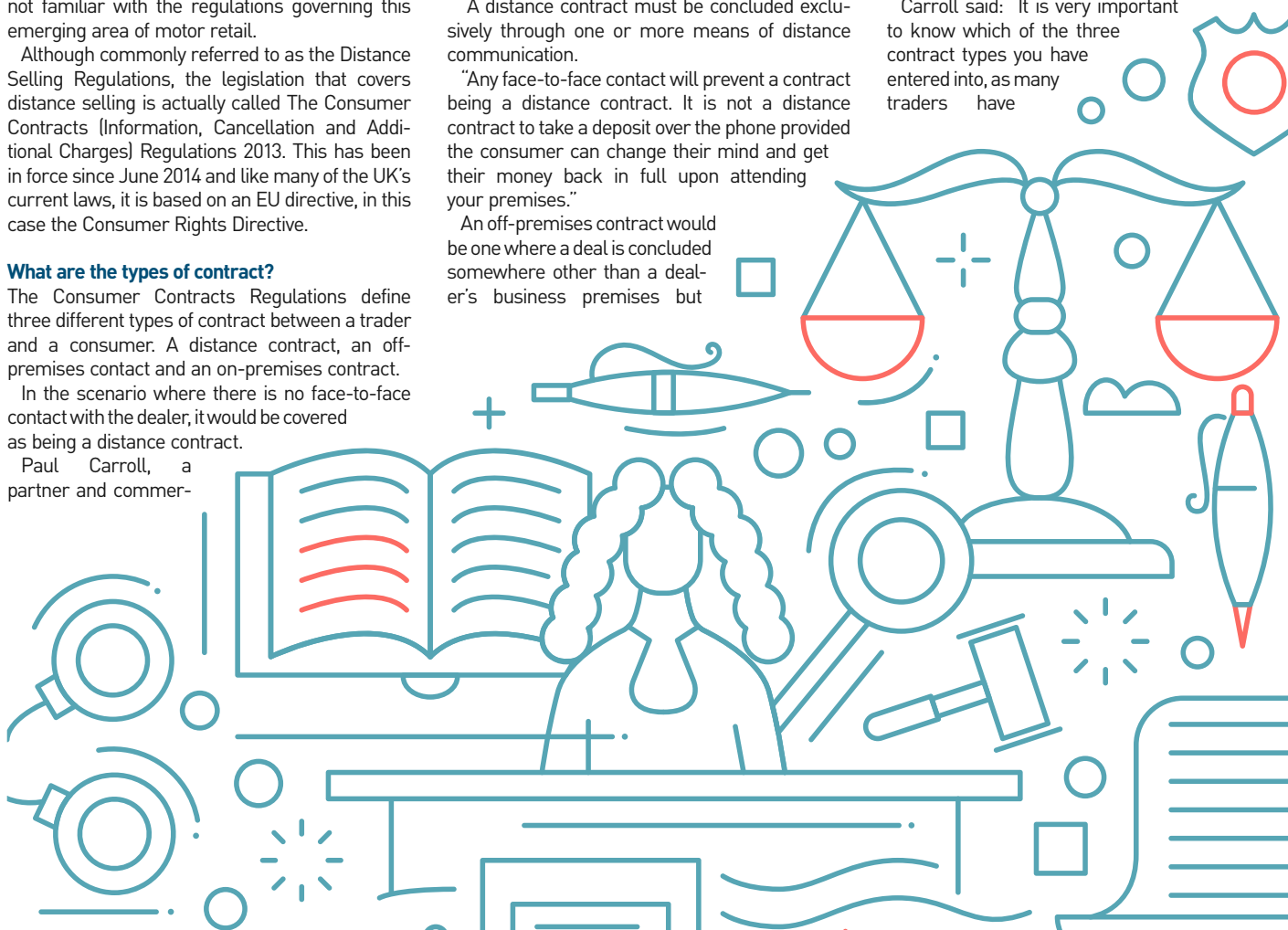
"Any face-to-face contact will prevent a contract being a distance contract. It is not a distance contract to take a deposit over the phone provided the consumer can change their mind and get their money back in full upon attending your premises."

An off-premises contract would be one where a deal is concluded somewhere other than a dealer's business premises but

where there is still face-to-face interaction. This includes situations such as where a deal is concluded at a distance, by email or phone, immediately after the face-to-face deal happened.

An on-premises contract is the one dealers will be most familiar with on a day-to-day basis.

Carroll said: "It is very important to know which of the three contract types you have entered into, as many traders have



# LEGALITIES OF DISTANCE SELLING

entered into an off-premises contract believing that as there is face-to-face contact these regulations do not apply."

## Notable exceptions to the law

If a dealer were to do a distance sale as a one-off that was not part of a wider scheme, it could mean the regulations may not apply.

However, as Nona Bowkis, solicitor at Lawgistics, explained, it is not clear in the regulations how many one-offs have to happen before they become an "organised distance sales scheme".

She said: "If a dealer decides as part of their business plan that they want to offer a general option for customers to buy cars without visiting the showroom, this will be an organised distance sales scheme. Taking an online or phone payment and delivering a vehicle as a one-off gesture will not."

"However, if a dealer advertises on their website that customers can call up, pay a deposit either over the phone or online and then get the vehicle delivered, that is almost certainly an organised distance sales scheme. As such, all the distance sales rules will apply."

Carroll said the number of one-off cases would be something a judge would have to decide on a case-by-case basis.

He also said the regulations do not apply where the goods are made to the consumer's specifications or are clearly personalised. This is intended to cover goods

that would be difficult to sell to anyone else, such as a bespoke suit. It is unlikely that choosing vehicle specifications from a manufacturer's predetermined options lists would count under this exemption – it would have to be something more bespoke, which is likely to be limited to high-end customers at brands such as Ferrari, Bentley and Rolls-Royce.

Carroll said: "It is unclear how far a vehicle must be tailored to come under this exemption."

"Guidance from Trading Standards is clear that selecting from pre-arrange options will not be sufficient. The more extreme the bespoke nature of the goods, the more likely this will apply."

## What are the rights of the consumer?

Distance sales give the customer 14 days to effectively change their mind, but they also require dealers to provide the customer with the appropriate paperwork.

Carroll said this can be through email when the order is placed and through a hard copy on delivery of the vehicle. The cancellation period starts only when the consumer has received both the goods and written confirmation of their rights.

Failure to do so could raise the possibility of the 14-day 'change your mind' period being extended for up to one year. That could leave the customer a legitimate option to return a non-faulty vehicle a year after the sale.

Bowkis said: "For each sale under a scheme, the dealer must provide paperwork advising the customer they can cancel the sale within 14 days of the day the customer takes delivery of the vehicle."

"If the customer decides to cancel, they are entitled to the money back they paid for the car plus any standard delivery charges. Dealers cannot charge a

cancellation fee of any kind and must make the refund within 14 days."

A customer is also likely to be entitled to get all their money back if they refuse the car on delivery or after a short test drive.

However, anything over and above test drive mileage will mean a deduction for handling beyond that which is "necessary to establish the nature, characteristics and function" will apply.

This will largely become a case of negotiation but unlike the 30-day right to reject under the Consumer Rights Act 2015, Bowkis said there is nothing to say a dealer cannot charge for depreciation due to the additional owner.

Bowkis said: "The customer normally has to pay the cost of the vehicle being returned and a clause stating this should be included in the cancellation paperwork."

"However, if a dealer did not provide the correct paperwork, no deduction can be made and the dealer will have to cover the cost of returning the vehicle. Therefore, if a dealer is going to run a scheme, it is crucial to have all the right paperwork in place."

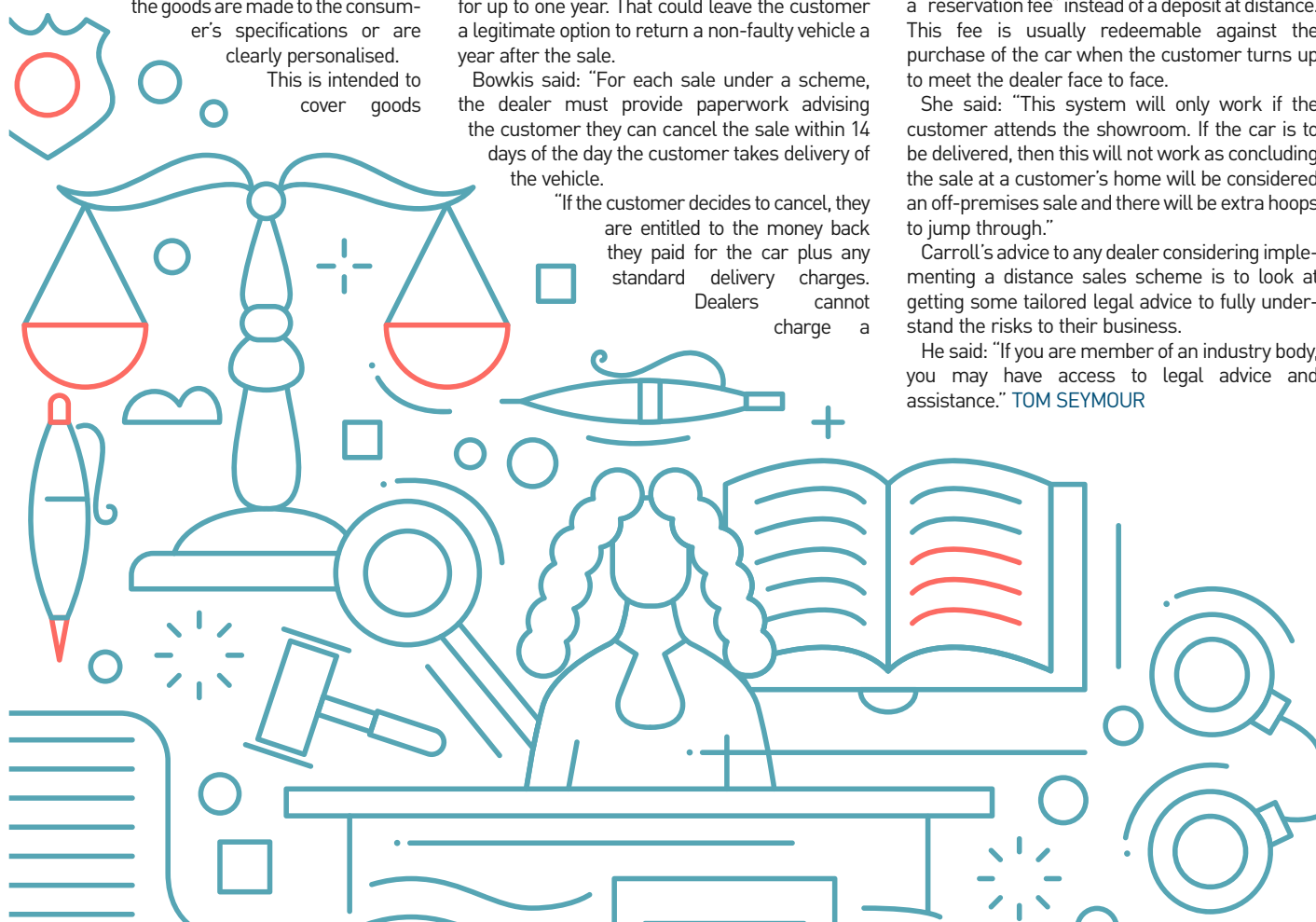
This would only apply if a contract is concluded over the phone or online. A contract will be deemed as concluded even if just a deposit is paid.

