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NEW MOT RULES / P6

Tougher test may boost workshop volumes

SUBARU / P34

We have turned a corner, says MD Chris Graham

DIGITAL DEALER / P41

Technology to help you in new sales, used sales and aftersales

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'WE WANT TO GROW, BUT NOT AT ANY COST'

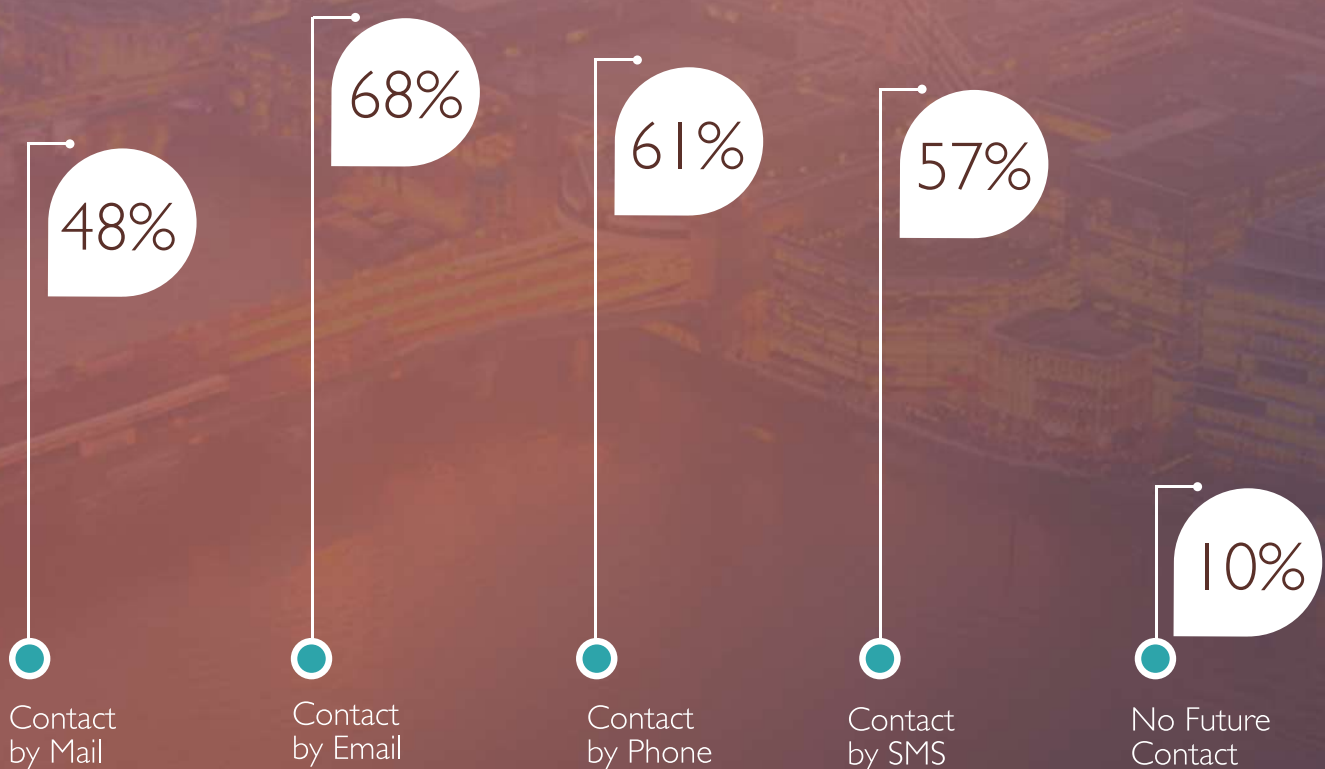
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EDITOR'S LETTER

The label 'Made in Germany' has long been regarded as a stamp of quality, given the country's reputation for engineering and attention to detail. However, it seems that 'Decided by Germany' is becoming a painful reality for some UK franchised dealers.

BMW has received a public thrashing during an inquest into a fatal car crash in the early hours of Christmas Day, 2016. Woking Coroner's Court heard that the crash occurred after Narayan Gurung, a former Gurkha in his 60s, swerved to avoid an unlit BMW, which had broken down on a major road.

It emerged at the inquest that BMW had known about an electrical fault that caused some cars to stall and lose their lights since 2011. It had recalled vehicles in some other countries, but not in the UK. Shamefully, it did not recall them until after Gurung's death. Even then, it recalled 36,410 cars, fewer than 10% of the number the DVSA asked for.

BMW UK was unable to explain the delay at the inquest, except to say that recall "decisions are made in Germany" and the fault was not considered "critical".

Wasn't this first phrase something we heard at the height of the Volkswagen Group emissions scandal, too? At the time, I learned dealers and VW Group UK staff were warned of "career-limiting actions" in case they spoke out of turn and without the sign-off from HQ in Germany.

After BMW's bad press this month, its recall has just been extended by 312,000 UK cars aged seven to 11 years old. That's up to 2,136 vehicles for every BMW workshop, in a network where many franchisees made little money in 2017.

Let's hope Germany properly supports our franchised dealers in clearing up another mess.



MEET THE TEAM



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TOUGH NEW MOT RULES MAY BOOST WORKSHOP VOLUMES

Severe penalties for vehicles ruled unsafe by new MOT may give franchised dealers greater retention and upsell opportunities as more motorists avail of pre-test vehicle health checks

A fear of MOT failures under strict new rules from the Vehicle and Operator Services Agency (VOSA) may deliver more motorists into franchised dealers' workshops.

Under the new legislation, introduced on May 20, vehicle faults categorised as 'major' or 'dangerous' in a new three-tier test will make it illegal for a motorist to drive away in their vehicle – even if it has time to run on its existing MOT certificate.

Any motorist found to have left a test centre in their vehicle following identification of such faults will face a £2,500 fine and six penalty points on their driving licence.

Among the faults that trigger an instant fail are a faulty or missing diesel particulate filter and the installation of high-discharge headlight bulbs.

The threat of such severe penalties may lead to more motorists taking advantage of vehicle health checks (VHC) from franchised dealers, to

keep close tabs on their vehicle's health and legality.

Martin Riddell, account director at Coachworks Consulting, said: "Dealers should have already started to communicate with their customers to make them aware of the changes and why they are better qualified than anyone else to undertake the work and make any subsequent repairs on vehicles with 'dangerous' or 'major' fails under the new system."

Paul Brayley, the managing

director of Brayley Cars, said franchised dealers offering superior service levels to independents could see them attract customers under the new rules.

He said: "We carry out a visual inspection of every vehicle that comes in for an MOT and our technicians are manufacturer-trained to spot anything that might be wearing or not quite right.

"Should a customer want any remedial work carried out, they know that we can bring it right up to



“TREATED RIGHT, THE MOT IS A VERY GOOD RETENTION TOOL AND IT'S SOMETHING MORE FRANCHISED RETAILERS SHOULD BE WORKING TO PROMOTE

PAUL BRAYLEY, BRAYLEY CARS



standard with manufacturer-approved parts, something that could hold even greater value under the new rules.

“Treated right, the MOT is a very good retention tool and it's certainly something that more franchised retailers should be working hard to promote.”

The MOT as retention tool

The results of the National Franchised Dealers Association (NFDA) Spring 2018 Consumer Attitude Survey illustrate that consumers trust franchised dealers more with their cars, but price perception remains an issue.

The survey of 1,000 consumers, carried out by Public Knowledge, found franchised dealers ranked highest for reliability, scoring 36%, compared with 24% for an independent garage and 25% for a national chain. Franchised dealers scored 46% for reputable service, compared with 19% and 24% for the other providers, respectively.

The scores are reversed on value for money, however, with 42% of respondents considering independents as “good value for money” compared with just 23% for franchised dealers. VHCs may offer an advantage in foreseeing issues that could lead to an MOT fail, reassuring the customer that they will not be left without transport, but retention will rely on good value, too.

Riddell warned there is another potential barrier to the VHC and maintenance upsell, designed to ensure that the opportunity presented by MOTs is not abused.

Riddell said: “MOTs cost £54.85, so dealers need to treat the charge as a subsidised labour rate, which can often generate additional work, through faults and advisories, sold at the full retail rate.”

However, he added: “Dealers have to be very careful that they don't use them as overt upselling opportunities.

“The Department for Transport does not allow dealers to conduct vehicle health checks during an MOT test because it should not be used as a selling tool. Those caught doing so can be penalised with points added to their MOT licence.

“However, VHCs can be conducted before or after an MOT test. If dealers adhere to this, then they have a valuable opportunity to sell red and amber work. Dealers do have a duty of care to customers to perform VHCs on all cars on their ramps, but we advise them to adhere by the rules.”

Among the changes to the MOT testing, a number of other changes are being introduced, including:

- All vehicles will be checked for fluid leaks, which pose an environmental risk.
- Vehicles first registered from September 1, 2009, must have working reversing lights and headlight washers.
- Tyres will be examined for obvious under-inflation.
- New checks will be made on prop shafts, rear-drive shafts and the security and condition of bumpers.

Riddell said the new, more onerous test regime may affect the financial viability of MOTs for some franchised dealers, leading to greater outsourcing of the service to specialist providers.

He said: “What we don't know is how long the new test will take, because there are more checks involved, and how this will impact workshop time.

“However, dealers are incredibly adaptable and will take any increases on the chin because they know how important it is to retain

» DVSA INQUIRY & MANUFACTURER RECALLS

The Driver and Vehicle Standards Agency (DVSA) has begun an investigation into Vauxhall's handling of fires in its Zafira B people-carriers in a month that also saw BMW and Volkswagen announce safety recalls.

Reports suggest more than 300 Zafira cars have caught fire in recent years and the DVSA has confirmed to the House of Commons transport select committee that it is working on the case with Trading Standards officers in Luton.

A report by the committee found Vauxhall was slow to begin a full investigation into the fires and acted prematurely by attributing them to improper repairs by third parties.

Andy Rice, the DVSA's head of counter-fraud and investigations, told the Press Association: “We have made it clear to manufacturers that to protect consumers, they should swiftly rectify problems and meet their obligations under the code of practice.”

Days after the DVSA's announcement, BMW issued a recall for 312,000 cars in the UK, following an investigation

that concluded certain models could stall without warning.

BMW 1 Series, the 3 Series, the Z4 and its X1 petrol and diesel models made between March 2007 and August 2011 are affected by the recall, which follows the recall of 36,410 petrol cars last year.

An investigation by the BBC's *Watchdog* programme said BMW had now recognised there may have been similar problems in cars not covered by the first recall, which came after the death of Narayan Gurung, who was travelling with his wife on Christmas Day in 2016 when their Ford Fiesta crashed into a tree to avoid a broken-down BMW in Guildford, Surrey.

In the same week as BMW's recall, The Volkswagen Group urged motorists to not use the rear-left seatbelt on the Polo and on two Seat vehicles after Finnish magazine *Tekniikan Maailma* found they could unexpectedly unfasten.

The manufacturer has issued a recall for 12,000 new Volkswagen Polo, Seat Arona and Seat Ibiza models, according to *The Mirror*.

“WE HAVE MADE IT CLEAR TO MANUFACTURERS THAT TO PROTECT CONSUMERS, THEY SHOULD SWIFTLY RECTIFY PROBLEMS

ANDY RICE, DVSA

those customers rather than lose them to independents and the fast-fit centres.

“That's where added-value items such as a free car wash and VHC can make all the difference.”

Nathan Tomlinson, the dealer principal at Devonshire Motors, which won the 2018 AM Award for Best Aftersales Performance, said recent growth in the UK's car parc has left many franchised dealers' aftersales facilities short of space, leading them to question the value of MOTs.

He said: “Space is limited, and many sites can only make room for

one or two MOT lanes. Those lanes have to be financially viable.

“Per MOT lane, eight to 10 MOTs each day are typically possible, but even with a full-price MOT, the MOT facility does not compare well to a service ramp's return, where the same space (or less) could be utilised instead.”

Tomlinson said the requirement for customer retention means the MOT facility will always have a very important place, regardless of financial return, but added: “Where space is limited, care has to be taken to get the balance right.”

TOM SHARPE

NOW VAUXHALL SITES SAVED FROM ADMINISTRATION

PSA-owned Go Vauxhall adds four Greater London outlets and Eden takes on Swindon site

Now Motor Retailing became the most high-profile casualty to date of Vauxhall's retail network restructure when its five Vauxhall dealerships were rescued from administration by PSA's dealer group, Go Motor Retailing, and Eden Motor Group.

The deal added Kingston, Heathrow, Hayes and Staples Corner to Go's existing operations, which now total 12 locations, many of them in Greater London.

Now Motor Retailing closed its Marlborough Vauxhall dealership at the end of April, with nine jobs lost and the remaining staff relocated to its Swindon branch, which has been bought by Eden, run by Graeme Potts.

Eden Vauxhall now operates 14 Vauxhall franchised outlets across the south-west.

The acquisition came days after Lookers' announcement that it would close its Vauxhall dealerships in Yardley and Warrington after the car brand issued its entire network with a two-year notice of cancellation which began on April 30.

A statement issued by Lookers said: "This decision has been made in light of the well-publicised intention of Vauxhall to reduce the size of its dealer network in the UK.

"We can confirm there are no plans to close any other Lookers Vauxhall branches and we will continue to work in a successful partnership with Vauxhall at all other sites."

AM approached Now Motor Retailing last month following suggestions that it was in financial difficulties and up for sale, but it declined to comment.

However, administrators Smith & Williamson later confirmed that it "experienced financial difficulties due to a tough marketplace" and they were called upon to seek buyers "in a tight timeframe".

Go Motor Retailing, which trades



Administrators praised Jon Taylor, Now Motor Retailing's managing director

“WE ARE CONFIDENT WITH THE NEW STRATEGIC DIRECTION OF THE VAUXHALL BRAND TO INCREASE OUR VOLUMES, CUSTOMER SATISFACTION AND PROFITABILITY
JAMES WESTON, PEUGEOT CITROËN RETAIL GROUP

as Go Vauxhall, is headed by James Weston and Simon Lawrence, respectively chief executive and finance and group strategy director at Peugeot Citroën Retail Group, which trades as Robins & Day.

Weston said: "Our Q1 results across Go Vauxhall and Robins & Day have been promising and we have been able to maximise the opportunity from the four PSA brands to further improve our commercial results and ability to expand.

"Our relationship with Vauxhall has just begun, yet we can already see the opportunity with the brand and the model range, especially the new Grandland X, which has opened a further channel in the important SUV sector.

"The addition of the four Now Vauxhall businesses will increase our ability to represent the brand in

a core strategic market and we are confident with the new strategic direction of the Vauxhall brand to increase our volumes, customer satisfaction and profitability."

The manufacturer-owned dealer group now operates 41 dealerships nationwide with a current total of 27 Peugeot, 14 Citroën, seven DS and 12 Vauxhall franchises and a 2017 turnover of £885 million, which would place it 15th in the AM100 rankings of the UK's largest franchised dealers.

Now Motor Retailing's Surrey headquarters is being sold to a third party, said administrator Greg Palfrey, the national head of restructuring and recovery services at Smith & Williamson.

He said the buyers of the five dealerships helped to save many of the 250 jobs depending on a successful outcome for Now Motor Retailing.

Palfrey added: "It is a matter of public record that the retail motor sector is going through another testing time, with market forces outside the control of single brand and multi-brand dealerships, however well run they are." He added that Now Motor Retailing was very profitable until the end of 2016.

He paid tribute to managing director Jon Taylor and finance director David Challis, who both formed the company in 2006, for providing the Smith & Williamson team with "exceptional" support.

Palfrey said it was too early to state what money is owed to unsecured creditors. It is understood that Taylor's Kia dealerships continue to trade under a different company.

Now Motor Retailing acquired the Swindon and Marlborough dealerships – two former Skurrays Vauxhall sites – in January 2016.

A retail sales operation at Addlestone was relocated to Now Motor Retailing's West Byfleet site in 2016.

A site run by the company at Abbot Close, West Byfleet, near Walton-upon-Thames, subsequently closed.

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ADVERTISING FEATURE

Ten years in the making

By Alistair Horsburgh, CEO, CitNOW



Did you know that by 2021, it would take you more than five million years to watch the amount of video crossing global networks each month and a million minutes of video content will cross the network every second (Cisco, 2017).

Sure, a good deal of that content will be social, but it represents something bigger – a fundamental shift in our psyche has occurred. We are largely choosing to watch rather than read.

It's not just personal, it's business too. Nine out of 10 customers used product videos to help them make a purchase decision (Forbes, 2017).

From an automotive retail perspective, the case for video is powerful. In our Vision Report, we found the vast majority of car-buyers welcomed a personalised video and felt more confident with their decisions after receiving one.

When we first set out on our journey 10 years ago to solve one challenge – how to allow people to view cars without visiting car showrooms. We may have helped shape the industry, but it's still young, fast-paced and full of potential. That means we need to keep innovating so our app-based video solutions continue to meet the needs of retailers and manufacturers.

If you are in any doubt how far the automotive video industry has come over the past decade, consider this. We started with one customer in the UK, BMW. Now more than 93 of the AM100 and 42 car manufacturers use our video apps, many around the world.

It may take over five million years to watch all the video we mentioned earlier, but two minutes of video will help a customer reach a decision on the car they are considering or give the go-ahead to service work required. Video has become a vital communication tool that no business can afford to be without.

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THIS MONTH'S NEWS HIGH

APR

23rd

JD CLASSICS DID ACT AS SALES AGENT, HIGH COURT FINDS

A High Court hearing found that the owner of JD Classics, Derek Hood, *below*, did act as an agent for a collector who claims to have "suffered catastrophic losses" during the trading of 41 vehicles. Hood had denied acting as an agent for businessman Mike Tuke, who is attempting to sue the Essex-based operation for about £9 million.



FIRST BMW STORE HAS ROBOT ON STAFF

Stephen James BMW opened the UK's first 'BMW Store' at Kent's Bluewater shopping centre. The new facility is staffed by eight product geniuses and a robot called "Pepper".



26th



FALLING SALES MAY SPUR CARMAKERS TO SHUT MORE DEALERSHIPS – SMMT

Falling registrations could trigger a more widespread reduction in the UK's car dealership numbers by manufacturers, according to SMMT chief executive Mike Hawes, *left*. Speaking to AM at the CV Show, Hawes said carmakers would "obviously look at [the] number of retail outlets".

27th

BURROWS EXITS HYUNDAI WITH READ DONCASTER SALE

Burrows Motor Company completed its withdrawal from the Hyundai franchise with the sale of its Doncaster dealership to the Read Motor Group. The deal came two months after Stoneacre Motor Group acquired the Burrows' Hyundai and Fiat franchises in Sheffield.



MAY

2nd

STARTIN GROUP BUYS HYLTON'S LAST DEALERSHIP

Startin Group bought St Peters Peugeot and Suzuki from Hylton Group, completing the disposal of Hylton's last trading dealership. Motorline had previously acquired Hylton's former Nissan and Renault site in Worcester, which will be redeveloped as a Hyundai dealership.



AVERAGE DEALER PROFITS FELL 6.7% IN MARCH, SAYS ASE

The average UK dealer made a profit of £106,771 in March, down £7,700, or 6.7%, on March 2016, according to ASE. Mike Jones, the chairman of ASE, *left*, said: "This looks to stem back to the poor weather at the start of March, with many businesses not recovering the lost hours in the workshop."

TURNOVER AND PROFITS FALL AT CAMBRIA

Cambria Automobiles reported interim revenues of £295.1m, down 4.5% year-on-year, and underlying pre-tax profits down 14.3% to £4.8m in the six months to February 28. The group is currently adding more luxury brands to its volume portfolio.

£4.8_M

PRE-TAX PROFIT DOWN 9.2% AT VERTU

Robert Forrester, the chief executive of Vertu Motors, *right*, insisted he is not under pressure to deliver growth after reporting declines of 0.9% in turnover and 9.2% in profits in the group's annual results to February 28. Turnover fell to £2.796 billion (2017: £2.823bn), with adjusted profit before tax down to £28.6m (2017: £31.5m).



PARK'S ADDS SECOND MCLAREN SITE, IN LEEDS

Park's Motor Group announced the addition of a second McLaren Automotive franchise with the news that the brand will expand its UK network with a site in Leeds. The facility, on Aire Valley Drive, is the eighth UK location for the manufacturer. Park's also operates McLaren Glasgow.



WAYLANDS BUYS VOLVO NEWBURY SITE

John O'Hanlon, the former chief executive of Ridgeway, has doubled the size of his new dealer venture, Waylands Automotive, with the acquisition of Volvo dealer Fawcetts Garage in Newbury. O'Hanlon said he was excited to "add to our fledgling business".



2nd

8th

9th

10th

ADVERTISING FEATURE

Seven reasons to trust iVendi on security

By James Tew, CEO, iVendi



Data security is becoming a bigger issue for everyone in online motor retail. The subject is raised more and more often, with increasingly detailed responses expected from suppliers.

At iVendi, we have codified our security measures into a seven-point charter. Some of it is quite technical, but show it to your IT people and we are sure they will be impressed:

1. Our policy of using managed detection and response (MDR) goes far beyond typical network and data monitoring. We review our systems at all times, detecting and neutralising potential threats.

2. We use multiple DNS providers. This protects us from large scale DDOS attempts from locations such as Eastern Europe and North Korea.

