



AUTOMOTIVE MANAGEMENT

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AIMING TO BE NO 1 IN NI / P24

Donnelly Group is eyeing expansion in Northern Ireland, says MD Dave Sheeran

HONDA / P32

UK boss David Hodgetts: Profitability is key to fix mistakes of past decade

GENDER PAY GAP / P41

Dealers warn reports 'flawed' as data shows women in sector paid 16% less

TERMINATED

- PSA Group cancels all Vauxhall dealer contracts
- 326 UK dealerships given two years' notice
- But nobody is being sacked, says MD Stephen Norman

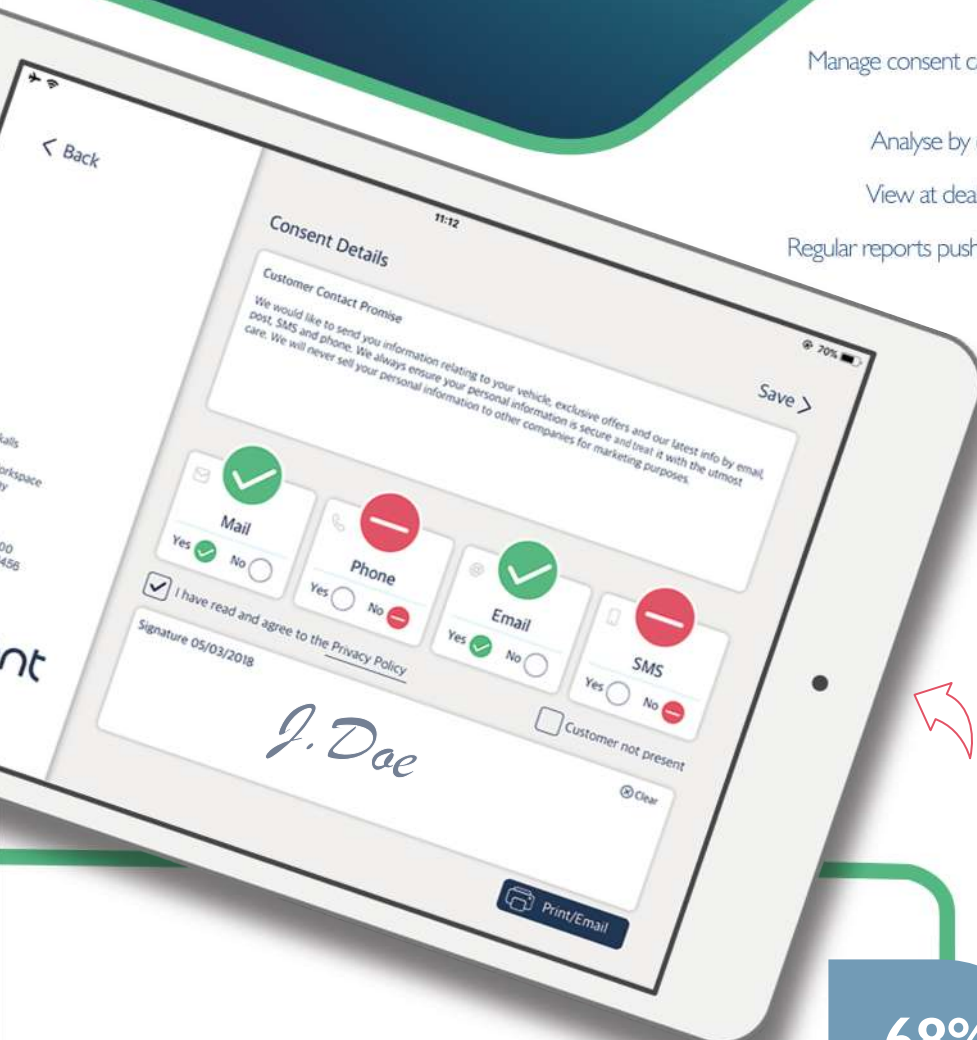
VAUXHALL / P6



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EDITOR'S LETTER

Vauxhall has certainly been in the headlines since Tom Sharpe's scoop for *AM* last month that it was about to rationalise its dealer network. This month, Stephen Norman, Vauxhall's managing director, confirmed that the network will be reorganised, under new contracts issued to "the majority", but not all, of its current franchisees.

For those dealerships losing the franchise, an unpleasant and uncertain future awaits while owners search for a new brand, decide to go independent, or find a buyer for their assets. Meanwhile, the automotive managers at these businesses must support staff morale because they will still have to keep the wheels turning until they find a long-term solution.

Some of the bigger Vauxhall dealers seem confident that the plan will improve the profitability of the retail network, as you will read on Page 6. Vauxhall's current rate of new car sales, 195,000 in 2017, cannot be split between 326 dealerships that were designed and built for a brand pushing 250,000 to 300,000 registrations into the market every year.

We hope they are right, and that painful action now, rather than inaction, will allow the Vauxhall dealer network to thrive in the medium term.

■ **We are in the second year of our AM Best UK Dealerships To Work For programme, and I urge you to put your business forward. The June 1 deadline is just weeks away. It's free to participate, and it will help you to better understand your employees. Full details are on Page 12.**



MEET THE TEAM



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features editor



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Editor-in-chief



Jeremy Bennett
Head of digital/
associate editor



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Donnelly
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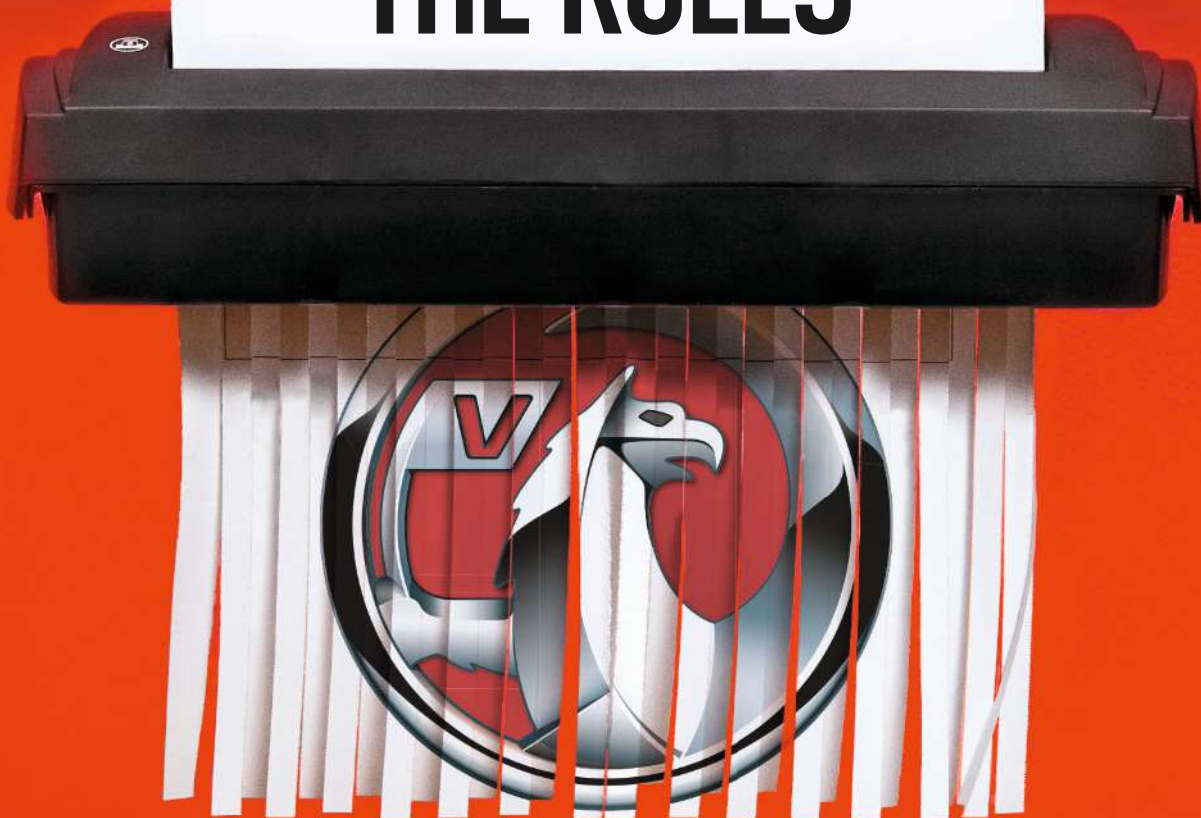
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VAUXHALL REWRITES THE RULES



Carmaker says network cull will protect profitability in remaining dealerships – new contracts will include changes to remuneration policies and standards to reflect online sales trends

Vauxhall has terminated all of its 326 franchise contracts in the UK as part of a complete refranchising programme, which will include new standards, new bonus structures and an increased focus on digital retailing.

AM reported last month that a third of the current Vauxhall dealer network was likely to disappear. Many franchisees are barely making money and the brand's new car market share has been in steady decline, from 12.2% in 2010 to 9.3% in 2016.

Following its acquisition by France's PSA Group in March 2017, its share has dropped to below 8%.

Before this issue went to press, Stephen Norman, Vauxhall's managing director, called AM to confirm that its dealer network would indeed be reshaped and that all current contracts were being cancelled. He denied reports that about 100 sales points were to go, the number given to AM by dealer sources, calling talk of such a large reduction "pure speculation".

However, Norman refused to specify exactly how many dealerships

he would shed in the restructuring, despite some dealers telling AM that they were already aware if they were getting the new contract.

He said: "It's much more mandated by the ability of a retail dealer, whatever its size and location, to be profitable and to satisfy customers – and the two are inextricably linked – than it is by somebody with a map and a template deciding we need dealers here and there.

"There will be a reduction. But today we are the second-biggest brand in the UK, with the second-biggest network after Ford [460 sites]. After

this refranchising, we will still be the second-biggest brand with the second-biggest network. Obviously, we'll move closer to the number three (in dealer numbers) than we are today, but we will still be the second-biggest in terms of dealers," he said.

The current number three network, Volkswagen, has about 8% market share and 188 dealerships.

Norman also downplayed the risk to jobs as a result of the restructuring, telling *The Daily Telegraph* that staff would not lose their jobs as a "direct result" of Vauxhall's decision.

Yet, in an admission that Vauxhall



“AFTER THIS, WE WILL STILL BE THE SECOND-BIGGEST BRAND WITH THE SECOND-BIGGEST NETWORK

STEPHEN NORMAN,
VAUXHALL

dealership jobs are indeed likely to be lost, he then suggested that affected people “will find work in other franchises” and “perhaps with other dealers”.

Norman said the plan entails issuing of new, identical contracts to a restructured Vauxhall and Opel dealer network across Europe “for reasons of equality”. He and two fellow directors phoned every Vauxhall dealer partner on April 16 to inform them that their franchise contract’s two-year notice of cancellation will begin on April 30 of this year and end on April 30, 2020.

“Then we would propose new dealer contracts with those partners with whom we saw a stable economic future,” he said.

“In the vast majority of cases, these contracts that are being cancelled will be followed by new contracts that will take effect in 2020.”

AM understands that some key sales points struggling to remain viable are likely to be granted to other operators that are already running other sites profitably. This could allow some of the bigger AM100 groups to increase their representation.

Norman said the Vauxhall dealer network was profitable for quarter one this year and for 2017 – dealers informed AM that average return on sales was 0.34% – but conceded that “the amounts being made are, in our opinion, insufficient” and Vauxhall needed to protect the profitability of the franchise.

New standards and remuneration

Vauxhall said the new contracts will include changes to the remuneration process for dealers and introduce new standards to better reflect the changing market, as consumers do more research online.

The carmaker said the contracts aim to “ensure working together is simpler, quicker and more innovative, ultimately benefiting our customers”.

Norman said the drop in Vauxhall’s

market share reflected the difference in the commercial policies of General Motors (GM), its previous owner, and PSA.

Under GM, Vauxhall chased market share and pushed new car volume to artificial levels, even if new car sales were heavily discounted and provided slim margins, or were loss-making. In 2016, an AM100 dealer group with Vauxhall franchises told AM it had more than £1 million worth of pre-registrations on its books due to a bonus structure that made the business unviable unless it beat its volume target.

PSA said it bought Vauxhall/Opel with a desire to make it profitable and sustainable, and has implemented its PACE! Plan to improve efficiency in every area of the business, including reducing the levels of high-cost business it did in the past.

Norman said that from August 1, the anniversary of the introduction of PSA’s commercial plan, Vauxhall’s market share will be more stable. However, he declined to share what level he expected this to be.

“It will be up to me and the dealers to prove that we have the right strategy for it to slowly increase,” he said.

The online sales vision

Norman is calling all dealer partners

together on May 1 for a ‘Strategy First’ conference, at which he will talk about his vision for the motor retail industry and for the Vauxhall brand over the next five years, one significant aspect of which will be online sales.

“Nearly 100% of customers today go online to check their future purchase and a very significant proportion of them are actually going to the dealership with the vehicle pre-configured,” he said.

“It’s part-physical, part-digital, so there are very few purchases today that haven’t at least started online. Of course, that is going to have an effect. By 2020-2035, we expect there will be a greater proportion of online sales.”

Norman said even in a future where customers buy online and go to dealers just for delivery, it still won’t be a case of wiping out one distribution system for another. He said he believes there will always be a role for dealers, particularly in the aftersales sector and the security of connected vehicles.

The dealer response

Robert Forrester, the chief executive of Vertu Motors, said it is imperative for the manufacturer and retailers that PSA can create a business capable of generating enough cash to create exciting new products and have a dealer network that is

sustainable and highly profitable.

“From my discussions with Vauxhall, I understand that’s their aim. As a retailer with a substantial Vauxhall portfolio, that’s very important to hear. You can’t be a successful retailer if you have a manufacturer that has successively lost money – it’s not a long-term proposition.

“In terms of our Vauxhall businesses, I’m highly confident from my discussions with Vauxhall that those new contracts will come through. We’re probably helped by being in large territories with large dealerships and we have a good track record of delivering a great customer experience and high volume. I’m not concerned, and neither should anyone be in our Vauxhall dealerships.

“Obviously it’s very upsetting and disappointing if you have had a long-term relationship with Vauxhall and are unlucky enough to not have the contract. I sympathise with those in that position.

“If you are a remaining Vauxhall dealer, though, you should have far more confidence about your future profitability and sustainability as a result of the changes. This has worked before – not many years ago, Renault did something not dissimilar and secured the long-term sustainability of that network.”

Simon MacConachie, the managing director of Sherwoods Group, which has Vauxhall dealerships in Darlington, Stockton and Northallerton, told the *Northern Echo* newspaper that 2017 had been a tough year, which has already led to cost-cutting and redundancies at the group. But by the end of Q1, he said Sherwoods made four times the profit it made in 2017, and all branches make a “valuable contribution”, so he did not expect any to close.

He added: “I suspect that any Vauxhall dealerships who are loss-making or just breaking even will be looking over their shoulders right now.”

One Vauxhall franchisee in the AM100 told AM: “Short-term, there will be difficulties, but long-term it is right to do. We all know that digitalisation will mean we need less bricks and more clicks.

“It is difficult and unpleasant for many people, but I think Vauxhall has done this quite sympathetically – they’ve given two years’ notice. If you’re on the receiving end of bad news, you may not think that, but it’s like making redundancies – for the sake of the wider business you have to do it.” **TIM ROSE**

≡ NETWORK RESTRUCTURING

■ In December 2011, Renault UK issued termination notices to a third of its 190-dealer network, to improve the viability of those that remained. Renault’s share of the UK new car market had slipped from a 7.6% peak in 2002 to below 3% in 2011, and about half of its network was running at a loss. Renault UK had been unprofitable since 2007, Thierry Sybord, its then managing director, told AM. The desire was to secure a minimum new car throughput of 400 units per location, and within three years the network’s average profitability had climbed to 1.2%.

■ In 2009, Citroen issued two-year termination notices to its complete network, to safeguard profitability, as its market share had dropped to 3.6% from 5.1% in 2002. It aimed to remove between 20 and 40 of its 204 sales locations, granting new contracts to selected partners, to ensure fewer dealers shared the profits. There are now 185 dealerships in its network, but its market share has not improved.

■ In 2000, Daimler Chrysler UK (DCUK) issued 12-month termination notices to its entire Mercedes-Benz dealer network, as it restructured its network into 24 market areas, with a single partner operating several dealerships within each defined area. It said the action followed UK price reductions forced on it by the Consumers’ Association’s ‘rip-off Britain’ campaign, which highlighted that cars were being sold cheaper elsewhere in the EU, and the action was based on the needs of customers and what was right for the brand. The action led to the dealer association lodging a High Court challenge, but DCUK and the dealers reached a compensation agreement on the eve of the hearing, reportedly of between one and two years’ profits.

SAVE UP TO 3% PER ANNUM WITH SMARTER VALETING



Effective cost-control is vital to maintain dealer margins in these challenging times

With new car registrations dropping, dealership running costs must be reduced to preserve margins. Here at Autoclenz we recognise this and have invested in unique technology to allow you to track your valeting and vehicle preparation costs down to the minutest detail.

Our Paperless Vehicle Management System (PVMS) does this well. You can control duplicate valets and configure sign-off by managers for “exceptional” valets. Then you can view weekly exceptions reports before any invoice is raised. Early signs suggest this can save up to 3% of annual spend.

Find out about the award-winning difference at Autoclenz and why we are the preferred supplier to 8 of the AM Top 10 Dealer Groups.



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NADA: FAST OR SLOW, DISRUPTION IS COMING

EVs and driverless cars will upend the market, US dealers told – it is just a question of when

The potential for change and how dealers manage it were hot topics at the 2018 National Automobile Dealers' Association (NADA) convention in Las Vegas.

Glen Mercer, the president of consultancy GM Automotive, said "peak hysteria" about mobility services has passed. Short-term vehicle services have existed for decades in the rental and taxi sectors, he said, and modern technology is creating an app-led upgrade to that, not revolutionising it.

"However, if we get autonomous taxis, it becomes so inexpensive on a per-mile basis that we break the bond with owning a car. The concern in the automotive community is that the manufacturers seem to be operating as if this will happen. If that does happen, that will have significant repercussions," he said.

Ryan Kerrigan, joint managing director of consultancy Kerrigan Advisors, said: "We just don't see the sky is falling in relation to motor retail. The significant changes are not to be underestimated, but we

really think it's going to be not much more than an evolution of the challenges car dealers are going to face." Rather than the business model disappearing, it will be a staged process, he added.

Erin Kerrigan, his co-managing director, said change will be driven by new drivetrains. To illustrate the speed at which she believes these will take hold, she referenced Moore's Law, the concept that the number of transistors in integrated circuits doubles about every two years while the cost halves.

Worldwide penetration of electric vehicles is predicted to reach 25% by 2030. "While we do not think consumer-driven cars will go away in the near term, if we look at history, dramatic changes can come more quickly than expected," she said.

In New York, cars were still rare in 1904, but 14 years later had surpassed horse-drawn transport for the first time. Autonomous transport will become widely accepted – Deloitte surveys on consumer fears about their safety recorded a 27% improvement within 12 months, and McKinsey reports

IF WE GET AUTONOMOUS TAXIS, IT BECOMES SO INEXPENSIVE THAT WE BREAK THE BOND WITH OWNING A CAR
GLEN MERCER, GM AUTOMOTIVE

that electric autonomous cars could reduce a consumer's transportation costs per mile by 75%.

Erin Kerrigan said more dealers find they need size and scale to operate in the changing market and to cope with the decline in new vehicle margins. New cars now account for only a quarter of US dealers' gross profit.

In the US, the number of dealer groups with more than 10 sites has risen by 57% to 141 since 2011.

"The new vehicle department is simply the fuel now that is feeding the profitable segments of your business model – fixed operations [aftersales] and used vehicle sales. To keep auto retail in the black, and sustain the industry's profit levels...

we are seeing these companies invest more and more in this segment of the business," she said.

About 73% of US franchised dealerships are still in small groups or single sites, she said, but the big publicly listed groups have lower-than-average expenses – they operate more efficiently, she said.

Ryan Kerrigan said ease of transaction and overall convenience is where dealers must add value to the consumer's experience. Dealerships must become consumer-orientated, time-efficient points of commerce, not a "time-trap" where consumers are expected to spend hours. The successful dealers will shift the focus from gross margin per transaction to gross margin per consumer over the course of a relationship.

To enhance the customer experience, the industry needs to improve its people, he said, citing LPR Consulting research that 60% of new car buyers have college degrees.

"How does this compare to your workforce? How well are the personal and written interactions of your team matched with your intended audience," he added. **TIM ROSE**

GETTING IN EARLY ON AUTONOMOUS CARS



Auto Nation, the US's largest dealer group, has partnered with Waymo, Google's self-driving car project

NADA delegates also heard from Mike Johnson, chief executive of Auto Nation, the US's largest dealer group by sales, which has formed a partnership with Waymo, Google's self-driving car project. A fleet of Waymo cars already operates in several trials, and Auto Nation dealerships are providing maintenance and monitoring services to one trial in Phoenix, Arizona.

Johnson was keen to make an "investment in learning", so was excited by the partnership. Self-driving vehicles are extremely complex, and AutoNation needs to get in early to understand them before they become more widely available, he said.

In Phoenix, the dealer group has certified technicians who do daily maintenance on the autonomous cars, and repair minor collision damage as necessary.

Johnson said the ability to build AutoNation's reputation as having expertise in this technology was attractive for the longer term.

The right support is also critical for Waymo – John Krafcik, its chief executive, said maintenance becomes much more valuable if it can extend the life of a vehicle from 150,000 miles to 300,000.

Waymo will add a second US market this year – Austin, Texas is its first – before looking to other US regions. International expansion is a longer-term ambition.

ADVERTISING FEATURE

Make trust your competitive business edge

By Alistair Horsburgh, CEO, CitNOW



Like respect, trust has to be earned. You can't put a price on trust, yet it is one of the most important commodities in persuading consumers to do business with you. It has a massive impact on your bottom line.

For workshop customers, trust tips the balance when service advisers ask for authorisation on required work found during a routine service, MOT or a health check.

But just telling people you are trustworthy doesn't cut it. You have to live, eat, breathe and show it.

Having delivered nearly five million videos last year with CitNOW Workshop, we have seen how a technician video highlighting concerns such as low tyre treads and brake-pad wear increases transparency, trust and parts sold.

Trust is vital for decision-making – a recent survey found more than a third (37%) of motorists would pay more to use a trusted garage.

The AA Garage Guide found car owners would turn down a cheaper quote in preference for a trustworthy business, while almost a quarter (23%) would go out of their way to visit a trusted business.

Another survey last year by the AA found 14% of used car buyers thought trust was more important than price. With more of the purchase journey moving online, including paying a deposit and even finalising the transaction, trust will become increasingly important. We have even seen cars sold to international buyers on the trust established through a single personal video.

If a customer trusts you, they are more likely to spend their money at your dealership. Many will even write a positive review, engendering higher levels of trust, delivering more people to your door. It becomes a virtuous circle.

Video is a proven and crucial way to earn trust. In such a competitive market, that's priceless.

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THIS MONTH'S NEWS HIGH

MAR

19th

PENTAGON CLOSES FIAT/PEUGEOT JOINT FRANCHISE

Pentagon announced the closure of its Fiat and Peugeot joint franchise dealership in Keighley after efforts to sell the business "fell through". The Derbyshire-based retail group described the decision to close the Worth Way facility as "regretful".



FORD JOINS FORCES WITH NEXT ON SHOPPING CENTRE SHOWROOM

Ford will sell cars in the Next store at Manchester's Arndale Shopping Centre after becoming Rockar's latest manufacturer partner. AM reported that Ford would feature in the innovative car retail space after Andy Barratt, Ford of Britain chairman and managing director, confirmed details of the scheme.