Bowkis said this is why many dealers will take a "reservation fee" instead of a deposit at distance. This fee is usually redeemable against the purchase of the car when the customer turns up to meet the dealer face to face.

She said: "This system will only work if the customer attends the showroom. If the car is to be delivered, then this will not work as concluding the sale at a customer's home will be considered an off-premises sale and there will be extra hoops to jump through."

Carroll's advice to any dealer considering implementing a distance sales scheme is to look at getting some tailored legal advice to fully understand the risks to their business.

He said: "If you are member of an industry body, you may have access to legal advice and assistance." TOM SEYMOUR



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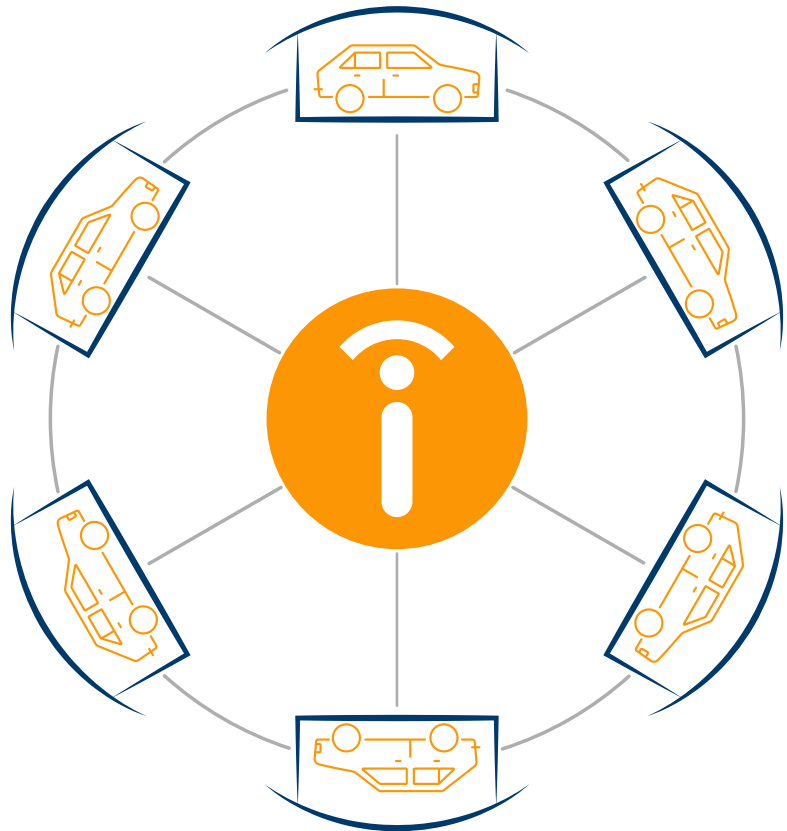
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# PRESENTING TO DISTANCE BUYERS



## HOW TO CLOSE A DEAL AT A DISTANCE

From still images and 360-degree videos to virtual test drives and guided F&I browsing, dealers need ways to help remote customers complete their buying journeys

**T**he opportunity for dealers to sell cars remotely has never been greater, but once your marketing efforts have attracted a customer to visit your website or phone your dealership, how do you show them a car without recourse to the presentation skills you have honed on years of showroom customers?

The short answer, of course, is technology, which allows the dealer to give the customer an accurate picture (See 'Keep your sales on the right side of the law' on page 54) of the vehicle they are purchasing – including descriptions of the features, images and videos. However, staff must also engage with the customer through phone calls, text messaging, emails and/or live chat, as well as guided web browsing, where necessary, to help them complete the buying journey.

According to iVendi's inaugural report on online motor retailing, almost four out of five (79%) customers surveyed would be confident or completely confident buying a car online. However, there is still work to do, with 57% of respondents believing that motor retail lags behind the best online retail experiences.

That's borne out by the fact that 43% of dealers questioned said they plan to increase their online retail activity in the next 18 months, while 33% of manufacturers said they plan to offer the option to buy and finance a car online within the next 18 months.

### Overcoming the obstacles to distance selling

"The main barriers to buying a car online related to the desire to see and test drive the car as well as the security aspect, while for financing a vehicle

online the barriers related to confidence and security," said James Tew, iVendi's chief executive.

"The positive factors making consumers more likely to buy and finance a car online were seen to be 'trust in brand' followed by the lifestyle factors of a non-pressurised sale and convenience."

Chris Penny, Auto Trader's franchise brand director, added: "Ultimately, from first click and then throughout their entire journey, it's essential to present cars perfectly for all buyers. It's no longer a competitive advantage, but rather a fundamental requirement for success."

Penny said because car buyers are discerning by their nature, it is important to present as many different ways of viewing and reading about the vehicle as possible. That includes videos, images and detailed descriptions, he said.

"Car buyers are fickle beasts and want to



consume content 'their way' so you can't focus on one method over another," he said. "You need them all and they all need to be to a standard that properly represents a retailers' care and attention to detail."

## Creating an artificial 'test drive'

Tew believes video is the most effective method of presentation. It is already being done to a certain extent by companies such as CitNOW and AutosOnShow, he added.

"Effectively what you are trying to do is to create an artificial test drive," he said. "It's all about extending the digital journey for the customer."

"Now you can send them a personalised video of the car from anywhere in the country so that they can see it for themselves. The challenge for the dealer, however, is that when video becomes the norm they will have to move to the next level of digital delivery, whatever that is."

Škoda, for example, has a team of seven product hosts that use a mix of static and handheld cameras to showcase its range and to answer customers' questions. Its Live Tour has been running for a year and has already delivered more than 2,000 hours of product demonstrations.

Tew said dealers need to take as many high-quality pictures of the vehicle from as many angles as possible, both inside and out, covering the full inventory and descriptions where necessary. He added that improvements in image quality, as well as the use of 360-degree interior and exterior imaging, from companies such as Spin 360, have helped the dealer to boost sales.

"Being able to zoom in and see certain parts of the vehicle is key," he said. "I certainly think there is a correlation between the number of images of a vehicle that are viewed by a customer and purchasing that model."

Dermot Kelleher, marketing and business intelligence director for Motors.co.uk, said imagery and faster broadband speeds have combined to help dealers: "Motors has been going for 10 years and for the first seven or eight years, we could only offer dealers the opportunity to post 10 images associated with their vehicles."

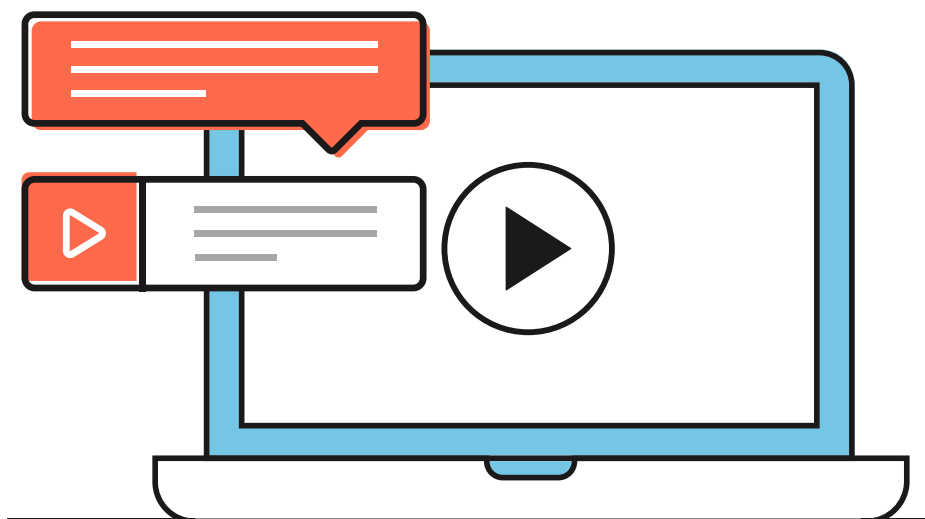
"In the past two years, we've gone from 10 to 25, and now it's 100. We've done that because storage costs and page load speeds are now much more sophisticated, enabling us to render 100 images on a page in a way that just wasn't there three years ago."

"Undoubtedly, imagery and video are probably the two key drivers of why dealers now feel like they can put a car out there that will be able to give a good consumer experience without that consumer actually having to touch it."

Penny said research by Auto Trader of 13,500 retailers has found a correlation between the volume of imagery and buyer engagement. And as the volume increased so did the quality, he said.

"It's the quality that car buyers respond to," he said. "After all, if you can't photograph or video a vehicle to a high standard, what else haven't you done to a high standard?"

"These are the subconscious questions that



buyers are asking themselves in the split seconds they choose to click on one advert over another."

Karl Werner, the chief executive of MotoNovo's motor finance division, said: "High-quality images, videos and guides all help paint a picture of the car and the dealer's approach. It's very simple to incorporate technology that truly brings the 'showroom to the home' – video, dynamic imaging and Skype are all readily available technologies."

"Secondly, take a fresh look at the way the car is presented and ask yourself 'what makes this car, and my business, unique?' If your answer doesn't come across online, then it's unlikely you are making the most of the opportunity."

## Building customer trust

In order to enhance the vehicle's presentation, Shaun Harris, sales director at Codeweavers, said dealers need to make the process easier and to build greater trust with the customer. That is done by reviewing the information provided on their website, the brand's personality and tone of voice, and quality of service such as extended warranties, he said.

Harris said multiple pictures and video were strong indicators of transparency.