3. DNS load balancing is used for critical services to provide resilience, head off redundancy and deal with usage spikes. We split traffic between our data centre and the cloud to ensure more than 99.99% uptime.

4. Our Network Operations Centre identifies any performance degradation or service unavailability in an instant, allowing immediate response.

5. We take data security and GDPR regulations very seriously, as you would expect. Our strategies are designed to meet their requirements head-on, including holding ISO 27001.

6. We conduct annual penetration tests, designed to test our resilience to malicious attack or other serious issues. Our most recent was December 2017 and we passed with flying colours.

7. As an essential supplier to a number of large clients we offer a premium 24/7 application support regime, demonstrating a level of support and infrastructure unrivalled in online motor retail.

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JUNE 8:

A web link for the
employer questionnaire
will be sent to the
contact at each
registered company

JUNE 22:

Completed
employer
questionnaires
are due

JUNE 29:

Employee
engagement and
satisfaction surveys
are emailed to
dealerships



≡ WHAT ARE THE BENEFITS TO YOU?

There are a number of benefits to the companies that choose to take part in AM's Best UK Dealerships To Work For programme. They include:

- 1.** Recognition as a top employer, including use of the AM Best UK Dealerships To Work For logo
- 2.** A promotional aid for recruitment and staff retention
- 3.** Promotion to potential customers; raising your profile in your local area
- 4.** The ability to benchmark performance against peers
- 5.** Understanding of employees' views and areas to improve

s.com

SUBMIT REGISTRATION

JULY 13:

Deadline for all-online version of the employee survey

AUGUST 21:

Notification letters sent to participating dealerships

SEPTEMBER 4:

Employee feedback reports are sent to dealerships that ordered them

NOV 8:

AM Best UK Dealerships To Work For winners announced at Automotive Management Live, NEC, Birmingham

Q1 SEGMENT ANALYSIS

'DIESELS DOWN, SUVs SOAR' FAILS TO TELL THE FULL TALE

Air quality concerns are not hitting all models equally and other segments face an earlier death

If pressed, most people would probably identify two current trends in car sales – a precipitous decline in diesel sales, and the inexorable rise of SUVs and crossovers.

Taking the issue of diesel first, the figures for the first quarter (overall market down 12.4%, diesel market down 33.3%) seem to speak for themselves. One would expect that any manufacturer which is diesel-heavy is going to be in trouble – hence Land Rover sales have fallen by 19.9%.

However, the truth is not quite so simple. To take Land Rover as an example, if all diesels are equally unpopular, one would have expected sales of everything from an Evoque to a Range Rover to have fallen by a similar amount. Yet the Evoque fell by 42.1% in Q1, but the Range Rover/Range Rover Sport fell by 11.2%.

So, what is going on? The critical factor seems to be the availability of a viable petrol alternative. For most people buying an £80,000 SUV, petrol is not really a choice (except as part of a hybrid), so they keep buying diesel Range Rovers – at least for now. However, for buyers of the smaller, lighter Evoque, petrol is – or at least should be – a viable choice. In the case of the Evoque, the only petrol

**THE BIG STORY IS
THE VIRTUAL
ELIMINATION OF
B-SEGMENT MPVS...
OVERALL SALES FELL BY AN
ASTONISHING 73% IN Q1**

engine is the powerful, thirsty 240PS unit. Hence buyers are more likely to defect to a competitor that does have a viable petrol engine. In contrast, sales of the Ford Kuga SUV actually rose by 3.3%, although sales of diesel Kugas fell by 7.9%. The key factor for the Kuga seems to be the availability of the 1.5-litre Ecoboost petrol.

WHAT COUNTS AS A CROSSOVER?

The second trend – the perceived shift towards crossovers – is harder to argue with, apart from the fact that defining a crossover is not easy. A Discovery is clearly an SUV and a Qashqai is

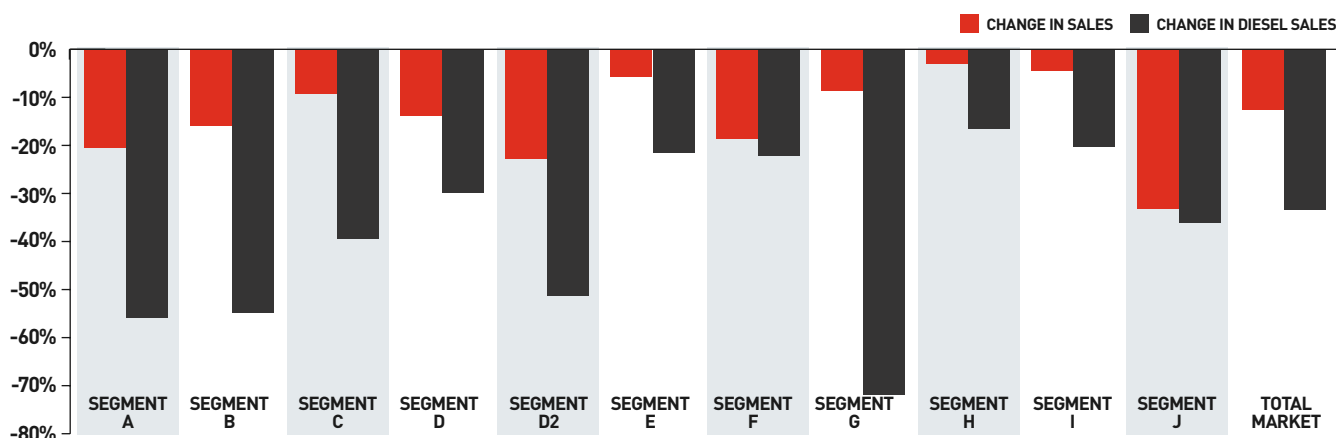
clearly a crossover, but there are plenty of models close to the dividing line. The general principle in the industry is that if it started life as a 4x4 it is probably an SUV (e.g. Toyota RAV4), and if it started life as a tall, two-wheel-drive hatchback (e.g. the Nissan Juke) it is probably a crossover.

In total, SUVs and crossovers took 36.5% of the total market in Q1 2018. By our definition, that was made up of 22.1% SUVs and 14.4% crossovers, but the precise proportions will vary according to each person's way of looking at the issue. It is easier to say where crossover sales are coming from – traditional hatchbacks are under pressure and small MPVs are being decimated.

In non-premium B-segment hatchbacks (e.g. the Ford Fiesta), the decline was not too serious, at 13.7% for Q1. However, the big story is the virtual elimination of B-segment MPVs, such as the now defunct Ford B-Max. Overall sales fell by an astonishing 73% in the first quarter, with a total of just 3,500 registrations. A couple of B-segment MPV models may survive in the UK if sales in other markets justify production, but the sub-segment looks like it is heading for extinction.

Sales of non-premium C-segment hatches (e.g. the Ford Focus) fell 18.6% in Q1, with the Vauxhall

✓ QUARTER 1 REGISTRATIONS BY SEGMENT – TOTAL AND DIESEL



WE'LL HELP YOU GET THERE

SPONSOR'S COMMENT



By Richard Jones,
managing director,
Black Horse

I was pleased to read some positive news recently, regarding the value of used

diesel vehicles. After many negative headlines about sales of new diesels – a trend likely caused by concerns over their future value – it made a welcome change to see reference to stabilisation and resilience. We even saw reports that used diesels had shown a modest increase in value, of 3%, which is pleasing against the backdrop of the ongoing drop in sales of new diesel cars during Q2.

Despite this though, there is undoubtedly still confusion from car buyers regarding diesels and a misinformed view that all diesels are bad, thus driving down sales of new cars.

I remain firmly of the view that the industry must make a more collective effort to educate customers in their fuel options – specifically that the key consideration is not diesel versus petrol but new technology versus old technology.

I was discussing with my team recently that Euro 6 diesel engines are not charged in London's Low Emission Zone because they meet the required standards when it comes to pollution. This is just one example of the benefits of the latest fuel technology, but I question how many car buyers would be aware of this. My sense is that there remains a misconception that all diesels would be subject to the charge, which is of course fundamentally wrong.

Getting older, more polluting vehicles off the road and getting people driving newer cars – whether petrol, diesel or indeed AFVs – is a more effective route to addressing concerns over emissions than a simplified petrol/diesel choice.

Changing consumer perceptions on this matter may well take time, but I believe all of us in the industry – including lenders such as ourselves – should take responsibility for making it happen.

Q1 TOTAL REGISTRATIONS BY SEGMENT

Segment		Total		Diesel	
		Total YTD Mar 2018	Total YTD Mar 2017	Total YTD Mar 2018	Total YTD Mar 2017
A	City cars (e.g. Toyota Aygo)	54,763	68,713	38	86
B	Superminis (e.g. Ford Fiesta, Nissan Juke)	200,124	23,7511	16,800	37,264
C	Lower Medium (e.g. VW Golf, Nissan Qashqai)	202,803	223,194	65,674	108,143
D	Upper Medium (e.g. Vauxhall Insignia)	18,910	21,896	13,501	19,195
D2	Compact Executive (e.g. Audi A4)	27,561	35,587	12,025	24,654
E	Executive (e.g. Jaguar XF)	22,173	23,492	17,263	21,966
F	Luxury (e.g. Mercedes-Benz S-Class)	3,391	4,154	1,491	1,912
G	Small Sports (e.g. Toyota GT86)	6,498	7,096	254	905
H	Luxury Sports (e.g. Jaguar F-Type)	4,741	4,873	779	932
I	SUV (e.g. BMW X3, Jaguar F-Pace)	158,077	165,277	98,552	123,452
J	MPV (e.g. Ford Galaxy)	9,449	14,143	7,155	11,166
	Total market	718,489	820,016	240,614	360,518

Astra down a remarkable 47.1%. C-segment MPVs (e.g. the VW Touran) fell by 37.1%, and it seems unlikely that a single C-segment MPV will end the year with sales of even 10,000 units. It is hard to see how many of the current models can be replaced given those volumes, and the segment may revert to where it started – small “vans with windows”, such as the Citroën Berlingo and Ford Tourneo.

In the D segment, the big news is what is happening to the Ford Mondeo. Once the dominant car in its segment, the Mondeo has fallen to fourth place behind the Škoda Superb, selling just 2,500 units in Q1. When the Superb was launched in 2001, you would have got longer odds on it overtaking the Mondeo than on Leicester winning the Premiership. Indeed, with Ford announcing that the Mondeo's American twin, the Fusion, will not be replaced, and suppliers saying they have been told that European Mondeo production will end around 2020, the current Mondeo may be the last. That truly would be the end of an era – Ford invented the D segment with the Cortina in 1962. It has made the UK's best-selling large family car for decades – indeed for many years the Cortina was the UK's best-selling car overall. The very

concept of a D-segment car is now at risk – only VW can justify the cost on current European sales volumes. Other manufacturers probably need to sell a closely related car in China to make the numbers add up.

THE BIGGER THE SUV, THE BIGGER THE SALES

So to the segment that is busily eating every else's lunch: SUVs. The interesting thing is that, broadly speaking, the bigger the SUV, the better in terms of sales. Small SUVs such as the RAV4 were down by 13.8% in Q1, large SUVs like the Hyundai Santa Fe or Ford Edge were marginally up by 0.7%, and luxury SUVs like the BMW X6 were up by 5.2%.

It seems buyers of expensive SUVs regard diesel's reputation as a problem for other people. Perhaps when you drive a 2.2-tonne SUV, you are so used to social disapproval that a few stories about air quality are like water off a duck's back. It will be fascinating to see whether the new Jaguar I-Pace electric SUV (or crossover if you prefer) transforms the attitudes of such people. After all, they may not care about public opinion, but they generally care about fashion. **DAVID FRANCIS**

NEW CAR REGISTRATIONS

VED dip in 2017 gives April volumes a lift

April's new car sales were up by 10.4% year-on-year after the slump in April 2017 caused by customers keen to beat a looming rise in VED by buying in March.

The month's registrations ended at 167,911 units. Of those, 75,607 were in the private market, a 26.3% year-on-year uplift, and 87,486 were in fleet, only a 0.9% gain. Business car purchases were down 12.9%, at 4,818 units.

After four months of sales, 2018 remains 8.8%, or 85,692, new cars behind the same period in 2017, at 886,400 registrations.

Even despite the boost, April's market remains behind 2016, when new car sales totalled 189,505 units, and there had been 961,285 sales since the start of the year.

In April 2018 demand for petrol cars grew by 38.5%, while diesel registrations continued the recent trend, declining by 24.9%.

Registrations of plug-in and hybrid electric cars continued to rise, up 49.3%, thanks to manufacturer investment in a growing choice of models, but these still account for just 5.6% of the market.

1 FORD

The market leader notched up a 24% rise in registrations in April – 3,931 extra cars. Two in three of the incremental sales were the new Fiesta, launched last summer. Ford sold 7,811 Fiestas, 2,854 more than April 2017's 4,957 and almost on par with April 2016's 7,913.



2 VOLKSWAGEN

A 47% climb was thanks largely to rising Golf and Tiguan sales. The Golf dominates the C segment, and was April's second-best-selling car, behind the Fiesta. The Golf's 5,482 registrations in April pushed its YTD volume to 26,685, 7,341 units ahead of its nearest rival in the segment, the Ford Focus.

3 BMW

Down almost 20%, or 2,199 units this April, BMW was one of the few brands in April 2017 to be ahead of where it was in 2016, when its 1 Series was even present in the month's 10 best-sellers.

	April					Year-to-date				% change	
	Marque	2018	% market share	2017	% market share	% change	2018	% market share	2017		% market share
1	Ford	20,114	11.98	16,183	10.64	24.29	102,071	11.52	120,707	12.42	-15.44
2	Volkswagen	14,607	8.70	9,954	6.55	46.75	72,065	8.13	69,732	7.17	3.35
3	Audi	13,135	7.82	13,094	8.61	0.31	61,050	6.89	60,874	6.26	0.29
	Mercedes-Benz	11,854	7.06	13,345	8.78	-11.17	63,027	7.11	68,182	7.01	-7.56
	Vauxhall	11,214	6.68	10,732	7.06	4.49	65,749	7.42	77,465	7.97	-15.12
	BMW	9,078	5.41	11,277	7.42	-19.50	56,471	6.37	60,758	6.25	-7.06
	Nissan	7,448	4.44	8,041	5.29	-7.37	42,242	4.77	61,391	6.32	-31.19
	Hyundai	6,987	4.16	6,958	4.58	0.42	34,991	3.95	34,814	3.58	0.51
	Kia	6,872	4.09	6,291	4.14	9.24	35,623	4.02	35,996	3.70	-1.04
	Toyota	6,713	4.00	5,113	3.36	31.29	39,928	4.50	40,152	4.13	-0.56
	Peugeot	6,225	3.71	5,405	3.55	15.17	30,868	3.48	33,798	3.48	-8.67
	Škoda	6,216	3.70	6,011	3.95	3.41	27,827	3.14	28,333	2.91	-1.79
	Seat	5,315	3.17	3,926	2.58	35.38	23,705	2.67	20,708	2.13	14.47
	Land Rover	5,027	2.99	4,116	2.71	22.13	28,842	3.25	33,855	3.48	-14.81
	Renault	4,462	2.66	4,074	2.68	9.52	24,066	2.72	29,200	3.00	-17.58
	Citroën	4,024	2.40	2,789	1.83	44.28	18,695	2.11	21,136	2.17	-11.55
	Mini	3,846	2.29	3,734	2.46	3.00	20,855	2.35	21,001	2.16	-0.70
	Volvo	3,782	2.25	2,735	1.80	38.28	15,439	1.74	16,317	1.68	-5.38
	Honda	3,089	1.84	3,016	1.98	2.42	21,226	2.39	20,787	2.14	2.11
	Jaguar	2,414	1.44	1,732	1.14	39.38	12,123	1.37	14,866	1.53	-18.45
	Fiat	2,166	1.29	1,981	1.30	9.34	13,710	1.55	19,558	2.01	-29.90
	Suzuki	2,121	1.26	1,658	1.09	27.93	13,444	1.52	15,609	1.61	-13.87
	Dacia	1,919	1.14	1,397	0.92	37.37	9,101	1.03	9,603	0.99	-5.23
	Mazda	1,673	1.00	1,690	1.11	-1.01	15,845	1.79	16,859	1.73	-6.01
	Porsche	1,646	0.98	1,240	0.82	32.74	5,720	0.65	4,977	0.51	14.93
	Mitsubishi	1,189	0.71	1,309	0.86	-9.17	7,186	0.81	6,413	0.66	12.05
	MG	829	0.49	219	0.14	278.54	2,604	0.29	1,284	0.13	102.80
Lexus	678	0.40	672	0.44	0.89	4,751	0.54	4,566	0.47	4.05	
DS	529	0.32	416	0.27	27.16	2,637	0.30	3,627	0.37	-27.30	
Smart	495	0.29	965	0.63	-48.70	2,562	0.29	4,182	0.43	-38.74	
Jeep	477	0.28	364	0.24	31.04	2,205	0.25	3,126	0.32	-29.46	
Abarth	358	0.21	213	0.14	68.08	1,885	0.21	1,514	0.16	24.50	
Alfa Romeo	304	0.18	265	0.17	14.72	1,762	0.20	1,984	0.20	-11.19	
Subaru	153	0.09	123	0.08	24.39	1,131	0.13	1,055	0.11	7.20	
SsangYong	151	0.09	282	0.19	-46.45	1,016	0.11	1,641	0.17	-38.09	
Bentley	107	0.06	104	0.07	2.88	517	0.06	685	0.07	-24.53	
Maserati	103	0.06	109	0.07	-5.50	539	0.06	749	0.08	-28.04	
Aston Martin	96	0.06	77	0.05	24.68	443	0.05	722	0.07	-38.64	
Infiniti	72	0.04	118	0.08	-38.98	385	0.04	1,403	0.14	-72.56	
McLaren	55	0.03	9	0.01	511.11	268	0.03	146	0.02	83.56	
Lotus	32	0.02	29	0.02	10.34	92	0.01	117	0.01	-21.37	
Chevrolet	3	0.00	13	0.01	-76.92	20	0.00	31	0.00	-35.48	
Other British	73	0.04	70	0.05	4.29	235	0.03	245	0.03	-4.08	
Other imports	260	0.15	227	0.15	14.54	1,479	0.17	1,924	0.20	-23.13	
Total	167,911		152,076		10.41	886,400		972,092		-8.82	



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FINANCE OFFERS

Growth in 0% offers may have helped April rebound

While April's 10.4% increase in new car registrations can be partly explained by comparing it with a bad month in 2017, it's possible the strength of offers on the table in Q2 also played a part.

There has been a quarter-on-quarter increase in 0% finance offers, from 63 in Q1 up to 69 in Q2 across 15 different franchises. It will be interesting to see if this level of 0% support continues into the second half of the year as Q4 2017 showed a much lower level – 45 offers.

There are four cars with monthly payments below £100 in the most affordable category this quarter, including the expected value cars such as the Dacia Sandero and Suzuki Celerio. However volume players Ford are also in there, with the Ka+ Zetec.

Volkswagen, Citroën and Hyundai also make it into the most affordable category, making the price of entry into those brands very accessible.

The number of no-deposit deals has reduced in Q2, down to just four with Smart continuing its offer from Q1, but there are seven offers in total with a deposit below £500. Renault's Clío Dynamique Nav 1.2 16V 75 for a £189 deposit and £189 a month is a simple and strong offer, as is the deal on the Captur Dynamique Nav TCe 90 for a £219 deposit and £219 a month.

When looking at overall affordability, more than half (56.4%) the offers AM has recorded for Q2 are priced below the £300 per month price point (180 deals out of the 319 total).