22nd

HYLTON GROUP TO SHUT TWO RENAULT/DACIA SITES

Hylton Group informed its customers that it would be closing its Renault and Dacia dealerships in Cheltenham and



Worcester "with great regret". The closures follow Hylton's loss of a Nissan franchise at the Cheltenham site, pictured.

27th

'DIESELGATE' CLASS ACTION HEARING BEGINS AT HIGH COURT

The High Court heard an application for a group litigation order to set a deadline for claims against Volkswagen in England and Wales over 'Dieselgate' emissions. Volkswagen said it intends to "defend these claims robustly", adding: "It has not been established that the relevant software is an illegal defeat device."



29th

RENAULT AND NISSAN IN MERGER TALKS

Renault and Nissan could be preparing to merge, forming a single corporation, reports claimed. Renault's share prices rose 5.4% as a result of the speculation surrounding the move, which could save money in research and development, parts supply and manufacturing, Bloomberg reported.



SUBARU SIGNS FOUR NEW FRANCHISEES
Subaru has appointed four new franchisees: Budgen Motors Subaru, Shrewsbury; William Sawyer Cars, Andover; C S G Pollitts, Exeter; and Leisure World Subaru, Brompton On Swale. Managing director Chris Graham, left, said he was "proud to welcome" them to the network.

FCA INQUIRY TO ASSESS DEALER COMMISSIONS

The Financial Conduct Authority's ongoing investigation into motor finance will focus on transparency, affordability and car dealers' commission arrangements, its Business Plan 2018/19 stated. The FCA said it would assess whether current controls and regulations "minimise the potential for harm to consumers".

TRIBUTES PAID TO ALAN CAFFYN AND DAX PEARCE

Tributes were paid to Alan Caffyn, right, the former chairman and chief executive of Caffyns, after he died on April 4. His death was announced "with great sadness", by his son, Simon, Caffyns' current chief executive. ■ Former colleagues of Dax Pearce, Vertu Motors' project general manager, took to social media to offer their condolences following his death on March 6.



CAR DEALERS LOST AVERAGE £18,000 IN FEBRUARY

Dealers posted a monthly loss of £18,000 in February, according to ASE, as new car margins continued to deteriorate ahead of disappointing March registrations (See Market Intel on page 14). Losses in February were £4,000 greater than the same month in 2017. Combined with January, the losses put the average dealer's profits £2,000 behind where they were at the same time last year.

ARNOLD CLARK RESCUES ALISTAIR FLEMING CITROËN SITE

Arnold Clark bought the Alistair Fleming Citroën dealership in Kilmarnock from collapsed parent business, TOM Group. The deal for the business and assets saved 21 jobs, according to administrators from EY.



JAGUAR LAND ROVER CONFIRMS PLANS TO CUT 1,000 JOBS

JLR claimed that production cuts prompted by falling demand could result in the loss of 1,000 manufacturing contractor jobs. A statement from JLR said: "In light of the continuing headwinds impacting the car industry, we are making some adjustments to our production schedules and the level of agency staff."



APR

4th

9th

10th

10th

11th

13th

ADVERTISING FEATURE

Delivering a digital aftersales experience

By Stuart Miles, managing director,
UK & Ireland, CDK Global



Changing consumer demands are raising the bar for automotive retailers. Today's consumer has high expectations of a connected digital experience, so retailers should ensure their businesses are in step.

The first stage in creating a connected workshop is to offer a streamlined, online process for booking a customer's next service or MOT. Research shows that 79%* of consumers prefer to book their service via a website.

Be open – even when you're closed

Customers want to make appointments when it suits them, which may not correspond with opening hours. CDK Global's Service Online booking solution is linked directly to the workshop diary, instantly presenting customers with available appointments.

This 24/7** availability is a real benefit to customers, as they no longer need to call and book a service. Just a few clicks on their smartphone, tablet or laptop and the booking is complete. Confirmations are automatically delivered by email, with calendar reminders to reduce no-shows.

Personalise the customer experience

Your customers have many options for their vehicle service, so a personalised booking experience can build loyalty and future business. Full integration with the DMS means customers can create an account for all their car maintenance and display accurate pricing upfront. This means no unwelcome surprises for the customer and more transparency about the work. DMS integration also makes it possible to highlight outstanding VHC work due, or to offer value-added extras such as winter checks.

Next steps

CDK Service Online helps retailers meet the expectations of today's consumer, improve business efficiency and find more revenue opportunities. This is just the beginning – with CDK Global digital aftersales products, every step in the customer journey through the workshop can be transformed.

■ For more information, visit
www.cdkglobal.co.uk/SOL

*Servicing Stop March-April 2017.
** System may be unavailable for short periods for updates. Service Online will work in 'offline' mode when DMS 'end-of-day' processing is in progress



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NFDA
NATIONAL FRANCHISED DEALERS ASSOCIATION

BOOST YOUR RECRUITMENT WITH A BEST DEALERSHIP AWARD

AM scheme enhances reputation among potential hires



Dealers have been able to market their businesses more effectively to potential employees in the motor retail industry's talent pool after participating in the AM Best UK Dealerships To Work For programme.

Successful participants in last year's programme included Luscombe Motors, Drayton Kia, Chorley Nissan and Premier Ford, and all benefited from being able to display the AM Best UK Dealerships To Work For brand in their recruitment campaigns.

Stacey Turner, HR and legal director at Chorley Group, said: "We pride ourselves on the way we treat our staff and the engagement we have with them, so the award is significant as external

recognition and a means of attracting those we want to work for Chorley Group."

Robin Luscombe, managing director of Luscombe Motors, said: "We know we do things pretty well in terms of looking after our staff, but it still gave me a great sense of pride, a validation that what I'm doing around people is working and that people do enjoy coming to work. This award also supports recruitment. It's a great initiative."

The scheme has been endorsed by the National Franchised Dealers Association (NFDA), the Institute of the Motor Industry (IMI) and by Ben, the motor industry charity.

Participation is free and the registration deadline of June 1 is approaching fast, so dealerships entering for 2018 should act now.

Run with Best Companies Group, the scheme wants to raise the bar among motor retail employers, creating excellence and employee engagement in the workplace that will attract talented people for years to come.

It enables motor retailers to benchmark their performance and identify shortcomings in their employee policies, so they can make improvements that boost their staff retention and recruitment.

Dealerships that achieved the accolade in 2017 gained valuable media exposure.

It costs nothing to participate in the programme and become a Best UK Dealership To Work For. Employers will be offered the opportunity to buy a comprehensive report detailing their strengths and weaknesses in their staff engagement policies.

≡ 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

≡ ARE YOU ELIGIBLE?

To be eligible for consideration, companies must:

- Have a minimum of 15 employees working in the UK
 - Be a franchised dealership
 - Be a publicly or privately held business
 - Have been in business for a minimum of one year.
- A 40% employee response rate is required (80% for dealerships with 15-24 employees). Temporary or seasonal workers, contractors, consultants, interns and volunteers are not counted as employees or included in the survey.

○ JUNE 1:

Registration deadline. Verification within 24 hours. Companies that pre-ordered reports will then receive an invoice within seven days

○ 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

≡ PROGRAMME TIMETABLE



Stacey Turner, HR and legal director, Chorley Nissan, centre, accepts the AM Best UK Dealerships To Work For award from LTK Consultants' managing director, Andrew Landell, right, and operations director Vanessa Kendrick

ONLY 5 WEEKS LEFT TO APPLY

For more information
and to register, go to:
BestUKDealerships.com

“ I am very proud to receive this award, voted for by our own staff. It demonstrates the continuous efforts made across all departments to make Premier Ford a great place to work. Our objective remains to have a happy team of staff and, of course, happy customers

**DAVID RYE, MANAGING
DIRECTOR, PREMIER FORD**

≡ HOW IT WORKS

AM Best UK Dealerships To Work For is a two-part process designed to gather information about each participating dealership.

Part one: the employer completes the employer questionnaire, which details company policies, practices, benefits and demographics. This can be completed at group level for all the participating dealerships where applicable.

Part two: employees complete the employee

engagement and satisfaction survey, an in-depth set of 76 statements based on a 1-5 scale of 'disagree strongly' to 'agree strongly'. The survey also includes two open-ended questions and seven demographic questions.

Both surveys are completed online, although a paper option is available if email and internet technology are not available for use by employees.

Best Companies Group will combine the results

of the two surveys to determine which companies make the list of the Best UK Dealerships To Work For.

Participating is free, and dealerships will have the opportunity of purchasing an employee feedback report from Best Companies Group, which will provide comprehensive details of the surveys, including employee comments and benchmarking against peers.

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

NEW CAR REGISTRATIONS

DIESEL VOLUMES PLUMMET IN POOR PLATE-CHANGE MONTH

Even the most optimistic reading of March's registrations sees the market fall considerably

The March registration figures were harder to read than usual. Those with a glass half-full approach would say that, at 474,000, the total was the fourth-best in history.

Those of the opposite disposition would say the market fell by 15.7% compared with March 2017.

The truth is that the registrations figure is about what one would have expected, given that March 2017 was a boom month before the introduction of new VED rates. If you compare last month's figure to March 2016, which is a more representative baseline, the drop was a more moderate 8.6%.

However, even the most optimistic observer would fail to find any cheer in March's diesel registrations – down 37.2% year-on-year.

Analysis of the figures for the first three months of the year show huge variances in manufacturers' diesel proportions. Fiat's diesel registrations fell by 65% year-on-year and Nissan's fell by 52%.

One has to wonder if the rate at which each manufacturer's diesel registrations are falling correlates with their attitude to diesel engines. Will companies such as Fiat and Nissan continue to offer diesels in the medium term, or are they steadily weaning their dealers and customers off the fuel?

Certainly, the development of a new generation of diesel engines would be hard to justify given these volumes (which are also reflected by registration figures across Europe). That is rather ironic in Fiat's case, as it literally engineered the diesel boom after 2000 by inventing the now-universal common rail injection system.

VAUXHALL FALLS FROM SECOND PLACE

At a manufacturer level, Ford had a pretty torrid month, with a market share of 10.6%, down from 12.8% in March 2017. The main culprit was the Focus, which fell by 45% as the introduction of the new model approaches. The only bright spot was the Kuga, which rose to number six (just one place behind the Focus), with a fall of only 6.2% – considerably better than the overall market.

Immediately behind Ford is Volkswagen – after so many years of Vauxhall being in second place, that statement still seems strange. VW had an excellent month, with registrations falling only 4.2% and the

Golf now pretty firmly established as the second-best-selling car in the UK. It will be interesting to see if the Mk4 Focus can overtake the Golf – that could turn out to be a very hard fight, especially with a new Golf due in late 2019.

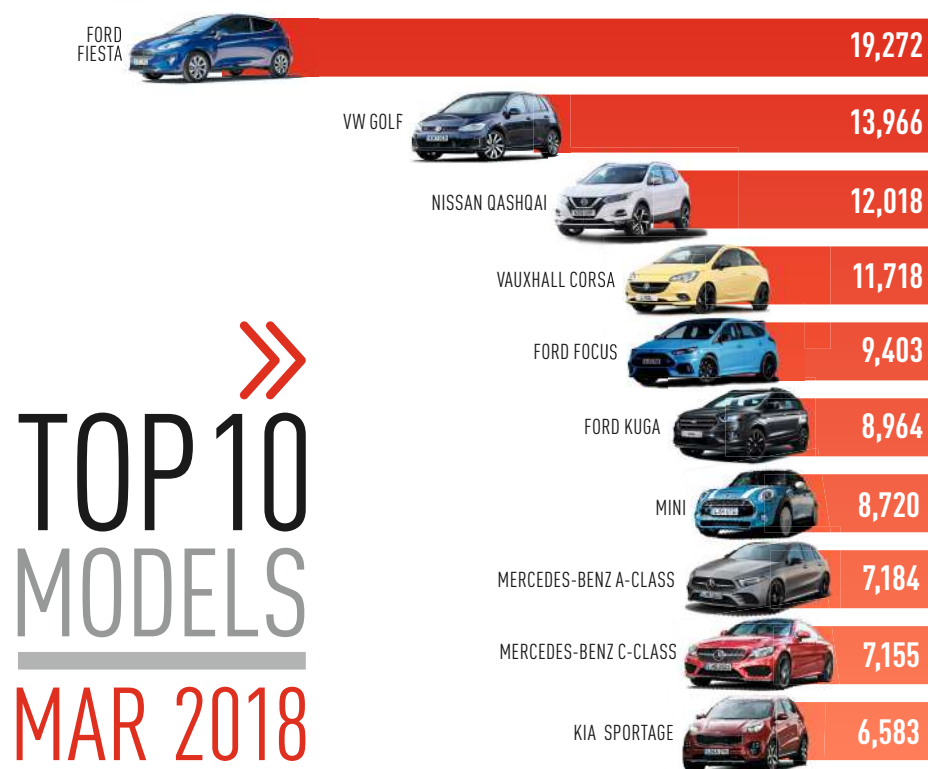
In third place, Vauxhall did slightly better than Ford compared with 2017 – until you remember that March 2017 was itself a terrible month for Vauxhall. Compared with March 2016, its market share has dropped from 10% to 7.8%. At least the Corsa re-entered the Top 10 at number four, albeit with registrations 39% below the Fiesta. However, that was the only Vauxhall in the Top 10, the Mokka X having dropped out of the list.

The next three places were taken up by the German premium brands, as is becoming traditional – although with Mercedes-Benz now less than half a percentage point behind Vauxhall

YTD (7.59% vs 7.12%), that tradition could change. Year-to-date, Mercedes has built a useful lead of more than 3,000 units over Audi and BMW, who are running almost neck-and-neck. Mercedes also has the distinction of providing two of the Top 10 best-selling cars in the UK, in the A-Class and C-Class.

FRENCH LOSING GROUND TO ASIAN BRANDS

Rounding out the top 10 manufacturers are four Asian brands. Nissan is still in seventh place, although its registrations have fallen by a worrying 34.8% YTD. The Qashqai is down only 12.5%, but the rest of the range is suffering. Toyota, Kia and Hyundai all outperformed the market, so have closed most of the gap to Nissan. Kia can be delighted with a 10th place in the March registrations charts for the Sportage – when the first generation of Sportage



WE'LL HELP YOU GET THERE

SPONSOR'S COMMENT



By Richard Jones,
managing director,
Black Horse

It has been a few weeks since the FCA announced an update on its review of the motor finance market.

We welcome the interim findings and look forward to the full outcome in September.

It covered a number of positive aspects on how the market is working and, in particular, on the role of PCP as a product. Hopefully, this will help to negate some of the commentary we have seen in the past year. The FCA also found that the recent growth in car finance is primarily in lower-risk customer segments and that rates of arrears and defaults remain low among those customers – comparing favourably with other types of lending.

This is good news for the industry and reflects the professionalism of those who have played an integral part in adapting to regulatory changes. It also reinforces our ongoing approach at Black Horse to go beyond simply adhering to regulations by working with dealer partners to truly embed the principles and culture and ensure fair customer outcomes – affordable, clear products delivered via a professional and transparent process.

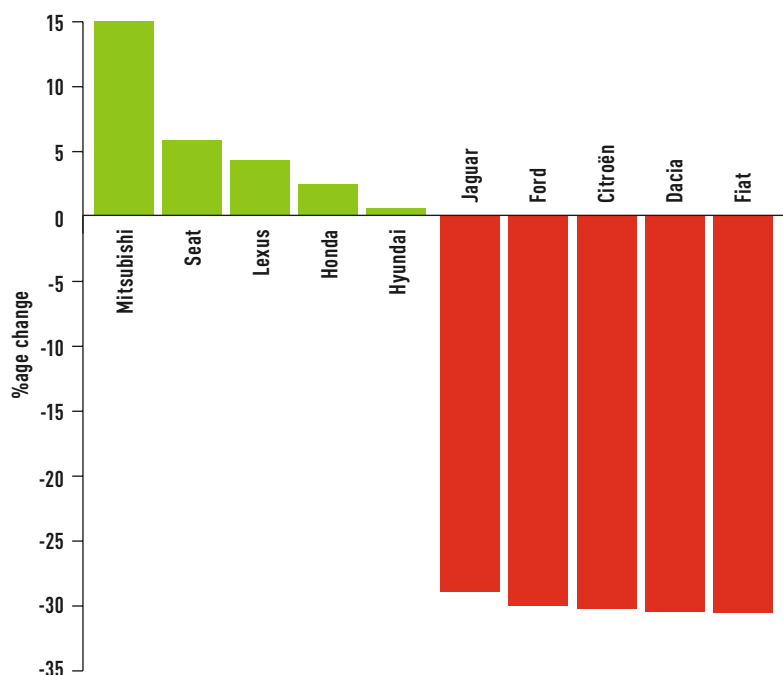
The rest of the FCA's work will look at three areas: customer information at point of sale – which will include mystery shopping to test customer understanding and information transparency; a review of lenders' affordability assessments; and commission structures.

I welcome the FCA's response to the issues, particularly around the different commission structures, and those that could generate a higher risk of poor customer outcomes, notably DIC and reverse-DIC models.

Black Horse led the use of affordability assessments and lower-risk commission structures across all businesses, and we already do a lot of work to give customers the information they need to choose the right finance product. We also provide extensive training for our dealers, allowing them to support sales colleagues. We will continue with our prudent approach to customer affordability and responsible lending.

We have delivered a healthy market that, on the whole, provides good outcomes. I look forward to working with our dealer partners to provide continued support for our customers and the work the FCA is doing.

➤ MARCH WINNERS AND LOSERS: MAJOR BRANDS' Y-O-Y PERFORMANCE



trickled on to UK roads in the mid-1990s, not even Kia would have guessed at how far it would come. Meanwhile, Hyundai will be happy that it effectively maintained volumes in March despite a sharply falling market – registrations were actually up by a marginal 0.4%.

One of the striking aspects of the top 10 group of manufacturers is the absence of French brands – 15 years ago, Renault was in third place, Peugeot fourth and Citroën sixth. Today, Peugeot is in 11th position, Renault in 14th and Citroën in 18th (regardless of whether DS is included in the Citroën figures, which shows the terrible performance of Citroën's premium sub-brand). To be fair to Peugeot, the fact that it cannot sell as many cars in the UK does not seem to bother it unduly, as the parent company is now very profitable – Vauxhall managers speak of the incredible focus of Carlos Tavares of PSA, whose attitude to manufacturing is: "Every day, hit the production numbers, improve quality, reduce costs – everything else is management nonsense."

Below even Citroën is Fiat, now in 20th place – a sad reflection on one of Europe's major car manufacturers. In the first three months of 2018, more than 80% of its registrations came from the city car segment (500/Panda). The larger 500X is not performing well (down 69%

“ ONE OF THE STRIKING ASPECTS OF THE TOP 10 LIST IS THE ABSENCE OF FRENCH BRANDS – PEUGEOT IS IN 11TH POSITION, RENAULT IN 14TH AND CITROËN IN 18TH

in Q1 year-on-year) and the 500L is barely selling at all.

In contrast, brands that are part of the Volkswagen Group can do no wrong at present, despite the wrongs committed in the 'Dieselgate' emissions-cheating scandal.

Škoda is one place ahead of Renault in 13th position and Seat is one place behind in 15th. However, Seat is the only major brand to be growing significantly in absolute terms (9.6% up YTD) so, if present trends continue, it could be outselling Renault by the end of the year.

Corporately, the VW Group now takes 20.9% of the UK market across its six biggest brands (VW, Audi, Škoda, Seat, Porsche, Bentley) – a UK share not seen for a single corporation since the 1990s. **DAVID FRANCIS**

NEW CAR REGISTRATIONS

March's 88,000-unit drop marks 12th month of falls

March new car registrations fell 15.7% year-on-year, with diesels suffering a 37.2% fall. Demand from business, fleet and private buyers all fell in March, down 14.3%, 15% and 16.5% respectively.

Overall, the first quarter of this year is down 12.4% – 718,489 registrations compared with 820,016 last year.

1 FORD

Having piled in during the March 2017 VED change campaign, Ford's registrations dropped 30% or 21,580 cars year-on-year. Against March 2016, its total was still 10,092 units down. All model lines except EcoSport were in decline, especially its second-strongest seller, the Focus, which dropped 45%.

2 AUDI

With 29,968 registrations, its March performance was only 2.9% behind March 2017. Its Q2, Q3 and Q5 SUVs actually increased their volumes, by 590, 237 and 1,499 units respectively. This compensated for drops in its core A3 and A4 model lines.

3 SEAT

A brand still in growth, Seat ended March up 5.6%, or 629 registrations, year-on-year, thanks largely to its recently launched Arona small SUV.

4 JAGUAR

Compared with March 2017, it was down 2,774 units, or 29%, despite the first registrations of its new E-Pace model. Registrations of its smallest executive saloon, the XE, below, plunged 2,533 units or 75%.



	March					% change	Year-to-date				% change
	Marque	2018	% market share	2017	% market share		2018	% market share	2017	% market share	
1	Ford	50,257	10.60	71,837	12.77	-30.04	81,957	11.41	104,524	12.75	-21.59
	Volkswagen	37,843	7.98	39,485	7.02	-4.16	57,458	8.00	59,778	7.29	-3.88
	Vauxhall	37,023	7.81	46,564	8.28	-20.49	54,535	7.59	66,733	8.14	-18.28
	Mercedes-Benz	33,194	7.00	35,690	6.35	-6.99	51,173	7.12	54,837	6.69	-6.68
	BMW	31,649	6.68	34,873	6.20	-9.24	47,393	6.60	49,481	6.03	-4.22
2	Audi	29,968	6.32	30,867	5.49	-2.91	47,915	6.67	47,780	5.83	0.28
	Nissan	24,561	5.18	36,939	6.57	-33.51	34,794	4.84	53,350	6.51	-34.78
	Toyota	22,537	4.75	24,508	4.36	-8.04	33,215	4.62	35,039	4.27	-5.21
	Hyundai	18,526	3.91	18,460	3.28	0.36	28,004	3.90	27,856	3.40	0.53
	Kia	18,094	3.82	18,801	3.34	-3.76	28,751	4.00	29,705	3.62	-3.21
	Land Rover	16,655	3.51	22,534	4.01	-26.09	23,815	3.31	29,739	3.63	-19.92
	Peugeot	16,301	3.44	19,168	3.41	-14.96	24,643	3.43	28,393	3.46	-13.21
	Renault	14,531	3.07	19,014	3.38	-23.58	19,604	2.73	25,126	3.06	-21.98
	Škoda	13,300	2.81	13,655	2.43	-2.60	21,611	3.01	22,322	2.72	-3.19
	Mini	12,352	2.61	12,942	2.30	-4.56	17,009	2.37	17,267	2.11	-1.49
	Honda	11,896	2.51	11,635	2.07	2.24	18,137	2.52	17,771	2.17	2.06
	Seat	11,829	2.50	11,200	1.99	5.62	18,390	2.56	16,782	2.05	9.58
	Mazda	10,085	2.13	11,178	1.99	-9.78	14,172	1.97	15,169	1.85	-6.57
	Citroën	9,050	1.91	12,977	2.31	-30.26	14,671	2.04	18,347	2.24	-20.04
	Fiat	8,524	1.80	12,930	2.30	-34.08	11,544	1.61	17,577	2.14	-34.32
	Volvo	8,237	1.74	9,710	1.73	-15.17	11,657	1.62	13,582	1.66	-14.17
	Jaguar	6,797	1.43	9,571	1.70	-28.98	9,709	1.35	13,134	1.60	-26.08
	Suzuki	6,466	1.36	8,602	1.53	-24.83	11,323	1.58	13,951	1.70	-18.84
	Dacia	4,013	0.85	5,773	1.03	-30.49	7,182	1.00	8,206	1.00	-12.48
	Mitsubishi	3,929	0.83	3,421	0.61	14.85	5,997	0.83	5,104	0.62	17.50
	Lexus	3,006	0.63	2,888	0.51	4.09	4,073	0.57	3,894	0.47	4.60
	Porsche	2,659	0.56	2,848	0.51	-6.64	4,074	0.57	3,737	0.46	9.02
	DS	1,656	0.35	2,183	0.39	-24.14	2,108	0.29	3,211	0.39	-34.35
	Jeep	1,322	0.28	1,807	0.32	-26.84	1,728	0.24	2,762	0.34	-37.44
	Smart	1,201	0.25	2,172	0.39	-44.71	2,067	0.29	3,217	0.39	-35.75
	MG	1,114	0.23	749	0.13	48.73	1,775	0.25	1,065	0.13	66.67
	Abarth	1,107	0.23	948	0.17	16.77	1,527	0.21	1,301	0.16	17.37
	Alfa Romeo	1,004	0.21	1,239	0.22	-18.97	1,458	0.20	1,719	0.21	-15.18
	Subaru	761	0.16	706	0.13	7.79	978	0.14	932	0.11	4.94
	SsangYong	613	0.13	956	0.17	-35.88	865	0.12	1,359	0.17	-36.35
	Maserati	276	0.06	429	0.08	-35.66	436	0.06	640	0.08	-31.88
	Aston Martin	229	0.05	425	0.08	-46.12	347	0.05	645	0.08	-46.20
	Bentley	229	0.05	358	0.06	-36.03	410	0.06	581	0.07	-29.43
	Infiniti	160	0.03	985	0.18	-83.76	313	0.04	1,285	0.16	-75.64
	McLaren	132	0.03	74	0.01	78.38	213	0.03	137	0.02	55.47
Lotus	36	0.01	39	0.01	-7.69	60	0.01	88	0.01	-31.82	
Chevrolet	15	0.00	18	0.00	-16.67	17	0.00	18	0.00	-5.56	
Other British	106	0.02	106	0.02	0.00	162	0.02	175	0.02	-7.43	
Other Imports	826	0.17	1,073	0.19	-23.02	1,219	0.17	1,697	0.21	-28.17	
Total	474,069		562,337		-15.70	718,489		820,016		-12.38	



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Aimee Winder
Account Manager
North East Region

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FINANCE OFFERS

Short terms and 0% interest aim to 'pull back' losses in Q2

When looking at the performance drop in Q1 2018, it has to be through the prism of many brands posting record figures over the same period last year.