"I've known dealers complete a walkaround of a distance customer's chosen car pointing out features and benefits and any defects – this last

element is highly compelling for both car and dealer," he said.

Darren Williams, director at Elements PRMC, said that when presenting a vehicle online, dealers need provide customers with a personal presentation after an enquiry. One company offering this service is AutoLoad IT, an online vehicle management tool, he said.

"A good piece of camera work operated by a competent individual (with photography skills) in a suitable environment to take the images is a prerequisite," he said.

"Of late, we have seen dealers really embrace this by doing away with the options provided by the platform providers and addressing their own shortcomings in this area."

## Complete and accurate information

Dealers must provide accurate and complete information, ensuring every aspect of the vehicle, including function, aesthetics and technical details, is covered. They can also use tools such as a vehicle condition report, traditionally used by car hire companies, to flag any obvious defects to the customer.

As with online auction listings, the car should be accompanied by confirmation of service history, mileage, the presence of a spare key and spare wheel, if fitted, and pictures of any minor damage.

When it comes to communication, although dealers will want to keep as many channels open as possible to give the customer a wider choice, Williams said the method of response should fit the nature of the enquiry, and should also be done in a timely manner. While one-to-one dialogue can help to build a rapport and trust with the customer, he said there's nothing more irritating than being called back by an automated service when all you want is a simple response to an online query.

"As far as the tools available, anything that engages is a good thing, but a word of caution – ensure your staff are properly trained in how to use them and their behaviour, language and conduct is appropriate," he said.

"Those I have seen done well are clearly expertly

**“EFFECTIVELY  
WHAT YOU ARE  
TRYING TO DO IS  
TO CREATE AN ARTIFICIAL  
TEST DRIVE. IT'S ALL ABOUT  
EXTENDING THE DIGITAL  
JOURNEY FOR THE  
CUSTOMER.”**  
JAMES TEW, IVENDI

planned in relation to the enquiry. For example, the car is positioned in a quiet, suitable place, the vehicle is cleaned and well presented, its condition is evidenced and its unique functions are featured and demonstrated."

Tew said live chat is one of the most powerful communication tools available to the dealer. However, he added that many dealers are missing out on a big opportunity to sell during the busiest time for online searching – 7pm-9pm on Sunday, when most dealerships are closed.

Artificial intelligence (AI) can also be used to answer basic customer questions on live chat, enabling agents to focus on more complex and technical enquiries. To this extent, suppliers, such as True AI, have estimated that live chat responses could be automated in up to 33% of cases.

#### Guided web browsing

Another option is guided web browsing, said Tew. However, he warned that if it has to be used extensively, that negates the purpose of buying a vehicle online in the first place.

"The two areas where this would be most beneficial are firstly in new vehicles and the sale of options which the customer doesn't know about," he said. "Then there is the sale of F&I products by taking control of the browser and walking them through the product and how it works."

Werner added: "Online customers look for services that offer them the opportunity to go as far on the buying journey as they want. Any online service that abruptly comes to a halt (such as contract forms rather than finance application forms) fails to maximise the opportunity every time."

Ed Parkinson, director of sales development at Contact At Once!, said dealers need to focus more on the digital side of communication, which many have tended to neglect in favour of the phone call. In doing so, they must have an easy-to-use and responsive system for the customer, he said.

"It's like a three-legged stool, where the first leg is how do you find the vehicle online, the second leg is how do you communicate that to your family and friends to get their feedback, and the final leg is how do you communicate with the car dealer to make the purchase?" he said.

"The dealer can help them in that journey by making it as transparent as possible and provide them with the answers they need to make an informed choice."

Parkinson believes dealers will use more artificial intelligence (AI) such as chatbots and apps such as Apple Business Chat, but said this technology needs to be used to complement the service they already provide.

"The dealer needs to have the appropriate platforms for communication and a focused team of people who can deliver on the conversational side of the deal," he said.

"After all, no car was ever sold without conversation of some kind."

#### Offering FCA-compliant motor finance online

Dealers have to have a compliant online financial agreement process that includes transparency

## “THE DEALER NEEDS TO HAVE THE APPROPRIATE PLATFORMS FOR COMMUNICATION... AFTER ALL, NO CAR WAS EVER SOLD WITHOUT CONVERSATION”

ED PARKINSON, CONTACT AT ONCE

throughout the financing journey, affordability checking and commission arrangements. To achieve this, the customer can use tools such as a digital authorisation signature to verify the options they have selected in a compliant manner.

The Financial Conduct Authority (FCA) also stipulates that car dealers' financial promotions and adverts must be fair, clear and not misleading.

Spencer Halil, director of Alpha Financial Services UK, said dealers need to present their product choice simply and transparently, to allow the customer make their own decision.

This can include, he said, FAQs, comparison tables, images and descriptive explanations, as well as short videos, in the future possibly extending to live chat.

"The critical point is that there should be no bias or agenda in the explanations – let the customer choose what is right for them, not what works best for the dealer or lender," he said.

Tew said dealers should bring finance into the buying process at the earliest opportunity so the customer can view the different payment options available to them and then match that to their chosen vehicle.

"We offer a choice of products including PCH, PCP and HP, either through a single lender or across a panel of lenders that the dealer works

with, that allow the customer to compare the products against each other," he said.

Drayton Kia, in Lincolnshire, found its F&I sales were dropping off with distance buyers. General manager Darren Bradford had a dedicated F&I website built, which is incorporated into its distance selling process, to ensure products are offered compliantly before an order can be processed.

Simon Cadbury, head of strategy and innovation at Intelligent Environments, said calculators, ratings and reviews are other useful tools in helping the customer to choose the right product.

"It's about simplifying the buying process through using more conversational tools that let the customer complete the application more quickly because they are personalised and only ask the relevant questions," he said.

When using social media, the FCA recommends signposting a product or service with a link to more comprehensive information or to use images for a more general promotion. Tew said the best way to promote finance deals through social media is by using an image with a link to the dealer's website that is first vetted by the compliance department to make sure it meets FCA rules.

"Using an image is a safe way to promote your finance deal on social media and then tweak it accordingly, depending on which platform you are using, provided it has been thoroughly vetted by compliance beforehand," he said.

Paul Harrison, Auto Trader's head of motor finance, said social media should be used to start the conversation rather than promoting the full finance proposition because of the difficulty in conveying a monthly payment where a rate of interest is attached.

Halil also believes social media should be used carefully.

"Social media is a very different medium to traditional marketing and it needs to be engaged with in a different way – smaller 'snackable' chunks of information." **ALEX WRIGHT**





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# No car was ever sold without a conversation

How to have those successful conversations wherever car buyers are

**W**hen thinking about the modern car-buying journey, it's easy to feel overwhelmed. Many things have changed, including customer expectations and shopping habits. Still, what it comes down to is simple: No car was ever sold without a conversation. Those conversations just happen in different ways now.

With the focus on what works best for the consumer, wherever they are, conversational commerce is on the rise.

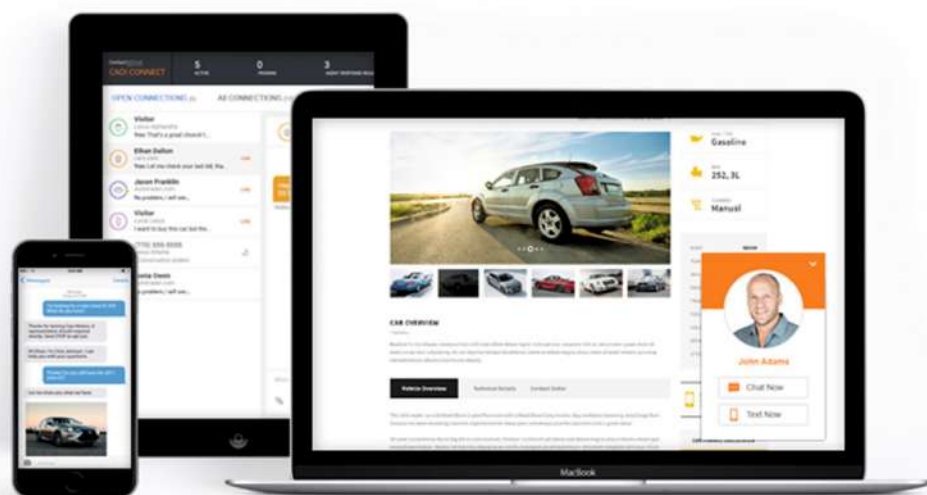
## Embracing conversational commerce

Conversational commerce lets consumers talk to brands as they do to friends and family – on their own schedule, via familiar apps and using natural language – to get the answers they need to take action.

Say a shopper doesn't want to come in, but wants help deciding between a new or used SUV. She likes the new model warranty, and wants to understand what she's missing out on with the approved used model.

Instead of trying to decipher the answer on her own, the shopper could tap to message the dealer (or manufacturer). She can ask questions in her own words, get the help she needs immediately and be guided to the next step. Via SMS or Facebook, she can keep asking questions in the same thread up until (and after) purchase!

Such quick back-and-forth messaging conversations save time and can help shoppers feel a more personal connection to your business—you're working in their 'language,' so to speak.



## Set your business up for successful conversations

With conversational commerce, it doesn't matter where the shopper is located or where they find you. They can connect, converse and buy. You just need to be there, ready to help.

- ❶ Expand the ways shoppers can communicate directly with you, including web and mobile chat, SMS and Facebook Messenger.
- ❷ Offer these messaging options from multiple touchpoints – wherever you advertise or have a presence online, from search to social. Don't forget about Google AdWord campaigns or car search site adverts.
- ❸ Prepare your team to have real conversations. The shopper is inviting you into their personal communication space (often their smartphone screen) – respect it. Focus on answering their questions first and being the expert. That will get you further down the

buying path than any generic 'salesy' pitch.

- ❹ Share video and images. Buyers may not be standing in front of you, but they still want to see the vehicle they are discussing. Share pictures, videos and details of your stock in the messaging conversation window.
- ❺ Integrate messaging into your online buying process (if you have one). When they connect that way, you can then immediately guide them through whichever step they are stuck on, resulting in more potential completions.
- ❻ Back up your team and respond to shoppers 24/7. Since conversational commerce happens on the consumer's time, you don't want availability to be an issue. Look into Live Advisors, people who can message with shoppers on your behalf after business hours or whenever your team is too busy.