At the other end of the affordability spectrum, there are some brands that stand out for having a much higher rate of finance than the rest. Citroën's C4 and SpaceTourer are both available with an offer on 9.9% APR, a three percentage-point hike over the rest of the higher rate APRs, which are all 6.9%. It's not a percentage rate that's echoed throughout the rest of Citroën's range, which has 0%, 2.9% and 4.9% offers on

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Top 10 most affordable by monthly payment							
Dacia Sandero Access SCe 76	PCP	1,367.00	36	89.00	2,781.00	4.90%	09/07/2018
Suzuki Celerio SZ2 5dr	PCP	1,740.00	48	89.00	2,465.00	5.90%	30/06/2018
Ford Ka+ Zetec 1.2 VCT 85PS	PCP	3,579.00	24	99.00	5,145.00	0.00%	30/06/2018
Dacia Logan MCV Access SCe 75	PCP	2,282.00	36	99.00	3,361.00	4.90%	09/07/2018
Citroën C1 VTi 68 manual 3dr Feel	PCP	2,672.51	36	109.00	3,988.00	2.90%	30/06/2018
Dacia Sandero Stepway Ambiance TCe 90	PCP	2,521.00	36	109.00	3,680.00	4.90%	09/07/2018
Volkswagen Take up! 1.0 60PS 3dr	PCP	2,794.10	48	109.00	2,593.80	6.60%	01/07/2018
Hyundai i10 Go! SE 1.0	PCP	2,129.00	36	122.79	4,527.00	4.90%	30/06/2018
Toyota Aygo x-press 5dr 1.0 VVT-i Manual	PCP	2,204.00	42	129.00	4,567.50	0.00%	01/07/2018
Citroën C4 Cactus PureTech 110 S&S manual Feel	PCP	5,586.00	36	132.62	6,444.00	4.90%	30/06/2018
Top 10 most affordable by 0% offer and lowest monthly payment							
Ford Ka+ Zetec 1.2 VCT 85PS	PCP	3,579.00	24	99.00	5,145.00	0.00%	30/06/2018
Toyota Aygo x-press 5dr 1.0 VVT-i Manual	PCP	2,204.00	42	129.00	4,567.50	0.00%	01/07/2018
Nissan Micra Acenta IG-T 90 with optional metallic paint	PCP	4,525.24	36	149.00	6,105.76	0.00%	01/07/2018
MG3 3Form Sport	HP	1,755.00	60	149.00	N/A	0.00%	30/06/2018
Vauxhall Insignia Grand Sport Design 1.5 Turbo (165PS)	PCP	5,894.00	24	157.21	9,978.00	0.00%	30/04/2018
Suzuki Swift 1.0 Boosterjet SZ-T	PCP	1,245.00	48	159.00	4,622.00	0.00%	30/06/2018
Citroën C3 PureTech 82 manual Feel	PCP	2,549.00	36	159.00	6,547.00	0.00%	30/06/2018
Ford Fiesta Zetec 1.0 Ecoboost 5dr	PCP	5,631.00	24	160.00	7,469.00	0%	30/06/2018
Vauxhall Corsa 5dr Energy 1.4i (75PS) ecoTec (a/c) Lava Red	PCP	4,800.00	24	161.38	5,167.00	0.00%	30/04/2018
Toyota Yaris Icon Tech 5dr 1.5 VVT-i Manual	PCP	2,524.00	42	169.00	5,197.50	0.00%	01/07/2018
Top 10 highest APR rates							
Citroën C4 PureTech 110 6-speed manual Platinum	PCP	3,932.46	36	379.00	5,896.00	9.90%	30/06/2018
Citroën SpaceTourer Flair 2.0 BlueHDi XL 150hp S&S	PCP	500.00	36	887.32	16,296.00	9.90%	30/06/2018
Subaru XV 1.6i SE Lineartronic CVT	PCP	2,527.00	48	325.00	10,268.00	6.90%	30/06/2018
Subaru Impreza 1.6i SE Lineartronic CVT	PCP	2,406.50	48	328.00	8,948.00	6.90%	30/06/2018
Subaru Levorg 1.6i GT Lineartronic CVT	PCP	7,364.50	48	349.00	10,484.00	6.90%	30/06/2018
Subaru Forester 2.0i XE 6MT	PCP	2,663.25	48	368.00	9,700.00	6.90%	30/06/2018
Subaru Impreza 2.5i WRX STI Type UK 6MT	PCP	5,809.00	48	374.00	13,833.00	6.90%	30/06/2018
Subaru BRZ 2.0i SE Lux 6MT	PCP	1,724.74	48	399.00	10,555.00	6.90%	30/06/2018
Subaru Outback 2.5i SE Premium Lineartronic CVT	PCP	3,312.50	48	447.00	13,025.00	6.90%	30/06/2018
Range Rover Sport 3.0 SDV6 HSE Auto	PCP	12,778.00	36	599.00	40,935.00	6.90%	30/06/2021

important volume models such as the C1, C3 and C4 Cactus.

As always, the most expensive end of the table for monthly offers is a display of prestige supercars and SUVs, but scanning further down shows a Kia Optima PHEV at £474 a month, sitting between a BMW X3 M Sport and Mercedes-Benz GLC Coupe AMG Line. It's a premium playing field Kia is getting more and more confident in, particularly with new products such as the Stinger and a high-specification Sorento.

Despite the strength of offers available in Q2, there were still five manufacturers that recorded registrations decreases of 10% or more in April, despite market conditions that should have aided

increases due to such a poor month by comparison last year.

This includes Smart, SsangYong, Infiniti, BMW and Mercedes. Of that group, the German premium volume players have been hit the hardest, as Audi had a flat month too, so it will be interesting to see where all three end up by the end of June. Out of all three, BMW has the most offers at a lower rate of finance, so that may help the efforts of the dealer network over the next 30 days. **TOM SEYMOUR**



SEARCH FOR FINANCE OFFERS

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

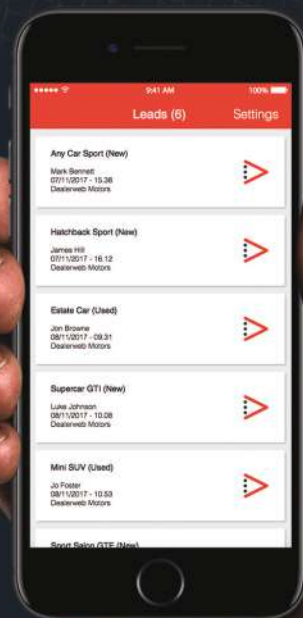
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VIEWPOINT



DON'T WRITE OFF THE BRICKS-AND-MORTAR DEALERSHIP JUST YET

DANIEL COOK is a partner in the automotive and roadside team at Rapleys



WHY SALESPEOPLE TRUMP SOCIAL MEDIA IN THE SHOWROOM

ROBERT FORRESTER is the chief executive of Vertu Motors

→ Vauxhall's decision to 'rationalise' its dealer network may have shocked some – but predictions that it is a death knell for bricks-and-mortar dealerships should be taken with a pinch of salt.

Many dealers were forewarned that a review was coming, even before *AM*'s report that PSA may cull up to 30% of Vauxhall's dealerships. Anecdotal, agents (including Rapleys) had been asked to advise on several potential Vauxhall dealership disposals.

The need to reassess bricks-and-mortar portfolios is not exclusive to motor retail. The entire retail industry is adjusting to the new realities of consumer demand and behaviour.

Businesses such as Toys 'R' Us, Carpetright, and Debenhams have felt the strain of being tied into expensive and often not-fit-for-purpose property estates. The dynamics are different in the motor trade, but a realignment was becoming inevitable for brands with a high-volume, high-coverage dealership strategy.

Volkswagen has shown that significant market share can be maintained with a comparatively small footprint. We should not be surprised if other volume brands, such as Ford, explore similar solutions to Vauxhall.

“THERE IS MORE DEALERSHIP PROPERTY ON THE MARKET AND THIS IS AFFECTING VALUES”

For retail more broadly, a key factor in re-evaluating bricks-and-mortar sites has been the continued rise of e-commerce. Vauxhall has said it will place significant emphasis on online retail as part of its new strategy.

However, some analysts predict online retail's share of the market will plateau, with estimates of 20%-30%. Motor retail, with manufacturers' high level of control on new car sales, may be insulated still further.

Manufacturers will explore innovative tactics to engage customers – from high-street showrooms to shopping-centre 'experiential' stores – but such solutions will likely form part of the marketing and brand-engagement mix, rather than purely as a route to driving transactions upwards. We expect the bulk of sales to continue to be linked to the showroom – albeit with increased customer service, engagement and digital solutions integrated.

Some of the dropped Vauxhall showrooms may appeal to other motor retailers, including used-car dealers and car supermarkets, who are searching for sites.

There is more dealership property on the market and this is affecting values, but demand is such that any drop is likely to be small and may be limited to a slowdown in growth only.

Demand is coming from outside the industry, too, from gyms, to petrol retailers, to senior living providers and residential.

The real challenge, therefore, is in ensuring dealers' bricks-and-mortar portfolios are right-sized, complementary to wider consumer dynamics, and that the industry can compete with alternative users for the best sites.

→ The results of a recent report should provide much solace to retailers.

"Navigating The Customer Journey", from Deloitte, was based on a survey of customers and their interactions with the UK automotive industry. The most interesting result was about the impact of information sources on which vehicle is bought.

The report found manufacturers' websites to be the most significant information source, with 31% of respondents saying they had a significant impact. A further 25% said they had some impact.

That said, I am always largely disappointed with the quantity, and sometimes quality, of leads from manufacturer websites. Our conversion on new cars is much better on leads from our own websites.

Then the good news starts. Friends and family are almost as powerful in providing information as manufacturer websites, with 30% saying they had a significant impact. Clearly, retailers can benefit from this if they have a strong customer base of advocates. This is a major source of sales for Vertu, with more than 96% of our used car customers willing to recommend us.

Dealer websites have a significant influence on 28% of customers and some impact on a further 24%. Getting our websites right is therefore vital.

Then, guess what? Salespeople at the dealership have a significant impact on 26% of customers. Compare this with only 20% for third-party retail websites, and 10% for social media. You would have thought with the hype

“INTERACTION WITH A REAL PERSON IS... THE MOST IMPORTANT FACTOR IN THE PURCHASE”

around the importance of digital spaces that the latter numbers would be much higher.

Salespeople are crucial in providing information and affecting which car is bought. They add value when they listen to customers and meet their needs, and destroy value when they lack professionalism, respect and integrity. The latter is all about the culture of the retailer. Probably my main task at Vertu is to ensure the culture is right and our people have the right values and treat customers as they would want to be treated.

The importance of customer experience comes through the report again and again. Interaction with a real person is stated as the most important factor in the purchase. Some 71% of customers stated that customer experience was either somewhat or very important in choosing where they buy a vehicle.

We have to provide a good deal, of course, and price is important. A good deal or price was cited as customers' most enjoyable aspect of the dealer experience, followed by the test drive.

We can all draw our own conclusions from this survey. My main thought is that while digital is important, there is a risk in it being overplayed.



MOTOR RETAIL SURVEYS MUST LOOK BEYOND LONDON

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

There are many stereotypes and jokes about people from 'up north' being more friendly than those who live inside the M25. To what extent this is true is open to speculation.

Some years ago, one of our students, who ran a BMW dealership in Huddersfield, complained that he was being penalised because his 'customer satisfaction' scores were the lowest in his group. The irony was that his customer retention and loyalty were the highest.

After some research, the conclusion was reached that people from that part of the country would never say they were 'extremely satisfied' if they were happy – they would simply describe it as being 'satisfied.' (Please note that this is not a comment on the outlook on life of the inhabitants of this esteemed town, but simply that geography and local culture affect perceptions as do house prices and the availability of disposable income.)

There appears to be a growing trend of random surveys predicting the future of car sales and therefore dealerships. All of this research is very commendable, but is often a little oddly constructed. One particular article, based on a survey by Servicing Stop, claimed 64% of UK motorists were "likely to head online to purchase their new or used car". A notable piece of information was secreted away at

the bottom of the article, however.

The research had been undertaken in March 2018 and involved a survey of 1,006 motorists in London. There is a major question as to whether Londoners are representative of all 'UK motorists' mentioned above.

Londoners' use of cars is different to much of the rest of the UK. It has the anomaly of traffic congestion as well as a congestion charge; residential parking is often restricted and in places has to be paid for; and 'Boris' bikes are plentiful along with a comprehensive public transport system.

Compare this to Leicester, a hundred miles north. There is no congestion charge, limited traffic apart from during the school run, no Underground or push bikes on street corners.

In Leicester, the majority of the dealerships are shared between two family businesses and Sytner. The dealerships and the people involved are well known, they sponsor the local sports teams and are seen at all the main social events that take place in the city. They have built businesses based on relationships.

Of course, there will be people in Leicester who will buy a car 'online', but it is highly unlikely the numbers will match those described in the London survey.

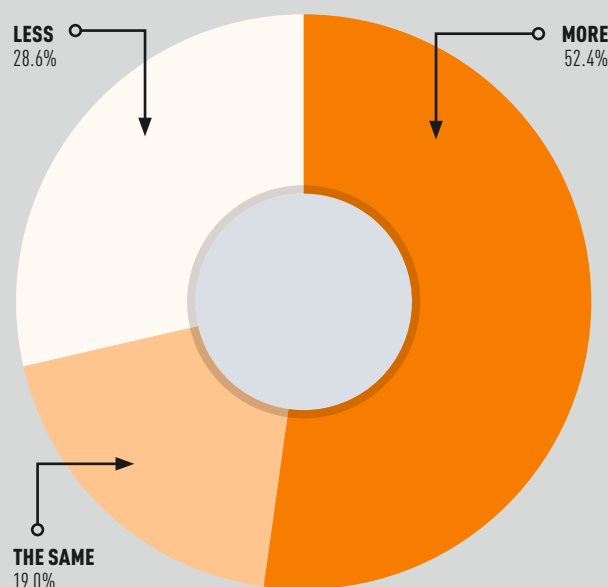
Much of what is written about our sector appears to be London-centric, which is unhelpful in producing a realistic scenario of the future of the retail automotive sector.

"THERE IS A QUESTION AS TO WHETHER LONDONERS ARE REPRESENTATIVE OF ALL 'UK MOTORISTS' "

AMPOLL

MOST DEALERS PLAN TO BOOST SPENDING ON DIGITAL STAFF

HOW MUCH DO YOU EXPECT TO INVEST IN YOUR DIGITAL TEAM IN 2018?



The surge of digital pathways and processes in motor retail shows no sign of abating, and dealers are still gearing up to do more to attract and engage consumers remotely at their convenience. One in two participants in our latest poll wants to increase the investment they make in their digital team this year.

As more manufacturers work closely with digital companies and finance houses to tear down the barriers to online car purchases, it seems 2018 could become a milestone in the industry's evolution. For some brands, allowing someone to do all or part of their 'purchase journey' online seems to be the goal.

Yet one in four expects to pare back their investment in digital this year. Such decisions may be linked to market performance, but many dealers still see their opportunities for growth coming from 'doing the basics better' at little or no additional cost. For those running the business, ensuring that the leads a dealership already generates are followed up properly, that existing customers are prospected well at opportune moments, and that part-exchanges are appraised correctly and turned into profitable used car stock can provide quicker wins than throwing more money at social media and classified websites.

NEXT MONTH: WHAT IS THE MOST IMPORTANT FACTOR WHEN SELECTING A USED CAR SALES PORTAL?

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BARCLAYS



FACE TO FACE: HEPWORTH MOTOR GROUP

'I WANT THAT SENSE OF FAMILY'

Although initially reluctant to join his late father's business, MD Stephen Brighton wants to grow organically and boost profits, but not at the expense of his staff, he tells **Tom Sharpe**

It's not a philanthropic thing, but I am very much aware that I employ 55 people from the local town, help to support 55 families – that is something hugely important to me."

Stephen Brighton, the managing director of Hepworth Motor Group, was preparing to cycle from Avelin, France, to Huddersfield in aid of the Yorkshire Air Ambulance and Huddersfield Town Football Club's charity, when *AM* visited.

The gruelling challenge – 282 miles in just four days – was his seventh in as many years as part of fund-raising efforts that have so far raised £1.7 million.

Brighton's charitable work is, in many ways, reflective of the way he approaches the family business.

He said he wants the business founded by his father – Frank Brighton, who died on December 3 – to thrive, but it is clear that the ambition to grow will not threaten what he sees as a key employment provider in the area.

"My dad was the entrepreneur, but I am a manager," said Brighton.

"I don't know whether it is what happened to me and my family in the space of three very tough months last year or not (Brighton's mother, Hilda, died in October), but I am very conscious of the 55 people – 55 husbands, wives and families – that we support as a business and I want that sense of family to be very strong throughout the business.

"We have growth plans. We're bringing Mitsubishi back into the group and we are obviously pushing to improve profitability, but we have no ambition to add more brands, more franchised sites.

"My long-term ambition is to maintain a profitable business that supports a happy workforce and helps to provide for the local economy and community."

Apart from the considerable trauma of losing both parents in such a short space of time, Brighton said his father was also

an extremely influential figure in his working life.

Stephen had been completing a BSc in industrial studies at Sheffield Polytechnic (now Sheffield Hallam University) while on an apprenticeship when his father, then in his mid-40s, began to suffer from heart problems. This drew him into the business and he took the helm in 2002.

Brighton said he often felt like he had been "playing with my dad's train set".

Born in Wakefield in 1940, Frank Brighton spent his entire working life in the motor trade.

Starting as a technician, he then joined Wakefield Garages – at the time part of the Thomas Tilling Group – where he rose to the position of sales manager.

"During this time he also taught at Leeds Technical College, which enabled him to start his own business," said Stephen.

Brighton's Car Centre opened in Featherstone in 1970 and Frank sold used cars from the site until 1981.

In 1980, he had purchased a Honda dealership in Kirkburton, Huddersfield, and began a career as a franchised retailer.

THE SILVER LINING IN RE-FRANCHISING

That near-40-year relationship has generated almost as much loyalty from Brighton towards Honda as the brand gets from its customers in West Yorkshire (Brighton said aftersales retention within the group was more than 90%, thanks to Honda's subsidised service plans).

Even the fact that Hepworth is to lose one

of its two Honda franchises, in Halifax, fails to test that loyalty.

"Cut me and you'll find I'm Honda through and through. That remains the case now because the brand has been extremely supportive throughout the process," said Brighton.

"Honda wanted to shrink its network by around 10% and we featured in their plans.

"Now we have the opportunity to re-franchise that Halifax site with Mitsubishi, a brand which we don't feel overlaps with the Honda product at all, and we think we will be able to grow our market share and profitability as a result."

Hepworth will re-unite with Mitsubishi from June 4, following an absence of 11 years, having withdrawn from the brand in Huddersfield and Bradford in 2007.

Hepworth has also experimented with other brands in the past, with mixed results.

In the mid-1980s, it traded in Daihatsu and very briefly with Dacia, which was a very different manufacturer back then.

Brighton recalled that the group had Dacia cars for just seven days, after evidence of poor build quality prompted a swift change of heart.

However, he is looking forward to the return of Mitsubishi. Hepworth's technicians are already multi-brand qualified, as the Huddersfield Honda dealership on Leeds Road also serves as an official Mitsubishi aftersales facility, already helping the group to a respectable overhead absorption figure of 70%.

Brighton said: "Like many Honda retailers, we were geared towards a UK volume of over 100,000 vehicles and the brand is doing less than half of that now.

"The result is that we have a large aftersales facility here and we were able to become an authorised Mitsubishi facility with minimal extra outlay.

"Mitsubishi never replaced us after we left the brand in Huddersfield the last time, so we've done well out of the

FACTFILE

TURNOVER: £18.2m (2016)

PROFIT: -£153,002 (2016)

FRANCHISES: Honda,

Mitsubishi, SsangYong

SITES: Huddersfield, Horsforth

EMPLOYEES: 55





“IT IS DISAPPOINTING. HONDA WERE AT THE FRONT OF THE HYBRID CURVE AND THEN THEY WITHDREW RIGHT WHEN PEOPLE STARTED TO WANT THEM

STEPHEN BRIGHTON, HEPWORTH GROUP

C after-sales side and it feels like the right time to go back.”

Another part of Brighton’s thinking is that he sees an opportunity in offering customers alternative fuel vehicles (AFVs).

Mitsubishi’s success with its Outlander PHEV and the expected arrival of a plug-in hybrid version of the Eclipse Cross compact SUV contrast sharply with Honda’s approach to alternative drivetrains in recent years, a mistake acknowledged by David Hodgetts, Honda’s UK managing director, in last month’s *AM*.

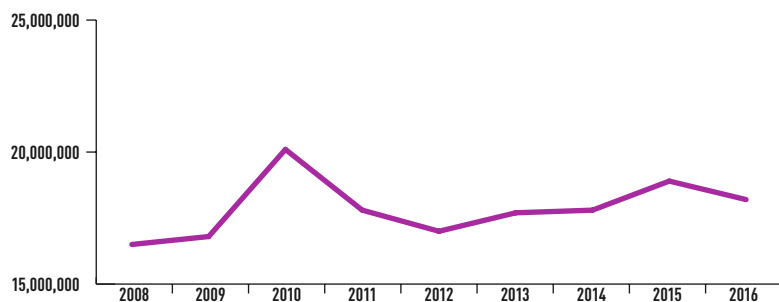
Brighton said: “It is disappointing. Honda

were at the front of the hybrid curve at one point and then they withdrew right when people started to want them. I’d rather they’d have stuck with the old technology as a stop-gap at least. We have customers coming in and asking about hybrids and EVs quite a lot now.

“I’m really pleased to hear that the Urban EV is coming, but it was worrying to hear David Hodgetts say that they would probably be expensive.”

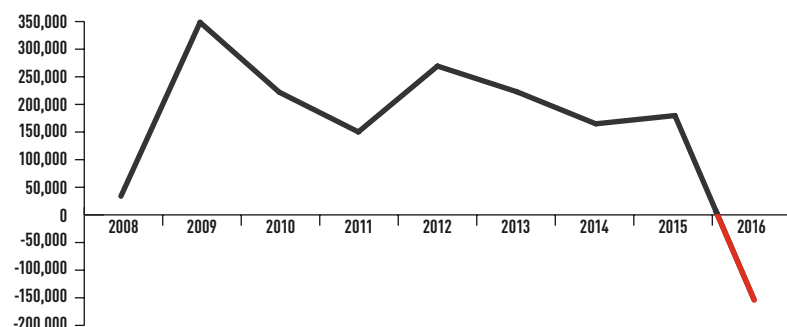
One brand that has proved a hit with Brighton and his Yorkshire clientele is SsangYong.

TURNOVER (£)



By Brighton’s own admission, Hepworth’s turnover has remained ‘static’ in recent years, but he sees the addition of the Mitsubishi franchise and a new, independent used car operation as key to growth

OPERATING PROFITS (£)



There is clearly an opportunity to grow the Hepworth Group’s profitability. Brighton has been working hard to reduce his used car stock and speed up stock turn in an attempt to improve return-on-sales



Brought into a former Robins & Day used car facility on Low Lane, Horsforth, near Leeds, in November 2012, the brand was the ideal add-on to a business with a reputation as pre-owned specialists.