This year's March plate-change was still the fourth-biggest on record and every dealer was prepared for a fall in demand.

Daksh Gupta, the chief executive of Marshall Motor Group, said: "We all smashed our targets over the first three months of last year, so the Q1 drop in 2018 is really no surprise.

"That being said, the market is more challenging as there isn't the strength of bonus or margin. I was speaking to one of my peers recently and we agreed that Q1 was all about damage limitation and the rest of the year is about pulling it back."

Finance offers are going to play a major part in the comeback and there are certain manufacturers that really need a boost in Q2.

Nissan has seen some of the heaviest drops in registrations, with a 33.5% fall during the March plate-change, matched by a similar 35% drop over Q1 as a whole. This is despite the Qashqai being a top three best-seller in March.

However, dealers would be hard-pressed to complain about Nissan's offers to tempt customers into showrooms during Q2.

It is offering 0% finance on most of its range, from core models to the X-Trail and 370Z, and is also throwing in two years' free servicing.

The Leaf and GT-R are the only two models with APRs above that level, at 4.45% and 5.49% respectively.

The next-generation Leaf is fresh to the market, so Nissan will be hoping demand for it will negate its higher interest rate. It gives a good indication of Nissan's confidence in the new product.

Nissan is not reacting to its drop in registrations with stress discounting – there are

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Ford							
Ka+ Zetec 1.2 VCT 85PS	PCP	£3,579	24	£99	£5,145	0%	30/06/2018
Fiesta Zetec 1.0 Ecoboost 5dr	PCP	£5,631	24	£160	£7,469	0%	30/06/2018
Focus Titanium 1.0 Ecoboost 125PS	PCP	£5,810	24	£229	£8,409	0%	30/06/2018
Focus ST-3 2.0 Ecoboost 250PS	PCP	£6,658	24	£269	£14,391	0%	30/06/2018
C-Max Zetec 1.0 Ecoboost 125PS	PCP	£7,249	24	£239	£8,184	0%	30/06/2018
Grand C-Max Zetec 1.0 Ecoboost 125PS	PCP	£7,772	24	£269	£8,541	0%	30/06/2018
Kuga Titanium 1.5 Ecoboost 150PS FWD	PCP	£7,885	24	£239	£10,898	0%	30/06/2018
Mondeo Titanium Edition Hybrid Electric 2.0 TiVCT 187PS Auto	PCP	£8,575	24	£269	£10,564	0%	30/06/2018
Mondeo ST-Line 2.0 TDCi 150PS 5dr	PCP	£5,621	24	£239	£10,928	0%	30/06/2018
Mustang GT 5.0 V8 6sp manual	PCP	£6,684	36	£399	£17,712	0%	30/06/2018
S-Max ST-Line 2.0 TDCi 180PS	PCP	£9,105	24	£269	£14,074	0%	30/06/2018
Galaxy Titanium X 2.0 TDCi 150PS	PCP	£10,771	24	£289	£14,678	0%	30/06/2018
Edge Titanium 2.0 TDCi 180PS AWD	PCP	£9,241	36	£289	£14,060	0%	30/06/2018
Tourneo Connect Titanium 1.5 TDCi 100PS	PCP	£7,044	24	£179	£8,835	0%	30/06/2018
Ranger Double Cab Wildtrak 3.2 TDCi 200PS	PCP	£11,571.63	36	£289	£11,139	0%	30/06/2018
Nissan							
Leaf Tekna	PCP	£5,098.97	36	£375	£11,067.50	4.49%	01/07/2018
Micra Acenta IG-T 90 with optional metallic paint	PCP	£4,525.24	36	£149	£6,105.76	0%	01/07/2018
Pulsar N-Connecta DIG-T 115	PCP	£4,675.85	36	£189	£6,450.15	0%	01/07/2018
Juke DIG-T 115 N-Connecta 2WD manual	PCP	£5,370.32	36	£179	£6,765.68	0%	01/07/2018
Qashqai 1.2 DIG-T N-Connecta with glass roof pack 5dr	PCP	£6,352.31	36	£199	£10,743.69	0%	01/07/2018
X-Trail Tekna DCi 130 2WD	PCP	£8,252.06	36	£329	£13,028.94	0%	01/07/2018
Navara Double Cab Tekna 2.3 DCi 190 4WD manual	PCP	£11,069.01	36	£269	£11,786.99	0%	01/07/2018
370Z 3.7L V6 328PS Base manual	PCP	£7,399.34	36	£249	£13,131.66	0%	01/07/2018
GT-R 3.8L V6 570PS Pure	PCP	£16,598.76	36	£679	£44,647.08	5.49%	01/07/2018
Vauxhall							
Adam Energised 1.2i (70PS) in Pump Up The Blue	PCP	£4,544	24	£201.17	£5,773	0%	30/04/2018
Corsa 5dr Energy 1.4i (75PS) ecoTec (a/c) Lava Red	PCP	£4,800	24	£161.38	£5,167	0%	30/04/2018
Mokka X 5 Door Elite 1.4i Turbo (140PS)	PCP	£7,859	24	£337.42	£10,238	0%	30/04/2018
Crossland X 5dr Tech Line Nav 1.6 Turbo D BlueInjection (120PS)	PCP	£6,050	47	£193.50	£7,068	5%	30/04/2018
Grandland X 5dr Sport Nav 1.2 (130PS) Turbo	PCP	£7,610	24	£245.58	£11,861	0%	30/04/2018
GTC 3dr SRI 1.4i Turbo (120PS)	PCP	£6,701	24	£352.50	£7,174	0%	30/04/2018
Astra 5dr SRI 1.4i (100PS) hatchback	PCP	£5,916	24	£242.79	£7,977	0%	30/04/2018
Astra Sports Tourer SRI 1.6CDTi (110PS) ecoTEC	PCP	£6,975	24	£323.50	£8,511	0%	30/04/2018
Zafira Tourer MPV Tech Line Nav 1.4i Turbo (140PS)	PCP	£7,029	48	£255.87	£7,115	5.90%	30/04/2018
Insignia Grand Sport Design 1.5 Turbo (165PS)	PCP	£5,894	24	£157.21	£9,978	0%	30/04/2018
Insignia Country Tourer 2.0 Turbo D BlueInjection (170PS)	PCP	£7,995	24	£224.58	£13,170	0%	30/04/2018

no deposit contributions to help push volume in its published offers over the next three months.

Ford is always a good indicator of how the market is performing – even with a drop of 21.6% in registrations, it still dwarfs any other

manufacturer at 81,957 units over the quarter.

Its Q2 strategy revolves around a strong 0% offer across most models, but with a finance term of just 24 months.

While Vauxhall is no longer able to keep pace with Ford's volumes – it was in third place in Q1 on 54,535 units – it is mirroring the market-leader's strategy. Vauxhall's representative examples are almost all 24-month offers at 0%.

Vauxhall is only running its 24-month offers until the end of April, whereas Ford is continuing throughout the next three months. It will be interesting to see if Vauxhall changes tack for the remainder of Q2. **TOM SEYMOUR**

“THE MARKET IS MORE CHALLENGING AS THERE ISN'T THE STRENGTH OF BONUS OR MARGIN... Q1 WAS ALL ABOUT DAMAGE LIMITATION AND THE REST OF THE YEAR IS ABOUT PULLING IT BACK

DAKSH GUPTA, MARSHALL MOTOR GROUP



SEARCH FOR FINANCE OFFERS

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

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**Jon Head, Commercial Director
Marshall Motor Group**

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ADVERTISING FEATURE

Donington Park celebrates six months of trading

By Martin Potter, group operations director, Aston Barclay



Aston Barclay's Donington Park Mega auction centre celebrated six months in business at the end of March.

In that time, the UK's most modern remarketing centre has put itself on the map by building a strong weekly dealer sale every Tuesday for vendors such as Robins & Day, MotoNovo and West Way Nissan. A vibrant fleet and leasing sale is held every Thursday, working with vendor partners such as Zenith, Ogilvie, Activa, RCI and PSA.

A Wednesday Mercedes-Benz sale offers up to 200 used cars directly from the manufacturer, which completes our current sale schedule.

To cater for continued growth in vendor sales, an extra eight acres will come on stream in Q4 2018. This will provide additional space for loading and unloading vehicles and for storage and preparation.

Zaiga Jinkinson and her team have welcomed thousands of buyer and vendor visitors keen to witness how Aston Barclay's vision of combining a highly modern physical auction with the latest technology works in practice.

Our twin glazed auction halls are equipped with giant tablets and digital pods to enable buyers to research and source group stock, while covered storage for 350 cars enables buyers to view vehicles in a warm and well lit environment.

The new buyer services team has also made Donington Park its home, under the management of Zoe Sutton. Her team has grown the group's buyer base by 114% in just nine months, with a strong buyer base in place at Donington to ensure strong bidding on stock both in the auction hall and online.

Buyer and vendor apps

Buyers can access and bid on used vehicles more efficiently by using our new Buyer App. More than 5,000 downloads have now been completed.

We have also recently launched our new Vendor App, which enables vendors to communicate directly with buyers for the first time. Vendors can remotely message the auctioneer during the sale to accept bids and answer any buyer questions. Ultimately, it means vendors can run their sales remotely, which saves time and expense, at the same time retaining control of their weekly sales.

■ For more information, email: info@astonbarclay.net



OPINIONS

VIEWPOINT



WANT TO INCREASE PROFIT? REMOVE ALL EMOTION FROM STOCK-BUYING

NEIL SMITH is operations director at Imperial Cars



As the market gets increasingly competitive, so does the pressure for used car retailers to get internal processes to a state of maximum efficiency and profitability, starting with arguably the most important step of the operation – buying stock.

In recent years, it has become apparent to us that the industry would benefit from a more scientific, informed and data-driven approach to car buying, instead of being left to rely on individual knowledge and experience.

We realised that, in order to survive and thrive, it was vital to completely remove emotion and subjectivity from car buying.

Imperial Cars took the first step towards this direction in 2015 by developing a proprietary tool, Buyer Assist, with the goal to provide reliable, up-to-the-minute live data to support our buyers.

We wanted a tool where they could systematically go through auction catalogues and live stock feeds up to seven days before auctions take place, and review specs and damage reports. The tool would then work back from retail price to buying price, taking into consideration a series of factors, such as reports by the auction site itself, internal costs and target chassis profit.

It was extremely important for us to create more visibility and accountability throughout the buying process, especially as we now buy 1,200-1,500 cars a month and hold £23 million worth of stock at any one time – numbers destined to rapidly increase as new dealerships open in 2018.

Visibility is achieved when every piece of data can be accessed and reviewed by chief buyers at the

"THE INDUSTRY WOULD BENEFIT FROM A MORE DATA-DRIVEN APPROACH TO CAR BUYING"

exact moment the cars go through auction. At any point, senior buyers should be able to remove cars from the catalogue if they don't deem them as a good fit for the stock profile to add more vehicles, or to increase or decrease bids.

Accountability kicks in when buyers are fully responsible for the stock they buy up to the moment it is sold, and their remuneration is based on whether they can maintain a consistent level of stock, turn it within a set number of days and realise a certain amount of chassis profit.

We're not foreseeing any significant challenges or supply downturn in the used car sector this year – it's simply becoming increasingly competitive, as more and more players are fighting to secure the same stock.

To stay ahead of the game means buying as much stock as quickly and efficiently as possible, while retaining good margins. It means building an operation that allows for the majority of buying to happen at online auctions.

Emotion-free, data-driven processes to improve the ability to both buy the right stock and increase overall profitability are, in summary, the future of car buying.

The question is, how quickly is your operation evolving in this direction?



ON DIESELGATE, NIETZSCHE AND THE POST-TRUTH SOCIETY

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



Friedrich Nietzsche, the 19th-century German philosopher, was ahead of his time when it came to untruths and their effects.

In his 1886 book, *Beyond Good and Evil*, he wrote: "Not that you lied but that I no longer believe you – that is what distressed me." In essence: "I'm not upset that you lied, I'm upset that, from now on, I can't trust you."

Democracy works and makes sense when people understand the arguments and the facts they are based on. However, it has been argued that we live in a 'post-truth' society, in which politicians can make statements that are untrue and cannot be substantiated but are nonetheless thrown into the melting pot of public opinion.

Ricky Gervais, speaking at the Oxford Union last year, argued that social media platforms, such as Twitter and Facebook, bear some of the responsibility, having emphasised popularity over truth.

He said where people used to say 'my opinion is worth as much as your opinion', they are now saying things like 'my opinion is worth as much as your facts'.

An opinion based on false assumptions is problematic. Until now, the problems of 'post-truth' have remained primarily in the broad political arena, but they are starting to affect our sector.

For example, why has the Government demonised diesel? As a power source, diesel has

many positive attributes and often makes sense environmentally as well as economically.

From a position where it was being advocated by Government, it is now almost regarded as anti-social if you drive a diesel car.

Why has this come about? The problem does not lie with the facts, it lies with the perception that has been created – due to 'Dieselgate', we fall into the Nietzsche scenario.

The public and the Government believe they have been lied to through the deliberate corruption of the emissions-testing regime, which should have produced data that could be relied on to make decisions. Whatever the weakness of the testing protocols, a manufacturer was seen to have lied. As a result, we now have the situation whereby people question whether the industry can be believed.

This came to mind recently when I sat with other customers near the aftersales desk in a dealership. An employee answered the phone, put it on mute and shouted to a manager saying Mr X wanted to speak to him.

Without hesitation, the reply came: 'Tell him I'm not here.'

I wondered what impression the customers got from that brief conversation. And what impression did it have on the staff? Inadvertently, the manager had told his team it was OK to lie, both to him and to customers.

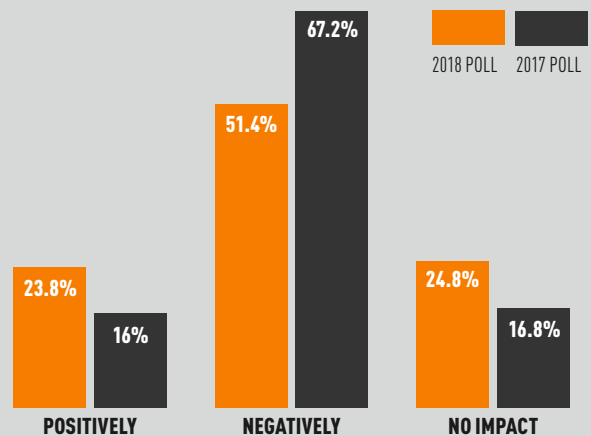
No wonder nobody believes us.

"THE PUBLIC BELIEVE THEY HAVE BEEN LIED TO... PEOPLE QUESTION WHETHER THE INDUSTRY CAN BE BELIEVED"

AMPOLL

DEALERS MORE OPTIMISTIC ABOUT FCA INQUIRY THAN A YEAR AGO

HOW MIGHT THE FCA'S ONGOING 'EXPLORATORY ENQUIRY' INTO MOTOR FINANCE IMPACT ON FRANCHISED DEALERS?



Half of the respondents to AM-online's latest poll remain pessimistic about the impact of the FCA's 'exploratory enquiry' into motor finance, but that figure is almost 24% lower than in a poll we conducted a year ago when the FCA announced the enquiry.

Last month, the FCA provided an update into its motor finance work, which will continue until autumn 2017. It said it had already concluded that "the largest lenders' approach to credit risk and asset values appears robust" and that "consumers in the lowest credit score range account for a relatively small share of motor finance lending".

Of the accounts in the FCA's data, 2.4% had one or two missed payments and 0.4% of accounts had between three and five missed payments. By comparison, the FCA said, 1.6% of mortgage accounts were in arrears in Q4 of 2016. For personal loans and credit cards, about 0.3% and 2.2% of customers respectively are two or more payments behind.

However, a rise in payment arrears has prompted further FCA work on responsible lending, and it has concerns surrounding car retailers' commission arrangements with lenders.

One poll respondent who voted positively said: "A more compliant sales process with more aware customers should be perceived as a positive." A negative voter stated: "In my view, the retail customer is not correctly made aware of the T&Cs of either a lease or PCP deal, and these will return to bite their bums in the future."

NEXT MONTH'S POLL: HOW MUCH DO YOU EXPECT TO INVEST IN YOUR DIGITAL TEAM IN 2018?

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Dave Sheeran, managing director of Donnelly Group, was managing director of Opel Ireland from 2005-2017

FACE TO FACE: DONNELLY GROUP

AIMING TO BE NO 1 IN NI

MD Dave Sheeran is using his manufacturer-side experience to improve day-to-day business while preserving the Northern Ireland group's customer values, he tells **Tim Rose**

Within a decade, Donnelly Group wants to be Northern Ireland's number one motor retailer – both for industry people to work at and for consumers to buy from.

Steering the business to that goal is the responsibility of managing director Dave Sheeran, together with Terence Donnelly, executive chairman, and his brother, Raymond, also a director. Sheeran was recruited to the Dungannon headquarters of Northern Ireland's largest privately owned dealer group last October, as the company marked its 70th anniversary. A long-time General Motors executive, he was managing director of Opel Ireland from 2005 until 2017.

"If you take the timeline of my career from 1990 to 2017, 20 of those years were spent working closely with dealers," said Sheeran.

He believes his GM experience made him familiar with the challenges of working on the retail side, and that his new role is "a good chance to test the other side of my skills, to see if the theory works in practice".

"Look at how the dealer groups have grown in the last 20 years, and it's all about scale and a broader portfolio of franchises. Dealer groups have become mini-corporations and the relationship between these groups and manufacturers need to be strong to derive the best results for both parties.

"Crossing the divide from 'manufacturer world' to 'dealer world' is less of a step in my mind today than it would have been 20 years ago, when dealerships were run very differently, with many more single operators with one or two sites.

"I think there are a lot of relationship skills you bring from the manufacturer side, having worked with groups of all sizes and individual operators, plus you bring knowledge of how the relationship works between wholesale and retail."

Donnelly Group is Northern Ireland's largest privately owned dealer group, and ranked 54th in the 2017 AM100 listings, with turnover exceeding £270 million. With 19 brands, plus the UK's second-largest vehicle conversions business, TBC (Taxi and Bus Conversions), and a contract hire and leasing operation, it strives to meet all automotive needs, said Sheeran.

"The challenge to see it reach its potential was a huge opportunity. I bring some skills of running big businesses to a business which is privately owned, with all those customer-centric family values."

Those values revolve around people first. Reminders about "keeping the customer central to everything" and "the heart of the business is people" are everywhere in the business, from appearing in front of customers on its website and social media channels to conversations with staff and its directors.

"What's driving our next five- to 10-year plan is that we want to be the number one choice for people to work for and for

fulfilling the motoring needs of the retail, fleet and public sectors."

The group already accounts for about one in every seven new vehicles registered in Northern Ireland. It faces strong competition from two PLCs – Lookers' Charles Hurst division and Sytner's Agnew operation, although both are very Belfast-centric. This concentration is understandable, given that a third of Northern Ireland's 1.8 million people live in or around its capital, according to the 2011 Census. The country's overall population density, at 133 per square kilometre, is about half that of the UK as a whole.

While there are Donnelly Group dealerships in Belfast, it also capitalises on Northern Ireland's smaller population centres. It operates multi-franchised sites from Belfast in the east to Enniskillen and Eglinton in the west and, as a result, the customer base is diverse. Sheeran sees these as part of its strength and said its businesses have always been "community-rooted", making investments locally with sports team sponsorships and partnerships with schools.

"If you've been a customer of Donnelly's for some time, you will be used to picking up the phone to your branch and having any of your needs catered for. Donnelly's will sort out the problem. We'll treat you fairly, we'll charge you a fair price, and you can rely [on us to] go the extra mile. It's the small business service you wouldn't necessarily get in a big PLC."

REINFORCING 'CUSTOMER-FIRST' VALUES

Donnelly Group marked its 70th anniversary last November with a celebration event for hundreds of customers and their partners, staff and suppliers. At the event, Terence Donnelly reiterated: "The last 70 years have seen vast changes in the motor trade industry, and from our humble beginnings our business has expanded at pace. Despite industry and technological changes, our ethos and

FACTFILE

2016 TURNOVER £277m

(2017: £300m est)

2016 PBT £1.884m

NEW AND USED CAR AND LCV SALES

16,500

STAFF 750

LOCATIONS 9

SALES FRANCHISES Abarth (3), Alfa

Romeo (1), Citroën (1), Dacia (2), Fiat

(4), Fiat Professional LCV (4), Honda

(4), Jaguar (1), Land Rover (1),

Mitsubishi (3), Peugeot (2), Renault

(2), Seat (1), Suzuki (3), Toyota (1),

Vauxhall (3), Volkswagen (2),

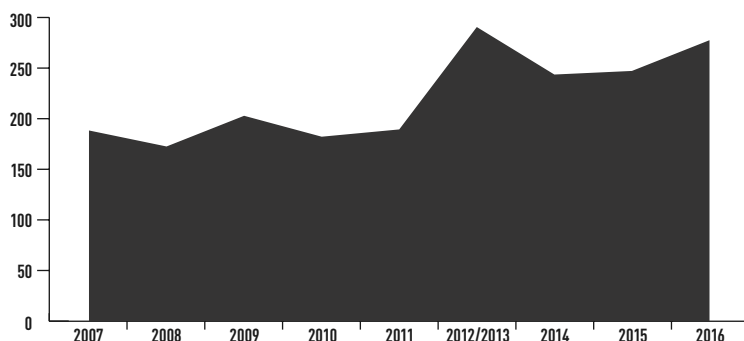
Volkswagen Commercial Vehicles (3)

ADDITIONAL AUTHORISED REPAIRER

FRANCHISES Vauxhall (1),

Volkswagen (2)

TURNOVER (£M)



The group prefers steady and sustainable organic growth and small bolt-on acquisitions (the 2011-2013 spike is due to an extended accounting period) rather than unsettling its foundations with rapid building.