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To learn more and start building your own conversational commerce plan, just reach out:  
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## DELIVERIES AND HANDOVERS



# DELIVERING SERVICE OUTSIDE A SHOWROOM

AM spoke to two manufacturers offering distance sales to find out how dealers can maintain customer relationships when cars are bought online and delivered to the door

**T**he digital age of car-buying is well and truly with us. The internet has enabled a generation of highly informed consumers who research what they want – and what they can get – long before they ever set foot in a traditional showroom.

Yet some brands are taking the concept of the internet era even further. They're not only arming the consumer with all the information they need before they reach a dealership, but creating schemes whereby they need never visit a dealer.

Hyundai launched its Click To Buy program a

little over 15 months ago. Since the initial roll-out, the scheme has expanded to include all Hyundai models and all dealers. It is an end-to-end e-commerce platform that allows buyers to select, finance, option and order a new Hyundai model from a dealer of their choice, and have the car delivered to their door, without ever setting foot in a Hyundai dealership. It even allows customers to part-exchange their existing car, pending a satisfactory inspection.

On the face of it, this separation of dealer and customer makes it hard to see the benefit to the dealer. How are sales staff able to make that vital

personal connection with a remote purchase?

Rebecca Hurrell, retail development manager at Hyundai Click To Buy, said: "When we were consulting the dealers in the development of Click To Buy, they were very much involved in the process in terms of the customer journey and the fulfilment processes. One of those key things was 'how does the customer actually get the car?'."

"While it is distance selling, one of the things we actively encourage is for the dealer to make that contact with the customer in between the point of them putting the deposit down for the vehicle and collecting it. We ask the dealer to fulfil that home delivery – although in practice we've had very few of those.

"If there is a home delivery situation – and one of the benefits of Click To Buy is that it offers the customer the option to spend less time in a dealership if they choose to – then we get the dealer to perform that handover."

Mazda operates a similar scheme, MyWay,



**“IN THEORY, IF I LIVED IN CORNWALL AND WANTED TO SELECT A DEALER IN ABERDEEN, I COULD. IN PRACTICE, PEOPLE LIKE TO BUY LOCALLY**

**REBECCA HURRELL, HYUNDAI**



# AM

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Best Marketing Strategy  
Best in Customer Service  
Best Aftersales Team  
Best Sales Team (new and/or used)  
Best Fleet or Local Business Dealer  
The Community Hero award  
Most Improved Dealership  
Best Used Car Dealer  
(independent non-franchised)  
Best Used Car Dealer (franchised)  
Used Car of the Year  
New Car of the Year  
Franchise Partner of the Year  
Best New Dealership  
Best Dealership  
Best Dealer Group (up to 10)  
Best Dealer Group (more than 10)  
Supplier Award –  
Best New Product or Service

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Although this is currently limited to the London boroughs. In Mazda's case, the brand doesn't have any dealers at all within the inner London area, although seven retailers within the M25 take responsibility for fulfilment. However, rather than using existing dealer staff, Mazda employs "brand champions" to manage the process.

Simon Culley, Mazda UK's strategic retail projects manager, said: "Mazda MyWay only operates in London in areas where we don't actually have any dealers represented. Our team of brand champions do the whole test drive process and help customers connect to a dealer of their choice.

"Once that handover is facilitated, the contract of sale will be managed by the dealer. The customer is given a choice of where they want to transact. If they want to do it from the comfort of their own home they can do that, and then the dealer has to acknowledge that there's various distance-selling regulations that they need to stick to to make that happen.

"The dealer in the process is entirely responsible to hand that vehicle over once they've got availability, and then we give the customer the option: Do you want it delivered to your home or do you want to collect it from a dealer? That's a core USP for the Mazda MyWay program – you don't have to leave your home if you don't want to."

### Who pays for delivery?

In either case, this comes at a cost to the supplying dealer. So are they able to recoup losses on delivering cars to customers they have never previously seen? Hyundai and Mazda have different approaches here, reflecting the geographical reach of each scheme.

Hurrell said: "We do offer home delivery with ClickToBuy, and we do make a charge for it, which at the moment [is] £250 for anywhere in the UK.

"In theory, ClickToBuy is an internet-based system, so it has full geographical coverage in itself, but it's very much customer-driven. The customer journey works in as much as the vehicle is selected, the finance chosen, etc., before the customer chooses a dealer. The way they choose a dealer is by postcode locator.

"What we find in practice is that customers are selecting the dealers that are closest to them. They can, if they want to, search by a different postcode – so if they wanted to look for a dealer that's close to their work they can – but what we don't do is assign the dealers territories. In theory, if I lived in Cornwall and wanted to select a dealer in Aberdeen, I could. In practice, people like to buy locally."

Mazda MyWay does not currently offer dealers the ability to charge for delivery, although it operates in a much smaller area. However, Mazda is looking to expand the scheme to other metropolitan areas this summer, and potentially



farther, at a later date.

"At the moment for [the] London-based scheme, if you want a delivery at your home address, the dealer won't charge you for that. As we go into the wider environment, we're going to be working with the dealers. Is there opportunity for them to monetise the convenience? Potentially – we're not forcing that as a particular requirement for the program, but we will work with the dealers to set their own parameters," said Culley.

"There may be some more high-cost investment elements to manage – if a customer wanted the car with zero miles and a trailer was involved, would that cost a premium? Possibly, but we will work with individual dealers.

"It's going to boil down to where the customer is located in comparison to where the dealership site is. If a dealership had a request to deliver a car 150 miles, there may be a discussion around the cost of doing that. If it was five to 10 miles, it may not even be a conversation that took place."

**“AT THE MOMENT, IF YOU WANT A DELIVERY AT HOME, THE DEALER WON'T CHARGE YOU FOR THAT. IS THERE OPPORTUNITY FOR THEM TO MONETISE THE CONVENIENCE? POTENTIALLY**

**SIMON CULLEY, MAZDA UK**

### How does the handover work?

As sales staff will know, the actual vehicle handover is – particularly for the customer – one of the most significant parts of the process. It gives the dealer the chance to create some anticipation and excitement, perhaps even some theatre, by bringing the customer to their new car and whisking the covers off. It's also a vital opportunity to walk the buyer through some of the complex features of their new car and also interact with staff responsible for wider dealership services.

With a home delivery, there's not as much of an opportunity to do this. A car transporter or trailer is not much of a substitute for a dedicated hand-over area in a modern showroom. This is where personnel can make all the difference.

Culley said Mazda conducted research before it started the MyWay program and then repeated it a year after it began.

"We measured customers across a whole spread of lifestyle groups and ages to ask them about the highs and lows of the car-buying process. One of the high points of that was the drive away from the dealer – we didn't really see that change before the program and when we started to measure people who had been through the process.

"The key differentiation factor will be the person doing the handovers. We see great value in the type of people that we have recruited in to manage our London program. If we help dealers with that recruitment process to recruit their own brand champion, we feel they'll have a similar calibre of individual that would have a positive impact on handover, both in the dealership but also remotely at the customer's chosen location. It comes back to giving the customers the convenience that they're looking for. The greater focus on product expertise could greatly enhance that."

Culley said that although the numbers of people who opted for home deliveries was rather small, their overall satisfaction levels were higher than those with dealer deliveries.

"We are seeing some value in terms of Net Promoter Scores," he said.

Hurrell said Hyundai does provide some guidelines around handover.

"We require that a salesperson does the delivery – someone who is up to speed with the product, so if the dealer has a handover specialist, that's fine – and not simply send a delivery driver. We require that the customer gets a full handover experience, as much as is possible within the logistics of wherever they take delivery."

She said this could make it difficult to monitor and that dealers have different policies on who does what.

"We do put it into our guidelines that if you're going to engage with ClickToBuy as a dealer, you must make that experience special for the customer wherever that is.

"What we want to avoid is the clinical approach where the keys are handed over, the car reversed off the back of a truck and off they go.

"There can be a combination of the two – the dealer can ask the customer to come into the dealership to do some of the paperwork, but then deliver the car to their home and give the product experience on the driveway. The handover itself can be the same at home or in the showroom. One of the advantages of doing it at the customer's home is that it enables them to have their experience in their own environment and think about the things that are more relevant to them in that space."

#### How many people want home delivery?

The majority of participants in both Mazda and Hyundai's schemes choose to take delivery from the dealership itself. Mazda said more than 80%

## WHAT WE WANT TO AVOID IS THE CLINICAL APPROACH WHERE THE KEYS ARE HANDED OVER, THE CAR REVERSED OFF THE BACK OF A TRUCK AND OFF THEY GO

**REBECCA HURRELL, HYUNDAI**

of its customers come in to pick up their car and more than 90% of Hyundai customers opt for a dealership handover.

Both brands see the distance-selling aspect as an additional channel for dealers, bringing them into contact with more customers, and those that they wouldn't ordinarily see, rather than reducing showroom traffic even further.

Culley said: "This is really an enhancement to some dealers that will give them a tool – a Mazda-recognised tool – around a suite of customer convenience options that allows them to extend their reach within their local area.

"Within the London-based scheme, we have no dealers in the area where we operate, but we have increased our market share. What that shows us is that not having a dealer isn't a barrier to a customer considering the brand. If we take that learning out of London and apply it to our dealers,

it potentially gives them a tool to sell more cars within a greater drive time distance of their existing facility, but it still might be within their area.

"We'll start to see the impact it has with dealers in their more immediate area both with their market share and how far a reach it can actually give them. We can then apply those learnings to a much wider group of dealers. In five years' time, if the proof of concept works, we could see all of our dealers offering the same type of solution, which gives them a greater connection with customers in a greater catchment."

Hurrell said Hyundai was looking at incorporating ClickToBuy into a showroom process.

"It could be that in the future a customer might start their journey in a showroom and finish off their sale online at home," she said.

"Potentially, that may open the door for more home delivery situations. At the moment, it tends to be a little bit the other way around – they will engage with ClickToBuy and start the journey there. This has contributed to some increased footfall into showrooms with people citing ClickToBuy as the reason that they became interested in the product. The journey would tend to finish off in the dealership.

"Sales used to be a six-step sales process, and that's not how the world works any more. It's not a linear process. ClickToBuy is trying to get into that space to offer a brand alternative to other online brokers. It's really recognising that customers will flip between online and offline in a more modern customer journey."