“It’s a site that works for us on two levels, but we’ve been really impressed with SsangYong,” said Brighton.

“It feels like it’s exactly where Mitsubishi was maybe 10 years ago. There’s a constant flow of new product and real promise in the brand.

“Volumes are down a little this year, but we sold 115 SsangYongs in our best year, 2016, and under the new management there’s less focus on tactical registrations and more on profitability, so it’s going well. There is good margin to be had from the brand.”

Hepworth Honda sold 350 new cars during 2017 and about 500 used cars.



Hepworth Honda sold 350 new cars during 2017 and about 500 used cars

The SsangYong site totalled 80 retail vehicles and 350 to 400 used car sales during the same period.

ALWAYS OPEN TO LEARNING

Brighton's three younger siblings have pursued career opportunities away from the family business, and while Brighton said having "just me" running Hepworth made things more straightforward, he acknowledged that he is not as hands-on as some managing directors.

Hepworth's management structure features three other directors – Mark Brook, a former sales executive, is sales director; Paul Walsh, who started work as a technician at Hepworth in 1988, is service and aftersales director; and Richard Pickersgill is general manager at the SsangYong franchise and Hepworth Select used car dealership in Horsforth.

It is clear that Brighton trusts his team to steer the business.

A regular attendee at *AM* events, he believes it is vital to absorb as much industry know-how as possible to inform business decisions.

Brighton said too many smaller operators can be closed to wider industry trends and market knowledge that could help them improve their businesses.

"Ultimately, it is just me at the helm, but I have a great team and that means I can afford to keep an eye on wider trends and I certainly embrace good advice.

"I take some help from (former JCT600 operations director) Phil Southern and the FD Centre and I get support from the national dealer council too – people like David Cox and John Hughes. I have people to talk to and I value their advice."

The FD Centre is a Swindon-based

business that provides "affordable, experienced financial directors" on a part-time basis for businesses with a turnover of £2m-£50m.

"It's good to have an independent perspective on our performance and longer-term strategy," said Brighton.

Despite Hepworth Honda's experimentation with different brands and territories neighbouring its Huddersfield heartland in the past, its turnover has remained near-static in recent years.

In its last published financial results, to the year ended December 31, 2016, it recorded an annual turnover of £18.2m, down about 3.7% on the previous year's £18.9m and 9.5% on £20.1m in 2010 – its best result for the past decade.

Operating profits have peaked in years with a smaller turnover, however, with the £348,026 achieved in 2009, ↻

when turnover was just £16.8m, a stand-out performance.

The 2016 accounts showed an operating loss of £153,002.

Brighton conceded that the business's turnover has been "flat" and said he was aiming to achieve a return on sales of 0.6%, but said 2018 had already delivered better profits, up by 28% quarter-on-quarter and suggested that changes in the business would once again see turnover rise.

He said: "If there was an AM250 table, we may just feature in that. Our turnover in Q1 of this year is 28% up year-on-year and we want to see that rise to north of £20m for the first time since 2010 while achieving improved profitability."

GOING FOR ORGANIC GROWTH

Hepworth Honda is not likely to expand outside Honda, Mitsubishi and SsangYong any time soon, but that does not mean it has no plans for expansion.

The business owns a strip of land, opposite its Leeds Road headquarters, which is currently home to a display of about 12 approved used Honda cars. Hepworth was granted planning permission in January for a larger, more permanent retail site.

The group plans to demolish a two-storey residential property on a fenced-off area of land behind the current display. It will then clear the land to make way for a new used car operation, complete with its own 200 square-metre, single-storey showroom.

Brighton said: "There will be 35 to 40 cars over there and we expect it to significantly add to the profits. It's a great site on the A62, which most people locally have to pass each time they travel into Huddersfield to shop or visit the cinema or go to a football match."

Hepworth's used car stock already caters for a wide range of clientele. Its cheapest offering was a £2,995 Fiat 500 at the time AM visited.

Brighton said it is far from stretched in its stocking loans and trades "on assets, not liability".

The business has been working closely with Honda UK to refine its stocking and used car operations and features a high level of part-exchange stock – the forecourt is filled with an abundance of used Jazz hatchbacks, in particular.

Brighton said: "There has been an added focus on stocking less and turning stock more quickly and it's been generating real results during Q1."

In an effort to boost Hepworth's profile, both as a used car operator and franchised retailer, Brighton is placing a



Hepworth is to lose one of its two
Honda franchises

THERE HAS BEEN AN ADDED FOCUS ON STOCKING LESS AND TURNING STOCK MORE QUICKLY AND IT'S BEEN GENERATING REAL RESULTS DURING Q1

STEPHEN BRIGHTON,
HEPWORTH GROUP

greater focus on digital marketing and flexible working, which he hopes will help customers and staff alike.

The group plans to increase its presence on Auto Trader as well as working with existing website provider Autoweb Design to offer greater online functionality, and with Moneypenny to deliver out-of-hours lead management.

The business wants to guarantee servicing slots for customers within two days of an enquiry and deliver more availability to customers demanding immediate engagement at a time when staff are also keen to enjoy a more favourable work/life balance.

A FAMILY-FRIENDLY FAMILY BUSINESS

"I've had a lot of cause to take stock recently, but I think it's clear that all employees want to be able to spend more time with their families," said Brighton.

"If we can put measures in place that mean I don't need six sales executives in the showroom twiddling their thumbs on a Sunday afternoon – a time when the expectation might be to sell just one car – then I want to make that happen."

The emphasis on family seems to have benefitted staff retention.

In June, Brighton will take his 10 longest-serving employees to Wetherby Race Course for the day. The group has a combined service to the business of 275 years.

Brighton believes Martin Holbrook, who has worked for Hepworth since May 1, 1969, must be "one of the UK's longest-serving technicians".

Tracey Swallow, a receptionist, completed 26 years' service on May 17 and Brighton himself has spent 33 years in the trade, despite his initial reluctance to be part of his father's operation.

A picture of Frank and Hilda Brighton hangs in an ornate brass frame in the Leeds Road Honda dealership.

Brighton sees his business as an extension of his family and it's easy to see why – it's his father's legacy.

Asked if his own son or daughter may enter the business and carry on the family business, Brighton said: "My dad was a successful businessman and one of the things he wanted to do was pay for a private education for his grandchildren.

"I'd like them to follow their own path."

Brighton said the eventual sale of the Hepworth business was his only likely exit strategy, but said it was not something he foresaw happening any time soon, not while he remains keen to transfer his industry learning into more innovative and profitable operating practices.

Frank Brighton's business motto was "a small firm that tries harder" and it's clear that Stephen Brighton is doing everything in his power to continue that ethos.

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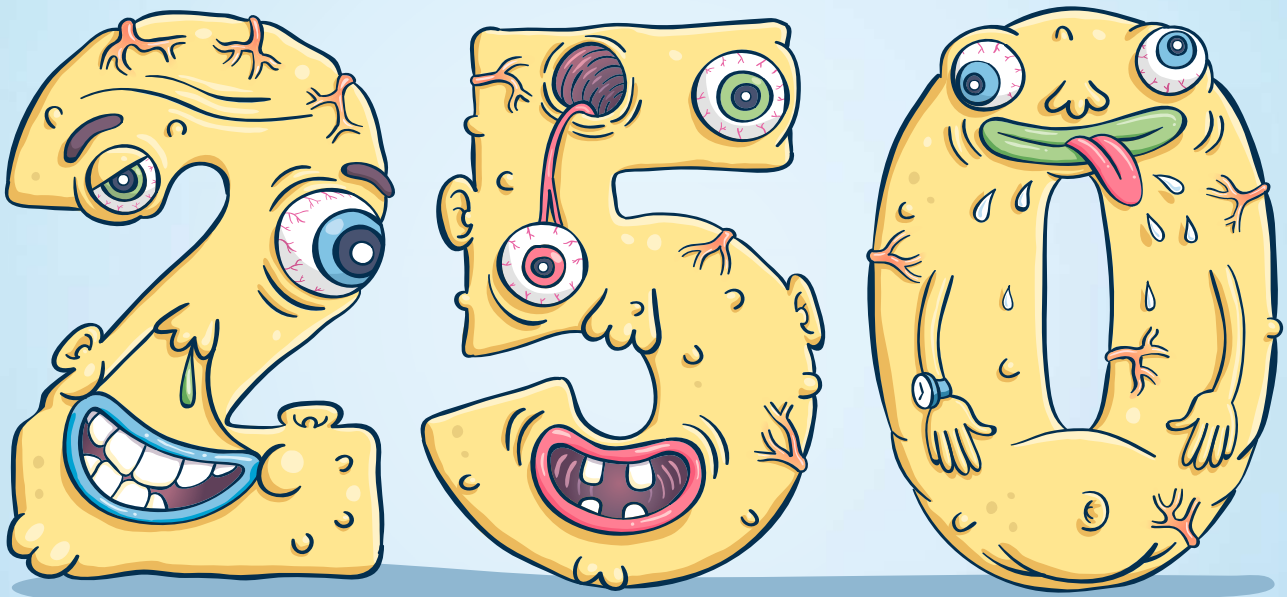
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MINUTES WITH...

Alistair Horsburgh,
chief executive, CitNOW



What have been the big milestones for you in the past 12 months?

The investment from Tenzing, the private equity firm, in March this year, was key for us. We are now up to six offices across Europe, with the latest for the Nordic and Baltic region. We are working with 1,200 Ford dealers across Europe, so they have leapfrogged other manufacturers over the past couple of years to be our biggest client. We work with 40 vehicle manufacturers around the world. We will also be refreshing our branding and website before the end of March.

Where does that leave the UK if the company is looking to expand internationally?

The UK is still our home and it's still very much a key focus to grow. We work with 3,292 dealers in the UK, covering about 90 of the AM100 dealer groups. We have a very robust programme in place to look after our UK customers. We have a team of product experts [who] go into dealerships and help them with how they can use video.

Where does the UK sit internationally in terms of using video in motor retail?

If you asked a UK business about whether they would consider using video in their dealership, it would be in the high 90%. The US probably comes second at about 30% and then Europe is between 15-20%.

What's the biggest growth area for the business in the UK?

Most dealer groups are looking at rich media for their website in terms of images and video and 'time to web' as a measurement. At the moment, they rely freelance photographers visiting showrooms at allotted times and it is slowing the process down to get product online.

With today's smartphone technology, you can take extremely high-quality images without the need for a photographer. It means dealers can really speed up 'time to web'.

**BETWEEN
LAUNCHING IN
2008 AND 2016,
WE DID 10 MILLION VIDEOS.
IN 2017 ALONE, WE DID 7.7M**

ALISTAIR HORSBURGH, CITNOW

In terms of products, we are looking at growing the use of 360-degree interior and exterior imaging.

Integrating with the big software giants is also always a major opportunity. We have integration with CDK Global, Auto Trader and Cox Automotive.

How has the use of video grown over the years in the UK?

Between launching in 2008 and 2016, we did 10 million videos. In 2017 alone, we did 7.7m. Aftersales represented two thirds of that content with the final third car sales. This year, we will break 10m. We are getting to a point where not only are customers accepting video in this environment, they are requesting it.

With that sort of growth, are competitors springing up to take market share?

There are some companies that offer video that are bolting it on, but it's not the main thing they are focused on. We are really the only company in the UK solely focused on automotive video right now.

I think the reason we haven't had a deluge of competitors is it's quite tricky to offer a package that is watertight on GDPR and specifically formatted for the motor retail experience.

How can CitNOW help dealers to improve their business using data collected from these millions of videos?

Customers can leave feedback comments and rate videos out of five. This gives dealers important feedback on

how they approach content.

The really exciting project we are working on right now is how we can use artificial intelligence (AI) to go through this video content to analyse and offer feedback. Was the customer's name used? How quickly were they speaking? There is some really interesting stuff you can do with voice recognition and we are working with Manchester University on something to provide qualitative data back to dealerships.

Where do you see video tech going? Do you think virtual reality has a place?

I actually think the whole VR piece has been massively overplayed. I know some manufacturers have the technology available, but in terms of VR hitting the mainstream, I think it is very unlikely.

Live video has been really big in terms of social media, with people broadcasting from their smartphones, but I think we will have to see how that takes off in terms of automotive retail.

Personalised video requests could also be a big growth area. Customers could get in contact and ask two or three specific points they would like a video on and dealers can go out and deliver it.

What's the biggest threat to the franchised dealer model?

Franchised dealers are going to be around for a long time. I know Alibaba and Ford in China have created an unmanned car vending machine, but in the UK? I just can't see anything like that happening.

I think the model will probably change and that comes as a result of the ownership model changing, too. You start with PCP and you transition into rental and to subscriptions. If dealers use technology to stay relevant, they will still have a place in the market. Part of the challenge is making sure it is not a cold, disconnected future, but one where the personality of people behind the technology can still shine through. **TOM SEYMOUR**

FACT FILE

COMPANY:
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BERKSHIRE
SALES:
£7 MILLION
STAFF:
71
SITES:
SIX

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SUBARU

It had a rough 2017, both in volumes and dealer sentiment, but new MD Chris Graham believes it has turned a corner, he tells **Craig Thomas**

After a year the brand would perhaps rather forget, Subaru in the UK is confident the changes it has introduced will boost sales and improve dealer satisfaction, with managing director Chris Graham telling *AM*: "We are definitely not doing business like it has always been done before."

Imported and distributed by the IM Group in the UK, Subaru did not have a banner year in 2017 – new car registrations were 2,679, the lowest total since 2013, and a 26% year-on-year fall. Its overall ?? score in the National Franchised Dealers Association's six-monthly Dealer Attitude Survey fell from 7.1 in winter 2017 to 4.2 in summer 2017.

However, the appointment of Graham in February as a new broom, along with the launch of its 'Better Where It Matters' marketing campaign, demonstrate IM Group's intention to reboot Subaru in the UK.

The brand's Q1 2018 results suggest it is moving in the right direction, with registrations improving by 5.5%. Graham attributed the improvement to a new relationship with the brand's headquarters in Japan.

"The way that Subaru worked with us is that they will give us production to cover the volume. If the volume goes down, the production goes down, so it's very difficult to break that trend."

"But at the end of last year, Torbjörn Lillrud, who was managing director for IM Nordic, joined the UK business as group development director. He has had a long history with Subaru and has a fantastic relationship with the Japanese."

"Because of that relationship, he said to them: 'We have to break this cycle. If you're



serious about the UK, we have to have production'.

"So, remarkably, we have now got the production. At the moment our production level is actually as high or higher than our sales expectation, so we can confidently go to market, spend significantly more than we did in 2016 or 2017 on marketing to attract new customers, with the confidence that when the customer comes in, the dealers have got the cars, or availability of cars."

A renewed focus on product

Subaru said this availability is already bearing fruit – demand for the new XV quickly exhausted dealers' supplies, but because more vehicles were ordered four months previously, Subaru now has stock available.

Graham said the order bank is currently very strong: "We've got orders now, not just for XV, but across the range, particularly with Forester and Outback, running into July. That's not something we've seen before."

There also seems to be a renewed

product focus for the brand, with the emphasis on safety, rather than the sportier elements of the past.

"Subaru's ambition is to become the safest SUV producer in the world," said Graham.

"That will come from those three products – the XV, the Forester and the Outback. We will still keep the BRZ and we still have availability of Levorg as well. The only thing we don't have in our range now is STI. We're incredibly proud of the heritage and everything that STI has brought to the brand over many, many years, but for Subaru, their production and their forward thinking is more based around the SUV market."

However, that SUV market is highly competitive, with manufacturers launching new models, of all sizes, on an almost monthly basis. The absence of the Impreza – which was responsible for thousands of UK sales in its late 1990s/early 2000s heyday – means there is not a model to fall back on that consumers engage with on an emotional level. Does that threaten

KEY PRODUCTS



Forester

Subaru's best-selling model in the UK starts at £26,510. Billed as 'the no-nonsense SUV', and a favourite of farmers, 8% were registered in 2017, down from 1,229 in 2016.



XV

The brand's answer to a compact crossover, priced from £25,000, comes with petrol engines only. Registrations in 2017 were 626, down from 754 the prior year.



Subaru's score in the NFDA Dealer Attitude Survey fell almost three points between winter 2017 and summer 2017

Subaru's presence in the UK market? Is there a sales baseline below which IM will consider the brand non-viable?

Graham doesn't think so. "We are absolutely 100% committed. We've been with the brand since 1987. As a business, there would be a critical number of vehicles that you have to sell for us to be able to keep the doors open. But even if you set a target of selling just 1,000 cars and you had a dealer network that was set up to sell only 1,000 vehicles, you could be viable doing that. It wouldn't be what I would call a successful business and we wouldn't ever want to look at that.

"Even going down to the volumes we did in 2017, at no point were there any conversations within the group about Subaru viability."

Jumping the gun on diesel

Like every other carmaker, the downturn in diesel has had an effect on Subaru in the UK, but Graham frankly admits that the company got it badly wrong, when it told dealers diesel was dead.

IRRESPECTIVE OF WHETHER THERE'S A DIESEL, PETROL, HYBRID OR ELECTRIC POWERTRAIN, I THINK THERE IS A CORE THAT WILL BUY [SUBARU]

CHRIS GRAHAM, SUBARU UK



This resulted in some dealers taking that message literally, even telling customers that Subaru was no longer making diesels. The company has subsequently apologised to dealers for jumping the gun and diesel sales have improved, after they fell from about 30% of total volume to 12%.

Even owners from Subaru's traditional customer base in rural and farming communities have started to shift to petrol-engined cars, but Graham is not too concerned that the shift will mean losing

them as customers, even if Subaru launches hybrids or EVs in the UK in the coming years.

"Undoubtedly we will lose some, as all manufacturers will.

"Some of our very long-term customers – and we're talking about families who have multiple numbers of Subarus – are making the move currently to petrol. When and if we get hybrid-engined cars, will they make that change?

"I think there's a core that understand what Subaru means to them – irrespective of whether there's a diesel, petrol, hybrid or electric powertrain, I think there is a core that will buy. We are seeing that very much with new XV buyers – the number of conquests is dramatically improving.

"I'm quite sure that trend will continue, as we [will] have new model Forester and new model Outback eventually. Hybrid would be something that they would be looking for at that point."

If Subaru is confident about retaining its relationship with customers, what about its relationship with its dealers?



Outback

The rugged crossover estate has had a facelift for 2018, but no price increase, still costing from £30,000. After 788 registrations in 2016, volumes slipped to 475 in 2017.



Impreza

Still that brand statement 4x4 drivetrain, but in a hatchback with a list price starting at £24,000. Registrations totalled 417 units in 2017.

❖ NFDA – HOW DO DEALERS RATE THE VALUE OF THE FRANCHISE OVERALL, OUT OF 10?



Subaru is a low-investment franchise, but dealers have become dissatisfied with the new car volume and profits it provides

❏ The NFDA surveys from last year suggest that there's an awful lot of work to do – which is supported by some of the attitudes that Graham experienced at a dealer conference in January.

"We had dealers that were ready to resign. We had a dealer who brought his resignation letter, but waited to see what happened at the conference – and it was a conference like they had never seen before. We changed so many things, which they thought we would never change. After it, he rang his business and said, 'This is not the last day for Subaru – this is the first day of the new Subaru.' That's a very satisfying thing to do."

Subaru believes it has won over its dealers with a package that includes the easier access to cars and measures that will help dealers in practical, operational ways.

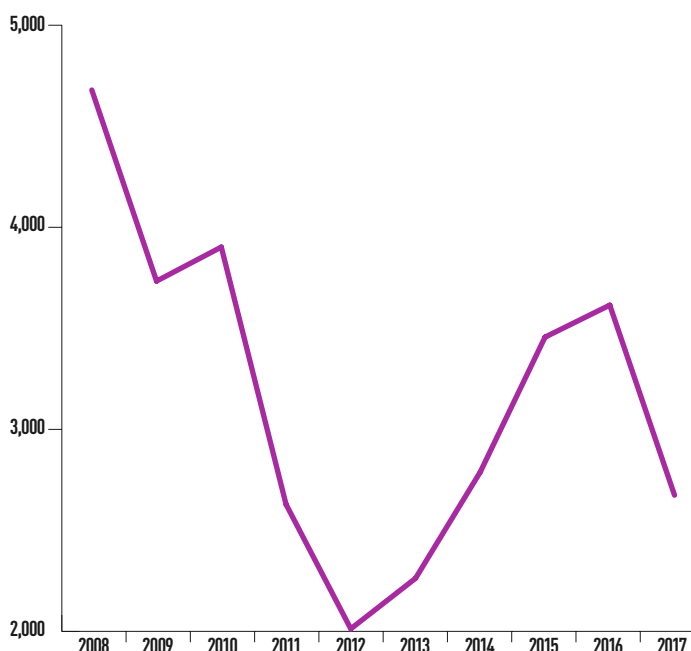
"We asked dealers at our national and regional conferences what they wanted, and we gave them a number of items that they asked for. One, for instance, was simply how we would put a demonstrator on a demonstrator plan, and the cost of running a demonstrator. So we have simplified that, we have helped their cash flow and we are giving them more training support."