PROFITABILITY



The year of the used car – 2009, as the UK tried to claw its way out of recession – was Donnelly Group's most profitable in a decade, with pre-tax earnings reaching £2m from £202m sales. Managing director Dave Sheeran said it still maintains a significant focus on used cars.

Values have remained the same since 1947, and that involves keeping the customer central to everything we do.

"We are dedicated to providing quality vehicles at the right price for our customers, all while delivering an impeccable service from purchase to aftersales."

Sheeran said the business is structured around the needs of customers. The brands it represents are strong in their retail markets. Its Belfast businesses include a dedicated fleet workshop to service vans and trucks, and Newtownabbey is home to its national fleet management and contract hire business, Donnelly Fleet. The group's geographic spread also provides for a strong public-sector customer base, servicing vehicles for emergency services and local government. Every location also has Motability specialists, and Donnelly Group has the second largest Motability fleet in Northern Ireland.

"Not only do we want to sell cars, we want to structure a 360-degree service around it to each of our customer segments," he said.

The TBC factory in Dungannon was built in 2006 after Donnelly Group spotted an opportunity in the market for wheelchair accessible vehicles. Initially focused on Northern Ireland, it has developed a network of dealer partners that sell the converted vehicles across the UK. Many of these are Volkswagen Van Centres supplying Motability customers with wheelchair-converted Caddy Life models.

Sheeran said TBC produces about 1,000 vehicles per year, all of which have European type approval, and it is the second-largest supplier in the UK marketplace, behind Glasgow-based Allied Vehicles. Sheeran said it has scope to grow in Dungannon, but the model is also replicable elsewhere in the UK in the future.

'WE WANT TO EXPAND'

Franchised dealerships remain core to Donnelly Group. This year, it added a third Vauxhall dealership in Campsie, acquired from Eakin Bros, and in 2017 it took over SMW Suzuki in Belfast from Agnew Group, its third site with the Japanese brand.



It is investing £6m at Dungannon rehoming its Land Rover dealership, and a newly gained Jaguar franchise, into an 'Arch' dealership as per JLR's standards. It remains the only premium-brand business in the portfolio.

"We're a group that wants to expand. Again, trust, respect, relationship comes into it – we want to build the business around strong manufacturer partnerships where we can operate more than one franchise location so we gain some scale and ensure it is a sustainable business."

With his background at GM, Sheeran knows the changes in technology, powertrains, and mobility are leading some manufacturers to review how many dealerships they require, what the dealership needs to look like, and the need to offer online sales processes. He said he will ensure Donnelly Group works with its



Terence Donnelly, executive chairman of Donnelly Group, wants to keep the customer central to everything the group does

manufacturers to adapt to that vision. One trend, of shifting to fewer investors, each with more representation points, is making such capital-intensive businesses more sustainable, he said.

"Over time, certainly there will be some consolidation in the networks across the UK, so then we can grow by acquisition or by replacing franchisees who discontinue. We're open to all of those.

"With the change in the market that we're going to see, key for the business is to be able to adapt to it, and to take the opportunities it presents that others may not want. To do that, you need scale, a strong balance sheet and a business that runs slickly."

Historically, the group has been profitable, but not tremendously so in the past decade. Its return on sales peaked at 1% in 2009. Sheeran said the last couple of

years have brought growing profits and more consistency, and he feels the business "can always do the day-to-day job better".

"A lot of the historical financial performance has funded the growth of today. To have a strong balance sheet, we need to be making consistent returns. Our objective would be to get those returns above 1%, to make sure all the components of the business are contributing positively to that, which gives us the financial flexibility to continue to reinvest in further expansion." That includes buying freeholds – the group has typically operated from leased properties.

Its growth has typically been steady and funded organically, and that remains the preference. The cycle, as Sheeran describes it, is to harvest what you've sown, pay down the debt, become cash-rich, and

“WE’RE NOT CAUTIOUS. BUT WE’RE NOT OVERLY AGGRESSIVE. HISTORY IS LITTERED WITH COMPANIES THAT OVER-LEVERAGED

**DAVE SHEERAN,
DONNELLY GROUP**

have the flexibility to go again.

"We're not cautious. But we're not overly aggressive, as history is littered with companies that over-leveraged. We've been here 70 years and there's a history we need to take care of," he said.

It ended Citroën sales at Enniskillen and ceased to represent Nissan at Eglinton during 2016.

The group maintains a fairly flat management structure. Site directors sit beneath Sheeran for every multi-franchise location, and then there may be a general manager if it's a large site or mandated by franchise standards. At smaller sites, the sales manager and aftersales manager for each respective franchise report directly to the site director.

"It's the most efficient, in my experience. The flatter the structure, the more dynamic the organisation is. It means people have to work very hard, and they have to be good at what they do, but it also gives them much broader exposure to the business for their own development.

"As you grow, you have to be flexible enough to adapt to the size of the group, but it works for us today. [The shorter] you can make the decision chain, the more dextrous the business.

"This industry does require you to react quite quickly to events – the petrol/diesel mix, for example – and if you're not dynamic in the way you are managing

“the business, you could have a problem.”

Sheeran visits each location weekly when possible, and Terence and Raymond Donnelly are still involved. However, the group believes good managers don't need a lot of intervention. The philosophy is to set parameters within which everyone can work, then let them be entrepreneurial, rather than taking a dictatorial approach and risking people becoming institutionalised.

THE IMPORTANCE OF USED CARS

Six of Donnelly Group's locations feature its all-makes used car operation, Motorstore, alongside the franchised dealerships. There are plans to add it to the remaining sites, as it increases the return on investment and allows the group to offer premium brands, which are poorly represented outside Northern Ireland's main cities.

Sheeran said the group puts a lot of effort into stock control, using its own data and external feeds to identify what segments and ages are in demand. Sources of used cars include its own trade-ins, vehicles from Motability and Donnelly Fleet, plus stock bought in as necessary.

Each business has a stock-turn objective – which Sheeran described as “one of the important controls in the business” in protecting used car gross profit. As a group, the aim is for eight times stock turn annually, and the staff work hard on 90-day controls and the science of the buying and trade-in process, he said.

The group is developing a dashboard reporting suite that will overlay its CDK Autoline dealer management system and its other business solutions, such as CapHPI data feeds, to give more timely information.

“The more information you get, the better the decisions you'll make and the earlier you can spot trends and problems,” he said.

Sheeran said an increased focus on service plans and vehicle health checks



Each business in the group has a stock-turn objective, which Sheeran called an important control for protecting used car gross profit



(VHC) has helped Donnelly Group to increase its aftersales business in recent years. However, the emphasis is still on getting the experience right and pricing competitively in the marketplace. It has a tyre division, which procures tyres for the whole group, and he said this allows each workshop to be very competitive when the VHC reveals worn tyres. Wheel alignment systems are being introduced to every site, to provide free checks.

“It's part of our conscious strategy to be a one-stop-shop,” Sheeran added. “We take the view that we can give the service

and provide the solution if there is a need. The customer doesn't need to worry and, in the long term, we are helping them with the running costs of their vehicles. We try to look at aftersales in a holistic way. Show the customers that Donnelly will look after them.

“It's the convenience aspect of aftersales which builds loyalty. Our aspiration, coming back to being that number one choice, is to have loyalty, and that means giving a broader range of services, for the right money. Then the customer will come back.

“It's an investment in the short term for a long-term gain, but one that's right to make, and we're free and willing to make.”

Another example of long-term investment is the intention to create a Donnelly Academy. The group has already gained IMI certification as a trainer, and runs apprenticeship and future leadership programmes. All joiners go through an induction programme including The Donnelly Way, which outlines the values it expects to be maintained, such as showing courtesy, giving a consistent experience, taking time to understand a customer's needs and presenting them correctly with offers and options that suit.

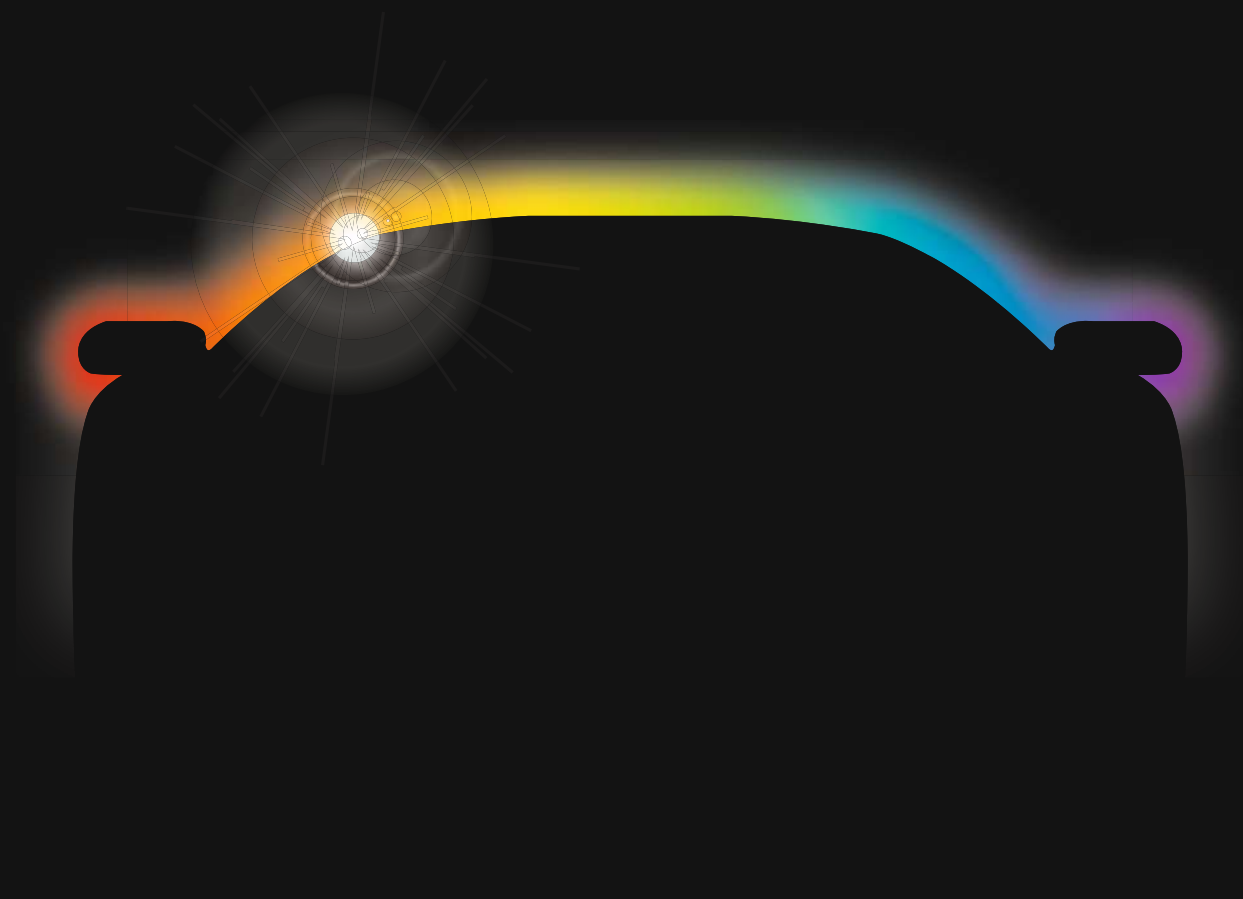
Sheeran said: “We have a saying: ‘trust, respect, relationship’ – if you have trust and respect between all parties, then you have a relationship.”

The desire is to be somewhere people can have a career, not just a job. Sheeran said: “Our view is you have to have an environment to develop in. It's a risk because you might be training them for somebody else, but if you have the environment and culture we have then they'll stay.”

“IT'S PART OF OUR CONSCIOUS STRATEGY TO BE A ONE-STOP-SHOP... WE TRY TO LOOK AT AFTERSALES IN A HOLISTIC WAY

DAVE SHEERAN,
DONNELLY GROUP





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MINUTES WITH...

Tony Patterson, director
of automotive, Summit



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

We have been working in the retail sector for the past 17 years with well known, high street companies such as Argos, but we have started to work with several car manufacturers now, launching first with PSA Peugeot Citroen about 18 months ago. This was for its Order Online e-commerce platform, to create a connected dealership. It is possible for a customer to go through the whole process and order their car in less than 30 minutes.

How open-minded is the automotive industry when it comes to using e-commerce?

The automotive industry is being much more open-minded about e-commerce and new ideas. Every major manufacturer has a digital initiative in play, it's just a matter of how far along they are with it.

Tesla's arrival to the market marked a real turning point. How can a company that makes several thousand cars have a higher market capitalisation than a manufacturer that makes millions? I think that really shook things up. There has been a noticeable shift in conversations I have been having with people that may have 20 years of experience in that automotive space.

Who do you see as a competitor in the market?

It's a really interesting time. I don't think there's really a defined market for offering e-commerce solutions for motor retail. From the conversations we have been having, the manufacturers want to create their own platforms, but they are having to do it across 20 different market regions internationally and it is highly complex. What we are offering is a solution where 80% of what a manufacturer needs is there. Then you can go in and use the manufacturer's intellectual property and the style of how they want to do things to customise. I don't think anyone else seems to be offering that.

I THINK THERE IS THAT FEAR OR KNEE-JERK REACTION THAT DIRECT SALES WILL RESULT IN SALES BEING TAKEN AWAY FROM THE DEALERSHIP

TONY PATTERSON, SUMMIT

What is the biggest challenge facing the industry when it comes to online sales?

I think some manufacturers are struggling to get to grips with it because they view it in terms of this massive technology project. There's this question hanging over the industry of 'how many cars are going to be sold online remotely with no face-to-face interaction?' I think a small number of customers are going to complete end-to-end transactions online, but I don't think we will ever get to the point, particularly with a product like a car, where all customers transact that way.

Some customers will naturally go to the dealer and some will naturally go to the manufacturer to buy. I think there is that fear or knee-jerk reaction that direct sales will result in sales being taken away from the dealership, but [although] online will play a bigger part in their journey overall, most people are going to visit showrooms.

What would you say to dealers who feel threatened by the idea of manufacturers launching direct sales platforms?

Dealers are a key stakeholder in this. Every manufacturer we have worked with has involved the dealer network in what they are planning and they are all interlinked. They are all looking at it from a dealer-centric approach and this doesn't mean dealers are cut out of this process. One national sales company

(NSC) we are working with has developed the platform in cooperation with its dealer council.

Manufacturers have to be clear about what's happening and how this is going to help the dealer network. In essence, it is about offering the most qualified leads through to the business.

What's the biggest mistake dealers or manufacturers make when looking at launching an e-commerce platform?

The question isn't as simple as, 'can you build us an e-commerce website?' This has to be a technology platform that works at all levels of the customer journey, from being at the showroom, on mobile, from a call or on a website. It has to permeate all stages of that process. It has to be integral and the business has to be transformed around it. You can't view this as a monolithic piece of tech. It has to be iterative and flexible, too.

What is the biggest challenge facing your business?

I think for some businesses it's inertia. We've seen it take anywhere between six months and a year for a decision to be made. There's also a challenge in that if a system isn't being used by a lot of people, it can be difficult to build data and measure what is and what isn't working.

What are the next big developments for the business?

It's difficult, as we cannot talk about things that are happening that haven't gone live yet, so it's slightly too early for us to talk about what we have coming up, although there will be new launches on the horizon. We have just opened our Warwick office to help with our client base in the Midlands, so that's in addition to our office in Soho in London. We've got about 180 staff in total at Summit and just under half of that are dedicated to automotive. We also have a tech centre in Prague. We'll continue to scale up as we grow. **TOM SEYMOUR**

FACT FILE

COMPANY:
SUMMIT MEDIA
HEADQUARTERS:
THAMES DITTON
SALES:
£50.1M
STAFF:
97

HONDA

It has made mistakes in the UK, says MD David Hodgetts, but new products and increased profits will win over dealers, he tells **Tom Sharpe**

Focusing on small cars after the recession and a move away from EVs that left it without a "foot in the door" are just two of Honda's mistakes over the past decade, according to its UK boss.

David Hodgetts, who joined Honda UK as a production engineer 30 years ago and took over in his second stint as managing director in 2016, acknowledges that some things could have been done better.

Although Honda's first-quarter registrations were up 2.1% year-on-year, to 18,137 (in a market down 12.4%), Hodgetts clearly has work to do. Honda's 160 UK car retailers are targeting an average return-on-sales figure of just 1% for the financial year to the end of April and the brand's below-average performance in the NFDA's Winter 2017/18 Dealer Attitude Survey result indicates discontent in the ranks. Retailers rated Honda 4.9 out of 10 overall in the annual NFDA survey – down on the Summer 2017 score of 5.6 and an average of 5.3.

Hodgetts believes the way to win retailers' hearts is by delivering increased profitability. Whether this is possible in a year where Brexit uncertainty, possible further interest rate rises and rising inflation are dampening consumer confidence is another matter.

"The NFDA's Dealer Attitude Survey can be ranked on profitability, or as a result of attitudes that 'it used to be better'.

"I think the dealers with quite a few manufacturers, in particular, have a broader view of just how things are industry-wide," said Hodgetts, indicating that the bosses of larger retail groups may be more pragmatic about Honda's results at a time when business is tough across the board.



I DON'T SEE ANYONE SAYING THERE'S MUCH OPPORTUNITY FOR MAKING MORE PROFIT IN 2018
DAVID HODGETTS, HONDA



David Hodgetts: 'The market this year is clearly going to be tough again'

"The market this year is clearly going to be tough again. I don't see anyone saying there's much opportunity for making more profit in 2018."

He added: "We totally acknowledge that some retailers will feel they aren't making a good enough return from the franchise, but the curve of profitability shows that some of our dealers are making 6% return-on-sales and quite a lot of money.

"When we say an average of 1% return on sale, a lot of our retailers will say 'well that's not me'."

Chasing profitability

Hodgetts said an average return-on-sale of 1% was "our minimum target".

"We're doing all we can to support profitability. Ultimately, 1% isn't what we want for our network and I'm sure the network agrees with that."

When he returned to the managing

director's chair in January last year after five years as Honda Motor Europe's corporate auditor, Hodgetts said he was keen to deliver transparency and generate realistic aspirations for retailers.

He told *AM* that the open debate heard in quarterly meetings with Honda's national dealer council (NDC) was a credit to the efforts made by Phil Webb, Honda's head of cars, and his team.

The NDC is chaired by David Cox, managing director of Cox Motor Group, and has nine members, but it also has a chairman and vice-chairman for each of Honda's UK regions and includes representation from retail operations of all sizes, according to Hodgetts.

He said: "There's a lot more constructive debate now than there was four or five years ago, when there was a lot of whingeing. You can understand why – we had just come through the recession and Honda, they

KEY PRODUCTS



Jazz

Honda's low-key best-seller maintains a loyal following – in 2017, 18,617 found new owners, just 2% down on 2016's 18,996. A single choice of engine makes for a straightforward range.



HR-V

Honda's C-segment crossover failed to generate the SUV sales success of its key rivals last year – 6,098 HR-Vs were registered against 38,912 Nissan Jukes and 14,680 Toyota C-HRs.



thought, had dropped the ball. I think that's probably true."

He believes dealers probably think more realistically now: "I think they realise we only have a certain amount of margin to play with and we have to trim our cloth to suit."

Hodgetts said there has been consolidation in the network in recent years, with fewer smaller operators – Vertu Motors is now its largest operator with 13 sites.

DM Keith was the latest AM100 retailer to join the network with the acquisition of Grimsby's Westgate Motor Group in February. In November, Eastern Western Motor Group acquired Phoenix Honda's Stirling site from the Phoenix Car Company, to take its Honda representation to three sites.

Hodgetts said Honda's scale in the UK market still limits its ability to realise the operating efficiencies of some mainstream rivals.

"Broadly speaking, we're happy with both

kinds of dealer," he said. "With 2% market share, we can't have a hub-and-spoke model with administrative responsibilities and test cars centralised in a certain area, which can liberate operational efficiencies."

Sales performance

While Honda's 2017 registrations didn't suffer as much as the likes of Citroen and DS (-23.26%), Vauxhall (-22.24%), Renault (-18.79%), Peugeot (-16.55%), Mazda (-16.13%), or Ford (-9.71%), in a market down 5.65% at 2.54 million, the arrival of a new Civic hatchback was not enough to arrest an 8.81% decline to 53,901 and its market share fell from 2.19% to 2.12%.

That is a far cry from the bold sales aspirations put forward in 2014 by then head of cars Leon Brannan, who predicted Honda would enjoy 80,000 annual registrations by 2017.

When Brannan made that forecast, UK Honda dealers (there were then 174 of them)

had a three-car range, delivering 53,544 annual registrations and an average return on sales of 0.9%.

Hodgetts said Honda put a lot of effort into building a UK retail network capable of handling high volumes after its pre-recession highs – in 2007, more than 300,000 Hondas were registered across Europe, more than 100,000 of them in the UK.

He said Brannan's ambitious targets of 2014 may have been built on hopes of a return to that kind of performance, but added that a combination of economic issues and strategic errors had left such goals out of reach.

Hodgetts said: "Because of the recession, that all went horribly wrong. Honda's ability to react to some of those changes was perhaps, in many ways, to re-trench a bit and be conservative about the market going into 2010 and 2011.

"We worried that people would go for lower-cost cars and thought that people wouldn't want to buy sports cars, for example, and may just be prepared – in a recession – to focus on vehicles like the Jazz.

"I think, in hindsight, that was wrong. The market for sports cars didn't go away. In fact, in many ways, it has continued to strengthen and that kind of brand image is crucial."

Hodgetts said Honda's post-recession conservatism led to a big reduction in the model range from 2010 to 2013: "It clearly isn't a 10-car range anymore, it's a five-car range.

"There have been points where there has been an ambition to get back to 80,000 registrations, but that ambition has to be matched by models.

"In the past, retailers would have been right to look at the range and say 'well, what are you going to do to get it to that level?'"

Targeting performance

Over the past three years, Honda has generated more interest by placing a greater emphasis on flagship, performance products that were once pushed to the bottom of the brand's agenda.

A new 310PS Civic Type-R was introduced in 2015, along with the re-introduction of the HR-V, a new Jazz hatchback and a face-lifted CR-V SUV, with the flagship £130,000, 557PS, hybrid-powered NSX supercar following in 2016.

Early last year, the launch of a new Civic in Q1 was followed by another new Civic Type-R in September.

At the time of writing, Honda had



◀ Civic

From this summer, the latest Civic hatchback will be the only Honda vehicle produced in the UK. Launched in early 2017, a total of 16,037 were registered last year.



◀ CR-V

Due for replacement in Q4, Honda's flagship SUV will be the first of its new generation of Hondas to ditch diesel. A new mild-hybrid drivetrain and seven seats will be introduced.