**ANDREW EVANS**

HOME
CREATE PERSONALISED QUOTE
FAQS
MY ACCOUNT
LOGOUT

## Review your order

i30 SE Nav 1.6 CRDi 110PS Blue Drive Manual

Delivery in 12 weeks

Exterior: **Ara Blue** +£565  
Interior: **Black cloth**  
Additional accessories: **STANDARD PROTECTION PACK**, +£400  
Servicing Plan: **5yr Service Plan + MOT** +£869

### View the full details of your chosen purchase

**Your part exchange**

None £0

**Summary**

Cash Price	£20,329
	£0
	£20,329

## Step 3 – Select a Dealer & Handover Slot



# Hunting and farming

How customer insight and reviews help win new business and increase retention

**R**eviews have become an integral part of the consumer's search for almost any product or service, particularly when consumers are spending thousands of pounds with an automotive retailer. In this article, we look at how reviews can contribute to both hunting and farming your customers.

## Hunting – winning new business

When it comes to acquiring new business, the facts are:

- 93% of consumers say online reviews affect their purchasing decisions\*
  - 97% of consumers looked at online reviews in 2017\*\*
  - It is proven that having reviews on your website increases enquiries by 7%\*\*\*
- Consumers are increasingly looking to corroborate trust, as there has been a

breakdown in trust with the establishment and so-called experts. This means consumers look to their peers (people like them) rather than experts, for their opinion. In fact, 73% trust online reviews as much as their friends and family.

It is essential that you are able to demonstrate you have bona fide reviews from real customers and do not feature fake reviews, or select only the favourable ones. Honesty is the only policy.

Reviews can be consumed throughout the buying process in what Google calls 'micro-moments'.

So, what are these micro-moments?

### Micro-moments of truth

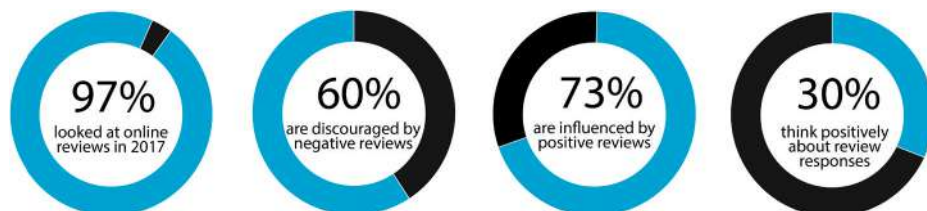
Today's consumers are almost always online, whether they are on their tablet, their laptop or their mobile phone. This has led to a breakdown in the traditional search process, with customers seeking to answer questions as they arise, sometimes sharing

## Powerful Ins



them and showing them to other people, in a process described as 'snacking'. This means you always need to be there when the consumer is looking for information.

When a consumer identifies a desire, their purchasing journey often starts with a search, such as star rankings on Google and maybe very short reviews. It is important to have these describing all elements of your buying process – positive comments on coffee or parking, the sales person or the availability of demonstrators



## Farming – building customer loyalty

Post-transaction reviews are the start of the farming process – managing customer retention.

In order to build customer loyalty and seek referrals, it is important that the customer is contacted after the delivery experience. This also provides an opportunity to fix any gripes the customer may have. For this reason, some salespeople avoid the call, fearing they will generate more work for themselves. In fact, the opposite is true. A customer with an unsolved gripe will be sure to be looking out for new ones.

### Aftersales, not afterthought

Now that the customer has purchased a vehicle, it is more than just the sales department that will influence their long-term loyalty. Hence, it is important to follow-up service customers with short customer service surveys to ensure they are still happy dealing with your business.

Truly loyal customers, promoters or if you will, 'raving fans' – are the result of the total dealership experience over time.

Most surveys are stimulated by transactions, but it also makes sense

to follow-up a customer after a period of ownership. This can enable you to identify strengths and weaknesses in your business, as well as future buying habits. This can be conducted before the customer gets to a natural change point in the buying cycle.

### The circle of life

By managing your customer relationships through the judicious use of short surveys, customer delight and insight, you will start to build loyalty, as well as provide reassurance to new customers.

# ights. Influential Results. Innovative Solutions. Authentic Reviews



[business.judgeservice.com](http://business.judgeservice.com)

all contribute to answering the questions customers may have early on.

Consumers read an average of 11.4 pieces of content before buying\*\*\*, making it important to provide different types of content available to your prospects.

#### A picture paints a thousand words

Featuring other demonstrations of your brand and credibility on other channels also helps. Showing your customers celebrating getting their vehicle at handover is an

You may need to look across the internet to get the total picture of what your customers and prospects think, using reputation management software. This should give you the big picture on all your reviews and allow you to respond to reviews on sites such as Facebook and Google on one platform.

In a world where customers can opt to do business at home, at the dealership or even just online, there is no doubt that effective use of reviews will increase customer satisfaction, repeat business and consequently profitability.

example. This also shows your customers that you recognise the significance of and excitement around their purchase. You can then display these 'snaps' on your social channels as well as your own website.

#### Deeper dive

You should also look for deeper customer insight with post-transaction surveys asking the customers about their experience, particularly in businesses with multiple sites. This can provide really useful, granular information to help you manage both your team and the customer's experience. This is also the opportunity to get more detailed reviews or testimonials to reassure potential buyers and increase your enquiries by up to 7%.

#### Search engine optimisation (SEO) content

Having reviews and star ratings on your

website will improve your search ranking results on different search engines such as Google and Bing, generating more traffic to your website and, ultimately, increase your prospects and enquiry rates. It is important to ensure that your reviews are again genuine and verified testimonials to demonstrate your integrity.

#### The ones that got away

You can also survey customers who have not bought from you to see why not. This can often be for simple reasons such as they are waiting for information, or the particular model they had in mind wasn't in stock. Indeed, nearly 40% of lost sales are still in the market to buy a car. Why spend more money on getting new leads when you can farm those you have already?

\*source: Podium; \*\* Source: BrightLocal;

\*\*\* source: Walker Sands; \*\*\*\* source: Forrester.com

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Suzuki GB expects 'in the region of 1,500 to 2,000' registrations a year for the Swift Sport



# SUZUKI SWIFT SPORT: IT HAS THE PACE TO COMPETE, BUT IS THE PRICE RIGHT?

**F**ans of the Suzuki Swift Sport, a standout 'warm hatch' available for less than £14,000, must have been somewhat taken aback at the latest iteration's £17,999 price tag. That may go some way to explain a launch offer from Suzuki GB – announced shortly after *AM* attended the Sport's launch – that cuts £1,500 from the list price of the new model, and tacks on a £750 deposit contribution from the manufacturer for finance sales.

The 30-day offer was in place for new and existing customers from the arrival of the Sport in UK showrooms on June 1.

Suzuki claims the new model packs more standard equipment and is still more affordable than more potent rivals, but the new price tag does pit the Swift Sport against the more powerful 150PS Seat Ibiza FR EVO (£17,935) and puts it closer to the territory of the potent and soon-to-be updated 200PS Ford Fiesta ST (£18,995) and Peugeot's 165PS 208 GT-Line (£19,705).

At 140PS, Suzuki's newcomer packs just 5PS more than its predecessor, but it delivers greater torque after swapping out a normally aspirated 1.6-litre engine in favour of a turbocharged 1.4-litre (seen elsewhere in Suzuki's Vitara and S-Cross SUV ranges).

This increases torque by 44% to 250Nm. In conjunction with a 70kg reduction from

an already svelte frame, to just 975kg, it delivers an impressive response.

Suzuki claims the new Sport will accelerate from 0-62mph in 8.1 seconds on its way to a top speed of 131mph top speed, up on 8.4 seconds and 121mph.

Efficiency has also improved. Driven carefully, Suzuki claims the new Swift Sport will deliver 50.4mpg.

Suzuki's performance hatchback may be off the pace of those more powerful rivals, but on the give and take roads of the launch test route outside Dublin, its torquey performance proved it could deliver the fun its styling alluded to.

Being so light, the Suzuki does seem to be able to tread a little lighter on the tarmac than some rivals.

Supple suspension coasts over broken and undulating road surfaces to such a degree that the ride of the Swift Sport should be one of its greatest selling points.

In fact, it is a very liveable reimagining of the performance hatchback, a point re-inforced by a 25% increase in boot capacity to (a still rather modest) 265 litres.

Of course, it holds kerbside appeal thanks to its trim-specific aggressive front bumper, twin exhaust pipes and faux diffuser at the rear and wearing the new, no-cost option of Champion Yellow paint, it certainly stands out.

A standard trim exists across the range, the only option being a sticker pack, which had yet to be priced



£17,995



140PS 1.4-LITRE  
TURBOCHARGED  
PETROL



0-62MPH 8.1  
SECONDS, TOP  
SPEED 131MPH



6SP MANUAL



50.4MPG



125G/KM CO<sub>2</sub>

## REVIEW RATINGS

AUTOCAR



AUTO EXPRESS



EVO



## KEY RIVALS



Seat Ibiza FR EVO

- ✓ POWER AND EFFICIENCY COURTESY OF CYLINDER SHUTDOWN
- ✗ COMPARATIVELY CONSERVATIVE STYLING



Ford Fiesta ST-Line

- ✓ EXCELLENT DRIVING DYNAMICS, IMPROVED LATEST-GEN INTERIOR
- ✗ RIVAL 125PS VERSION FALLS SHORT AT THIS PRICE



Peugeot 208 GT-Line

- ✓ UNIQUE COCKPIT CABIN STYLING, INTERIOR MATERIALS
- ✗ EXPENSIVE, EVEN IN THE LESSER 110PS GUISE

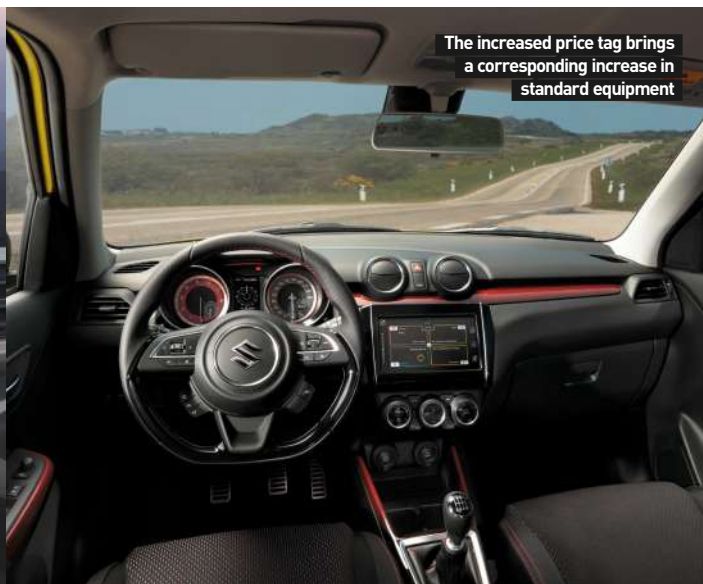


THIS MODEL WILL ACCOUNT FOR ABOUT 20% OF OUR SWIFT VOLUME IN THE UK

DALE WYATT,  
SUZUKI GB



Although still modest at 265 litres, the boot capacity has increased by 25%



The increased price tag brings a corresponding increase in standard equipment

when we drove the car. Suzuki claims the Swift Sport's standard features are what sets it apart from the crowd.