"We have simplified a huge amount of our paperwork and anything that gets processed by us on behalf of the dealers, we are doing internally. So they are not having to process a huge amount of paperwork back our way."

"We're giving more advice on how to conduct the test drive in the right way, to

“WE HAD DEALERS THAT WERE READY TO RESIGN. WE HAD A DEALER WHO BROUGHT HIS RESIGNATION LETTER, BUT WAITED TO SEE WHAT HAPPENED AT THE CONFERENCE” CHRIS GRAHAM, SUBARU UK

❖ SUBARU ANNUAL NEW CAR REGISTRATIONS



Production slot limits and foreign exchange changes have made it hard for the brand to find a sustainable level

make sure that all of the technology in particular is explained thoroughly and properly and let the customer experience the technology. When they move across a lane, and the sound is going, and then the dashboard is flashing, they understand what it is, and are not put off by it, frightened by it, or concerned by it."

Graham said Subaru had also committed to spend more on marketing, to drive more footfall to the showrooms in quarter one.

"Historically, we have always probably

massively underspent in quarter two, and massively underspent in quarter four. We are now keeping the spending very consistent throughout the year," he said.

"All these kind of things make a big difference to a dealer."

With Subaru being a relatively low-volume manufacturer, dealers' reliance on used car sales also requires support. Subaru helps this, said Graham, by having structures in place that help to make a steady supply of vehicles that have previously been used by



ambassadors or corporate partners available to the network, instead of selling them outside the business. Dealers are also proactive in picking up cars from private sellers, with the overall result that few Subarus go thorough open auction.

Graham's view is clearly that Subaru and its dealers should all play to their strengths of being small businesses with strong interpersonal links to their customers.

"We're a family business. Most of our dealers are family businesses, and the relationship they have with their customers – we need to encourage that to be a family kind of feel.

"One of the things we say to our dealers is that we are never going to be able to provide them with a footfall that Ford can."

However, he added that when a customer comes in, the dealer can spend the time to show that a Subaru is an interesting product and turn them into a conquest customer.

"An existing customer seems to get it. If they didn't get it, they wouldn't have had a second, and a third, and a fourth, and a fifth car. With a new customer, all they need to do is just sit with them and just explain the features that our car has that will be of benefit to them. That's what we're working on with the training. They've done it for a long time, we're just kind of formalising it a little bit more now.

"I think our dealers know their customers very, very well. There's a great personal relationship that's built up over a number of years, particularly for the more historic Subaru buyer. And they're developing that into the new ones."

Growing the network

That family of dealerships is also growing, despite the woes of 2017. Subaru has just announced the opening of four new franchises, taking the national total up to 76. Graham hopes it won't end there, either, and has one eye on more growth, with the aim of reaching 82 sites by the end of this year.

"We have a number of open points. We would like to close those as soon as we possibly can. We've just changed our franchise offering, in terms of entry costs, etc., to new incomers. We have got quite a large open day here on May 30, where we have invited prospects that we have seen previously that maybe didn't like the proposition that was put to them at that time.

"We think the new proposition and the way we now work – which is simple, fun and profitable – will change a number of people's perceptions, so maybe they'll look again at the decision they made previously.

"I think we've probably got back some of the magic that Subaru had back in the late 1990s and early 2000s.

"It would be very easy to say we want to do 3,500 cars this year, 6,500 next year, 10,000 the year after. We will call next year probably around September time – probably when the September market's done – because we have to order the cars for 2019. We will make some decisions at that point. But the way things are, the trends, the feel and the positivity that we seem to have, the customer experience of the CSI, all of the KPIs that you would normally look at, are all moving upwards."

ADVERTISING FEATURE

GDPR – don't fall foul of duplicate records

By Steve Ure, strategic account manager, eDynamix



Not many people seem to be talking about duplicate records and 'the right to restrict processing' within the GDPR.

Take this scenario – you have a customer you have dealt with for years and over time, through vehicle sales and service visits, there are multiple instances of their record on your DMS. One day, due to a bad experience, they decide they no longer want any further communications from you. Not just marketing, but nothing at all, not even service or MOT reminders. They are however, happy to be kept on your database until their finance agreement comes to an end. So, you update their new contact preferences against a customer record in your DMS.

Some months later, you send out a mailer using 'legitimate interest', due to the fact you don't have much in the way of marketing consent. However, only one of the multiple records for the customer in question in your DMS has the 'Do Not Contact' preferences set against it. Suddenly you have breached GDPR legislation and could find yourself having to deal with a complaint, or much worse...

This scenario is set to become all too common due to how 'the right to restrict processing' is recorded in many systems, i.e. against a single customer record, and not taking duplicate records into account.

This is one of the many reasons we at eDynamix built iConsent. It has been designed to manage duplicate DMS records in a unique way, consolidating data into a single consent record and protecting you from contact breaches.

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



Lookers – fully charged and ready to go

Lookers has taken up the Ben Industry Leader Challenge with an EV tour of Ireland and the UK

Excitement is building at national motor retailer Lookers as it launches one of the biggest charity drives in its history. Lookers has grasped the baton this year and has taken on the Ben Industry Leader Challenge, which is passed on every year by a business or organisation within the motor industry to raise vital funds for the charity.

This year, the challenge is being shocked into life with the Lookers Electric Charge, which will see people from Lookers, including senior directors, travel more than 2,000 miles to over 180 stops around the country, including its 155-strong dealership network, in a glorious relay of electric cars.

As well as raising money for Ben, the motor industry charity, the carbon-neutral challenge will also promote some of the benefits of electric motoring, as well as showcasing the wide range of electric vehicles (EVs) available from most of Lookers' 31 franchised brands.

There will be headline-grabbing events along the way, including the ultimate showdown between an electric car and bike in a race across London. Lookers will also be going one step further in its commitment to the environment, by adopting areas of woodland along the route, as well as buying up carbon credits to ensure it hits its environmental target.

Each stop will also include everything from EV test-drive events, carbon-neutral days and school visits, which will help to



Lookers CEO
Andy Bruce

educate the next generation of motorists about the future of EV motoring.

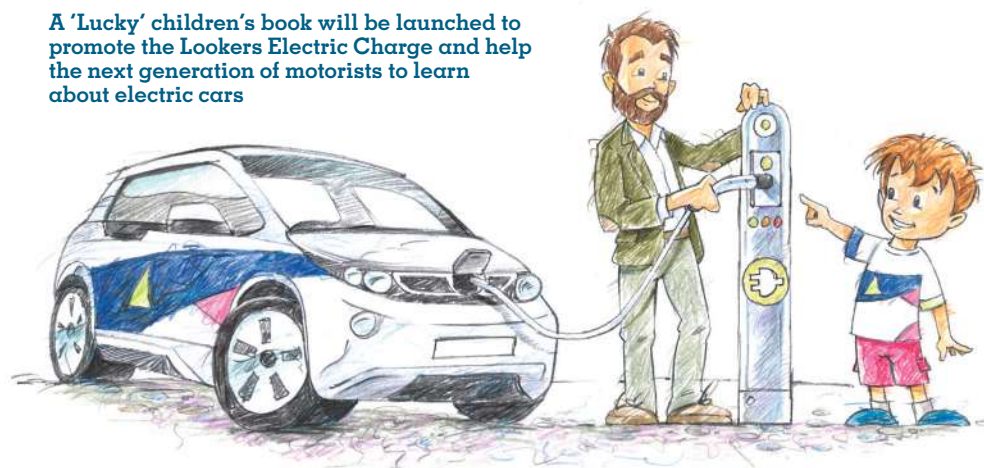
It is a huge initiative, which will last until October, with Lookers raising vital funds for Ben, which will be collected in its travelling 'Lucky bank', modelled on the group's newly launched four-legged mascot, Lucky.

Previous challenges have included a skydive by Daksh Gupta, the chief executive of Marshall Motor Group, and a cross-Channel swim by Jeremy Hicks, the

managing director of Jaguar Land Rover UK. While Lookers CEO Andy Bruce is glad to be keeping his feet on solid ground this time around, he is still aware of the scale of the challenge Lookers has taken on.

He said: "We are very excited to be launching the Lookers Electric Charge and have lots of activities planned, all of which enable us to shine a light on a number of important topics and join timely conversations, whether that's assessing where the electric car industry is at the moment, the actions we can all take to reduce our carbon footprint or, of course, the fantastic work that Ben is doing. It really is a huge undertaking, one that will engage so many of our people across the business and require them to think creatively. It's a challenge which I think our people will be very keen to get involved in."

A 'Lucky' children's book will be launched to promote the Lookers Electric Charge and help the next generation of motorists to learn about electric cars

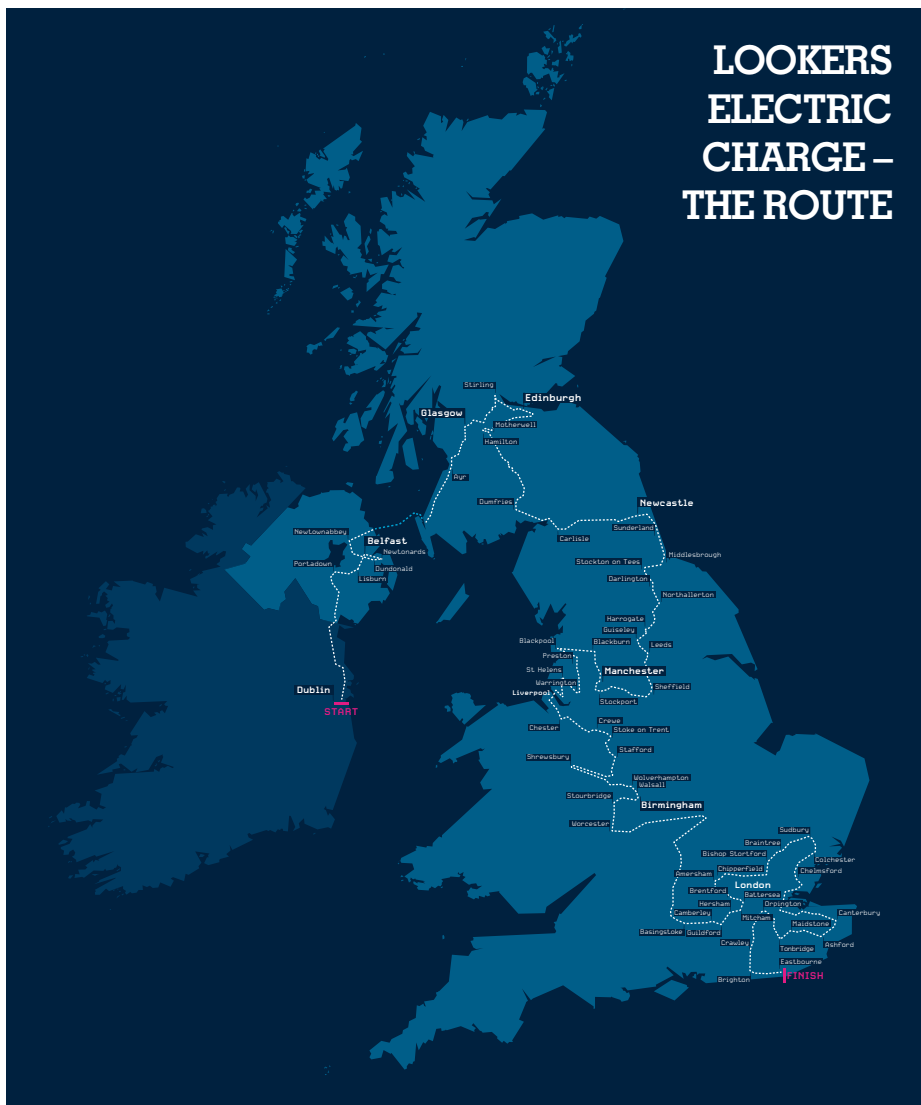


The route

The Lookers Electric Charge kicked off on May 14 at Audi Dublin before travelling to the 30-acre Charles Hurst site in Belfast, where colleagues from all 18 brands there were ready and waiting to do their bit.

By the end of May, it will then be up to the team at Renault Newtownabbey to transfer

LOOKERS ELECTRIC CHARGE – THE ROUTE



The Jaguar
I-Pace

one of the EVs over the Irish Sea to Audi Ayr, where the relay will travel down the length of Britain until it reaches Mercedes-Benz Eastbourne in October.

En route, the relay will also be stopping at a number of race days, the Electrification Suite at Jaguar's Castle Bromwich facility and Ford's iconic factory in Dagenham.

What happens inside the cars will be just as important as what happens along the route. As well as being sponsored by local businesses, each leg will provide a variety of in-car entertainment from Lookers staff, which will be uploaded to the company's social media channels using the hashtag #LookersEC4Ben. Here, people from across the business, from directors to technicians, will be helping to raise extra funds, as well as having a bit of fun in the process.

There will be reviews of the EVs being

driven, industry discussions, and, just to ramp up the fun factor, a spot of carpool karaoke (we are expecting one or two renditions of Eddy Grant's *Electric Avenue!*).

And why exactly would Lookers' people be so keen to throw themselves into a rendition of the electro-reggae classic, I hear you ask? Well, apart from wanting to show off their vocal range, it will be the fact that they are supporting Ben that will be the biggest motivator.

Ben

Founded in 1905, Ben has become a lifeline for many people within the motor industry and provides tailored, holistic care and support services focused on four main pillars of health and wellbeing – financial, physical, mental and social.

Last year, Ben helped more than 3,000

people from all corners of the automotive industry, including the provision of free support services to colleagues and their families, as well as high-quality care for those in later life at its care centres or in their own homes. For those with a little more independence, it operates an award-winning retirement village on the Berkshire/Surrey border.

The Electric Charge brings Lookers and Ben even closer, with the retailer entering the charity's Automotive Challenge Cup sailing regatta for the third time this year.

Bruce said: "Ben has worked tirelessly to support many of our colleagues, friends and associates in the motor industry for some years, so it is fantastic that we now get the opportunity to show our appreciation through the Lookers Electric Charge. With so much planned and so much participation expected from colleagues across our brands, I have no doubt we will be able to do the charity proud."

Zara Ross, chief executive at Ben, said: "We are delighted that Andy Bruce and the team at Lookers are taking on this year's Industry Leader Challenge to fundraise for Ben. We really appreciate their support and we are looking forward to following the team on their epic journey. Good luck and thank you to everyone involved."

"Our services are funded entirely – and can only continue – through the generous support of the industry. Fundraising activities such as this are vital in ensuring that we can continue to provide life-changing support to industry colleagues as they face life's toughest challenges."

Lookers will announce the total raised by the Electric Charge at December's Ben Ball, as well as hand the Ben Industry Leader Challenge baton to the next recipient.

But there is a lot to cram in before then. Follow it all on the Lookers Electric Charge microsite at LOOKERS.CO.UK/EC4Ben, the Lookers YouTube Channel, LookersWebTV, and Lookers' Facebook and Twitter pages @lookersgroup, hashtag #LookersEC4Ben.

Altogether now... "We're Gonna Rock down to Electric Avenue".



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www.lookers.co.uk
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Lookers
for you, for life

LAST CHANCE TO BOOK

20th June 2018

MEET | NETWORK | CELEBRATE | CONVERSE | SHARE

The AM100 publication is the annual industry guide to the 100 largest dealer groups in the country, according to their company turnover. In addition, the AM100 provides a detailed analysis of the state of the industry and looks at the key issues facing dealers and their customers. The AM100 is an invaluable opportunity to meet friends and colleagues in the retail industry and be amongst the first to see the official unveiling of the new AM100 listing of UK automotive retail groups ahead of publication in AM.

AM100 Dinner guest speaker confirmed as former Home Secretary, Alan Johnson

Former Home Secretary, the Rt Hon Alan Johnson, will be our guest speaker at this year's AM100 dinner, which will be held on 20 June 2018 at the London Marriott Hotel, Grosvenor Square.

Orphaned at 12, Alan Johnson started his working life stacking shelves at Tesco. He then became a postman and union official before

rising through the New Labour ranks to hold one of the great offices of state as Home Secretary. But despite his meteoric success he does still have one regret – that his early ambition to become a pop star will (probably) never come to fruition. Mr Johnson is an adept and immensely engaging after dinner speaker and we are certain he will have us hanging on his every word.



DINNER

20th June 2018

London Marriott Hotel
Grosvenor Square, London

Book your table now at
www.am100dinner.co.uk

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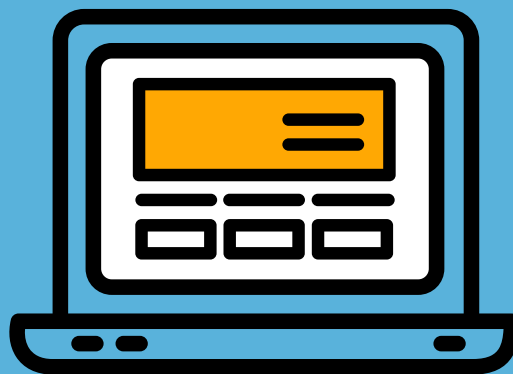
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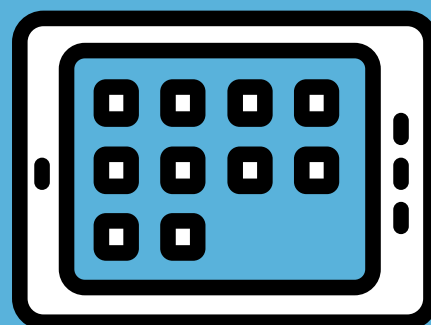
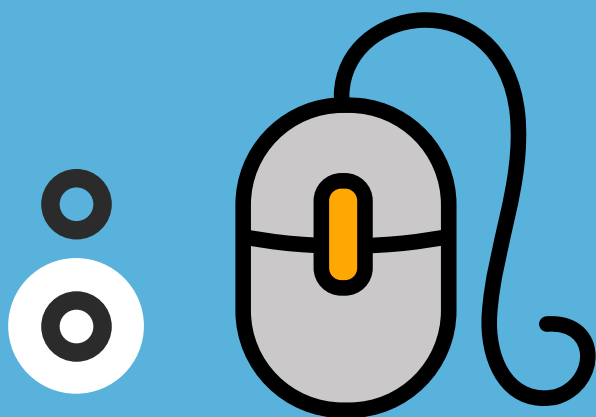


SPOTLIGHT:

THE DIGITAL DEALERSHIP



DIGITAL TOOLS...



... FOR NEW CAR SALES
DEALERS HAVE AN ARRAY OF FINANCE
AND COMMUNICATION TECHNOLOGIES
TO HELP DRIVE NEW CAR SALES

PAGES 42-43

... FOR AFTERSALES
DIGITAL INNOVATIONS IN THE SERVICE
DEPARTMENT THAT INCREASE
REVENUES AND IMPROVE RETENTION

PAGES 45-46

... FOR USED CAR SALES
AUCTIONS, IMAGING, VALUATIONS AND
VEHICLE TRACKING – APPS AND ONLINE
SERVICES TO BOOST PRE-OWNED PROFITS

PAGES 49-50

Digital tools for new car sales

Dealers and manufacturers can avail of a growing toolkit to keep pace with changing technology and consumer behaviour

Dealers and manufacturers are tasked with keeping pace with rapidly changing technology and consumer behaviours, but there is a growing digital toolkit available to help smooth the gap between the worlds of online and the physical showroom.

More manufacturers are getting involved in the car buying process at an earlier stage and Škoda has pioneered a way of engaging customers online before they walk into a showroom with its Live Tour product demonstrations.

TOM SEYMOUR

✓ LIVE CHAT AND AI

Live chat has been part of a dealer's digital toolkit for a few years, but the technology is now being enhanced by artificial intelligence (AI).

Customers are becoming more accepting of AI technology, such as Apple's Siri and Amazon's Alexa. In the context of live chat, AI can rapidly answer any question it may be able to index from a list of progressively sophisticated automated responses. If the questioning becomes more complex than the AI can handle, a physical live chat agent can then step in.

Suppliers, such as London-based True AI, have estimated that live chat responses could be automated in up to 33% of cases.

Bob Morgen, True AI's sales director, said: "AI frees up live chat agents to focus on complex issues rather than repetitive questions."

Jo McKeown, channel manager – automotive at Moneypenny, said younger generations of car buyers expect a more tech-focused experience beyond just the basic phone call.

AI is not prevalent in the automotive sector yet, but companies such as Moneypenny, which offers 24/7 live chat and telephone answering, have an eye on how the technology is evolving.

McKeown said: "We're always looking at how the market is developing and what is the best approach."

"I think it always has to be a hybrid between real people and using technology to supplement that."

"We pride ourselves on customer service and the tech has to be right before you launch anything."



✓ VIRTUAL PRODUCT TOURS



Škoda has a team of seven product hosts that use a mix of static and handheld cameras to showcase its range and to answer any questions a customer may have before booking a test drive.

The Live Tour project has been running for 12 months and has delivered more than 2,000 hours of product demonstrations.

John French, Škoda UK's head of sales operations, said the way customers are interacting with dealerships is changing and the Live Tour plays a key part in the research phase.

So far, three quarters of Live Tour users are new to the brand, 38% have gone on to book a test drive and 10% have converted to a sale. The conversion rate from product demonstration

to test drive has increased over the first quarter of this year, to 48%.

Three quarters of leads generated from the Live Tour have been for Škoda's new seven-seat Kodiaq or the Karoq crossover.