ADVERTISING FEATURE

Words that work on the telephone

Overcoming objections is the key to success when you are calling customers about changing their car, says Simon Bowkett of Symco Training



Last month, I showed you a prospecting word track that has worked well for many car sales professionals on customers who have had their current car for between two and four years. Now I want to show you how to overcome the objections you inevitably will get when you try converting these calls into showroom appointments.

You will get customers telling you they just cannot afford a new car right now, or they do not want to change until they have had their current car for three years, or they have not paid the finance off yet, and so on.

Simple technique

There is a simple technique to deal with these objections: "A lot of my customers said that, until..."

For example: "A lot of my customers thought they couldn't afford a new car, until they found out that we'd got somebody interested in their car. And with the offers we have on the table from our manufacturer at the moment, you might be pleasantly surprised. I'd love to get together and see if we could at least tempt you."

Or: "A lot of my customers thought three years was the optimum time to change their car, until they found out that used car customers like to buy a car with a bit of the manufacturer's warranty still left on it – and your car still has 11 months left on it. In fact, your car will never be worth as much as it is today. So I'd love to get together and see if we could at least tempt you. You might be pleasantly surprised."

Or: "A lot of my customers wanted to wait until they'd paid the finance off, until they found out that the optimum time to change is actually about two thirds of the way through a finance agreement – right where you are now. I'd love to get together and see if we could at least tempt you. What have you got to lose? When would be better for you? Weekends or a weekday?"

Double your appointment ratio!

There are more examples and word tracks on my new sales training video on the AM website (www.am-online.com/symcotraining, or at symcotraining.co.uk) this month.

They won't work every time, of course, but with a bit of practice I am confident you will be able to double or even triple your appointment ratio.

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C sold 797 of the new £30,995 hot hatches, with London's Chiswick Honda responsible for 106 sales of the NSX after the brand deemed it "unfair" to sell the car more widely due to the "immense" aftersales investment required from NSX dealers.

Hodgetts is clearly happy to see Honda's motorsport heritage reflected in its showrooms, but expressed disappointment that the HR-V compact SUV has not delivered more. In 2017, 6,098 were registered, 16.07% down on 2016's 7,266 and well behind Nissan's 38,912 Jukes or Toyota's 14,680 C-HRs.

"We have a fairly limited range of powertrains and the allocation from the factory has not been huge," he said.

"The HR-V is very popular in America, which accounts for a lot of allocation, but production of that car will move to Japan later this year and that from that point onwards we do hope that we'll be able to push the HR-V a little harder."

Honda's next performance push will come in the shape of vehicles that can drive down the brand's emissions.

In Q4, a new CR-V – unveiled at March's Geneva Motor Show – will usher in a new twin-motor hybrid and a cycle of product replacement that is expected to phase out diesel engines.

Hodgetts said: "During the current model run-outs, we will keep diesel in all our cars, so Civic will have a diesel engine for the next three or four years, but when we get to a full model change, in my view, we will change to petrol and hybrid."

Re-opening the door to EVs

Honda plans to offer electrified vehicles throughout its range by 2030 globally and 2025 in Europe, but Hodgetts conceded "I don't think we have kept our foot in the door" with EVs as the brand explored

options for a zero-emission solution. Honda has now mapped out a four-stage plan, evolving through hybrid and plug-in hybrid to EV and hydrogen power.

"Clearly, Honda thinks [the future is] hydrogen, but I don't think that's going to happen until many, years away when we have genuine hydrogen cars available commercially that aren't supported by manufacturers," said Hodgetts.

"Then we have the chicken-and-egg infrastructure problem. We're still some years away."

However, the door to EVs is open again. The response to Urban EV and Sports EV concept cars has ensured that the Urban EV will enter showrooms in early 2020.

Voicing caution about the sales prospects and pricing for the vehicle, which is likely to offer a relatively short EV range for urban driving, Hodgetts said: "They will be very expensive cars."

The brand plans to keep close tabs on the cost of any EV plans to UK retailers, with very limited requirement for charge points at first.

Discussions are taking place to outline plans for technician training, much of which now happens online rather than at the Honda Institute in Bracknell.

Retention and loyal customers

After Honda's registrations declined from the heady days of 2007's 106,018, new emphasis was placed on the requirement to retain customers.

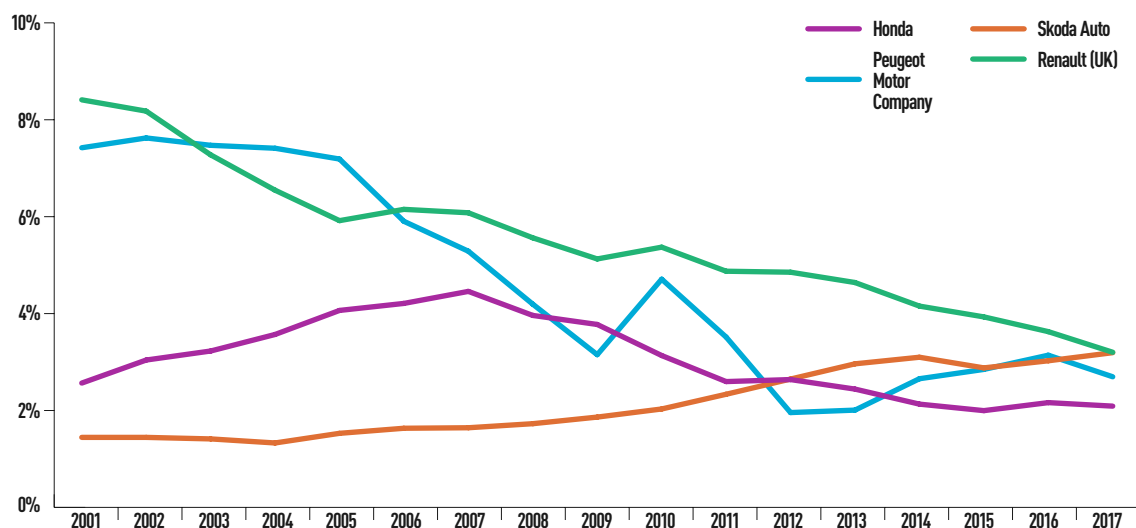
The brand's determination to maintain a market share over 2% will not sustain its dealer network alone, however, and Hodgetts described aftersales as "the most important part of the business".

Retailers have benefitted from the return aftersales custom guaranteed by heavily subsidised five-year service plans integrated into the finance offer.



Honda's new CR-V will usher in a new twin-motor hybrid and begin the gradual phasing out of diesel engines

MARKET SHARE PERCENTAGE



Honda's retail network has grown accustomed to sub-60,000 registrations, but those sales look stable in comparison with some of its key rivals

"From a service plan point of view, we're aiming to get to 90% this year and we're not far off now," said Hodgetts.

"We recognised that if we wanted to build our penetration up we needed to do something significant and long-term. I think everyone's really happy with it now."

Many Honda retailers have kept their workshops full with warranty work following a recall related to the replacement of Takata airbags, but Hodgetts said he believed 2017's 67.2% average overhead absorption could be maintained.

"Overall, aftersales is by far the strongest part of the Honda business. It's the one thing I think our dealers rely on for its consistency above everything else."

Improvements could be made in the

OVERALL, AFTERSALES IS BY FAR THE STRONGEST PART OF THE HONDA BUSINESS. IT'S THE ONE THING I THINK OUR DEALERS RELY ON FOR ITS CONSISTENCY ABOVE EVERYTHING ELSE **DAVID HODGETTS, HONDA**

provision of used cars to the retail network.

Thanks to its UK manufacturing operation in Swindon, the brand has a 4,000-vehicle fleet that it feeds back to retailers via online and physical auctions.

However, Hodgetts appreciates that retailers can only rely on a limited supply of one-year-old, sub-10,000-mile vehicles despite the clear demand, and profit, in older stock.

As such, there are no rules governing the array of vehicles a Honda retailer can stock on their forecourt, with customers drawn to rival brands hailed as "potential conquests".

In fleet, Honda continues to strengthen its proposition – 104 sites are now classed as Platinum Partners, meeting standards set by Honda UK fleet sales operation manager Marc Samuel and his team.

Glyn Hopkin became Honda's 100th Platinum Partner retailer in July last year.

Dealer principals, sales managers and sales advisers undergo specialist fleet and corporate training and retailers are required to offer 48-hour test drives to business customers as part of the scheme.

Hodgetts claimed that, despite 48.67% of its registrations (26,234) coming from fleet last year, Honda remained "nowhere near the industry average in corporate/retail split", but added: "We're doing it in a way that's manageable for us."

The Brexit question

Addressing the media outside 10 Downing Street in February, following a meeting with Prime Minister Theresa May, the Japanese

ambassador to the UK, Koji Tsuruoka, said international companies could close their UK operations if there was "no profitability" in staying in the country.

Hodgetts insisted that Honda's Swindon plant remains central to the manufacturer's plans in the UK.

He held the post of division manager of production planning and logistics between 1998 and 2005 – a time of considerable growth at the plant – and believes its future looks bright, despite the prospect of Brexit.

"I kind of think of (the Brexit vote) in a slightly insular way – it's not that bad for Honda UK. We have some major advantages now that we didn't have before," he said.

"We have a situation where our factory in Swindon is back to full capacity because we're making half our cars for the US market.

"We make solely Civic and from this year. That might sound a shock, but it's hugely efficient in terms of scale. The market in the US is very strong for the Civic."

In 2011, 97% of the Hondas sold in the UK were built at Swindon.

Honda's new global manufacturing strategy will also mean more vehicles heading to the UK from Japan, which should move retailers here up the queue for new product launches, according to Hodgetts.

The current strength of the yen and the prospect of a free trade agreement between Japan and the EU, which he hopes will be emulated and delivered with greater speed by the UK post-Brexit, should also make Honda's range cheaper and more profitable.

Hodgetts said: "In the UK, you could say that we are no worse off from a dealer perspective because there are no tariffs from Civic and there are no higher tariffs on the cars from Japan."



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LOOKING BEYOND THE BONUS

WHY YOUR DEALERSHIPS
SHOULD CONSIDER
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MIND THE GENDER GAP

HOW THE BIGGEST OPERATORS
IN UK MOTOR RETAIL COMPARE
ON PAY FOR MEN VS WOMEN

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HOW PAY RULINGS HIT PROFITS

CHANGES TO LAW ON HOLIDAY PAY
AND COMMISSIONS WILL BE FELT MORE
IN TOUGHER TRADING CONDITIONS

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Looking beyond the bonus

Motivational incentives such as holidays, nights out, office perks or even charity work can pay dividends

Employees can be motivated by more than just money – whether via job satisfaction, feeling appreciated by an employer, or working toward something bigger than a single person, such as a team goal or charitable causes.

Here *AM* looks at some of the different ways motor retailers are motivating their teams beyond the bonus payment.

HOW DO YOU MEASURE MOTIVATION?

Daksh Gupta, chief executive of Marshall Motor Group, said: "Putting a financial figure or budget behind it is very difficult – it's anecdotal.

"How do you measure motivation? Or return-on-sales from these extras? You have to look at employee engagement and the overall success of the business. Without engaged employees, you're dead."

Marshall uses Great Place to Work scheme to measure satisfaction from all staff, rather than other initiatives, which Gupta said provide just a sample.

When Gupta joined the business 10 years ago, he surveyed staff to see how they viewed it. The first poll, in 2008 showed 55% ranked the business as a great place to work.

Gupta said: "It wasn't great. We shared the results and I think people appreciated that honesty. But more importantly, you have to explain what you are going to do to change things."

Marshall offers incentives such as two trips away each year, with the latest to the Dominican Republic. It also holds an annual awards ceremony and recently recognised 101 colleagues to celebrate 10, 15, 20 and 25 years' service at a black-tie event.

Staff can log in to the Marshall Rewards portal online to access a discounted shopping portal for money off on grocery shopping, holidays, utilities, restaurants and

“

IT'S NOT ABOUT THE COST, IT'S ABOUT MANAGEMENT ENGAGING WITH THE STAFF AND MAKING THEM FEEL VALUED

CLIVE BROOK,
CLIVE BROOK
VOLVO

half-price cinema tickets. Activities and charity drives are all highlighted and communicated through the Marshall Matters newsletter, which goes out to employees in the group's 114 sites.

Rewards cannot be viewed in isolation, said Gupta. To truly motivate staff, they have to run with a strong training programme, financial incentives and excellent communication.

He said: "We improved the score to 66% rated as a great place to work in 2009 and from 2010 we hit the magic 70%, which is at the point where you can be rated officially as a "Great Place to Work".

"We have been above 70% for the last eight years and we were named the top UK automotive company in the large category (500+ employees) in the Great Place to Work annual rankings last year. If we didn't have an engaged workforce, we wouldn't have been able to take this business from one that wasn't making a profit, to one that's posting a £38 million operating profit today."

FUNDRAISING

Peter Vardy, whose Vauxhall Edinburgh site was named an AM Best UK Dealership To Work For last year, has been putting 10% of its annual profits back into charitable causes since September 2009, when it formed the Peter Vardy Foundation.



✓ CASE STUDY: DRAYTON MOTORS KIA BOSTON

Drayton Motors Kia Boston's efforts to make the business an enjoyable place to work have helped its staff attrition rate fall from 10% in 2016 to 6% in 2017, compared with an industry average of 35%. It was one of *AM*'s Best UK Dealerships to Work For last year.

Darren Bradford, general manager, channels funds from non-core revenue streams and stretch bonus goals for certain suppliers into the 'staff entertainment' pot for each quarter.

He said: "This industry doesn't have tonnes of margin, so I allocate some from different areas.



"Arranging a night out is all about the excitement leading up to it and how you present it, which really makes a difference. I detail what I'm planning for our quarterly night out, it will be very different each time, and that is communicated to the teams with the target updates."

Bradford uses a traffic-light system, with business targets to let his team know when they need to push a bit harder and where they need to continue maintaining momentum. A reminder of the quarterly night out and what is being planned is always included.



Darren Bradford and his team at Drayton Motors Kia Boston, an AM Best UK Dealership to Work For

He said: "It's more than just a few pints at the pub in the evening. I'll put together a plan and make sure we do something interesting and so we don't repeat ourselves.

The foundation works with local, regional and international charitable causes, including Spina Bifida Hydrocephalus Scotland; Fields Of Life, a charity in East Africa; and COVEY (Community Volunteers Enabling Youth).

Peter Vardy, the dealer group's chief executive, said: "I can't really put into words how important the foundation has been to the core of our business."

"The dealership which has the highest level of charitable activity in the group also has the best customer satisfaction, best staff retention and best return on investment. There's no doubt in my mind that there's a direct correlation between fundraising and motivating people that work in your business."

Vardy said the foundation was born from wanting the business to be the best place to work, the best place to buy, with everything done centred on either growing the business or giving something back.

This idea of giving back is worked into employee induction, where each new starter is given £100 to donate to a charity they feel close to. One day of the induction is dedicated to working with a foundation partner. Employees are also given an extra day's holiday a year to work on charitable causes.

Vardy said: "We're serious about people accepting that giving back has to be a part of the culture here. If they feel like it's something that doesn't fit with them, we'll pay them for their first month of work with us, but we'll say goodbye at that point."

Each dealership has a foundation champion, who is in charge of organising activities and fundraising.

The foundation runs group campaigns across the 14-site group in two quarters of the year and dealerships run their own campaigns at site level for the other two.

Vardy said: "I knew that it had really taken hold in the business of the culture when more things were happening in terms of giving back than I even knew about."

"People are really taking this on as part of who they are and they're not just using the time allocated by the company, they're taking their own holiday days to give back too."

IT'S NOT ABOUT THE COST

Clive Brook Volvo, another AM Best UK Dealership to Work For, offers subsidised food in its staff canteen, an organised running club, private health insurance, gym memberships and a day off on your birthday.

Clive Brook, managing director, said dealer groups cannot take a one-size fits all approach to motivating staff.

"What teams want to get them motivated can be so diverse, because every team is different," he said.

"With everything we do, it's not about the cost, it's about management engaging with the staff and making them feel valued. It's about proving your staff are your best asset as a business. It's about making time for the extracurricular stuff."

Brook said the business spends about £70,000 a year on staff extras. If he stopped, he said, the impact may not be immediate, but there would be ramifications to morale and staff turnover down the line.

He said: "Maybe we wouldn't notice for a few months or a year, but we would soon see a difference, with people looking to leave and our business not being seen as somewhere great to work."

"On an annual turnover of £47 million, what's £70,000 to make your staff feel really valued? As a cost vs benefit, we get such a good return on it in goodwill. Our staff retention is above 90%". **TOM SEYMOUR**

"We recently did a party bus, cocktail-making classes and the most recent one was a trampoline park. These are all combined with a night out, a hotel stay and drinks, all on the company."

"We always meet for breakfast the next morning and that's usually one of the favourite bits, when everyone talks about the night and how much fun it was."

Drayton doesn't do the quarterly nights out if the team misses its target.

He said: "We missed it by a really small amount in Q2 2017, and you could really see the impact of the fact we weren't going to do the quarterly night out. We had to make sure we pushed as hard as we could to make sure we didn't

miss any other targets as a result."

The business reviews its rewards programme twice a year, just to see if people would prefer something different, but he said it always comes back to the quarterly nights out.

Bradford said at about £230 a head for around 30 people, it is an expense, but he believes it pays for itself in motivation and loyalty 10-fold.

He said: "You can look at staff turnover, profitability and customer satisfaction scores as a reflection of the impact it has, but you know when your staff are happy. It brings us all closer. I know people's family and partners and it helps you make that connection."

SPONSOR'S COMMENT



**By Declan Gaule,
CEO, MFG Group**

Despite the increasing use of digital solutions across the UK motor retail

landscape, people still have a crucial role to play in generating sales – so business owners must invest wisely.

The automotive retail landscape is changing. While the internet is clearly king – and critical to the success of both dealer and customer – there is a general misconception among dealer salespeople that the internet provides customers with all the pre-sale information they need and then it is simply a race to the bottom on price.

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The MFG Group is a leading provider of automotive prospecting, training and consultancy. For more information, contact:

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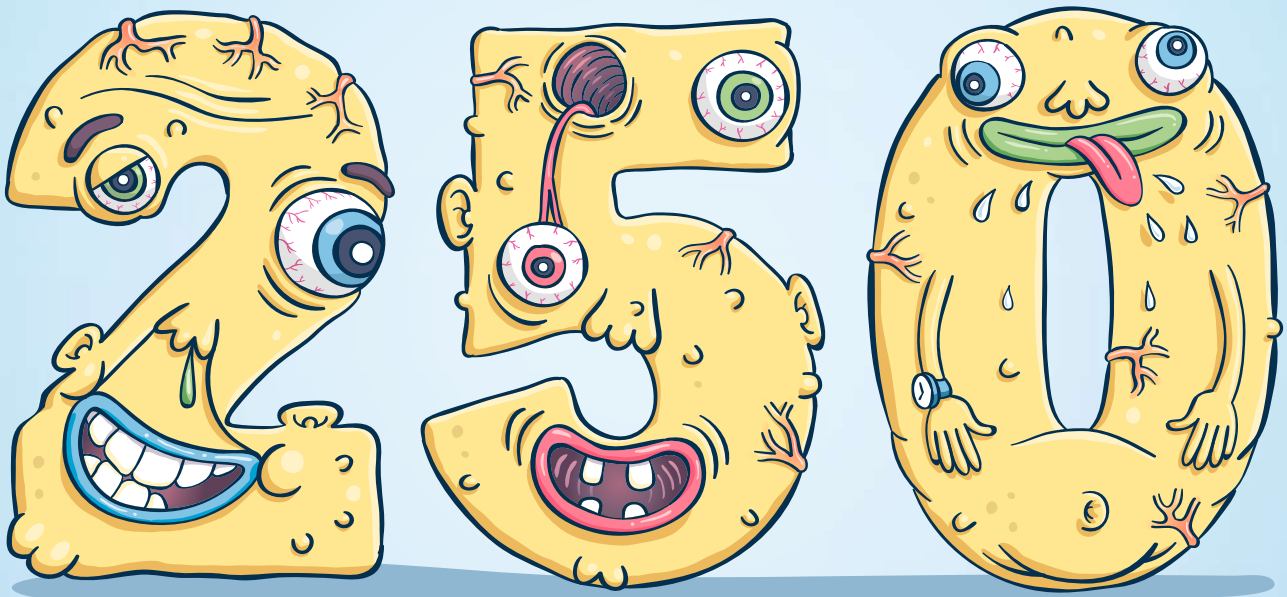
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Women in motor retail paid 16% less than men...

... but some dealers believe 'sensationalised reporting' of gender pay gaps could actually make problem worse as sector works to attract more women

Gender pay gap reports have been described as "flawed" by an automotive retail sector that is battling to attract a greater proportion of female employees to the sector.

Many retailers left it late to submit their reports to the Government, with about 116 motor retailers to be found on the gov.uk online portal on the April 4 deadline and 126 listed by AM five days later, on April 9.

AM100 groups Arnold Clark, Inchcape, Greenhous and Listers were among the first to submit their data.

Data published by car retailers and

collated by AM on pages 44-45 showed that women in the sector were paid, on average, 16% less than men on the median (gap at a wage structure's mid-point) measure.

The overall UK-wide average, across all sectors was of 9%, with an industry high of 22% to be found in construction.

However, motor retail groups were quick to point out the shortcomings of a mandatory Government fact-finding exercise, with one retail group director telling AM: "The truth is that the data is very much flawed. Given the array of roles it takes into account in the automotive retail space, and the prevalence of male workers in

sales and technician roles, which can be very well paid, it just doesn't give the insight that many might have hoped."

James Mullins, finance director, Cambria Automobiles, echoed that view: "We completely welcome anything that moves us towards greater equality in the industry.

"However, while we do not differentiate between men and women in any role and the figures don't reflect that, I think television reports, especially, sensationalised the data's reflection of the gender pay differences."

Julia Muir, the founder of the UK Automotive 30% Club, which is working to ensure that 30% of senior

roles in their businesses held by women by 2030, said it was important to note, in light of gender pay gap reporting, that "it is extremely unlikely that men and women in the motor trade doing exactly the same job are paid inequitably".

Mind the gap

Just one in eight businesses across the UK reported a gender pay gap in favour of their female employees, while 8% said they had no pay gap.

Only a handful of motor retailers were able to record a gender-positive pay gap by the median measure in their published data. They were: Car Giant (2.9%), Lookers' Colebrook and Burgess business (0.5%), Derwent Vehicles (1.5%), Glyn Hopkin (2.6%), Motorpoint (3%) and Stephen James (17%).

Among the AM100 groups who performed worst by the mean measure was the UK's biggest retail group by turnover, Sytner Group, at 27%.

Other poor performers included: LSH Auto UK (32%), Lancaster Cars (30.6%), Ancaster Group (30.4%), Vindis (30%), and Marriott Motor Group (30%).

Muir was keen to highlight the barriers that still exist within the sector and the need for greater female representation in all roles.

She said: "There is a high degree of segregation within organisations, with women tending to work in lower-paid administrative functions of customer service, HR, finance and marketing whereas the roles predominantly filled by men, such as sales and those needing technical skills, are relatively better paid.

"This is often exacerbated by remuneration packages which include bonuses for operational staff, but which exclude administrative staff."

While the data gathered by the Government from 

≡ MEDIAN GENDER PAY GAP

The median point in the gender pay gap reports illustrates the difference in the midpoint (half of the staff earn more than the median salary and half earn less) between all men's pay and all women's pay.