Among the standard features, many of which may have to be added as options in other cars, are: DAB radio with Bluetooth, LED daytime running lights, 17-inch wheels, a rear-view camera, satellite navigation, keyless entry and start, LED headlights and adaptive cruise control.

There is also a lot of safety equipment (which had to be disabled while we ventured out on track at Ireland's Mondello Park race circuit) including a collision detection system with autonomous braking and a lane departure warning.

Out on track, the car was a hoot. Mondello is a tight, short circuit with a level of technicality ideally suited to the Swift Sport.

While its relative lack of power was apparent, there was fun to be had in spades from a supple and adjustable chassis.

While it remains a tough call for the Swift Sport to be compared to hotter rivals

“THE BRITISH LOVE A HOT HATCH. SINCE 2006, WE HAVE SOLD MORE THAN 11,500 SWIFT SPORTS IN THE UK”  
DALE WYATT,  
SUZUKI GB

## Q&A



DALE WYATT, managing director, Suzuki GB

**Swift Sport has clearly become a fixture of the Suzuki line-up in UK dealerships. What are the sales prospects of the new iteration?**

This model will account for about 20% of our Swift volume in the UK, so something in the region of 1,500 to 2,000 cars during a full-year period.

The British love a hot hatch and that's why the Swift Sport has done so well for us. Since 2006, we have sold more than 11,500 in the UK, which makes it Europe's strongest market for the car.

**What are the key changes that owners of the existing model are likely to pick up on straight away when they get behind the wheel after June 1?**

A lot of effort has gone in to ensuring that the new Swift Sport retains the zest of the old car, but adding some flexibility and improved motorway performance with the new engine.

Having something that can please you on the lanes, but still allow you to switch off a bit and

listen to your music when the mood takes you, is a real strength, I believe.

**You took journalists on the track during the launch event. Do you think that is the kind of activity that retailers might organise or encourage?**

They certainly could. The car is lightweight and really entertaining. The torque-to-weight ratio is really high. We see the car as sitting between warm and hot. We know it's not a rip-snorting 200PS hatchback, but it is more than a warm hatch so we think it would be very hard to have more fun for your money.

Look at the list price of a top spec non-sport competitor car, you can buy a Swift Sport for less.

The car's full of technology. We could have shaved a thousand pounds off the car and sold it £1,000 cheaper, but we think that we got the balance right.

**Is there a specialist marketing campaign to announce the new Swift Sport's arrival in the range?**

I think the initial buyers will be existing Swift Sport owners, but there is a huge army of people waiting to try it.

I don't think it needs a traditional campaign to launch it, I think that's the second phase. I think the first phase is to let enthusiasts try it, believe it, and get cars out onto the roads.

priced just a small amount more, lower insurance and running costs, as well as a greater level of day-to-day comfort, could carve it out a worthy niche.

Despite the increase in price – and a corresponding increase in the amount of standard equipment – the Swift still looks like good value for money, a trait that has been central to the success of a car that

has found 11,535 new owners in the UK since 2006.

Ultimately, the bright yellow performance flagship felt fast enough on the narrow rural roads of Ireland, and Suzuki dealers selling to customers that want a fun-but-comfortable hatchback may not have the toughest job in persuading them they need look no further. **TOM SHARPE**



## VOLKSWAGEN E-GOLF

REPORT  
PROGRESS



NEW

### KEY RIVALS

Nissan Leaf

✓ IMPRESSIVE  
RANGE OF NEW  
41KW DRIVETRAIN

✗ STILL STANDS  
OUT AS AN EV

Hyundai Ioniq

✓ VALUE,  
VARIETY OF EV  
AND PHEV PLUG-IN  
OPTIONS

✗ DRIVING  
DYNAMICS  
NO MATCH FOR  
THE GOLF

## CAN THE E-GOLF MAKE EVs MAINSTREAM?

Last September, Volkswagen Group unveiled its plan to launch more than 80 electrified models, 50 of them pure EVs, by 2025. As part of that plan, the e-Golf was delivered to VW showrooms earlier this year and now joins AM's long-term test fleet.

In the first five months of 2018, VW has registered fewer than 300 e-Golfs, behind Nissan's Leaf (3,029) and Renault's Zoe (683). Performance on both rivals is also ahead of the e-Golf, on paper at least, with the new 41kWh Leaf claiming a 235-mile range and the Zoe 250 miles, under the NEDC test regime. The e-Golf claims an NEDC-tested range of 186 miles (VW estimates 124 'real-world' miles).

Both rivals are also more affordable than the e-Golf – the Leaf starts at £27,290, the Zoe at £18,170 (plus battery lease). The Golf starts at £32,075 in basic trim (more than £37,000 as tested here).

Despite that, the e-Golf may prove to be the car to tip some drivers into an EV. It banishes the notion that embracing the EV trend (Chargemaster, which installed a Polar home charging point to accompany the e-Golf's arrival, estimates one in six UK vehicles will be EVs by 2027) means driving something quirky and left-field.

Quality soft-touch plastics, the sector's most intuitive touchscreen infotainment system, adaptive cruise control, heated windscreen and front and rear parking sensors are standard. The e-Golf was also the first VW to be offered with full LED headlights. **TOM SHARPE**



A LOW-KEY EV, FAMILIAR  
GOLF QUALITY



EV RANGE FALLS SHORT  
OF I-PACE, LEAF AND ZOE



## HONDA CIVIC 1.0 VTEC TURBO SR

REPORT  
PROGRESS



## HOW THE CIVIC WAS BORN OF HONDA'S RENAISSANCE

Driving the Civic on the daily commute, it's easy to forget its importance to Honda – and the resources the manufacturer dedicated to developing the current model.

Honda suffered during the global credit crunch in 2007, when \$3 billion was cut from its research and development budget as it decided to weather the storm, refusing to take the easier route of state subsidies.

In 2011, the Japanese tsunami so damaged parts supply that Honda drastically cut back UK car production, adding to its woes.

"2015 was Honda's renaissance," said a spokesman. It saw the introduction of a revised CR-V, Civic, new Jazz and HR-V. It was also the year that work on the 10th iteration of the Civic began. It was the single biggest R&D project in the brand's history, with as many as a third of Honda's engineers involved.

So the new car had to be right. And not just for head office, dealers and customers – the car plant at Swindon produces the car for 80 countries.

Honda says its reliability, Honda Sensing (a suite of safety and driver assist features), Apple CarPlay, and class-leading boot space will help it in the fight against competitors such as the Audi A3, VW Golf, Mazda 3, Toyota Auris and Ford Focus.

It won't be easy. In the C-segment, the Civic lies behind the Golf, Focus, Astra, Leon and Octavia in sixth place, a spot it's held all year. **JEREMY BENNETT**



REGISTRATIONS YTD  
6,597  
(SOURCE: SMMT)



SEGMENT  
SHARE YTD  
4.8%  
(SOURCE: SMMT)



PCP PAYMENT  
£1,500 DEPOSIT  
CONTRIBUTION.  
FROM £18,895 ON  
5.9% APR AND  
MONTHLY  
PAYMENTS OF  
£199  
(1.0 SE MANUAL  
VERSION)



COMBINED MPG HAS SETTLED  
TO A RESPECTABLE 47MPG



THE ENTERTAINMENT SYSTEM IS  
THROWING SOME WOBBLES

CURRENT  
MILEAGE

0 0 4 5 5

START  
MILEAGE

0 0 1 0 0

CURRENT  
MILEAGE

0 3 5 3 3

START  
MILEAGE

0 1 2 7 9

## ≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



David Hughes,  
network  
development  
support manager  
at Audi UK,  
identified the  
Vauxhall Calibra  
last month.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email [am@bauermedia.co.uk](mailto:am@bauermedia.co.uk) with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, July 13.





## ADVERTISING FEATURE EXECUTIVE PANEL

# Industry professionals share their best advice on motor retail issues

### SHOWROOM

## How coffee helps your customer experience

By Chris Palmer, founder, XpressCoffee



Latte, skinny latte, espresso, flat white, flat black, Americano, mocha – all words you know and at least one you possibly love. Coffee is becoming a passion for many these days, but at Xpress Coffee it has always been our passion. From the humble coffee bean and its many blends to the domestic and commercial machines that grind those beans to make your favourite hot beverage, we share your love for coffee in all its forms.

As well as a passion for quality coffee, we at Xpress Coffee also pride ourselves on our passion for service. How many times have you been offered a hot drink only to be disappointed in its taste or quality? Customer experience is always of primary importance to any dealership and this is where Xpress Coffee firmly believes that your customers are also our customers, so it's only right that providing the highest level of service to you in turn provides the best hot beverage experience possible to them.

Xpress Coffee has been working with and supplying automotive dealers, from Honda to Lamborghini, for more than 10 years and has undertaken extensive refreshment and relaxation research and trials to understand what different customers value with different brands. We know your market and what your customers value as part of their customer experience and the coffee culture is now an embedded part of that. Where a 'bean to cup' self-service machine may be right for one, a full barista 'Italian theatre' service may be right for another, with others in between. We will see to it that you get the right machine for your dealership.

■ To talk to us about how Xpress Coffee could help support your dealership to enhance your customer experience, we would be delighted to hear from you: [www.xpresscoffeeuk.co.uk](http://www.xpresscoffeeuk.co.uk)

Fuelled by  
**Xpress Coffee**

### AUCTIONS

## Accurate valuation builds confidence

By Stuart Pearson, COO, BCA UK Remarketing



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

BCA Dealer Pro is an easy-to-use, cloud-based vehicle appraisal tool that allows for the part-exchange process to be managed quickly and easily. Using a simple, guided process to appraise, image and then accurately value part-exchange vehicles, BCA Dealer Pro captures all the information needed to allow deals to be done with confidence. With a new BCA Dealer Pro app about to launch, it has never been easier for dealers to access all the benefits it brings.