French said the dealer network was "extremely supportive" of the initiative, as it is generating more leads for their businesses.

He said: "The Live Tour helps put Škoda on their shortlist and it is then our retailers who pick up with the customer and provide an exceptional experience when they visit the showroom."

"The Live Tour can physically support just a proportion of our range so will continue to underpin and supplement the great work of our retailers."

ONLINE FINANCE

Moving finance applications online not only helps smooth out the process, but has the added bonus of helping dealers to record and adhere to Financial Conduct Authority (FCA) regulations.

While the majority of funders offer a digital finance process for dealers to offer customers, actually completing the deal without visiting the showroom is still rare.

David Fletcher, Dealflo's vice-president of sales, said: "Up until five years ago, a lot of this finance process was all paper."

"But now financial agreement automation, with e-signatures being a part of that puzzle, are helping in areas of customer service, regulation compliance and things like fraud. The number of customers completing finance applications away from the dealership is growing."

James Tew, iVendi's managing director, said while the technology to complete a finance application end-to-end is already available, most dealers, customers and funders complete the process in the showroom.

He said: "You also have to ask how comfortable consumers are with completing the transaction end-to-end outside of the dealership. I think we have seen that online direct sales are still limited."

iVendi's answer is to offer the ability to continue the finance process away from the dealership with a customised quote. If a customer has been working on a deal at the dealership, they can take all those details and continue adjusting offer parameters at home, with no pressure.

Tew said: "It gives customers some time to think. As the deal is configured to them, they're not starting from scratch – they have the detail of their part-exchange in there, etc. We're offering this through one lender now, but we will be opening this up to other lenders throughout the year."

One of the next steps

iVendi offers consumers the ability to continue the finance process away from the dealership with a customised quote

for motor finance may integrate facial recognition technology to help smooth out the process for proof of identity.

Fletcher said the process would see a customer upload documents, such as their driving licence and then a customer can take a picture of themselves on their phone and upload that. The software can then verify their identity by comparing the two.

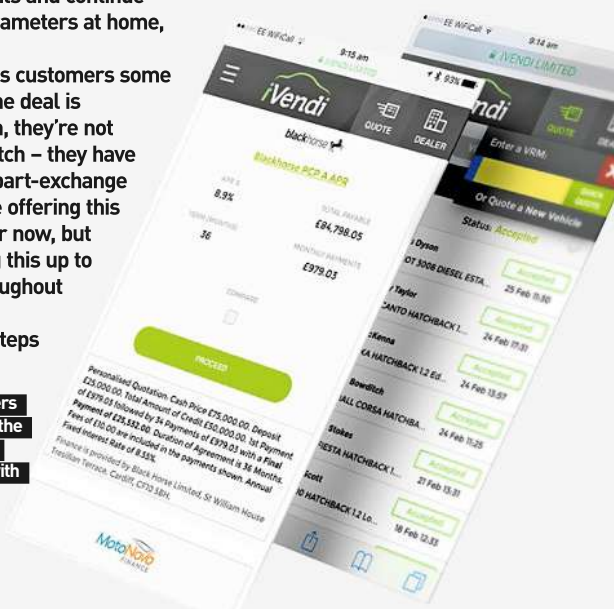
Open banking will also be a big development, particularly around the area of affordability. Open banking will let third parties such as motor vehicle finance providers gain access to a customer's bank account, with their approval, through a secure portal to assess disposable income, spending habits and affordability.

However, Fletcher said this is still at the proof-of-concept stage as banks open up their mobile banking software to third-party developers to interact with it in a secure way.

Tew said: "Open banking will help in the sub-prime sector initially, for those customers that might not have been able to get a decision due to a credit rating before."

"Open banking is going to help with things like affordability checks, but we'll have to see what the FCA's September investigation into the motor finance industry looks like as to whether open banking is going to play a greater role in affordability checks."

"We could start to see it coming into play later this year."



ANPR

Welcome to Pebley Beach Hyundai

MX65 XMV

Please Proceed to Reserved Parking

Automatic number plate recognition (ANPR) technology has been around since the 1970s, but dealers such as Swindon-based Pebley Beach are using it to improve customer service.

Dominic Threlfall, the managing director of Pebley Beach, adapted the technology himself to link it to the dealership's dealer management system (DMS), which informs the front desk of the name and details of the customer about to come through the door.

Pebley Beach introduced ANPR as part of Hyundai's 360 workshop automation initiative, as an optional extra initially run as a pilot project.

Hyundai funded the installation and while it was set up specifically for the dealership's workshop, Threlfall adjusted it to work with the company's entire customer database.

He said: "Any dealer could buy an ANPR camera set-up from anywhere between £600 and £1,000."

"If you couldn't figure out how to link it up to the DMS, you could get an IT student to do it for you. It only takes a few hours."

While Threlfall said the impact of ANPR is difficult to measure in terms of return on sales, the group's customer retention is at 68% and he said the technology has a part to play in that.

Threlfall said: "I like to think of it as one of the one percenters. You can change a thousands things you do by 1% to make a difference, but you can't really change one thing 1000%. So ANPR is one of those for us."

"It's also tied in to a welcome board, so we have a welcome notice for customers that drive in and it directs them where to park."

"It means you can greet the person by their name when they walk in and if it's an appointment the reception will know why they're at the business. It just helps give it that more personal touch."





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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How an online approach can benefit aftersales

While sales units sometime steal their technological thunder, aftersales departments are enjoying a surge in digital innovation that can increase revenues and improve retention

Connected cars and data-gathering

Manufacturers worldwide are developing connected cars. Ford, for example, claims that 90% of its new cars will be connected by 2020, and it is not the only carmaker targeting such ambitious growth.

Other companies are getting in on the act, too, with plug-in boxes allowing even older cars to transmit location and failure code data. Soon, a large proportion of cars on British roads will be sending all kinds of information back to the manufacturer, owner and, potentially, car dealer.

Penny Searles, the chief executive of Smart Drivers Club, said car dealers could stand to profit more than most.

"With connected car technology, the dealership can keep an ongoing relationship with the customer – there's

more proactive capability and they can increase their revenue through connected car data.

"Dealers know in advance when a car needs servicing or an MOT, or even when it has been in a crash, so they can increase revenue by getting people in for servicing, in for repairs, and in for MOTs."

However, Searles said dealers can also use the data to offer customers vehicle reminder and tracking services, which in turn encourages drivers to share their data and helps the dealer.

"Dealers can get people into the dealership, but by providing those services to the customer, they're providing an exchange for the data. The customer gets something back as well."

Online service booking

If you can use the internet to order a new mobile phone or book a doctor's appointment, it seems only natural that you should also be able to book a service online. According to Tony Whitehorn, Hyundai's UK chief executive, the system is becoming increasingly popular, with customers able to make appointments outside of normal office hours.

"Now a number of people are enabling customers to book online. With six clicks, you can book your car in for a service. It takes 10 seconds. Somewhere between 25% and 30% of the appointments are

done online at the moment, but there's still 70-75% that are done either face-to-face or on the phone.

"But what's fascinating about this is that around 35% of those online bookings are being done out of hours. When I buy something off Amazon, when do I do it? I do it at 9pm. Now I can actually book my car in for a service at 9pm.

"It enables people to say 'you know what's most convenient for me? 11am? I'll book then', as opposed to having to phone up, having to wait and say 'I can't make 11am' and having to fit it in."

Intelligent stock management systems

While technology is clearly playing a key role in the customer-facing part of the aftersales process, it has plenty of practical behind-the-scenes applications, too.

Traditionally, choosing which parts to stock has been a low-tech, trial-and-error process driven largely by the service team's experience. However, Gary Brooks, of software firm Synchron, said technology can now inform stocking policies with algorithms and online ordering.

"By looking at mean times between failure and historical data, algorithms can determine what the stock levels should be at various points in the supply chain. The dealers get their orders based on the recommendation of the system, and they can place their orders or they can run it on autopilot, where it automatically places orders."

Eventually, said Brooks, companies will use connected car technology to adopt the just-in-time principles that help modern factories run so efficiently.

"There's a lot of excess inventory in the supply chain," he said. "Now, with the evolution of the 'internet of things', we are moving away from just-in-case and moving to just-in-time. Technology is removing friction."

Brooks did warn, however, that although dealers can reduce stock levels with technology, they will always need parts available on-site.

"It'll always be a balance. It'll take a long time before all the cars on the road are connected, so I think there will always be a need for the just-in-case approach."

SPOTLIGHT:

THE DIGITAL DEALERSHIP



Aftersales DMS systems

Providers of dealership management systems (DMS) have been working to link processes to deliver both speed and efficiency in franchised dealers' workshops.

Cox Automotive believes the ability to connect with different systems is a key selling point of its Incadea DMS.

Coupled to Cox's Xtime aftersales platform, Incadea manages accounts, vehicle administration, parts inventory, showroom, aftersales management, service and marketing.

It is also capable of collating CRM customer data with that held by service, parts, telephony and accounts systems.

Vauxhall retailer Thurlow Nunn implemented the system across its 14 locations.

Simon Bottomley, managing director, said the deal would "transform the business and result in huge efficiency savings".

In January this year Epyx released its new reporting platform designed to give aftersales departments an enhanced insight into their business.

The Network Performance and Opportunities Report (NPOR) provides graphs, charts and tables that show how an aftersales department is performing compared with recent years.

Tim Meadows, Epyx's commercial director, said some of the real added value is delivered by its ability to identify job leakage to other providers and where missed opportunities for sales are taking place.

He said: "There are a range of enhancements, including reports covering geographical areas by radius, performance on job types such as MOT and servicing, and even analysis by specific model.

"In an industry where high-quality data is difficult to find, what we are offering has clear value."



An integrated, self-service future?

Iain Nickalls, director of software firm eDynamix, believes dealers will eventually have the option to integrate data and technology to offer customers an efficient, fully automated service.

"The automotive industry is slightly behind the curve," he said. "This technology means we can prompt customers in multiple ways, we can remind a customer that their service is now due and then provide a link to make a booking online, so it's a fully integrated approach, which allows a customer to self-serve. I think that's the way most industries are going.

"We are working towards the stage where there's potentially no human interaction. From the point of reminder, you

book online and drop the car off, then the vehicle health check is carried out, the work is identified. Then you can authorise any work that has been identified online and you can pay online. You're then notified that the car is ready, pick up the keys and then go."

Searles believes that even the customer themselves will one day be taken out of the loop as autonomous cars drive themselves in for remedial work.

"Once driverless cars come into force, they'll send a message to the dealer saying 'I'm coming in at 10am' and then they'll go off, change their tyres, and be back in the car park when the owner leaves work," she said. "It's already happening in trials."



Workshop video systems

Video systems are now widely used by car sales departments, but how much value do they add to an aftersales department in terms of greater sales, time-saving, customer trust?

Everywhere you look, image- and video-based content seems to be taking off. Consumers are digesting information more visually than ever, with everything from product reviews to social media trends adopting the technology.

It makes sense, then, that this trend should rear its head in the automotive industry.

According to Alistair Horsburgh, the chief executive of CitNOW, the practice has become necessary to improve trust since health and safety rules stopped customers setting foot in the technicians' domain.

"About 25 years ago, a customer could

stand under a car with a technician, but that was then disbanded for safety reasons," he said. "The car went into this big black hole of the service department and the only way you knew it had been serviced was that it had been washed.

"So we give technicians an iPod or tablet and they film a short video, upload it and it's sent to the customer with the vehicle health check. The customer can then approve any work online."

Horsburgh said the trust benefits usually lead to improved revenue for an aftersales department, as well as increased customer satisfaction.

"Obviously it will vary brand-by-brand, but typically, the average dealership's 'red-work' conversion rate is 20% better when they put video into their vehicle health check." **JAMES FOSSDYKE**

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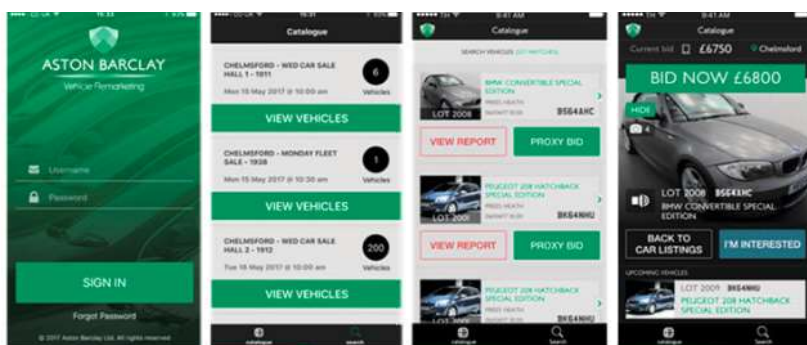
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Four ways for technology to drive used sales

Auctions, imaging, valuations and vehicle tracking – the apps and online services that will help your sales department to sell more used cars more efficiently

Technology is one of the best ways for a used car sales operation to gain a competitive advantage. From smartphone apps and digital imagery and videos to delivery tracking systems, car dealers have a host of new innovations at their fingertips to help improve their stocking, management and sales processes. Here are four such scenarios where technology can be used to make used car sales more efficient. **ALEX WRIGHT**



Aston Barclay developed a buyer's app to speed up dealers' access to used car stock

TIME'S TOO TIGHT TO STOCK THE FORECOURT

It's an all too familiar problem – you need the stock yesterday, but you don't have time to go to a car auction, bid for the vehicle you want and then wait weeks for it to be delivered.

Help is at hand – dealers can now check on the condition of their preferred vehicle and buy through an online auction thanks to a range of new smartphone apps.

Aston Barclay developed its own buyer's app after its research revealed that used car buyers were finding it increasingly difficult to source and access stock quickly. By using the app, buyers can now view and bid live for stock across Aston Barclay's network.

Last year, Manheim sold 19% of its 422,000 auction vehicles through its Simulcast platform, which enables the auctions to be streamed live. Customers can then bid or instant message the auctioneer.

"Digital adoption is key to staying ahead of the competition and we urge all dealers to recognise the ways they can use technology in their own businesses to maximise profits," said Peter Bell, Manheim's managing director.

"The efficiency, effectiveness and simplicity of these online systems give customers access to auctions they would otherwise be unable to attend, which could mean the difference between a profitable and unprofitable month."

SPEEDING UP STOCK TURN MEANS SPEEDING UP THE ROUTE TO MARKET

Suppliers are increasingly equipping pre-delivery inspectors (PDIs) with imaging and video tools to speed up the online marketing of the vehicle by enabling them to upload content directly to the dealer's website.

AutosOnShow is one such supplier, and is introducing a series of innovations to integrate video along the customer journey, from sales to the service department.

"Buyers are increasingly doing their research at home and making accelerated buying decisions when they visit the dealership," said Jonathan Higham, AutosOnShow's managing director.

"As a result, the purchase process is driven by data and digital channels. From defleet to the dealer forecourt and service department, people need accurate descriptions and super-sharp images."

Chiswick Honda uses an AutosOnShow DSLR turntable system to capture HD video and images of used vehicles that can be displayed on its website within minutes. It also provides an exploded view of the vehicle, internal 360-degree spins and framing.

Dealer Auction has also introduced a system that enables dealers to advertise newly acquired vehicles online immediately after buying them. The system allows dealers to fund the bid through NextGear Capital, use Movex to organise the vehicle's collection and delivery and then list it on Motors.co.uk, all at the touch of a button.



PRICING IT RIGHT TO SPEED UP SALES

Many retailers have suggested that the data-led approach to used car pricing fails to recognise quirky specifications and PDI standards for the vehicle. A digitised valuation tool can help dealers to overcome this problem.

Cap HPI's Black Book Live provides a 'real-time' daily valuation of vehicles, based on data received from retailers and wholesalers. Its editors then analyse that data to make sure it is up to date and correct.

Editors also monitor the first auctions of newly launched vehicles and assign an 'opinion value' based on the market movements they observe.

EnquiryMAX has also launched a part-exchange appraisal module, which captures the customer's details and configures the vehicle they are interested in buying as well as providing an appraisal. It also enables the dealer to take pictures of new vehicles to pre-sell to customers who may be looking for a particular model and specification and to show videos of add-ons they may be interested in.

"The idea is that it speeds up the sales process by acting as a one-stop shop that links all the systems together," said Jon Sheard, operations director. "It also gives the dealer an accurate reflection of the customer's requirements and valuation of the vehicle."

Dealers face a perennial problem of wasting time hunting for vehicles and keys when they could be selling to customers. However, smart technologies including barcode-enabled vehicle tracking systems and key trackers are now at hand to help the retailer.

Traka Automotive is a software solution that keeps track of who has which key, when it was removed and when it has been returned. It also enables the user to control access to vehicles and to see a full audit trail of all key movements.

If used effectively, it enables the dealer to be more productive, sell more vehicles, reduce costs and improve customer satisfaction. Harry Fairbairn, Scotland's leading Mini and BMW dealership group, used the system to help minimise lost sales, increase the percentage of stock imagery posted onto its online store, speed up the preparation of its vehicles and improve PDI completion numbers.

"The Traka Automotive system enables us to locate where each car is parked and who had the keys last," said Callum Rankin, dealer principal. "It also tells you which cabinet the keys are now in."

"It takes a couple of minutes to get all relevant keys together for a shoot now. With our previous system, it could take over an hour to locate all keys for each car being photographed."

Traka Automotive allows users to see a full audit trail of all key movements

WE SPEND MORE TIME SEARCHING FOR KEYS AND VEHICLES THAN TALKING TO CUSTOMERS



≡ CASE STUDY 1

TrustFord developed its own barcode-enabled vehicle-tracking system for its Long Marston PDI centre. The system is based on the Amazon model and works by fitting the vehicle with a device that enables a customer to monitor its progress online.

The next phase will introduce 'Bring It To Me Now', where a customer can order a vehicle from another location and view its progress online. The system is still being tested, having been successfully used in TrustFord's parts business deliveries over the past six months, and is expected to launch by the end of Q3.

"From a customer's perspective, it's all about speed of delivery," said chief executive Stuart Foulds. "They can click on the vehicle they want, for example before 10am, with guaranteed delivery by 5pm the next day."

"In reality, 5pm would be the latest delivery time; what we would actually look to do is deliver it earlier, at say 3pm, and send you a text to notify you of that within good time."

≡ CASE STUDY 2

Fred Coupe Nissan signed up to the INDICATA online used vehicle management system, which provides its sales team with real-time insights into the demand, supply and pricing of used cars in their area to improve sales and reduce stocking days.

INDICATA, which is part of the Autorola Group, scans, processes and analyses publicly available data on vehicles. It then provides live used car market data, which in turn gives insights on market dynamics so dealers can measure their market position, monitor the performance of their networks and plan.

Fred Coupe's sales team uses the data to decide how its inventory compares against competing stock in the marketplace, helping it buy used cars that are in high demand in their locality, helping to drive sales.

Simon Davies, sales manager, said: "We have piloted INDICATA for a few months and it is giving us the competitive advantage we need to sell more used cars in the area. It also supports our decision as to which part-exes we keep and which we sell, which is particularly useful for non-Nissan product."

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WLTP – informed decisions for car buyers

The new emissions and fuel efficiency testing regime is not expected to negatively affect residual values in the near term, but Glass's is ready for any eventuality



By Anthony Machin,
head of content,
Glass's

There has long been debate over the accuracy of fuel efficiency and CO₂ figures published by manufacturers.

Although technically achievable, in the real world, many consumers find these figures difficult to replicate.

WLTP explained

The Worldwide Harmonised Light Vehicle Test Procedure (WLTP) is a stricter laboratory test, featuring an on-road assessment known as Real Driving Emissions (RDE). Testing also considers the impact of vehicle options on emissions based on weight, aerodynamics and rolling resistance.

What does this mean for new car registrations?

WLTP affects all manufacturers, models, engines and options and requires costly, time-consuming testing. The 2017 Autumn Budget announced a new VED supplement on diesel cars registered from April 1, 2018. In effect, this increased the cost of first-year VED for new diesel cars by one band, unless they meet RDE2.

Additionally, some vehicles with new NEDC-correlated values will fall into new CO₂ bands. This could increase first-year VED rates. Glass's believes manufacturers will mitigate these circumstances by:

- withdrawing engines / option combinations
- re-engineering to improve emissions
- reducing range complexity.

Impact on residual values

The used car market is resilient to change. In the short term, significant change is not expected in the wake of WLTP for residual



WLTP timeline

The stages of WLTP launch are noted by specific introduction dates and by the Euro 6 emission norm. The table below details each emission norm together with what is included at each stage for both WLTP and RDE.

EMISSIONS NORM	STATUS	DATE FOR NEW TYPE APPROVALS	DATE FOR NEW REGISTRATIONS
EURO 6B	NEDC with RDE or RDE monitoring only	September 2014	September 2015
EURO 6C	WLTP with RDE or RDE monitoring only	September 2017	September 2018
EURO 6D-TEMP	WLTP with RDE1 compliance	September 2017	September 2019
EURO 6D	WLTP with RDE2 compliance	January 2020	January 2021

Note: It is not practical to test under both cycles, therefore a new figure called 'NEDC-correlated' applies. In effect, it is the WLTP figure converted to NEDC. Reports suggest some NEDC-correlated figures are significantly different to current NEDC figures.

values (RV). After 2020, once the taxation regime changes to encompass WLTP, it is possible that RVs, especially those for models with significantly higher CO₂, could be negatively affected.