BOTTOM 10

Bristol Street Fourth Investments	-32.8%
Warrington Garages	-32.2%
A W & D Hammond	-32%
LSH Auto UK	-32%
Wessex Garages Holdings	-32%
Rybrook	-31.9%
The Car People	-30.8%
Lancaster Cars	-30.6%
Ancaster Group	-30.4%
Westover Holdings	-30%

TOP 10

Stephen James	17%
Motorpoint	3%
Car Giant	2.9%
Glyn Hopkin Group	2.6%
Derwent Vehicles	1.5%
Colebrook and Burgess (Lookers)	0.5%
Bramall Quicks Dealerships	0%
W. Brindley (Garages)	-0.7%
Decidebloom (Stoneacre Motor Group)	-1%
Grevan Cars	-1.1%

≡ PERCENTAGE LOWER THAN MEN'S BONUS PAY (MEDIAN)

The percentage difference between the median women's bonus pay (half of people earning more than this, half of people earning less) and the median men's bonus pay.

BOTTOM 10

HR Owen	-161.9%
Hodgson Automotive	-100%
Think One (Chandlers BMW)	-100%
Greenhous Group	-93.8%
Worcester Car Sales	-92.2%
Greenhous Group (Holdings)	-88.4%
LSH Auto UK	-86%
Howard Garages (Weston)	-85.2%
City West Country	-84.1%
Lancaster Cars	-83%

TOP 10

Douglas Park	-21.4%
Grantham Motor Company (Vertu)	-20.5%
TC Harrison Group	-19.2%
Drive Motor Retail	-18.1%
CEM Day	-16.5%
Pentagon Motor Holdings	-10.6%
Car Giant	-10.3%
Albert Farnell	-9.3%
Westover Holdings	-4%
Parkway Derby	-1%

business could be criticised for an inability to compare remuneration for identical job roles, it does highlight the key area that Muir's campaign is attempting to influence.

Dividing each businesses' wage structure into quartiles to identify which sex is best represented in senior roles showed the extent to which motor retail's top jobs are dominated by men.

On average, AM found that just 12.3% of most business' top quartile were women with the highest proportion (32.7%) working in the lower-middle quartile.

The gulf in remuneration, albeit coloured by lower numbers of female sales staff, is further evidenced in the data regarding bonus payments.

A total of 77.5% of men in the automotive retail sector receive a bonus, compared with 61.7% of female staff.

Although still relatively close, that number is brought into sharp contrast by the fact that a woman working in automotive retail claims a bonus that is 55% less than male counterparts, according to the median measure.

HR Owen performed worst, with a median percentage gap in bonus payments between men and women of 161.9%, with Chandlers BMW also faring poorly, at 100%.

Bridging the gap

The Government's gender pay gap reporting demands could "remove barriers" and create greater opportunities for women to rise to the top of the automotive retail sector, according to Andy Goodman, head of share plans and incentives at accountancy and

WHAT MOTOR RETAILERS CAN DO TO NARROW THE GAP

Installing women in more senior posts across the automotive retail sector will directly affect the gender pay gap, according to campaigner Julia Muir, but there is work to be done.

UK Automotive 30% Club members believe the imbalance in pay is driven by an imbalance of women in higher-paying roles and are taking action to fill these roles with talented women.

Muir said: "They have been very supportive of the campaigns that I have led, through financial sponsorships and volunteering, largely to encourage more female school students to consider careers in the industry and so widen the talent pool the sector recruits from."

Last year, the campaign coordinated a "30:30:30" campaign, which saw 30 of senior automotive

executives go into 30 schools and offer 30 top-level executive shadowing opportunities to female students.

Every year, the campaign also organises an Inspiring Automotive Women event, which brings together female automotive executives and female students to discuss careers and pathways in the industry.

Muir said: "It goes without saying that it is unacceptable that the earnings potential of women is far less than men – a fact that has been largely kept invisible until now."

"The automotive industry can lead the way in the UK, and help to ensure that in the near future our daughters will be earning the same as our sons."



ENCOURAGE MORE FEMALE SCHOOL STUDENTS TO CONSIDER CAREERS IN THE INDUSTRY AND SO WIDEN THE TALENT POOL
JULIA MUIR, UK AUTOMOTIVE 30% CLUB

business advisory firm BDO.

He believes publicity surrounding the results have created a moral obligation, as well as highlighting the commercial benefits, of closing or eliminating the gender pay gap.

Goodman told AM: "We expect to see companies implementing policies that will remove barriers and create greater opportunities for women to increase their representation in higher paid roles."

Goodman said car retailers' focus must shift to how they will react to their gender pay figures.

In its report on gender pay, Greenhous conceded that it "continues to struggle to recruit women in a traditionally male-dominated industry", adding that it

continued to be "an area of focus for Greenhous Group".

Inchcape, a member of the UK Automotive 30% Club member, said its data showed that its gender pay gap was "not a pay issue, but down to the types of roles populated by males and females and the structure of the related reward offering".

Inchcape said: "We will continue to review our reward offering to ensure we become an increasingly inclusive and gender-diverse business."

Like many, CEM Day sought to highlight its difficulty in recruiting a female workforce and said its pay gap existed as a direct result of a 77% male workforce.

Lookers is among the ranks of the UK Automotive 30% Club, along

with Inchcape, Jardine, Lookers, Vertu, Group 1 Automotive, Trust Ford, Vantage, Imperial Commercials and Burrows Motor Group.

An apprenticeship programme targeting a 40% female intake, a year's full maternity pay and a review of bonus payments are part of Lookers' commitments.

Chief operating officer Nigel McMinn said: "From having two female general managers a year ago, we now have six. We are actively targeting woman, but they are certainly winning these jobs on merit."

"The industry was stuck in a rut, there was a misconception that testosterone bred success in such a target-driven environment, but our female managers have proved that there are tangible benefits to be had from having women at the top of the business."

"Our female general managers have a more natural management style, which is just what we want. In the past, it was far too autocratic and dictatorial."

"Their success has even affected the male employees we recruit now. We're actually looking for the traits that our female managers have introduced to the business across the board."

DEBBIE KIRLEW & TOM SHARPE

PERCENTAGE OF WOMEN IN TOP PAY QUARTILE

BOTTOM 10

A W & D Hammond	0%
Westover Group	2%
Toyota Tsusho Automobile North London	3%
Frank G Gates	3.1%
Motorpoint	4%
Heritage Automotive	4%
Think One (Chandlers BMW)	4.4%
Vindis Group	5%
Helston Garages Group	5.5%
Car Giant	5.9%

TOP 10

Westover Holdings	50%
W. Brindley (Garages)	29.7%
JCT600	27.8%
Stephen James (Automotive)	24.5%
Marshall Motor Group	23%
Inchcape	21%
Pentagon Motor Holdings	20.6%
Parkway Derby	20%
JCT600 South Yorkshire	20%
Arnold Clark	19.3%

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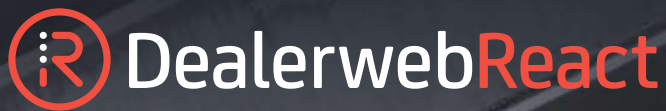
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SPOTLIGHT:

PEOPLE

≡ MOTOR RETAILERS THAT HAVE FILED REPORTS	Gender pay gap		Percentage of women in each pay quartile				Percentage in receipt of bonus pay		Percentage lower than men's bonus pay	
Name	Mean (%)	Median (%)	Top	Upper middle	Lower middle	Lower	Men	Women	Mean	Median
A W & D Hammond	-26.6	-32	0	0	0	25				
Addison Motors	-8.2	-5.1	7	37	32	18	79	70	49	52
Albert Farnell	-10.3	-18.9	19.3	9	40.2	28.7	85.2	49	3.6	9.3
Allen Ford	-23	-18.7	10.7	18.6	32.8	22.5	73.1	64.3	60.3	63.2
Ancaster Group	-40.7	-30.4	10.1	14.7	34.8	43.5	82.3	45.2	43.9	43.7
Aprite (GB)	-5.1	-6.8	18.7	17.8	32.8	18.5	89.1	63.9	33.9	33.2
Arnold Clark	-14.6	-10.8	19.3	38.8	23.5	13.3	90.8	89.2	34	66.1
Available Car	-21.5	-8.2	9.2	10.3	16.8	15.8	90.3	92.7	65	29.4
Barons Automotive	-20.7	-17.6	7.7	21.2	37.9	23.1	81.1	64.3	50.5	60.6
Baylis Motor Group	-22.2	-17.6	10.2	14.8	38.7	14.8	74.1	71.8	41.8	36.8
Barretts of Canterbury	-25	-24	15.4	14.3	40.7	37.4	75.5	61.1	52.4	60.8
Blade Motor Group	-7.3	-9.3	14.7	27.9	33.3	33.3	69.3	33.3	67.7	69.2
Bramall Quicks Dealerships	-4.9	0	11	25.8	12.3	19.9	96.2	92.1	50	50.7
Bristol Street First Investments	-25.4	-25.4	9.1	11.4	41.5	18.8	82.3	66	51	61.5
Bristol Street Fourth Investments	-26.9	-32.8	10.3	12.4	29.9	39.8	85.7	68	58.6	77.8
Burrows Motor Company	-10	-12	17	17	37	26	76	24	82.6	28.1
Caffyns	-25	-24	7	14	42	31	77	32	44	28
Cambria Automobiles (South East)	-27.3	-23.2	12	22.4	40.3	30.9	73.2	47.5	68.4	27.3
Car Giant	-6.4	2.9	5.9	15.7	8.1	8.1	98.8	100	55.3	10.3
The Car People	-26.7	-30.8	11.8	8.4	29.4	32.8	87.6	41.1	29.6	45.6
Car Shops	-20.4	-13.9	14	19	25	27	73	41.6	50.4	56.2
Cathedral Motor Company	-31.4	-25	11.5	13.3	20	38.5	86.4	63.8	79.4	56.1
CEM Day	-17.3	-14.4	11.4	20.2	28.7	22.6	58.2	46.1		
Citygate Automotive	-14.4	-1.5	11.7	20	16.1	17.1	73	41.6	54	24.3
City West Country	-19.9	-5.7	17.8	30.8	25.4	14.5	41.5	41.4	48.6	84.1
Colebrook and Burgess	-7.3	0.5	15	43	32	24	76	55	28	39
Cotswold Motor Group	-17.7	-16.2	11	27	38	33	79	68	50.3	48.7
Decidebloom (Stoneacre Motor Group)	-5	-1	18	33	32	22	83	55	60	54
Desira Group	-5.3	-6.7	14.7	24.6	21.3	16.4	70	46	3.4	74.2
Derwent Vehicles	-6.1	1.5	14	47.4	39.8	18.4	96.1	93.6	64.1	64.3
Dick Lovett	-12.4	-10.3	11	25	28	30	86	76	47	64
Douglas Park	-15.2	-17.5	10.3	10.1	26.5	14.5	69	44.1	43.8	21.4
Drayton Group	-8.6	-4.2	15	31	37	17	82	69	51	62
Drift Bridge Garage	-32.4	-24.3	7.7	21.7	39.6	29.3	38.9	59.8	48.2	35.6
Drive Motor Retail	-21.9	-13.5	13.7	22.1	39.5	23.2	74.7	59.1	35.5	18.1
Eden (GM)	-13.9	-15.6	17.1	17.8	31.5	34.2	75.6	49.4	7.4	43.2
Falcon of Hull & Lincolnshire	-23.4	-28.2	10.1	21.5	44.3	30.4	73.5	51.1	46.4	59.1
Fish Brothers (Swindon)	-29.2	-17.4	11.8	15.9	46.4	20.6	80.1	53.5	63.2	63.6
Foray Motor Group	-20.5	-19.7	10.7	12.7	22.3	29.5	52.4	38	33.7	47.4
Ford Retail	-14	-10	16	23	38	24	77	55	42	25
Frank G Gates	-29.9	-17.9	3.1	17.7	33	25	55.6	45.7	53.9	60.3
Furrows	-18.9	-20.7	8	13	27	71	71.4	53.6	53.4	23.8
Glyn Hopkin Group	-71.5	2.6	13	23.8	30.1	4.4	85	64.6	53.9	37.4
Go Motors Retailing	-6.6	-12.8	19.1	17.2	12.7	11	42.1	65.8	35.7	35.7
Grange Motors (Brentwood)	-33.4	-22	10.6	21.2	36.4	30.8	42	74.8	84.3	53.9
Grantham Motor Company	-20	-23.6	12.4	15.7	34.7	30.3	85.5	60.1	25.8	20.5
Greenhous Group	-11	-8.8	14.7	10.8	23.1	16	69	49.3	48.7	93.8
Greenhous Group (Holdings)	-13.1	-9.8	14	12.4	24.9	16.9	68	47	54.6	88.4
Grevan Cars	-19.4	-1.1	8.1	27	40	17.8	53.4	32.1	30	60
HR Owen	-8.1	-4	17.4	22.6	21.7	21.7	80.5	60.4	168	161.9
Harwoods	-9.6	-8.9	13.8	26.5	41	13.6	84.5	77.8	69.2	64.1
Helston Garages Group	-16.2	-18.3	5.5	13	33.1	21.2	76.4	70.7	63.6	70.7
Hendy Group	-18.1	-9.3	7	20.5	27.5	16.5	79.9	62.5	54	31.3
Heritage Automotive	-9.4	-5.7	4	22	25	47	80	55	66.5	67.8
Hodgson Automotive	-26.9	-24.1	7.9	16	47	29	80.9	49.1	79.8	100
Howard Garages (Weston)	-24.9	-21.6	7.3	10.4	52.2	25.4	81.7	72.7	82.2	85.2
Hughes of Beaconsfield	-4.8	-11.9	11.2	18.8	38.3	7.5	57.3	40.3	5.9	68.5
Inchcape	-6.3	-4.7	21	28.3	43.7	17.3	84	74	57	72
JCT600	-17.9	-28.2	27.8	40.2	13.1	8.2	71	47	64.6	66.2
JCT600 South Yorkshire	-22.6	-25	20	47.1	17.1	14.7	71	41	21.8	25
John Clark (Holding)	-19.2	-20.7	12	15.8	36	27.7	82	68	53.6	56.3
Johnsons Cars	-15.5	-10.9	9	19	31	36	77.4	49.8	22.2	40.4
John Grose Group	-29.5	-17.6	10	20	44	19	71.3	49.5	72.4	68.1
Lancaster Cars	-25	-30.6	12.8	11.7	39.4	37.2	91.2	87.9	57.2	83

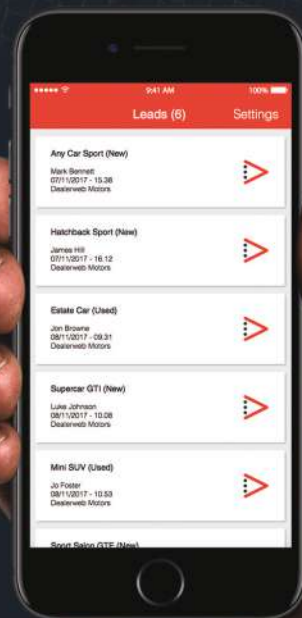
	Gender pay gap		Percentage of women in each pay quartile				Percentage in receipt of bonus pay		Percentage lower than men's bonus pay	
Name	Mean (%)	Median (%)	Top	Upper middle	Lower middle	Lower	Men	Women	Mean	Median
Lancaster Luxury Vehicles	-27.3	-25.1	9.2	19.5	29.9	41.9	86.6	75.6	59	64.2
Lancaster Motor Company	-22	-22.9	11.1	24.5	41.6	28.6	79.7	55.7	55.7	64
Listers Group	-31	-17.9	13.1	23.5	38.4	29.3	76.2	59.1	52.5	58.5
Lloyd Motor	-9.8	-4.7	11.4	27.8	38.8	13.9	69	57	55	63.5
Lomond Motors	-7	-14	12	24	38	23	70	46	54	57
Lookers Motor Group	-10.4	-2.9	11	27	34	12	79	59	61	55
LSH Auto UK	-28	-32	11	21	37	39	79	58	54	86
Marriott Motor Group	-34.1	-30	11	12	41	40	78	45	54.4	53.9
Marshall Motor Group	-10.1	-5.3	23	32	41	20	69.5	50.3	38.7	70.6
MB Retail	-27.5	-28	15	17	41	37	73	65	59	59
MB South	-12	-8.8	10	24	33	21	73	65	59	59
Mercedes-Benz Retail Group UK	-27.5	-28	15	17	41	37	88.9	84.4	55.9	28
Mon Motors	-23.9	-16.6	10.3	22.4	29.9	32	82	66.7	51.9	28
Motorpoint	-8.3	3	4	23	24	41	96.1	95.2	83.9	78.2
Norton Way Motors	-22.5	-16.3	13.6	21.6	35.2	31.8	82.2	58.1	49.4	66.6
Now Motor Retailing	-19.9	-8.7	15.6	26	28.6	26.9	78.5	71.8	42.5	66
Park's of Hamilton	-19.1	-12	8.1	22.8	34.1	17	44.9	40.9	59.3	49.8
Parkway Derby	-8	-5	20	20	28	24	82	82	7	1
Pendragon Motor Group	-10.3	-2.6	10.5	30.2	29.9	17.1	93.6	89.5	55.2	62.7
Pendragon Premier	-12.8	-7.6	11.5	25.6	35.2	23.1	90.7	82.1	46.6	76.2
Pendragon Used Cars	-7	-1.7	10.2	19.5	32.3	10.2	90.2	73	55.8	75.2
Pentagon	-15.9	-18.9	13	42	20	5	80.6	57.5	31.8	63.7
Pentagon Motor Holdings	-21.1	-21.2	20.6	29.7	45.5	42.2	71.9	65.6	45.3	10.6
Perrys	-23.5	-19.9	9.7	23.5	36.7	32.9	80.1	53.1	43.2	48.6
Perrys East Midlands	-31.3	-23.3	7.4	20.8	36.5	29.2	80.9	81.1	76.5	58
Peter Vardy	-25.2	-17.7	17	26	38	38	86.4	87.8	62.2	35.5
Peugeot Citroën Retail UK	-10.6	-15.2	11.7	21.2	31	26.2	97.3	96.7	55.4	81.9
Porsche Retail Group	-26.6	-22.9	17.1	10	34.3	48.6	86.7	87.8	55.8	56
Reg Vardy	-14.2	-2.7	7.7	27.2	27.5	18.7	94.1	87.9	55.7	72.3
Renault Retail Group	-26	-21	10	15	28	34	92	78	50	37
Ridgeway Garages	-12	-10.7	11	19	31	15	80.3	64.7	23.1	34.2
RRG Group	-33.4	-26	15.1	20.6	35.7	41.7	85.1	55.1	45.8	35.5
Rybrook Cars	-33.5	-28.1	10.4	17.9	20.8	32.6	77	38	34.5	38.7
Rybrook	-33.9	-31.9	8.3	17.7	44.8	30.2	81.3	57	72.6	71.1
S Jennings	-35.5	-21.5	9	20	26	34	76.6	47.9	72.6	40
Sandicliffe	-23.6	-23.9	13.5	13.5	36.5	29.7	89.7	82.7	42.4	48.9
Specialist Cars (Aberdeen)	-19.2	-20.7	12	15.8	36	27.7	82	68	53.6	56.3
Spire Automotive	-24.5	-16.5	9.1	20	34.9	25.3	84.6	58.2	60.6	81.7
Steven Eagell	-24.1	-13.5	12	23	35	29	76	24	46.7	42.7
Stephen James (Automotive)	-30.2	17	24.5	55	58.2	56.8	83.7	87.4	53.2	69.8
Sturgess Motor Group	-44	-15	13	20	34	24	82	77	69	80
Swansway Garages	-23.9	-20.4	13.5	18.8	30.4	31.1	65.2	52.9	51.1	39.4
Sytner Group	-31.8	-27	12.5	17.8	34.5	35.5	90.3	82.9	57.9	61.2
TC Harrison Group	-31.3	-20.8	13	13	23	31	86	85	76.3	19.2
The Dutton-Forshaw Motor Company	-9.1	-10.3	11	26	33	22	78	55	52	43
The Trade Centre Wales	-26.9	-14.2	8.4	16.7	20.2	27.4	53.8	50.8	71.4	77.3
Think One (Chandlers BMW)	-33.4	-26.2	4.4	10	27.8	11.1	77	49.2	74.2	100
Thurlow Nunn	-30.5	-21.4	15.7	11.4	37.1	39.4	77.4	58.9	26.6	37
Toyota Tsusho Automobile North London	-28.5	-26.4	3	12.1	15.2	13.6	84.7	82.1	51.3	74.1
Vantage Motor Group	-20.7	-17.1	14.2	15	34.7	33.3	89	78.3	53.1	42
Vertu Motors	-28.6	-26.5	7.1	15	37.1	32.4	88.4	72.1	58.8	65.4
Vindis Group	-31	-30	5	16	37	30	77	53	56	43
Vines	-30.3	-22.6	14.8	15	39.5	35.8	80	66	57.6	72.3
Vospers Motor House	-8.5	-3.8	12.7	19.6	30.3	15.2	67.5	63.1	50.1	46.9
W Brindley (Garages)	-12.3	-0.7	29.7	28.6	28.6	29.2	66.3	50	55.4	71.2
W J King Group	-17.6	-24	11.8	19.1	33.3	29.8	64.1	26.9	80.5	62.6
Warrington Garages	-34.9	-32.2	11.1	13.6	52.2	23.5	76.4	48.9	76.8	60.5
Wessex Garages Holdings	-36	-32	7	23	26	42	91	74	60	45
Westover Group	-22	-22	2	13	27	42	84	50	34	53
Westover Holdings	-5	-30	50	34	50	25	100	100	6	4
Williams Motor Co	-28.4	-25.2	9.7	5.2	44.1	28.7	94.1	78.9	56.7	73.4
Worcester Car Sales	-22.2	-25.7	10.1	17.1	34.8	21.4	11.8	15.5	41.7	92.2
Yeomans	-20.5	-12.7	10.7	14.6	28.2	24	79	67.5	73.4	82
Mean	-20.6	-16.2	12.3	20.7	32.7	26.5	77.5	61.7	52.5	55.0



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Pay rulings put pressure on dealer profits

Changes to the law on including overtime and commissions in holiday pay will be felt even more sharply on the bottom line as trading conditions toughen

Payroll is one of any dealer's biggest outgoings, so any change in the law can have a significant effect on the bottom line.

For example, a series of rulings on holiday pay over the past few years has forced dealers to overhaul their payroll policies.

In a landmark case, the Employment Appeal Tribunal (EAT) ruled in 2014 that overtime pay should be included in employees' pay for holiday leave, as well as any commissions that would have been earned during that period.

In 2017, the EAT ruled that voluntary overtime should also be included if it is regular enough to constitute "normal pay".

This has had the effect of increasing dealers' overall payroll costs, but it has not as yet extended to redundancies, termination, sick pay, maternity and

paternity pay and pensions, they say. Many dealers have responded by making job cuts and reviewing costs to see where they can make savings in other parts of the business.

Given that commissions are a central part of car sales, many dealers say they already factor these payments into their overall payroll budgets. However, some still include them as a separate variable cost. Whether

“COMPANIES ARE MOVING TOWARDS A HIGHER BASE SALARY AND THESE RULINGS HAVE ONLY EXACERBATED THIS


MIKE JONES, ASE

that will change as a result of the shift towards a higher basic salary remains to be seen.

"What it comes down to essentially is an increased cost that dealers have got to bear the brunt of," said Steve Le Bas, audit partner in BDO's automotive team.

"All of this is conspiring, at a time when trading conditions are getting tougher and registrations are falling, to put further pressure on the bottom line.

"This has prompted dealers to make job cuts, often through the back door, and to review all their costs, particularly their allocation of resources. The recent court rulings have only sharpened their focus."

Richard Sanders, managing director of Richard Sanders Group, said for his company the average commission included in the holiday pay is reflected as a daily rate based on the performance of the 

C individual salesperson over the past year. This means a high-flying sales person would receive more than a newer or lesser performing sales person, he said.