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

Once the vehicle's information is entered into the system, Dealer Pro can offer market values to the user, allowing them to relay accurate and dependable prices back to the customer. For non-retail stock, Dealer Pro has already captured all the information needed to start the remarketing process. Vehicles can then be sent to [bca.co.uk](http://bca.co.uk) to be remarketed straight from the device.

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

With used cars driving profitability, getting the price right has never been more critical.





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

## VALETING

# Valeting in the digital age

By Martin Peters, sales director, Autoclenz Group



IT does not clean cars – preparing vehicles to the highest retail standards will always be a highly labour-intensive activity. However, IT does play an important role in creating efficient workflows and controlling spending.

The Autoclenz PVMS (paperless vehicle management system) is the ultimate tool in controlling the movement of your stock through the valet, preparation and imaging process, while controlling total expenditure.

We can configure the system on a site-by-site basis with approved users, departments and sign-offs. We can also set spending limits via the "gatekeeper" platform – by valet code, vehicle, department or site – and reduce duplicate and multiple cleans. Clients have reported 3% savings using this function.

Operationally, PVMS gives live data on awaiting work, work in progress and completed work through the valet bay. This is key for our account management team in resourcing the valet bay through busy times.

Our additional services of SMART repair and imaging also progress through PVMS, giving complete transparency to the full process of refurbishment through to ready-to-retail and 'live for sale' on your website at a controlled spend.

Link PVMS with AutoclenzMI to evidence our service delivery and account management and you have the best IT to manage efficient vehicle preparation on budget, on time and to the right quality. Who said IT doesn't clean cars?

■ **For more information on the difference Autoclenz can make to your business, please call Lucy on 01283 554 682, or visit our website: [www.autoclenz.co.uk](http://www.autoclenz.co.uk)**



# Automotive management LIVE

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**AM** **NFDA**

## One day to make all the difference

Industry executives can spend one day out of the business at AM's one-day expo and gain sector insights, a better understanding of the opportunities and challenges facing the trade, expert advice and discover the latest products and services available on the market.

Now in its third year, the leading trade event takes place on November 8 at Birmingham NEC.

Hosted in partnership with the National Franchised Dealers Association (NFDA), this year's event will once again see 100+ exhibitors and a range of insight theatres tackling some of the most pressing topics of the day.

Top industry professionals will be providing insights into various aspects of automotive retailing to help top executives formulate strategies to maintain a robust business in an increasingly complex market.

Hosted by some of the sector's leading suppliers, best-practice seminars explore some of the major challenges and developments taking place in the industry, providing a deeper understanding of the increasingly sophisticated digital retail experience demanded by today's car buyers.

The exhibitor's hall will showcase the latest technologies, along with demonstrations and access to key figures in automotive retail supply, allowing dealers to compare different services and products under one roof in one day.

The expo, which remains free for dealer and manufacturer delegates, last year attracted more than 700 people and this year expects to attract even higher numbers.

Now well established as the highest-profile, fast-paced, insightful and essential day out for industry executives looking to maintain their competitive edge, registrations are already being made at:

**[www.automotivemanagementlive.co.uk](http://www.automotivemanagementlive.co.uk)**



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\*100% of hammer price plus auction and delivery fees (auction purchases), or lower of CAP clean/invoice price (trade vehicles).  
+ VAT funded on LCVs and qualifying vehicles up to the value of £45,000.

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Using a unique mix of technology, financial acumen and human skills, we can often approve around **one in three** applicants who have been previously declined, while still offering sensible rates and highly attractive terms.

We call ourselves a **flexible lender** because we deliver service standards and products comparable to a conventional prime lender but simply work harder to meet the needs of customers and dealers.

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- ⚙️ Combining technology and people

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# 'DEALERS NEED MORE WOMEN SALESPEOPLE, TECHS AND MDs'

A better mix would benefit the sector, female business leaders tell Automechanika

**W**omen looking to forge a career in the automotive sector still face many of the challenges they did 30 years ago, say women now leading businesses in the sector.

AM's research shows there are just 23 women on the boards of AM100 franchised dealer groups, where their most common roles are finance director, marketing director or HR director. Only two of the AM100's managing directors are women.

At Automechanika Birmingham, a panel of influential women from the sector shared their experiences of working in automotive and their efforts to improve the retail and aftersales market for women customers.

The five-strong panel, which included a consultant, a director and a campaigner, agreed that the sector still needed to change, despite efforts to employ more women in senior positions following the findings of the Government's gender pay gap reporting exercise.

Caroline Lake, the founder of Caroline's Cars, said she was initially pushed into a career in marketing – despite a love of hands-on mechanics – but founded a female-friendly maintenance business through sheer determination.

"I was working in marketing and started importing cars from Japan as a sideline," she said.

"I really wanted to learn more about the cars I was working with – get my hands on again – but struggled to find any mechanic who would take on a female apprentice."

Lake said she eventually persuaded the owner of a garage that she regularly used to take her on unpaid for a time.

She said: "I was the butt of a lot of jokes, but after I spent four years there, working



**“THERE WAS NO ENCOURAGEMENT FOR ME TO ENTER THE SECTOR. I BELIEVE THAT MANY YOUNG WOMEN LOOKING TOWARDS A CAREER IN AUTOMOTIVE NOW WOULD FACE EXACTLY THE SAME CHALLENGES THAT I DID 30 YEARS AGO**

**CAROLINE LAKE, CAROLINE'S CARS**

every spare moment I could afford, I was eventually offered a job."

Lake said her employer at the time had admitted entering her into the MOT qualification tests "as a joke", but added that it soon became apparent her presence in the business had worth.

"Women would come to me to ask about their car and it became apparent that there was a niche for a female-friendly garage," she said.

Lake founded Norwich-based Caroline's Cars in 2004 and as well as providing servicing and MOTs in a female-friendly environment, she also coaches women (and men, as a result of popular demand) in basic car maintenance.

However, she said: "There was no encouragement for me to enter the sector. I believe that many young women looking towards a career in automotive now would face exactly the same challenges that I did 30 years ago."

Consultant Steph Savill advises the industry on how better to employ women and deliver a better service for female customers and is the founder of the Foxy Lady Drivers Club, a not-for-profit online platform for approved garages.

Savill said: "There are 11.8 million women who own cars in the UK. We are known to buy half of the cars and influence 80% of sales, but what I hear from women again and again and again is that we fear being ripped off and patronised."

Savill questioned the unregulated nature of the independent garage sector, in particular, and suggested that women wanted extra reassurances about the aftersales operations that they visited.

Jane Russell, co-founder of the London-based Russell Automotive Centre, agreed and has made it her business's mission to make aftersales less intimidating for women customers.

She set up the business with her husband, a former Volkswagen master technician, and immediately saw the need for the focus on a female-friendly approach. Russell said the strategy has paid dividends and should be emulated by others.

She also believes the time has come for a greater influx of female employees into the automotive sector.

Russell said: "The developments in the sector right now dictate that the time is right to for more and more young women to enter the automotive sector."

"It's no longer going to be about picking up a spanner, it will be about logging into a computer."

"That change is going to be great for women coming into the industry."

"Those getting on board now, perhaps through IT and engineering, are really going to have the opportunity to fly."

**TOM SHARPE**

## RESOURCES

### UK AUTOMOTIVE 30% CLUB

Billing itself as "an automotive working group", it is striving towards a goal of having 30% of key leadership positions in UK motor retail filled by women by 2030.

[www.am-online.com/30CLUB](http://www.am-online.com/30CLUB)

### IMI WOMEN IN MOTOR INDUSTRY

The IMI issues a call for more women to be recruited into the automotive industry.

[www.am-online.com/IMIWomen](http://www.am-online.com/IMIWomen)



Lois Lane  
Apprentice Mechanic, PK Automotive Solutions

### WOMEN IN AUTOMOTIVE

It is US-focused, but this body runs an interesting mix of conferences and webinars, and its scholarship and awards programme may provide inspiration for UK dealers.

[www.am-online.com/WomenInAutomotive](http://www.am-online.com/WomenInAutomotive)

**ADVERTISING FEATURE**

# £5m of used cars purchased via our Buyer App

By Neil Hodson, group CEO, Aston Barclay



Aston Barclay has seen used car purchases via its Buyer App, (now on version 11), hit the £5 million mark eight months after launch.

Colby Breegan, group vehicle buyer at Dace Motor Company, had never bought a used car from Aston Barclay, but is now the group's second-biggest mobile buyer, having purchased £900,000 of stock via the app.

He said: "When Aston Barclay launched its Buyer App, I immediately saw the benefits of being able to source stock on the go with a total picture of the vehicles I'm bidding on. I use the app every single day and it has transformed my business.

"I don't worry about traffic or being away from home or the office, and the continual updates and increased functionality reinforce my trust in Aston Barclay. I use it to source 95% of my entire stock needs," he added.

More than 15% of the group's online bids are currently being received via the Buyer App, reinforcing how used car buyers run their businesses from their mobile devices.

March 2018 was the app's most popular month, with 160 used cars purchased. One buyer even sent in a video of him purchasing cars while on holiday in Pakistan.

A recent buyer satisfaction survey showed that buyers rated the app eight out of 10 for excellence, with 75% of respondents stating they would solely use digital platforms to source vehicles.

Used car buying patterns are changing and we are seeing buyers rely on their smartphone very heavily to run their businesses. The Buyer App kicked off our revolutionary digital strategy in July last year and, according to buyers, has dramatically changed the way they access and source used stock.



# TALENT ON THE MOVE



**RAWDON GLOVER,  
JAGUAR LAND ROVER**

Rawdon Glover will replace Jeremy Hicks as the new managing director of Jaguar Land Rover (JLR) UK.

His appointment is part of an internal shake-up at the brand, which sees the creation of a new global commercial function, set to improve five key areas – customer experience, product marketing, market performance, customer service and planning.

Under the leadership of Felix Bräutigam, JLR's chief commercial officer and a member of the board, Hicks has taken up the new position of global market performance director. He will lead network development and standards, the JLR Network Training Academy and all revenue streams, including fleet, business and approved used sales.

Glover has held senior director roles with the Volkswagen Group, both in the UK and overseas markets, and has worked in the automotive industry for 19 years.

He joined Jaguar Land Rover in 2013 and for the past five years has held the position of global director of services.

As part of the restructure, Fiona Pargeter, global PR communications director, is appointed to the new position of customer experience director.