Will the market change?

The real change will be the fiscal impact in 2020 with the adoption of true WLTP figures. Until then, buying habits are unlikely to

change. However, a negative media stance on differences between current NEDC and NEDC-correlated figures could negatively influence RVs.

"Glass's is prepared for any scenario. Our databases are being updated to accept manufacturer WLTP and NEDC Correlated figures and our editorial team is constantly watching for signs of change in the market, ensuring our data always remains accurate".

Find out more at www.glassbusiness.co.uk/spec_data or call 0203 897 2500

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The A-Class has borrowed a lot of safety and multimedia technology from the S-Class

MERCEDES-BENZ A-CLASS: PRICIER, MORE PREMIUM, AND ALL GROWN-UP

The third generation A-Class transformed the image of Mercedes-Benz following its 2012 launch.

Banishing memories of failed 'Elk tests' of the original 1997 car, the sporty design enticed a new generation of more youthful owners to the brand, lowering their average age by a full decade.

Given that success, it is perhaps surprising to hear Mercedes-Benz describe the new A-Class as "more grown-up" than its predecessor.

The car has certainly grown. With a longer wheelbase increasing interior space – leg, shoulder and elbow room – and a bigger boot (up 29 litres to 370 litres, slightly bigger than the BMW 1 Series and Audi A3), the A-Class becomes more practical as a small family car.

It has also matured in terms of both safety technology and multimedia. It has borrowed a lot from the S-Class, including a multi-function steering wheel and fully digital cockpit display, which for the first time in a Mercedes has a touchscreen interface.

The A-Class dispenses with the traditional binnacle, replacing it with a 'floating' wide-screen digital display that stretches half the width of the dash and incorporates speedometer, RPM gauge and the sat-nav/infotainment.

It's a stunning piece of design, available as standard dual seven-inch screens or with either one 10.25-inch screen (part of the

£1,395 Executive pack, which also includes heated seats and parking assist) or two 10.25-inch screens for the full widescreen effect (as part of the £2,385 Premium pack).

All this 'maturity' does not come at the expense of sportiness – either in looks or driving enjoyment – and the car will still appeal to those more youthful in age or mind.

Drivers have the option of three engines from launch, one diesel and two petrol.

For the fleet buyer and retail customers craving the lowest running costs, the A 180 diesel is the pick of the bunch, featuring a new 1.5-litre unit, developed with Renault, which offers 116PS with WLTP (NEDC correlated) figures of 68.9mpg and 108g/km CO₂.

The engine, with a seven-speed automatic gearbox, is highly refined, with no rumble even when starting from cold. It offers instant power as soon as the accelerator is pressed, while the car itself has ample grip and stability.

Mercedes-Benz expects the A180d to be the most popular among fleets, accounting for 60-70% of the anticipated 40,000-plus annual sales. Prices start at £25,800 for the SE, although most drivers will opt for the mid-trim Sport. The AMG Line completes the range.

From launch, the A180d is available with a seven-speed automatic gearbox; a six-speed manual will come later this year.

Although diesel is still expected to



£25,800-
£30,240



1.5 116PS
TURBODIESEL, 1.4
163PS PETROL
TURBO; 2.0 224PS
TWO-LITRE
PETROL TURBO



0-62MPH
6.2-10.5 SECONDS;
TOP SPEED
125-155MPH



7SP AUTOMATIC



45.6-68.9MPG



108-141G/KM CO₂

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✗ NOT THE MOST
SPACIOUS



Audi A3

✓ QUALITY VOLKSWAGEN
GROUP INTERIOR

✗ CONSERVATIVE
STYLING



Infiniti Q30

✓ EXCLUSIVITY, SWOOPY
STYLING, COMFORT

✗ LIMITED RETAIL
NETWORK, LACKS
PROFILE

REVIEW RATINGS

CARWOW



PARKERS



TOP GEAR



BASED ON THE
MARKET, WE SEE
THE PRIVATE
CHANNEL
OFFERING THE
GREATEST
OPPORTUNITY

ROOPIN MASHRU,
MERCEDES-BENZ UK



A bigger boot and more interior space makes the A-Class more practical as a small family car



Mercedes thinks the A-Class's interior 'will be a big pull on its own'

C Dominate sales, Mercedes-Benz also anticipates growing interest in the new 1.4-litre petrol (A200, priced from £27,500), which is another Renault co-development. It features cylinder deactivation, allowing it to run on just two cylinders for maximum efficiency.

The engine generates 163PS with 51.4mpg and 123g/km CO₂, which gives a benefit-in-kind (BIK) tax rate of 25%, lower than the diesel due to the 4% supplement on the fuel.

Completing the launch line-up is the A250, a 2.0-litre petrol priced from £30,240 (45.6mpg and 141g/km).

Later this year, Mercedes-Benz will introduce a smaller 1.4-litre petrol (A180), while two new 2.0-litre diesels – A200 and A220 – with a nine-speed auto box will follow in Q1 2019. A mild hybrid is due shortly afterwards and a full electric vehicle will also come to market, although not for another couple of years.

Standard across the range are sat-nav, digital radio, touchscreen and MBUX – Mercedes-Benz User Experience – with its 'Hey Mercedes' voice recognition system to control key features.

Lane-keeping assist, speed limit assist and brake assist are among the standard safety features as Mercedes continues to make this one of its top priorities. It has also improved all-round visibility by 10% by reducing the pillar claddings.

Also of interest, to business users especially, will be the digital key, which facilitates car-sharing by multiple users by unlocking/locking doors via the Mercedes Me smartphone app (as long as the key is in the car). Journeys can be logged, with geo-fencing available, making it an ideal pool vehicle, especially for out-of-hours collection and drop-off.

Technology wizardry aside, one of the

Q&A

ROOPIN MASHRU,
HEAD OF PRODUCT
MANAGEMENT,
MERCEDES-BENZ UK

How many A-Class models does Mercedes-Benz expect to sell in the UK during its first full year of registrations and what trim will be most popular?

We don't reveal projected sales. Last year, we sold 43,717 A-Class models in the UK, and the most popular trim was AMG Line. We expect it to remain a popular trim.

The new A-Class contains many new features. Which standard specification highlights will win over buyers?

We think the new A-Class's interior will be a big pull on its own. It's unlike anything else in the class. The new A-Class also comes with lots of new standard features such as MBUX, the new infotainment system that is launched on the A-class, bringing with it an improved navigation system and a new user interface that incorporates the first touchscreen media display for Mercedes-Benz. The A-Class also introduces 'Hey Mercedes' voice activation.

Where do the key upsell opportunities lie for retailers?

We expect the Executive equipment line to be especially popular. This upgrades the central navigation screen to 10.25 inches, as well as adding Active Park Assist, heated front seats and electrically folding mirrors for just £1,395.

For £2,395, customers can get the Premium equipment line, which contains everything in the Executive line and adds a second 10.25-inch screen, to give the full widescreen cockpit, as well as giving 64-colour ambient lighting, illuminated door sills, Keyless Go, an upgraded sound system and a rear armrest.

What will be the expected splits between retail:fleet and petrol:diesel in sales of the new A-Class and how might figures differ from the previous generation model?

Again, we won't reveal any projected figures, but in the previous model, the splits were 47% private and 53% commercial. We expect to see a greater interest in petrol models in the future and have already seen a shift in the market towards this. Based on the market, we see the private channel offering the greatest opportunity but we also expect to see continued fleet growth.

How will the A-Class marketing campaign seek to reach new customers?

The New A-Class campaign will kick off in late June/July with the introduction on digital media and a national TV campaign.

When were retailers first introduced to the A-Class and how is their new vehicle sales/technician training now delivered?

Training is scheduled to commence June/July for technicians. We have just completed global sales training for the A-Class in Europe and 1,500 sales executive and managers across the country have taken part to learn about the new exciting features of the A-Class. **TOM SHARPE**

“WE EXPECT TO SEE GREATER INTEREST IN PETROL MODELS IN THE FUTURE AND HAVE ALREADY SEEN A SHIFT IN THE MARKET TOWARDS THIS **ROOPIN MASHRU, MERCEDES**

factors that will appeal most to drivers is the premium feel of the interior. It is several steps up from the outgoing A-Class, with soft leathers and tactile plastics making it more akin to models higher up in the Mercedes-Benz range.

Mercedes-Benz's early finance offers for the A-Class suggest that they may have to pay for such a premium feel. The online

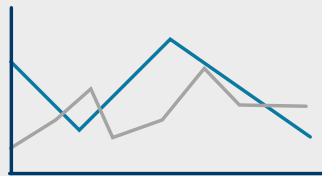
example for the A180d SE is a 5.9%, 48-month, 10,000-mile per annum agreement with a £3,999 customer deposit and monthly payments of £319.81.

However, that premium price tag does deliver improved quality, more technology, increased space and it is enjoyable to drive. The new A-Class is both grown-up and young-at-heart. **STEPHEN BRIERS**

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Jon Head, Commercial Director
Marshall Motor Group

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(SOURCE: SMMT)



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5.01%
(SOURCE: SMMT)



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MONTHS, 10,000
MILES, 5.9% APR,
£0 DEPOSIT,
(CIVIC SE)



55.4 MPG
(OFFICIAL)

CIVIC RECEPTION: MOTORING PRESS PILES ON THE PRAISE

Honda has pulled an ace from the pack with its 10th interpretation of the Civic. Its mainstay in the lower medium sector has become as much a part of the motoring environment as the Jazz, which is the best-selling model in the Japanese carmaker's range.

The consumer motoring press has done its part to put the Civic on buyers' shortlists, with titles such as *Top Gear*, *Auto Express*, *Autocar* and AM's sister title, *Parkers*, all giving the Civic an 80% approval rating. "Back with a bang," said *Auto Express*.

Plus points are awarded to the 1.0-litre engine as the most fuel-efficient choice, emitting the lowest CO₂ (a strong contender for a company car choice list), refined and surprisingly responsive, belying the stated 0-62mph figure of 10.9 seconds.

Top Gear expressed concerns, however: "The 1.0 certainly has enough urge to get

the car up hills. But because it needs high boost to make its power and torque, there's definite lag across the rev range, especially below 3,000rpm."

Most titles point out the lack of a hybrid.

Of the Civic's five trims, the entry level is judged as not worth considering by *What Car?* as you don't get a radio or air-con. SR is the pick of the bunch, adding leather-trimmed steering wheel and gear knob, automatic wipers, driver seat lumbar adjustment, powered mirrors and a reversing camera. An upgrade from SE to SR will make no difference to the insurance group, both coming in at 15, points out *Auto Express*. The SR trim is its recommended choice.

From a practical point of view, the

additional length and stretched wheelbase means greater front headroom and more rear space and, without an estate version, the boot space is generous, at 478 litres.

In terms of a verdict, the consumer press sings from largely the same hymn sheet – like its key rivals, the Ford Focus, Vauxhall Astra and Volkswagen Golf, the Civic is practical to own, efficient to drive and comes from a strong heritage, but if you want a car that is 'highly styled' and unconventional looking, choose Japanese.

"Overall, it's more powerful and efficient than before, and certainly more accommodating, making it a compelling choice against the mainstream opposition," concluded *Parkers*. **JEREMY BENNETT**

CURRENT MILEAGE 0 1 7 8 7

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PROBLEMS TO
MY FAR-FROM-
LATEST-MODEL
IPOD



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ITS FUEL
EFFICIENCY
IMPROVE
TOWARDS THE
MANUFACTURER-
STATED
COMBINED
FIGURE OVER THE
COMING WEEKS

» GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Peter Liddle, business manager at Inchcape's Guildford Lexus dealership, correctly identified the Volkswagen Corrado with 'nugget yellow' paintwork last issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, June 8.



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12646	Accounts Assistant	Hampshire	£21k
12670	Management Accountant	Essex	To £35k
12630	Purchase Ledger Clerk	S London	£20k
12628	Regional Accountant	Oxon	£55k ++
12625	Management Accountant	W Sussex	To £45k ++
12622	Temp Dealership Accountant	W Midlands	£Neg

OPERATIONAL

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12664	Warranty - Case Handler	Cambridgeshire	£24k
12665	Technician	Essex	To £30K
10295	Regional Sales Manager	Lancashire	£38k+ 8K Bs
12662	Regional Site Co-ordinator	Lincolnshire	£26k
12661	Fleet Support Administrator	Cambridgeshire	£20k
12660	Sales Administrator	Suffolk	To £24k
12659	Service Team Leader	West Midlands	£21k+
12656	Showroom Manager	South Humberside	To £45k
12655	Trimmer/Fitter	Warwickshire	To £18
12654	Production Analyst (Contract)	Surrey	To £26k
12653	Product Specialist	Surrey	To £35k
12652	Parts Supervisor	Wiltshire	To £30k

Chris Eastwood Automotive Ltd

Suite 10, The Chestnuts, 4 Stortford Road, Dunnlow, Essex CM6 1DA

Tel: 01371 874516 Fax: 01371 871572

Email: admin@ceauto.co.uk visit our website on www.ceauto.co.uk

Service Manager

Newmarket Harley-Davidson. £32k OTE

Passionate about Motorcycles? Passionate about providing an ultimate customer service? We require a Service Manager with previous experience to join our established team at our Newmarket Harley-Davidson dealership. The remuneration will depend on experience, the ideal candidate will have relevant experience gained within a Customer Service environment and will be an enthusiastic, dedicated individual who can demonstrate an ability to exceed our customers' high expectations and have a passion for Motorcycles along with a mechanical understanding.

Reporting to the Aftersales Manager, the key responsibilities are:

- Control the day to day running of the Service Department, achievement of Retail, Internal and Warranty labour sales volumes
- Achieving Workshop Productivity and Efficiency to planned targets. Interpret both external and internal customer needs and supply advice and guidance to customers through knowledge of the product to maximise labour sales
- Maintain accurate and timely execution of all documentation, and adhere to all company control procedures as required
- Development and adherence to all of the company operating and administrative policies and procedures
- Ensure that Health & Safety is adhered to by staff and visitors to the Service Departments
- Book mechanical service, tuning and aesthetic improvement works for customers ensuring that all booking procedures are adhered to
- Maintain the daily workshop loading and collection/delivery diaries and maintain a close contact with the workshop during job progress
- Follow the process to ensure the highest customer CXI is achieved
- Control and measure eDynamix Vehicle Health Checks and Service Plans
- Ensure that 48 hour pre service calls and prospecting is carried out daily
- Contribute to the principals of Continuous Improvement through contributing to the development of all company operating and administrative policies and procedures
- Maintain good customer relationships and resolve any problems, which may arise immediately
- Ensure all internal and external correspondence is dealt with promptly and efficiently
- Warranty Claims & Administration
- Liaise with all Departments

The successful candidate will:

- Hold a Full UK Motorcycle Licence
- Have the ability to describe mechanical work required
- Understand that we are in a service environment and weekend working is a part of the role
- Have a desire to be close to our Customers (we ride too, and we regularly attend events and social meetings)
- Genuinely want to create a dealership environment where our Customer desire to return to time after time
- Have strong interpersonal and communication skills
- Be self-motivated, ambitious, professional and forward thinking
- Be focused on achieving goals
- Be a team player
- Enjoy and be Passionate about Bikes

In return, we will offer an attractive salary. Also, with our leading position within the motor industry, there are excellent opportunities for further career advancement and industry-led training. This role is based at Black Bear Lane, later this year we will be moving to brand new premises within 2 miles from our existing site, you could be a part of the most successful H-D dealership in the UK. If you are interested in applying for this role, please email andy.kelly@newmarketharley.co.uk



ADVERTISING FEATURE EXECUTIVE PANEL

Industry professionals share

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

VIDEO

How HD imaging helps the digital dealer

By Adam Price, founder, AutosOnShow.tv



Consumers are completing more of their purchase journey online than ever before. The forecourt is the final link in the chain where the deal is done.

The trend will continue to evolve, with motorists gaining more confidence in online channels, and dealers must move quickly to take advantage of the digital opportunity. Consumers want the ability to deal more online, and along with review sites and comprehensive descriptions, it is vital to offer high-definition images and video to build trust and transparency.

In a dealership, the role of video is not limited to sales – it is being used more and more in the service process. Interaction with this content can also be analysed to inform where to improve the customer journey – taking a holistic view is essential in creating a seamless customer experience.

Consumers want to be able to move from laptop to mobile and website to social media with consistent brand touchpoints. High-quality images can help to maintain a premium experience, whatever the platform.

In a dynamic market, customer satisfaction is critical, and a transparent sales process will lead to happier consumers for both new and used vehicles.

Introducing images and video through the car-buying journey has never been easier. AutosOnShow has continued to invest in the latest tools to ensure the platform is easy to use.

Dealership staff can easily and consistently image a vehicle and automatically display it on online retail platforms in minutes. The innovative video solution enables the dealers to choose how they would like to video their vehicles – a full guided video, 360-degree external walkaround or 360-degree internal view.

AutosOnShow.tv®
VIDEO IMAGERY PRODUCTS

VALETING

Get ready to retail with Autoclenz

By Martin Peters, sales director, Autoclenz Group



Your used stock can be appraised, SMART/Bodyshop repaired, valeted and imaged within 72 hours of arriving on site – this is a reality with Autoclenz and our fully managed outsourced solution.

With our specialist operational management and IT systems, we can create efficient workflows, processes and transparent financial control.

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 spending. We can set spending limits via the "Gatekeeper" platform to prepare on budget. This "Gatekeeper" function can save up to 3% on like-for-like annual expenditure by controlling duplications and incorrect code bookings. PVMS is live, showing jobs awaiting, progressing and completed through the valet bay. This also helps resourcing the process through busy times.

SMART repair through our on-site SMARTshop solution bridges the gap between typical SMART repair and bodyshop, ensuring any stock stays on site and can be processed efficiently. Imaging, linked with our partner's platform, AutosOnShow, also progress through PVMS, giving complete transparency to the full process of refurbishment, through to ready-to-retail status and going live for sale on your website, all within a controlled budget.

Link PVMS with AutoclenzMI to evidence our service delivery and you have the best IT to manage vehicle preparation on budget, on time and to the right quality.

■ **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**

autoclenz™

Get their best advice on motor retail issues

FOR THE LATEST INFORMATION FROM
DEALER SUPPLIERS VISIT:
am-online.com/news/supplier-news/



AUCTIONS

New BCA Buyer App helps customers

By Stuart Pearson, COO, BCA UK Remarketing



BCA is developing a new mobile Buyer App following a period of extensive research and prototyping with more than 1,000 of our customers, both online and face-to-face.

Our customers told us that they needed easy access to live information about vehicles and the running order on their mobile device, so they never miss an opportunity to bid on the vehicles they are interested in. We are using agile product development methods that allow us to refine and enhance our digital tools quickly and incorporate the changes our customers suggest.

The BCA Buyer App gives buyers the tools they need to do their job more efficiently and will improve both the physical and digital buying journey.

Our customers have a diverse set of needs and creating a more personalised service is a priority as we look to enhance the experience across all channels including physical auction, Live Online, Bid Now/Buy Now and eAuctions.

The initial offerings within the BCA Buyer App will provide tools for both physical and digital customers to make the buying process easier. We will continue to improve and enhance the app based on customers' feedback, to ensure it delivers the ongoing convenience and functionality that they require.

BCA are committed to delivering a constantly evolving and improving digital experience across all of our products by putting our customers right at the heart of the process.

■ For more information on the latest news and insights from BCA or to find out more about buying and selling with BCA, please visit bca.co.uk or email customerservices@bca.com



SHOWROOM

Why good coffee is a business necessity

By Chris Palmer, founder, XpressCoffee



Did you know it takes 42 coffee beans to make an espresso?

Coffee is a necessity for some and a luxury for others, but it is a passion for Xpress Coffee. Successfully supplying a wide range of branded coffee machines and beans to clients across the UK, it is that passion that drives Xpress Coffee to

ensure every one of our cappuccinos, lattes, Americanos, espressos or flat whites are the very best they can be.

The quality of refreshments on offer is important in almost any business environment. How many times have you been offered a hot drink only to be disappointed in its taste or quality?

Customer experience is of primary importance to any dealership and this is where Xpress Coffee firmly believes that your customers are also our customers, so it is only right that providing the highest level of service and reliability to you, in turn provides the best hot beverage experience possible to them.

Xpress Coffee has successfully supplied and supported dealerships across the automotive spectrum, from Honda to Rolls-Royce, for more than 10 years and has undertaken extensive refreshment and relaxation research with many trials to understand what different customers value with different brands. We know your market and what your customers value as part of their dealership experience and the coffee culture is now an integral 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.

■ 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



ONLINE SALES: SHOULD DEALERS RETRAIN OR REPLACE STAFF?

Salespeople need new digital skills, but experience should not be overlooked

The motor retail sector has been talking about 'the death of the salesman' for many years, but they are still very much alive and kicking.

While the commission-based model still reigns supreme, dealers are increasingly appointing so-called product geniuses, a new breed of showroom employee, who provides customers with information as required.

Dealers have been adapting their operations to an increasingly digital retail experience – Capgemini's 2017 Cars Online report, which questioned 8,000 consumers worldwide, found 42% of consumers were 'likely' or 'very likely' to buy a car online in the future.

As a consequence, sales executives have had to acquire new skills, from suppliers such as automotive trainer Martec Europe, whose 'driving online performance' course is designed to help sales staff manage virtual conversations.