"It will probably add another £2,000 to £2,500 per year to the earnings of a top sales person," he said.

"But it also rewards our loyal and longer-serving members of staff who want to take a holiday from time to time.

"While we are mindful of the additional costs, we are able to control them. However, the companies who are going to be affected most by this are those with a predominance of unskilled labour and who historically paid the minimum wage or less."

Another chief executive, who asked to remain anonymous, said his company was one of the few complying with the new rulings. Most companies were keeping their heads down and hoping to go unnoticed, he said.

"We're very much in the minority. The industry has always been all about earning as much commission off sales as possible and it's going to take a huge shift in culture for that to change.

"The ruling will ultimately cause a reduction in the volume of salespeople. The combination of the extra cost of that and the fact we are all seeing fewer customers will evolve into smaller sales forces because we don't get the volume of walk-ins any more."

Julia Carter, HR director at Perrys Group, which has just completed an 18-month overhaul of its payroll and HR software, said her company moved to holiday pay based on average commissions earned in 2012/13. The move was prompted by feedback from sales people worried about missing out on commission if they took holiday, she said.

"They fed back that they were disincentivised to take annual leave because they weren't earning any commission while on holiday," she said.

"We got to the point where we were three quarters of the way

through the year and it became immediately obvious that the sales executives had not been taking their entitlement.

"So we changed the whole pay structure. We also decided to offer them £50 per day guaranteed commission when they attend training because that was another area where they felt they were missing out and were reluctant to go on courses as a result."

Mike Jones, the chairman of ASE Global, said the change in the law had resulted in increased costs for dealers because it included commissions. However, he added that companies were increasingly moving towards higher base salaries now.

"Historically, the average salesperson was heavily commission-based and on a low basic salary. Companies are moving away from individual on-target earnings towards a higher base salary and these rulings have only exacerbated this, not to mention the increase in minimum and living wages."

Nigel Morris, an employment tax director in the motor sector team at MHA MacIntyre Hudson, a chartered accountancy firm, said while the rulings on holiday pay had increased dealers' cost bases, many had managed to absorb the additional expense. But he believes that is unlikely to continue.

"These rulings happened at a time when the sector was growing, so the ability to absorb the additional costs was much greater," he said.

"Now we're in much tougher economic times, it's becoming increasingly harder under the pressure of squeezed margins."

Despite the increased cost burden, Morris said dealers were still focused on attracting and developing staff and improving profitability.

"The best dealers have continued to invest in the best talent available," he said.

"At the same time, they are looking at different ways they can boost their margins to compensate for having to absorb these additional costs."

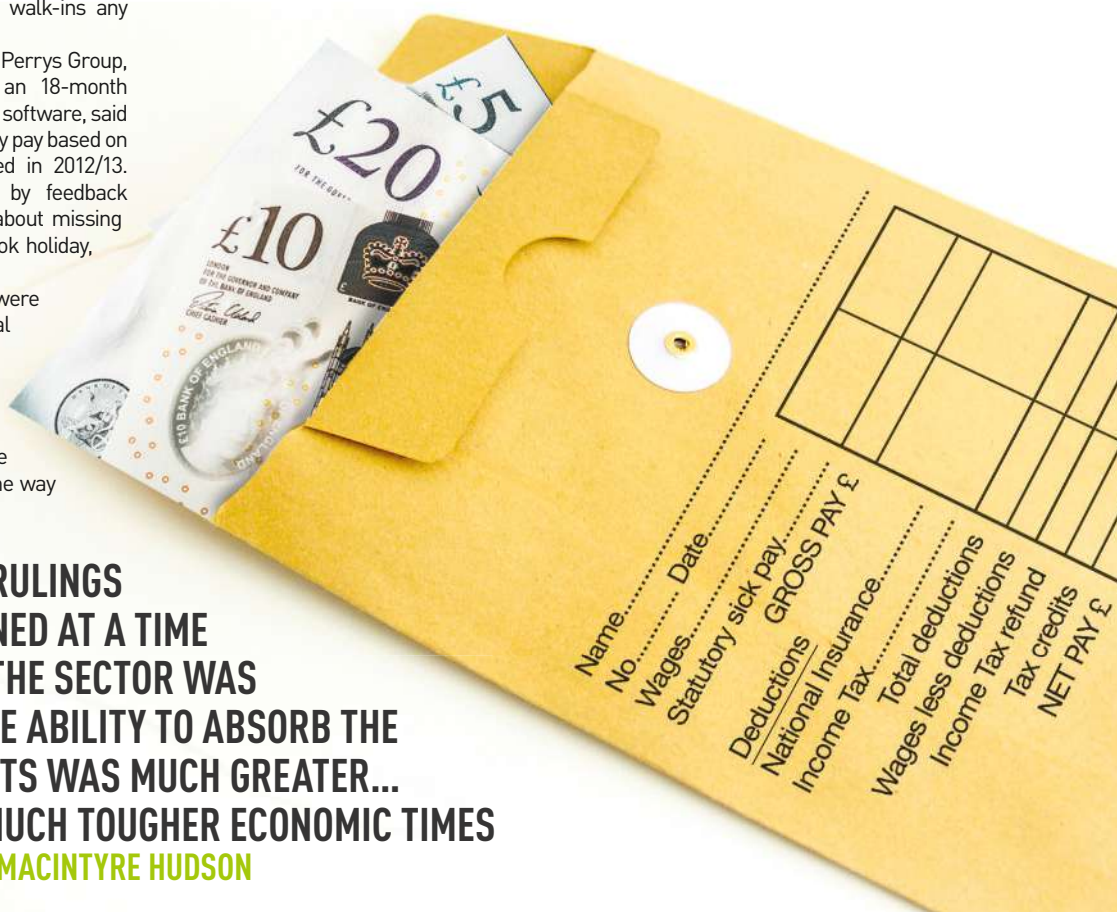
To this end, Morris said companies have been looking to eliminate higher-than-necessary payroll costs. Those include benefits such as company cars, he said.

"Dealers need to look at their overall payroll policy and determine the areas where their tax bill is getting too high and how they can pull back on it and do things differently," he said.

"While they need to do this in a more efficient way, by the same token they need to do it in a manner that is fair and ties in with supporting the recruitment and retention of their best staff." **ALEX WRIGHT**

“THESE RULINGS HAPPENED AT A TIME WHEN THE SECTOR WAS GROWING, SO THE ABILITY TO ABSORB THE ADDITIONAL COSTS WAS MUCH GREATER... NOW WE’RE IN MUCH TOUGHER ECONOMIC TIMES

NIGEL MORRIS, MHA MACINTYRE HUDSON



ADVERTISING FEATURE

Re-consenting existing customers

By Steve Ure, strategic account manager, eDynamix



In the run-up to the introduction of the General Data Protection Regulation (GDPR) in May, I've been asked many times how to go about updating consent for existing customers. The same question is consistently raised: "Can we send an email to our existing customer

database asking them to provide GDPR-compliant opt-in consent?"

While this is technically possible, it is fraught with complications. In short, the only real way to gain consent is to request it on a transaction-by-transaction basis.

The reason is simple – regulation 22 of the Privacy and Electronic Communications Regulations (PECR). The Information Commissioner's Office (ICO) guidance document on direct marketing states the following:

Existing customers: the 'soft opt-in'

Although organisations can generally only send marketing texts or emails with specific consent, there is an exception to this rule for existing customers, known as the 'soft opt-in'. This means organisations can send marketing texts or emails if:

- they have obtained the contact details in the course of a sale (or negotiations for a sale) of a product or service to that person;
- they are only marketing their own similar products or services; and
- they gave the person a simple opportunity to refuse or opt out of the marketing, both when first collecting the details and in every message after that.

It's the last point that is the most important, in that most dealers simply do not have evidence that they provided an opportunity to opt out when originally collecting customer details.

As the PECR will still be in place once the GDPR comes into force this May, and because it is due to become more stringent next year, there really is only one option.



ADVERTISING FEATURE

The new Auto Imaging app

By Michaela Gunney,
UK sales director, Secure Group



Auto Imaging, part of Secure Automotive Support, has just released a new iOS app, which adds the following features:

Instant QC and real-time feedback

Instant QC and real-time feedback is a unique selling point. Manufacturers, dealer groups and Secure Valeting can capture images on the app and get instant acceptance or rejection of the image they have taken. This is essential in improving quality and speed of upload.

Instant Upload

Instant Upload is possible with the app due to its ability to upload during the capture process via



Wi-Fi or mobile network. If there is no Wi-Fi, the app allows full-featured use to continue, then automatically uploads later. These images

can upload instantly or have digital backdrops added.

Ghost Tutorials

Ghost Tutorials on each agreed image angle mean you can line up the vehicle you are capturing with the agreed specification. Once aligned, you can then slide and remove to capture the image. Along with Instant QC and real-time feedback, this effectively trains users on photography whenever they image a vehicle.

Audio Cue

Audio Cue allows consistent timing and framing of content when moving around a car. The app allows control of the Ricoh 360-degree camera to provide internal virtual tours – a fantastic experience for potential buyers.

Progress chaser

The Progress chaser portal makes life much easier for the user, who can check the status of the car at the click of a button, among many other benefits.

■ For more information, call 01480 216700 or visit www.autoimaging.co.uk





Your people hold the key to your long-term success

Effective employee development lies at the heart of all successful businesses – empowering people to quickly transform performance and helping teams thrive long into the future

Whatever the industry, when people feel supported in an organisation, they are more likely to perform at their best and go the extra mile to deliver improved results and sustainable levels of high performance.

The automotive retail environment is no different.

If you think about any dealership, there are several areas where investment in specialised training can make a difference – be it new and used sales, finance, aftersales, commercial programmes or management operations.





Work with automotive specialists

Understandably, every automotive retailer will have its own areas for improvement, but, whatever your focus, by working with a respected automotive training provider such as the MFG Group you can be sure of maximising the return on your investment.

Every MFG course is written by an automotive expert who has spent considerable time in the industry. As a result, our clients know their team will experience training tailored to reflect the unique pressures a dealership team faces on a daily basis.

Furthermore, every MFG course is delivered by someone who has encountered – and overcome – the challenges your team is trying to tackle.

As a result, there is a commonality in language and mindset which can overcome any initial scepticism among delegates to external training and support powerful buy-in to the training programme at hand.

Long-term investment

This industry expertise also ensures training is more than just a quick fix.

By investing in the right courses, which are delivered by the right experts, you can ensure that employees build the knowledge and skills they need to do their job effectively – very quickly transforming performance in your chosen area.

But the benefits shouldn't stop there – with the right mix of classroom learning, team interaction and 'live' practical sessions, it's possible to embed skills in a way that sticks in the mind like a muscle memory. So, instead of just boosting performance for one weekend, you can support improved results on an ongoing basis.

Wider business benefits

Alongside the upskilling of individuals within your team, there are wider commercial benefits that come from investing in training and development – such as attracting and retaining the best employees, the ability to promote from within and the ability to see an instant boost to sales.

Improving employee attraction and retention

Finding the right employees and keeping them is a huge challenge and investment for employers, but with a clearly defined employee development plan in place, you can prove you value the people who work for you.

Access to training becomes another benefit of working for your dealership and gives potential candidates another reason to choose you over a competitor. What's more, you will be more likely to attract the type of people who want to improve their performance – the best type of employee.

Investment in training can inspire loyalty, too. Knowing someone is willing to invest in them will make an employee feel more important and valued, which, in turn, will make them think twice before leaving for an employer who may not offer the same support.

The power to promote from within

Appointing senior managers from within

your own business can be very beneficial – after all, who knows more about your organisation, your products and your customers?

However, not everyone is ready to take that next step and promoting someone too early can do more harm than good.

By providing some leadership and management training, you can get a better understanding of whether you have anyone in the organisation who is ready to step up and deliver under pressure.

An instant boost to your bottom line

Finally, effective training can also provide an immediate boost to sales. Take our prospecting training, for example.

Every MFG prospecting programme includes four hours of live calling to actual customers – split across two evenings. Not only does this give delegates the chance to put what they have learned to the test, it also provides scope for powerful one-to-one feedback, confidence-building or simply reassurance that people are doing things right. All followed by a second chance to get back on the telephone.

By the end of the two days, delegates will have applied the skills they have been learning countless times and witnessed first-hand the results they can generate. Far from being a note taken down in a course workbook, the knowledge and skills become part of their daily routine.

What's more, our clients also have a long list of customer appointments, which, if converted, will instantly cover the investment in training – and then some.

Even if you are confident that you have the finest prospectors in the industry, every piece of employee training you invest in will make someone more capable and proficient in their role. The cumulative effect of this across your business will lead to a more efficient and effective workforce capable of delivering much more during the time they spend at work.

Empower your people

Despite increased automation and digital innovation, and whatever the size of your dealership or dealer group, we continue to see that people still hold the key to future success.

So invest in them, help them develop and make them feel secure, and you can be sure you are providing the best platform possible to stay a step ahead of the competition.

The MFG Group is a leading provider of automotive prospecting, training and consultancy. For more information, contact:

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M: 07779 303 849

T: 01308 802 030

W: mfg-group.co.uk



mfg



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.



D I N N E R

20th June 2018

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Grosvenor Square, London

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DEALER HEALTH CHECK

Key advice from AM's commercial partners on how dealers can boost their business fitness, cut costs and improve profits and efficiencies



IN ASSOCIATION WITH OUR COMMERCIAL PARTNERS



How to make effective use of your digital marketing budget

Changing anything on your website or digital marketing channels, without first looking at what the data says, may cost you a huge opportunity to increase sales and enquiries

When making sure that digital marketing activities are profitable for your dealership, a big challenge is establishing what activities effectively contribute to sales.

At Autoweb Design, we have helped dealerships to transform their online activities through effective digital marketing. Our experience tells us that to get results, the first step is to gather data.

As an agency, we are extremely focused on data. Of course, your website needs to look great and provide a good user experience. However, if we dive into these aspects without first looking at what the data tells us, then we miss a

huge opportunity to increase sales and enquiries.

Data is king – but you have to collect it first

The first step to a data-driven approach is to gather data. We often come across dealerships who are focusing on goals such as increasing Google rankings or website traffic without looking at enquiry levels and what is creating enquiries. If we cannot measure what generates enquiries, then we cannot take calculated steps to generate more.

Our recommended first step is to install Google Analytics, a fantastic tool that allows dealerships to measure sales enquiry levels from websites and landing

pages and act to generate more of these. Too often, we find that Google Analytics set-ups are generic. To effectively manage your marketing budget, you need to configure Google Analytics with custom settings.

For example, differentiating between marketing that is focused on the buyer vs marketing designed to raise brand awareness is often best done using custom channels. We also recommend that our clients utilise the data layer within another free tool called Google Tag Manager. This allows for non-standard information about pages to be passed through to Google Analytics for analysis (for example, vehicle type or offer type).

Using a custom Google Analytics implementation, you can track what is generating any enquiry type that you customise the software to recognise. For example, live chat or online enquiry forms. But what if someone calls you from the website because of what they have seen? How can you track that? The answer is dynamic call-tracking.

There are many suppliers of this solution, which provides website visitors with a unique phone number so that you can see how someone has interacted with your website or landing page when someone calls and what marketing channel brought them there. Several dealers use static phone numbers to address this, but this can only tell you what campaign someone came from (e.g. pay-per click, or PPC). Static numbers do not give you details on each unique user's journey, which is why dynamic call-tracking is so important.

Now that we are at the stage where we know where traffic is coming from and what your users did prior to enquiring, what do we do with this information?

The answer is conversion rate optimisation.

Conversion rate optimisation – the key to converting your visitors

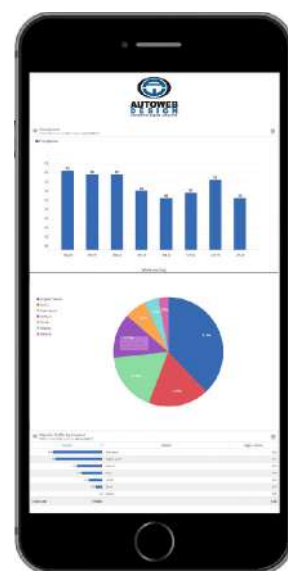
Now that we know what lead generation methods work, we can take steps to generate more enquiries through conversion rate optimisation.

When undertaking conversion rate optimisation, you should focus on the areas of your marketing activity that have the most potential. Is there a page that gets lots of traffic on mobile, but doesn't work well with PPC? Find those areas that have the potential to generate maximum returns. Next, use advanced web analytics to analyse user behaviour and come up with an idea as to how to improve things.

When you have an idea on how to improve a page (which should be analysed by device and channel at the very least), don't just make that change. Making assumptions about what website visitors want is dangerous and can lead to lost opportunity. Our recommendation is to use A/B testing. Once we have enough data and can get statistical significance, we can make an informed decision about which version of the page is the best and move forward from there.

Last-click attribution – move beyond it for optimal results

If you are still reading, then we are now



MOVING BEYOND A LAST-CLICK ATTRIBUTION MODEL IS A KEY STEP IN ALLOCATING YOUR MARKETING BUDGET

at a stage where you are recording the marketing channels that generate enquiries and optimising your marketing activities to generate more of them. However, we have missed out something important. We live in a world where website visitors are often multi-screen and often visit a website or landing page more than once before enquiring. How do we track that properly?

To find out what marketing channels affect somebody's decision to buy a car from you, we need to look at something called attribution. Essentially, this means analysing each touchpoint a buyer had with your brand and assigning a portion of the credit for a purchase to that channel. If we do this, then we can accurately work

out how much to spend on each marketing channel. For example, if most of your enquiries are coming from people clicking on organic search results for your brand name, then we may think organic search is the best channel based on a standard last-click attribution model. But, this is not always the case, so further investigation is needed.

Moving beyond a last-click attribution model is a key step in accurately allocating your marketing budget for optimal results. This is difficult, though, because tracking visitors across devices is still a developing technology. There are a number of tools available to provide insights beyond the last click where tracking is available, and the results can be very interesting.

If you would like to learn more about how to make the most of your digital marketing efforts, then please subscribe to our webinars at webinars.autowebdesign.co.uk or email our team at marketing@autoweb.co.uk



How live advisors, bots and improve the health of your

Chat and text connections, live advice, and using 'bots' to handle the more frequently asked questions all allow dealers to guide consumers at the right time and in the right place

In today's mobile-driven society, consumers have an array of different channels at their fingertips to reach out to businesses and providers. While the automotive industry has adopted live chat in large numbers on dealership websites, we are still missing scores of consumers who are shopping somewhere else, such as online adverts, traditional media and social.

Messaging networks help you keep a finger on the pulse of the consumer


By creating messaging connections in all the places buyers come across dealerships, we are making it simple for mobile consumers to take action. And they tell us, given the chance, they will – in a consumer study done by Contact At Once! involving 1,000 recent car buyers or those ready to buy, nearly 80% said they are likely to message (chat or text) during the research and shopping phases. More than two thirds said they would use messaging to schedule appointments and even to help finalise purchases.

Networks of messaging connections that make it simple for car buyers to converse with dealerships are one important component of staying in step with mobile consumers. Another is live assistance.

Live Advisors coach consumers through the buying process

In a recent survey commissioned by Contact At Once! with Root & Associates, a US-based automotive research firm, three out of four consumers who do not currently fill out forms online said they would be more likely to do so with the support of Live Advisors who help through chat and text.

Combined with a messaging network, Live Advisors help consumers and owners as they browse from different locales, getting general questions answered, scheduling service appointments and even completing digital retailing forms. Live



**Whenever shoppers have questions.
Wherever they search for answers.
Connect & guide their decision.**

**NEARLY 80% OF RECENT CAR BUYERS
ARE LIKELY TO MESSAGE DURING
RESEARCH AND SHOPPING PHASES**

And messaging can improve your consumer experience

Advisors can connect with the dealer to ask questions on a buyer's behalf, connect the consumer directly with the dealer or even co-browse with them and help complete forms if needed. The approach addresses several pain points consumers have expressed about the car-buying experience without distracting dealer salespeople with consumers who are "just looking".

Bots can trim the fat from weighty sales processes

Last, but not least, a perfect tango of dealerships, Live Advisors and messaging technologies wouldn't be complete without bots. Bots can be "trained" to help consumers with basic questions, about topics such as dealership hours, freeing dealership personnel to do what they do best – close sales. Bots can also be used to help consumers with feature questions, pricing questions and even financing options. However, bots are not only used to assist consumers. Agent-facing bots can help smooth the consumer experience by making dealership sales personnel faster and more productive when they are messaging.

Together, an advanced messaging platform, bots and Live Advisors can create more connections with consumers and improve the health of your user experience by making the car buying and ownership process seamless and satisfying.

In summary, here are things to think about:

■ Do you have a chat platform?

Even with a wide variety of other options

available, live chat is still one of the most preferred communication avenues today.

■ Can consumers easily (and legally) text you?

Text messaging is incredibly popular among all age groups today, but there are compliance considerations, opt-outs and more that have to be ironed out. Use a texting platform that ensures consumers understand how to opt out, that manages opt-outs and helps you to effectively monitor compliance with regulations.

■ Connect with shoppers on car search sites

Do you advertise stock on third-party car search / shopping sites (e.g., AutoTrader.co.uk, Motors.co.uk)?

Take advantage of any chat or text messaging options offered there, too, as you may reach consumers before they have decided on your dealership. The convenience can lead to increased enquiries, which can convert into leads and cars sold. Bonus: You can track more return on investment in your advertising spend.

■ Enable shoppers to text from Google pay-per-click (PPC)

If your messaging solution provides you with a text-enabled number, add it to Google AdWords campaigns as a click-to-message ad extension. Consumers who see your pay-per-click advert in mobile search results can then start a text conversation with you even earlier in the buying or repair shop search process. Bonus: It doesn't cost extra to add click-to-message ad extensions.

■ Streamline management with a universal platform

If possible, find a messaging provider that incorporates all messaging in the same platform. Imagine the inefficiencies, headaches and gaps that could occur if you had to juggle one system to chat with a consumer from Auto Trader, another one to chat or text from your website, and yet another for those texts from Google adverts.

■ Plan with mobile shoppers in mind

Since buyers are searching, comparing, asking questions and scheduling appointments all from their mobile devices, think beyond web chat. Make sure your site has easily found tap-to-text or mobile chat options, so you can interact at the most impressionable moments.

■ Tango with Live Advisors from a platform provider like CAO

Chat or text options imply there will be quick responses. If someone – or a smart bot – is not there to provide immediate attention, the buyer will move on, perhaps to a competitor, and you have lost the chance at a positive first impression. Messaging providers should be able to provide bots and trained professionals who can work in concert with your team to make sure every customer who wants to connect with you finds a warm and friendly response to their questions.

Put these messaging ideals into practice, and your dealership consumer experience will be in tip-top shape ready to help more consumers in the right time and place – when they are hungry for information and ripe for influence.

To learn more and start building your own chat and text messaging plan, just reach out: Text +44 20 30957289 / marketing@contactatonce.com / contactatonce.com/connect-uk

ContactAtOnce!
A  LIVEPERSON COMPANY

Data has the power to unlock a high-performance sales culture

Putting data, transparency and communication at the heart of your business can provide your customers with a quick, seamless experience and empower your sales teams to excel



In a dynamic marketplace that is continually evolving with the pressures of the economy, new technology, legislation and customer demands, it is essential to create a sales culture that can react quickly to local market conditions.

The consumer has more choice and data than ever to help inform their purchase decisions, so flexibility is vital for any retailer facing more pressure on new sales and increased competition in the used sector.