**JEREMY HICKS,  
JAGUAR LAND ROVER**



**MARCUS ECKERMANN,  
PORSCHE**

Marcus Eckermann is joining Porsche Cars GB and Porsche Retail Group as managing director, replacing Alexander Pollich.

Eckermann, who has worked for Porsche since 1997, spent 10 years as managing director of Porsche Central and Eastern Europe, where he oversaw a tripling of the region's retail performance. He will lead the company through the launch of its first electric car, the Taycan.

Pollich is stepping up to the role of managing director at Porsche Deutschland.



**KARL HOWKINS,  
CITROËN UK**

Citroën UK has appointed Karl Howkins as its new managing director.

He replaces Bek Hassan, who is leaving the UK for a senior role within the PSA Group.

Howkins was previously managing director of Opel Switzerland, a role he has held since July 2016.

Howkins said: "The opportunities are fantastic to drive profitable growth with our dealer partners."



**JEAN-MARC GALES,  
JD CLASSICS**

Former Lotus chief executive Jean-Marc Gales has been named as the new chief executive of JD Classics.

He is credited with transforming the Lotus business, where he drove rapid growth and profitability.

He will lead JD Classics' creation of a full-service platform, offering high-quality experiences and products to its global customer base.



**STEVE DEAN,  
VEHICLEVISION**

Steve Dean has been appointed as managing director of VehicleVision.

The former Lookers franchise director is expected to "spearhead strategic new growth" for the company, which supplies a platform for workshop technicians to record videos and share them with customers.

Dean was managing director of Lookers' Audi division after it bought Lomond Group in 2012.



# WHAT'S MORE IMPORTANT TO YOU? PRODUCT OR PEOPLE? TIME ON THE ROAD OR TIME WITH THE FAMILY?

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As well as being a successful dealership group offering great career opportunities and numerous benefits, Birchwood Group is also located in one of the most attractive areas of the South of England. If you relocate to work at one of our locations in East or West Sussex, you're sure to be pleasantly surprised by the high quality of life and relaxed, family-friendly atmosphere.

## FordStore Aftersales Manager

We are looking for a candidate that is seeking an opportunity to make a real difference to our teams, to our business and to the service we offer our FordStore customers. You will be overseeing a team of 3 aftersales advisors, and an 8 bay workshop.

As a Transit Centre, we offer overnight servicing with evening shift patterns and all day Saturday opening. You will need to build strong relationships with our Transit Centre team and our business customers.

FordStore has the exclusive right to represent the Ford Performance range; communication with our performance and heritage customers' needs to recognise the unique ability of their vehicles.

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Competitive, negotiable package  
Relocation package considered

## Kia Senior Service Advisor

Kia Motors is an innovative brand that has seen exceptional year on year growth in the UK. More recently, this growing brand has kept value a priority while also emphasising technology. With its exciting hybrid and electric vehicle technology, the Brand is looking to the future

The successful candidate will oversee the busy service reception, supporting 2 aftersales advisors and liaising with workshop and PDI centre. Reporting to the Aftersales Controller, your role will be crucial in ensuring throughput of work and exceptional customer satisfaction.

Previous experience in a volume franchise will be essential.

**Washington, West Sussex**  
Competitive, negotiable package

## Kia Aftersales Controller

We are also seeking a candidate to ensure that all of the departments within the After Sales operation function efficiently and as one unit to optimise performance and provide customer excellence. As an After Sales Controller your team will comprise of Service Advisors and Technicians who will need clear direction in order to run an efficient and professional operation, always ensuring that an incredible customer experience is given.

If you think you can make a difference and motivate other team members to achieve their business goals and develop their performance then this could be the role for you.

**Washington, West Sussex**  
Competitive, negotiable package

## Mitsubishi Sales Manager

We are looking for a multi skilled automotive leader to manage our Eastbourne Mitsubishi sales team. Opened in 2016 in a fully refurbished dealership, our Mitsubishi team went on to win new Dealer of the Year.

Your role will be to ensure success in all areas such as:

- Leading the team in line with our Values
- Coaching, developing and managing the team in all aspects of their role
- Optimum stock presentation and management
- Budget forecasting and target management
- Unit and ancillary product sales
- Digital engagement

**Eastbourne, East Sussex**  
Competitive OTE £55k plus benefits  
Relocation package considered

**To apply visit [www.birchwoodgroup.co.uk/careers](http://www.birchwoodgroup.co.uk/careers) or email [recruitment@birchwoodgroup.co.uk](mailto:recruitment@birchwoodgroup.co.uk)**

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## AM ONLINE AUTOMOTIVE MANAGEMENT

You can now read the latest and most important UK motor retail news, features and insights even more easily on your smartphone, tablet, laptop or desktop PC.

Visitors can also sign up for our daily newsletter and Saturday news digest to catch up on the most important stories from the week.



**VISIT [WWW.AM-ONLINE.COM](http://WWW.AM-ONLINE.COM)**

The screenshot shows the AM ONLINE website interface. At the top, there's a navigation bar with links like 'NEWS', 'DEALER MANAGEMENT', 'JOBS', 'DATA', 'CARS', 'OPINION', 'INDEPENDENTS', 'GALLERIES', and 'SUPPLIERS'. Below this, there's a 'BEST DEALSHIPS MORE' section. The main content area features several news articles, including 'Profits leap as Motorpoint ramps up used car sales', 'LeasePlan becomes preferred partner to Fiat Chrysler's European dealer network', and 'Volkswagen Group fined 10m Euros for cheating diesel emissions tests'. On the right side, there's a sidebar with a newsletter sign-up form titled 'REACH MILLIONS OF IN-MARKET BUYERS & SELL CARS FASTER' and a section for 'MOST READ' and 'MOST SHARED' articles.

**SIGN UP TO AM'S FREE NEWSLETTERS AT: [WWW.AM-ONLINE.COM/NEWSLETTER](http://WWW.AM-ONLINE.COM/NEWSLETTER)**



## EIGHT QUESTIONS TO...

# A DEALER GROUP OPERATIONS DIRECTOR

Glyn Hopkin's Stuart Hodson believes getting the staff and processes right is the answer to most challenges



### What are the main responsibilities of your role?

**HODSON:** The day-to-day running of sales and after-sales of what is effectively 51 franchised outlets in 14 towns, in a contiguous market area covering east and north London, Essex, Hertfordshire, Suffolk, Cambridgeshire and Buckinghamshire.

The management, motivation and remuneration of all customer-facing staff within the business to deliver the best possible experience and results for us and, most importantly, for our customers. I have a very close working relationship with the managing director, Fraser Cohen, whose hands-on approach demands the highest level of accuracy with information reported, and whose in-depth understanding of every area of the business keeps me on my toes. A large part of the role is managing the senior relationship and getting the very best mutual benefit with 10 manufacturer partners along with associated suppliers and systems.

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

**HODSON:** Finding, developing and retaining the best individuals for an industry that is constantly evolving in a part of the world with a very competitive jobs market.

I have to keep up with the huge amount of information that passes through my inbox on a daily basis, prioritising what is important and being confident that everyone in the business has the information they need to do their job. It's also critical to find ways to maintain the income streams in challenging times, when manufacturers are looking to protect their own returns by controlling margin and incentive payments. I also seek to ensure that key processes are followed each time, in every part of the business, to deliver the levels of quality and consistency we constantly strive to achieve.

### How might these challenges be overcome?

**HODSON:** I think staff and process are the answers to most challenges in any customer-facing business. The expectation and performance management of staff at all levels is crucial. Glyn Hopkin is a results-driven business and our pay plans are always written with KPIs that heavily incentivise staff to strive for perfection, and the best customer outcome in their area of responsibility. It has always been our company ethos

to grow staff with the business and reward loyalty and success, and virtually all our management and directors have been with us a long time and risen through the company. I would like to think that all our staff see the opportunity to repeat what I have done, having started with Glyn Hopkin as a trainee sales executive 25 years ago.

### What attracted you to this area of expertise?

**HODSON:** I have always had an interest in cars – particularly the retailing side of the business – and I finished my A-levels just as Glyn Hopkin established its first dealership nearby in Romford in 1993. I have always been motivated to ensure that things are done in the correct way and have never relented on instilling that ethos in others.

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

**HODSON:** I think the biggest thing I learnt very early on is to be completely honest, ask for help and deal with a situation as soon as it arises. It's also crucial to remain as closely engaged as possible with all members of the staff in the business, which isn't always easy. You should also be physically present in the dealership, visible to customers and staff as much as possible. We actively encourage customers to engage with us personally by sharing their feedback – be it good or bad. **MATT DE PREZ**

## QUICK-FIRE QUESTIONS

### What drives you?

Being successful and driving the rest of the team to do the same.

### What's your favourite app?

My Honda.

### How do you relax?

By the sea with no phone signal.

# AM

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### THIS MONTH'S QUESTION TO THE AM TEAM:

Who would play you in a movie of your life?

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A person is seen from the side, working at a desk. On the desk is a laptop, a pen holder with several pens, and a tablet displaying a bar chart. The background is a blurred office setting.

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# Automotive management LIVE

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Blackshaws  
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Carbase  
Carco Group  
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Croxdale Group  
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Drayton Motors  
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EW Pinchbeck & Sons  
EMG Motor Group  
Endeavour Automotive  
FP Smith Holdings  
FCA UK  
Ford Motor Company  
Fords of Winsford  
Furrows Group  
Greenhouse Group

Grierson & Graham  
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Kestrel Autos  
LV Cars  
Lanehouse Service Station  
Lind Group  
Listers Group  
Livery Dole Mitsubishi  
LMC Nationwide  
LMC of Farnham  
Lookers  
LSH Auto  
Luscombe Motors

MAN Truck and Bus  
Manchester Automotive  
Maranello Cars  
Marriott Motor Group  
Marshall Motor Group  
Mazda Motors UK  
MB Motor Group  
McCarthy Cars  
Mercedes-Benz Cars  
Mitsubishi Motors in the UK  
Motor Range  
Motorcity Walsall  
MV Agusta Motor  
Nissan  
Now Vauxhall  
Ocean Automotive  
Pebble Beach Group  
Pendragon  
Peter Vardy  
Platinum Motor Group  
Platts Motor Company  
Poole Mitsubishi  
Porsche Retail Group  
Premier Automotive  
Premier Ford  
Prestige Cars Kent  
PSA Finance  
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Richard Lawson  
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Sandles  
Sandown Mercedes-Benz  
Seat UK  
Sinclair Group  
Slough Motor Company  
Smiths Motor Group  
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Sytner Group  
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Triple M Vehicles  
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