'It's essential dealer groups retrain'

Elaine Ashworth, a former director of the AM Award-winning Peter Vardy Academy, who now runs her own consultancy and training company, Automotive Business Results, said dealer groups should retrain staff in preparation for further digital changes.

"A greater proportion of the transaction is now completed digitally or over the phone, with customers doing research, conducting online chats, speaking to online advisers and so on. The skills needed are not ones that traditional 'sales people' in the automotive sector have, so it is essential that dealer groups retrain existing sales people, redefine roles and re-think the recruitment profile and structural strategy."



AND END ALL

GUY LIDDALL,
MOTOR TRADE SELECTION

THE ABILITY TO DEAL FACE-TO-FACE WITH CUSTOMERS IS STILL CRUCIAL, AND THE ADVENT OF NEW SKILLS, WHILE IMPORTANT, IS NOT THE BE ALL

New models for new staff

In many ways, dealers have already adapted to the new digital era. Most recently, sales executives have had to learn video skills to fulfil customer demand for visual communications.

Video platform providers CitNOW provides on-going training to its clients. Nick Pratt, global academy director, said: "The training required for online sales depends largely on the skills of the individual. The newest generation of sales staff, leaving school and college to enter the motor industry, are likely to have a sound knowledge of how to use a smartphone, but confident presenting is a skill that grows throughout someone's career."

At Rockar, the digital automotive retail business partnered with Hyundai, Mitsubishi and Jaguar Land Rover and which has recently teamed up with Ford to take space in high street fashion store Next, store staff called 'angels' are recruited with an emphasis on personality.

Martin Sewell, Rockar's managing

director, said: "We are looking for 'people' people, who are great communicators and engage with customers, however they choose to connect. After this, most importantly it's the speed of response. We want people who will respond quickly to enquiries."

When recruiting angels, Rockar purposefully appoints non-industry people and does not pay commissions and bonuses. It has attracted a completely different profile of employee.

Sewell said: "We have had student doctors and lawyers working in our stores and their communication skills are extremely good. I think dealers today need a mix of people, so you have those who come from a traditional background with those who have the digital skills modern automotive retailing demands.

"It's not just about the people. It's understanding your customers. We are living in a 24/7 world, but manning your digital retail operation round the clock isn't practical. The analytics will tell you the peak times, which means dealers can target their resources accordingly."

Guy Liddall, the managing director at recruitment agency Motor Trade Selection, said the issue is recruiting high-calibre people in the first place: "For many dealers, the ability to deal face-to-face with customers is still crucial, and the advent of new skills, while important, is not necessarily the be all and end all.

"Many dealers report difficulty in recruiting the right staff in any case, so adding another difficult skill to the mix does not necessarily make recruitment easier. Having said that, there are some very good examples of dealers who have rapidly adapted to this changing technology and are being highly successful." **DEBBIE KIRLEW**

RESOURCES

BUILDING DIGITAL CULTURE

A guide to successful digital transformation, this book won the Chartered Management Institute's Management Book of the Year in 2018.

www.am-online.com/BuildingDigitalCulture



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A one-day, fast moving course to get the most from verbal communication, highlight the most common mistakes and provide credible solutions.

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THE IMPACT OF DIGITAL ON SALES, SALESPEOPLE AND SALES ORGANISATIONS

Advice that helps salespeople be better prepared and more engaged with customers through digital channels.

www.am-online.com/SalesAdvice

TALENT ON THE MOVE



**STEWART MACAULAY,
GROUP AUTOPARTS**

Directors of Arnold Clark and Marshall Motor Holdings (MMH) left the franchised motor retail sector during May.

Stewart MacAulay, a director of Arnold Clark, the AM100 retailer where he spent 30 years of his career, became Group Autoparts director, based at its head office in Glasgow.

Autoparts began in 1991 as part of Arnold Clark and has since grown to 12 branches across Scotland and the north of England, including a 70,000-square-foot distribution warehouse in Glasgow.

MacAulay's responsibilities now include overseeing the successful running of all factor businesses within the group and ensuring their continued success and development.

He said: "I am looking forward to playing a more specific role within the factor businesses – Autoparts UK and Midwest Motor Factors – and working to ensure we take advantage of any opportunities to develop our proposition further."

Christopher Sawyer retired from his post as a non-executive director of Marshall Motor Holdings on May 23.

Kathy Jenkins, group HR director at Marshall of Cambridge Holdings (MCH), joined the board as a non-executive director following Sawyer's departure, meaning three of the eight positions on the board are now filled by women.

Sawyer will also retire from his positions on the company's audit, remuneration and nomination committees.

Jenkins will join the remuneration and nomination committees and Christopher Walkinshaw, MCH's other nominated director, will join the audit and nomination committees.

Peter Johnson, the chairman of MMH, said: "I would like to thank Christopher for his support and contribution to the group over the past three years since our IPO."



**JEREMY TOWNSEND,
VAUXHALL MOTORS**

Jeremy Townsend has been appointed as communications director at Vauxhall Motors, replacing Denis Chick.

Townsend joined from Renault, where he had held senior positions in sales and marketing, most recently as communications director.

Townsend will help to implement Vauxhall's PACE! strategy – a plan to return the business to profit.



**MARGARETA
MAHLESTEDT,
PORSCHE CARS GB**

Porsche Cars GB has appointed Margareta Mahlstedt as general manager, marketing.

She leaves her current role as marketing director at Porsche Cars Canada, succeeding Ragnar Schulte, who has taken a role at Porsche in Stuttgart.

Mahlstedt has held senior positions at BMW/Mini and Volvo Cars. She will report to Alexander Pollich, managing director of Porsche Cars GB.



**ANTHONY MACHIN,
GLASS'S**

Anthony Machin and Jonathan Dolden have joined Glass's, as the data specialist looks to boost its innovation and insight.

Machin has more than 20 years of experience in the sector, having worked with BCA, VW, Honda and JLR, and takes a new role as head of content.

Dolden, Glass's new head of product, has previously worked for the FT, Orange, Quadriga and Thomson Reuters.

ADVERTISING FEATURE

Feel-felt-found is a great way to sell

Here's another great telephone technique you can use to overcome your customers' objections to making a showroom appointment, says Simon Bowkett of Symco Training



Last month, I showed you a great way to overcome objections when you call a customer to tempt them into changing their car: "A lot of my customers said the same thing, until..."

However, that won't be appropriate in every case. What about a customer

who has had a bad experience with a brand or dealership, for example? "I hate [brand of car or dealership] and I'd never buy from them again."

"A lot of my customers said that" is not going to cut it. Instead, you may want to try the 'feel-felt-found' technique. Here's how it works.

Word track

First we need to find out what went wrong, then apologise by saying: "Sir, I'm sorry about that. I understand exactly how you feel. In fact, if I was in your shoes I think I would have felt exactly the same. Until I found out that my manager really hates having unhappy customers. It's not good for business. And sometimes he has a reputation for throwing money back at customers in the form of a good deal, to see if we can win their confidence back. Now I can't promise you anything, but I'd love to get together and see if we could at least tempt you. You might be pleasantly surprised."

You can use this in many difficult situations, and that's what my free sales training video on the AM website this month (am-online.com/symcotraining, or at www.symcotraining.co.uk) is all about.

Earn £10 – £15 for every call you make

This and the technique I showed you last month should be enough to deal with most objections when you are making a prospecting, or account management, call to people who have bought a car from your dealership before.

They won't work every time of course, but you may as well try it before you hang up the phone. If you can get just a 10-15% hit rate, you're going to be earning £10-£15 on average for every prospecting call you make. You can easily calculate the amount you earn per prospecting call by dividing the amount of additional commission you earn from selling to these customers by the activity, or number of calls, you have to do to earn it.

Because that's what it's all about – the activity. Get that right and the results will look after themselves.

Visit our website for a free training trial

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

AM PORTFOLIO

WHAT WE DO IN YOUR INDUSTRY

AM magazine

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

Independent Dealer magazine

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





AM Awards

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

AM EXECUTIVE BREAKFAST Club

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



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

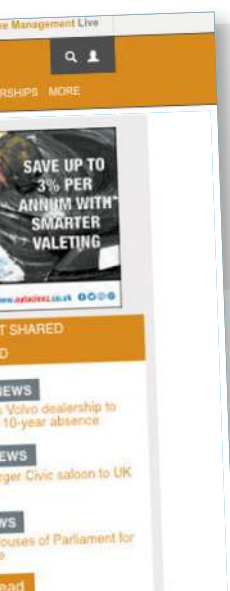
AM conferences

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



AM-online

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



Automotive Management Live

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





Karen Hilton, carwow's head of sales, takes to the AM DigiTech stage

'YOU HAD TO ADAPT IN THE PAST, I'M SURE YOU WILL IN THE FUTURE'

EVs and online sales will bring dealers massive disruption, but also profit opportunity, delegates at DigiTech heard

A predicted 20-fold increase in the volume of EV sales in the next five years and an online sales revolution that could spark "the most dynamic decade the industry has ever faced" – AM DigiTech offered delegates an insight into two potentially disruptive influences on new car retail when

Tom Callow, Chargemaster's director of communication and strategy, and Martin Sewell, the managing director of Rockar, took to the stage in Milton Keynes.

Sewell highlighted the benefits of his business's omni-channel approach to retail, stating: "We see more visitors in 10 minutes than

most traditional car dealers see in a week."

Both men highlighted the "massive profit opportunity" open to franchised retailers who adapt to the market quickly and challenged delegates to embrace the changes.

Sewell said Rockar, founded by Simon Dixon, its chief executive, in 2014, had proved customers were ready to buy new cars online and suggested it was time for retailers to acknowledge the shift.

"In our three years trading, we've had 1.4 million store visits," said Sewell.

"With Hyundai, we were the brand's third-biggest-selling retailer in the country and we remained in that position until the day we left.

"Little Rockar, in the South East of England, has sold 4,000 cars through our omni-channel business model and 65% of them are online.

"Your customers are ready for this kind of car buying experience, but you don't provide it or the manufacturers you represent simply are not ready."

Despite being bullish about its sales results at Hyundai stores in Bluewater, Kent, and Westfield, in Stratford, Sewell and Dixon's vision for the

BRIEF INSIGHTS

'DESIGN EVERYTHING AROUND THE CAR BUYER'

Businesses succeed when they give consumers what they want, in the way they want it, said Chris Penny, franchise brand director at Auto Trader. That should be the focus in every channel, he said, rather than worrying about how you can get better at digital retailing. "Look at everything through a consumer lens. Really design everything around the car buyer," he said.

Beware of confirmation bias, where people find facts to support their beliefs, to show they have the right plans and ideas. The best businesses constantly examine all the evidence in the market to try to prove themselves wrong, he said.



EASE THE PURCHASE JOURNEY WITH DIGITAL 'SIGN ANYWHERE' OPTIONS

Digital tools help to improve the customer journey and provide finance options that consumers really want, said Jason Turner, head of franchise development at Barclays Partner Finance, who outlined how a digital 'sign anywhere' solution can be used in any sales process to help give customers a consistent, compliant and frictionless purchase journey.

He believes dealers will follow the lead of furniture and home improvement retailers, which have shifted from high APRs to low-rate or 0% finance as marketing tools to drive an increase in sales.

Online retail is allowing consumers to find what they want, best suited to their specific needs, said Turner. "There will be 10% of consumers who will always want to do everything online, and 10% who will want to do everything on-site. Then the 80% left will do bits when they feel comfortable with it," he said.



Rockar business is as a facilitator, rather than a retailer of cars.

Sewell told the conference that the business intends to operate only the Jaguar Land Rover site, at Westfield, on an ongoing basis, maintaining the business as a "flagship facility".

In November, Rockar announced a partnership with Mitsubishi, which will see it consult on the recruitment and training of staff for 12 UK stores, along with providing its online retail platform.

In March, it announced a further, similar collaboration that brought together Ford and Next, initially with a retail space at Manchester's Arndale Centre, which will open in July.

Sewell said: "Those manufacturers that get on board really quickly are going to secure themselves some great retail space to support their dealer network. The two things have to work in tandem.

"Having come from a manufacturer platform, I know that you have got to have a profitable sustainable distribution network to remain viable."

Sewell said some of the advantages of opening car retail locations on the high street were brought into sharp contrast through its work with Hyundai.

Cameras over the doors in its Hyundai stores helped to track the number and make-up of customers, helping to establish that the average age of a customer was 39, as opposed to 54 in the wider retail network. A total of 54% of visitors were female.

Sewell said: "Some research done last year identified that 70% of female car buyers don't like visiting car showrooms on their own and, interestingly, the same [proportion] of men aged under 30.

"Someone in a shopping mall is not someone that is in the car market today, so you have to treat them very differently to the way you would treat a customer that has walked into a dealership."

He said the fact that Rockar's staff are not paid a bonus and are not on commission, results in "a pressure-free environment that appeals to customers that a manufacturer might not reach otherwise".

Rockar hopes to licence its online retail platform to franchised car retailers and facilitate a wider shift to the high street.

Sewell said: "The idea was always to take the car to the people", adding: "This is going to be the most dynamic decade that the automotive industry has ever faced."

The unstoppable rise of EVs

The products that retailers are selling are likely to change even faster than the sales model, according to Callow.

"Five years ago, Nissan started manufacturing the Nissan Leaf at its factory in Sunderland. Back then, there were just over 4,000 electric cars on UK roads. Today there are 148,738", he said.

"Five years ago, one in 862 cars was an electric vehicle. Today it's more like one in 50 and in the latter months of last year that was closer to one in 40."

Callow told delegates that just under 50,000 new EVs sold in the UK during 2017 and Chargemaster expects that to rise to just under 70,000 this year.

He insisted that the only obstacle is supply: "There is no demand constraint at all".

Chargemaster estimates that the number of EVs on UK roads will reach one million by the end of 2022 – still just 3% of all cars in the UK – and to about one in six vehicles, or about 17%, by 2027.

From just 10 available EV models five years ago, Callow said there were now nearly 60 available to consumers. He said that number would double over the next two years and triple to about 150 in the two years after that.

Chargemaster is one of the UK's leading providers of charging infrastructure solutions and is installing its Luton-built charge points at strategic locations across the UK.

Callow said there were about 3,000 three-point-plug charge points for EV cars in the UK five years ago, a figure that has now increased to about 15,000.

He added: "There's 70,000 fuel filling points across the UK, but there are 100,000 dedicated charge points at people's homes, and that's where 80% of people charge their vehicles."

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CONSUMER CAR-BUYING TRENDS IN 2018

According to carwow's data, diesel sales levelled out at 36% in 2017, meaning dealers need to apply the fundamentals of supply and demand even more strategically, said Karen Hilton, commercial director.



"Smarter dealers are offering more competitive pricing on diesel cars to help stimulate consumer interest and retail their way out of the surplus stock." However, with petrol demand increasing, she said "dealers should be seeking to retain more margin in petrol models".

The challenge for dealers, she added, is being this granular in their marketing.

GET YOUR INTERNAL IT SYSTEMS RIGHT

"Choose the tools that help you understand and manage your environment consistently, securely and with minimal effort," said Gary Smith, managing director of Optimising IT.



Dealers should consider both customer requirements in the showroom, and what experience they are providing. Wi-Fi speed, protection and segregation from the corporate network should all be considered.

He said staff can also be affected by poor IT support, which could result in individual downtime and lower morale.

BRIEF INSIGHTS

LEARN FROM WIDER ONLINE RETAIL SECTOR

Car retailers are having to keep up with the best in online retail practice to ensure they attract customers to their showrooms, said Andrew Haywood, head of performance management at Modix.



He said: "Customers online are no longer simply looking for a particular product in their online searches, they are looking for the 'best travel website' or the 'best restaurant'.

"Only the highest-ranking businesses gain traction online now, so retailers really need to be paying close attention to their online presence. Not just the functionality of their websites, but their reviews

and online interaction."

In a survey tracking the car-buying journey of 2,500 consumers, Modix found 95% of their research was carried out online and 65% was on a smartphone, but few buyers completed the transaction that way.

Haywood said: "The purchase process hasn't changed – 95% of car purchases still happen at the dealership."

The survey identified high points, such as when customers met a knowledgeable salesperson and during the handover, but saw a dip in experience when the finance arrangements were being made.

Haywood said: "Where we can facilitate a customer with an online platform, an iPad for them to work through a process themselves, that is seen as a huge advantage."

DEALERS MAY DITCH B2C MODEL FOR B2B

KPMG's Global Automotive Executive Survey 2018, which found up to half of UK dealerships could close by 2025, attracted a lot of attention when AM reported on it.



Some 75% of the survey's 907 executive-level respondents said that between 20% to 50% of the bricks-and-mortar automotive retail sector could disappear in just seven years, but Justin Benson, UK head of Automotive at KPMG, told delegates that he does not believe the future is quite so bleak.

"It is my belief, my hope, that the

outcome will be rather more to the bottom end of that range," he said.

However, Benson went on to say that 50% of consumers would no longer want to own a car as of 2025, which should prompt car retail groups to consider changing from a business-to-customer (B2C) model, to business-to-business (B2B).

He said: "The majority of UK automotive executives are convinced the only means for dealers to survive is by restructuring into a service factory or a used car hub.

"This is certainly a warning sign for physical retailers and presents a need to rethink retail concepts and business models."



C "Why is that? If you had a fuel pump at home, would you ever visit a filling station again?"

The growth in EV infrastructure and the sheer choice of vehicles available to consumers is already fast-forwarding the growth of alternative fuel vehicles (AFVs), according to Callow.

He said: "Motors.co.uk observed that EVs were much faster-selling than in Q1 last year and demand is rising. Demand for the Hyundai Ioniq has increased by more than 200% last year to this year. Quarter to quarter, you've got Nissan Leaf over 500%, the Renault Zoe [up] 1,000% and it goes up and up..."

Highlighting an apparent discrepancy between reported residual values and actual EV prices in the marketplace, Callow cited KeeResources data, which suggested that after 36 months and 30,000 miles a Nissan Leaf Acenta would be valued at about £7,000.

He claimed a near-identical vehicle identified in the retail market on the day of the conference was being advertised for £15,000.

He listed others – a battery-inclusive Renault Zoe, £9,500, retaining 47% of its original price after three years; a Tesla Model S, retaining 65% after four years; and a BMW i3 at 46% after four years.

"You are going to lose some money from servicing, there's little doubt about that. There are fewer moving parts in an EV, there are fewer things to go wrong," he said, citing a Kee Resources study that predicted a 30% drop in service, maintenance and repair (SMR) on EVs.

"As dealers you've had to adapt in the past, I'm sure you will in the future.

"The key point that emerges from a look at the market, and the real-life value of used EVs is clear. There exists a missive profit opportunity out there for car retailers and not embracing that now would be a huge mistake." **TOM SHARPE**

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EIGHT QUESTIONS TO...

A HEAD OF DIGITAL PRODUCT MARKETING AND E-COMMERCE

Phil Regan, Vertu Motors, on why confidence is so important for motor retail's exciting first steps in e-commerce



What are the main responsibilities of your role?

REGAN: As the head of digital product marketing and e-commerce at Vertu Motors, I am responsible for achieving sales growth across our digital platform through launching and maintaining new products with a leading user experience, targeted marketing activity and ensuring we have data to track, review and learn.

With the team, I am also responsible for ensuring our digital product offerings are constantly evolving and improving to match our customers' requirements and expectations.

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

REGAN: The automotive industry is only just embarking on its e-commerce journey, particularly within the used car market, as consumers become more familiar with researching and purchasing significant big-ticket items online.

The challenge now is to ensure the purchasing journey is one that the customer can trust, delivering a service where consumers can purchase a product, potentially without test driving.

How might these challenges be overcome?

REGAN: Convenience plays a huge part in why we, as consumers, buy online. By ensuring we have the right user journey, which provides confidence, having well priced and clearly displayed used cars, along with great customer service, we are hoping to build the trusted, convenient service that customers are seeking.

What attracted you to this area of expertise?

REGAN: Digital marketing isn't the job I had in mind when I left school, but it was an area I very quickly fell in love with while in my first sales and marketing role. Over the past 10 years, my passion for digital marketing has only grown by working in a variety of digital roles from account management, SEO, PPC, CRO and e-commerce, while working across a number of different clients and sectors.

Automotive has always been an interest, but now I'm

working in a sector which is embarking on its e-commerce journey and for a company who is leading the way, with the first used car e-commerce platform. What could be more exciting?

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

REGAN: To test and adapt. There is no magic formula for digital product marketing. Although all of the basic principles are the same, each sector, brand and audience performs differently depending on the channel and messaging. It's important not to make assumptions of how consumers will act, but to test and adapt based on their behaviour.

Digital marketing and technology is moving forward at a fast pace, but consumers aren't always moving at the same speed. Without testing, opportunities and entire audiences can be missed. **MATT DE PREZ**

QUICK-FIRE QUESTIONS

What drives you?

Seeing a positive impact – knowing that the effort you and the team are putting in is paying off.

What's your favourite app?

Untapped – an app for checking in and rating beers. It's simple, geeky and encourages me to try new beer – need I say more.

How do you relax?

British Military Fitness three to four days a week – there is nothing better than being thrashed around a park in the rain and mud after a hard day's work. And it burns off some of the calories, which I gain from using my favourite app.

AM

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THIS MONTH'S QUESTION TO THE AM TEAM:

What was your first pet?

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