The enquiryMAX platform is continuously innovating to anticipate the needs of retailers and solve problems before they arise. Because it is designed for motor dealers by motor dealers, it can be rolled out quickly, plus our data shows people enjoy using it.

Access to great data can empower a strong sales culture in a team and help to maximise every lead. The evidence is clear – a relentless focus on the customer will boost profits.

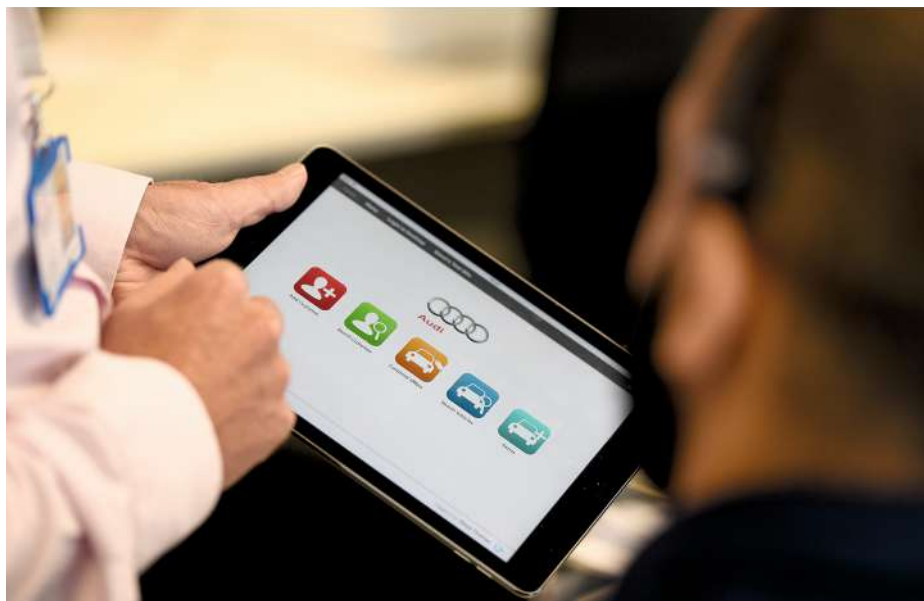
The latest technology from enquiryMAX will support the sales process and reporting of the numbers in a way that connects everyone from the CEO to the sales trainee around a common goal. It is remarkable how sales performance can be transformed.

A large dealer group saw recorded enquiries jump by 27% when it introduced enquiryMAX's lead management platform. It embedded enquiryMAX into the sales process and uses the platform to monitor each dealership in real time, which helps to ensure it exceeds customers' expectations regarding personal service and response time.

Excellent customer service is about getting the basics right and that starts with capturing the right data, which can be used to build the sale around the customer.

The most successful companies embrace the idea that they are first and foremost a sales organisation. The focus on the customer and the sales data that each customer creates must come from the top and be lived by everyone in the team.

“ON AVERAGE, TEAMS THAT CREATE A DATA-LED SALES CULTURE SEE A 20% UPLIFT IN SALES



A productive sales culture is built on a clear mission. The best are free from corporate gubbins, and set out where the company will be over time and what the team need to do to get there. By making a mission statement simple and easy to remember, it is more likely to be used.

enquiryMAX used this approach and has attracted more than 100 Volkswagen Group dealers to the lead management platform to ensure that customer service exceeded expectations.

Data will support transparency and communication across a team. The tools that enquiryMAX builds are available online and on mobile platforms for a reason. Users need to use them and believe in the process. It needs to be easy, or people won't use it.

Connectivity is key to any efficient technology platform, and enquiryMAX is leading the way with seamless integration with leading DMS systems, such as CDK Global and Pinewood.

Dealers benefit from a new image and data integration that will allow users to view all stock on iPads and desktops during the sales process. The development will integrate the enquiryMAX sales system with GForces and other partners to create a seamless service for dealers.

Plus, finance quotes from leading providers can now be secured in the system, making it quicker and easier to close a sale. Customers enjoy a quick and seamless experience, with access to leading

lenders including Black Horse, Santander and VW Financial Services. Because users can complete the quote in the system, FCA compliance on 'treating customers fairly' is supported.

Experts at enquiryMAX have identified that salespeople should have no more than 20-25 active prospects to handle at any one time – any more than that and opportunities usually begin to slip.

All good things in sales come from good communication, both with the customer and with each other. Information is captured, used and circulated to create the transparency that drives a high-performance sales culture.

The sales data should be used every day and at every customer interaction. When did the customer enquire? Was the test drive followed up? Did the sales process follow proper procedure? These are important questions that provide more than sales rigour – they build a culture.

Change in any team requires focus and resilience, but the data tells the story. On average, teams that create a data-led sales culture see a 20% uplift in sales. Data empowers a team to hit their goals.

A good sales team will put in the hard work because they can see the fruits of their labour. The success should be rewarded and celebrated. It is clear that dealers have improved this immensely in recent years.

Understanding the numbers will also

create a more accurate vision of the future, and good forecasting is a fundamental element of profitability. When a sales team knows the metrics between the number of enquiries to sales, it can more accurately manage the levers of marketing spend, offers and sales income.

There are broader benefits to creating a company-wide sales culture. Sales-focused companies tend to perform highly in every department. Good sales teams lift other departments through necessity.

Finally, data will help to improve the customer experience. Nothing annoys a customer more than an unreturned call, email or tweet. Good technology will help salespeople respond more quickly and be better armed with insight.

It is also important to integrate mobile and social retail data to ensure that enquiries are responded to, and trends are tracked. The goal should always be to provide a seamless experience to the customer, from answering an email in a preferred manner to remembering how they take their tea.

If a busy sales team is genuinely passionate about putting the customer first, then technology is essential to enabling the team to work optimally.

The industry is seeing some seismic changes with new entrants to the market and new ways to own a vehicle. If dealers want to hang on to their customers, they need to put them at the heart of high-performance, data-rich, culture.

Phone: 0113 280 6770
Email: sales@enquirymax.com
Web: www.enquirymax.com



Get the three-stage online car finance journey right

Finance calculators, multi-lender comparison tools and finance pre-qualifiers will enhance your ability to sell cars and generate leads, both online and in the showroom

Online motor retailing is becoming an essential fact of life for retailers of new and used cars. However, the level of expertise, the degree of technology and the effectiveness of its implementation varies widely from dealer to dealer.

Three elements currently constitute the fundamentals of the online car-buying journey – the finance calculator, the multi-lender comparison tool and the finance pre-qualifier.

For dealers who are not using some or all of these, we examine their use in detail and explain the positive effect they can have on your business. For those who have already adopted them, we will explain how to maximise their usefulness.

Finance calculator

This is the most familiar and well-established online motor finance tool and is the bare minimum that dealers should offer online.

Essentially, the finance calculator provides the means for the online buyer to calculate the cost of financing a car using parameters such as deposit, loan, term and product. Its importance is that it gives the customer the means to work out the affordability of the vehicle in their own time, and can be displayed prominently on the website alongside individual vehicles.

Where a finance calculator is provided, it extends the time spent on the dealer website considerably. It should also be accompanied by detailed product information, ideally in video form, to explain the most important features of products, such as HP and PCP.

The finance calculator is really the fast front-end of motor finance, allowing customers to get an idea about whether, and how, they can afford to buy a vehicle using basic variables such as product (usually PCP or HP), amount borrowed, deposit and term. The best calculators are simple and easy to use, and the best web designers make them as available as possible. That means having the calculator

“WHERE [THE CALCULATOR APPEARS ALONGSIDE THE CAR] CUSTOMERS ARE MORE LIKELY TO USE THE TOOL AND, ULTIMATELY, TO BUY THE CAR IN QUESTION

alongside the car in which the customer is interested every time it appears on a page. Our research shows that where this happens, customers are much more likely to use the tool and, ultimately, to buy the car in question.

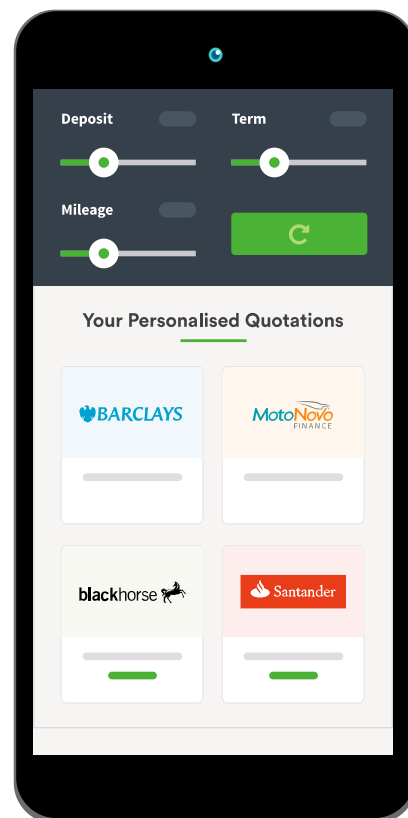
Multi-lender comparison tool

Online motor finance should be all about putting the customer in charge and an important way to achieve this is to provide visibility over your lender panel and product range.

Once the buyer has decided how much they need to borrow, their deposit and term, an online multi-lender comparison allows them to see how different lenders compare when it comes to interest rates, monthly payments and other key features. In most instances, there will be an obvious first choice, but it is important for the customer to be placed in control and make their own decision.

Many dealers only offer a single online finance provider, but our research shows that this may not be sufficient. In 2018, customers are sufficiently web-literate that they expect a choice of finance providers, in a similar way as they would from an insurance comparison site.

A multi-lender tool will enable the

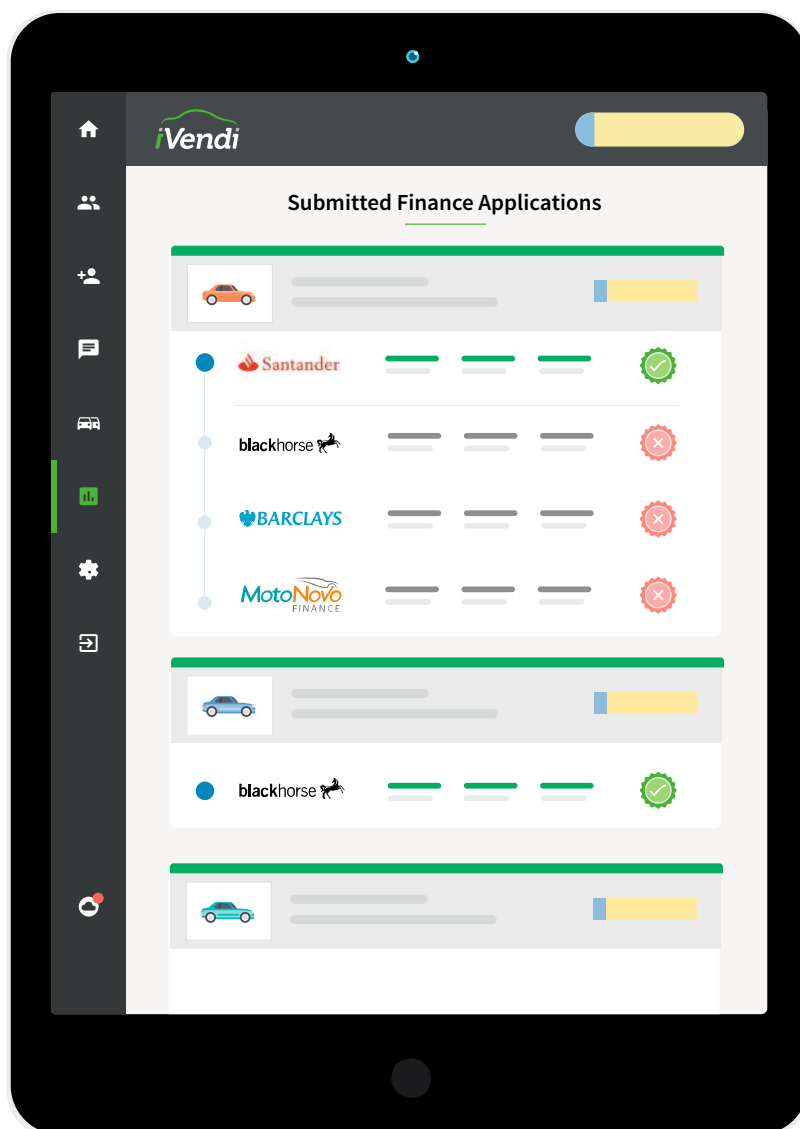
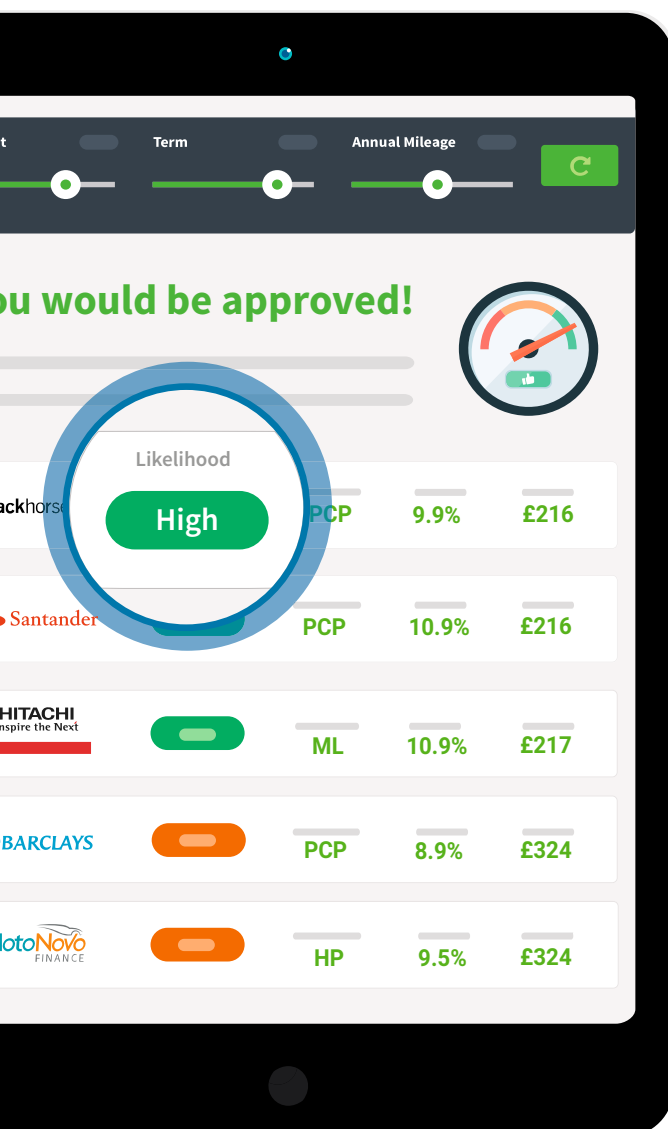


customer, once they have used the finance calculator to make basic decisions about their borrowing requirements, to look at how your panel of lenders would meet that need.

In use, the comparison tool should reflect your panel, providing a spread of lending options and forming part of a structured process that follows the finance calculator along a logical path, showing customers how their initial calculations will work when translated into a real finance application. Information needs to be presented clearly, with explanations available for the terminology used and products offered.

Finance pre-qualifier

Probably the most innovative tool available, this can be used by buyers online to pre-qualify themselves for motor finance with each dealer's panel of lenders, showing the likelihood of approval for an application with each different



finance provider. The checker allows the customer to look at the best deals that are available to them, as well as examining how varying parameters – such as putting down a larger deposit or altering the repayment period – affects their likelihood for approval. All of this should be done without leaving a footprint on their credit file that is visible to lenders.

Our research shows that pre-qualifiers have a direct impact on the buyer's propensity to progress their purchase as far as possible online, as well as increasing leads 10-fold from a traditional application.

There is quite a lot of sophisticated information to be shown on-screen within

a pre-qualifier and the key to this product is the ability to show the outcomes in a way that can be easily understood.

iVendi's pre-qualifier uses a traffic light system that allows car buyers to comprehend the most important points in moments. The key to getting the most out of the pre-qualifier is to understand that it is, in some ways, like a more sophisticated finance calculator – users can see how varying parameters will affect their likelihood of approval. Once a customer has reached this point, their probability of making a purchase is high.

Having followed this three-stage online journey, all that remains is for the car

buyer to make a formal application to their chosen lender, which can happen with or without dealer involvement.

However, an important point to consider is that very few vehicle purchases tend to happen entirely online or entirely in the showroom. In the real world, we see the majority of consumers do both. They will move from trying a car at the dealership to completing the purchase online or viewing a car on the dealer's website to visiting the premises to buy.

Your processes must allow for this strong human element, and a productive way of doing this is to make these three tools available both online and in the showroom.

The iVendi platform provides a complete online motor-retailing solution for dealers, car portals, manufacturers and motor finance providers. To find out more, visit ivendi.com, e-mail enquiries@ivendi.com or call 0345 226 0503



Raving fans are the route to profitability

If you get your customers' car-buying experience right, your dealerships will inspire loyalty and advocacy, bringing more profit and more repeat business

Raving fans will be loyal and often more profitable. By analysing the data we have collected over the past five years, we are able to establish a strong correlation between overall satisfaction with the experience, intention to recommend, intention to repurchase and actual repurchase.

Raving fans will recommend you to their friends, family and colleagues and, in today's digital world, will endorse you to anybody that comes into contact with your digital presence. In turn, this will increase the effectiveness of your marketing and, ultimately, reduce your costs.

By taking a deliberate approach to both your online reputation and customer satisfaction, you can genuinely improve your business. Here's how...

'They said what about me?'

The first step in cost-effective reputation management is to audit what is being said about you online at the current time. You do not need to use an agency to do this, you can save money by using reputation management software, which allows you to see what people are saying about you online.

Customer satisfaction vs reviews

Once you have a handle on your online reputation, you have got to decide whether you want to invest in your customer experience and reviews, or just the reviews. As a marketer, my instinct is to try and improve the customer experience as well as the reviews themselves. This can have a massive effect on profitability.

The ones that got away

You should look at what your lost sales prospects think about the experience. Although these will not generate reviews per se, they will generate an

abundant supply of hot leads, as well as an understanding of where your process or people have an opportunity to improve.

Our research shows that 45% of 'lost sales' are in fact still in the market. They are often waiting for a call regarding finding a particular coloured car, a particular spec or finance proposals. Indeed, we find that many customers are happy to book a test drive as part of this process.

Don't forget to 'catch people in'

When you get feedback on your colleagues, make sure you credit them for the things they have got right, as well as trying to remedy the things that may have gone wrong. A 'well done', a 'good work' or a 'thank you' go a long way.

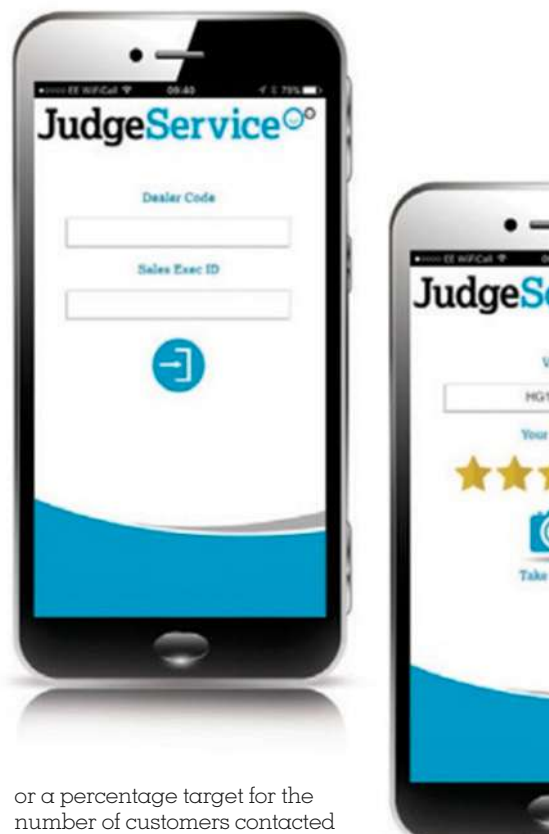
Celebrate your success

When you get good reviews to feature on your website, this will persuade potential customers that you are a great place to do business with. People are hungry for reviews. Let's face it, we look for reviews when we are buying a cup of coffee or a set of glasses. How much more important is it when someone is spending thousands on a car? Star ratings also save you money on your Adwords costs.

If you can, get photos of customers at handover, which you and they can share socially – in effect, giving you fantastic free advertising.

Once you have feedback, you should analyse what it tells you about your business. For a dealer group, this works on three levels:

■ At the top level, you see if there are group-wide processes that are affecting customer satisfaction and how you can remedy these. This could be with training or coaching or could just be that it requires focus. For example, you might set a target for the level of recommendation



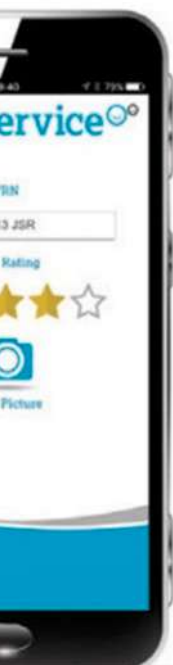
or a percentage target for the number of customers contacted post-delivery.

■ At dealer level, you may identify individual franchises or locations where there is a general malaise or indeed, exceptional results. Here you can credit the exceptional and again, manage the under-performers.

■ Finally, you can look at individual salespeople's performances. Here again, coaching can normally fix any under-performance. Our research shows that the customers' satisfaction with the salesperson has the biggest single effect on overall satisfaction. The salesperson is



“ RAVING FANS WILL RECOMMEND YOU TO FRIENDS, FAMILY AND COLLEAGUES AND ENDORSE YOU TO ANYBODY THAT COMES INTO CONTACT WITH YOUR DIGITAL PRESENCE



more important than the premises, more important than the part-exchange, more important, in fact, than the overall deal when it comes to satisfaction.

In it for the long haul

So far, what we have talked about has covered a relatively short, almost frenzied period of activity during a customer's purchase experience. Building a long-term, profitable relationship with customers is also about what happens next.

While many manufacturers will follow up at least some customers with customer satisfaction surveys, we advocate a short service customer satisfaction follow-up to check whether there are any customer concerns and nip them in the bud.

Our experience is that as long as these are conducted in near real-time by email or text, they do not have any impact on response to more traditional manufacturer CSI surveys. Plus, it can protect 'standards' payments.

Beyond servicing and repair, it makes sense to get an independent view of the customers' feelings towards their vehicle, the salesperson and dealership as a whole, in order to create a personalised retention strategy for each individual customer.

Know your customer

Marketing is becoming increasingly personalised, and irrespective of the challenges presented by the GDPR, this trend is set to continue. Looking to the future, identifying and keeping up with customers' communication preferences to keep on their radar or, if you will, shopping list, will become essential.

Some customers will want to continue to receive information by post, some by email, some by text, some messenger and so on. The more of these you cover with both individual, personalised messaging and the social media you cover with more general information should be driven by your customers.

Inspire your customers

Buying a car should be an exciting, rewarding experience. It should be entertaining, perhaps even with a sense of theatre. It is up to us all to gain insight into our customers' increasingly diverse requirements and to work with our teams to influence them delivering a first-class experience. If we get this right, we are guaranteed to inspire loyalty and advocacy from raving fans.

Discover more

To find out more about how JudgeService can help you, and why we are able to boast more than 750,000 reviews, call 01423 225 166, visit www.judgeservice.com or email sales-enquiry@judgeservice.com



Give your digital marketing health check to boost returns

Improving the accuracy of your dealerships' data opens the door to higher email response rates, more new car sales, greater used car turnover and more efficient workshop utilisation

Using data-driven marketing to improve communication with prospects and customers is a cost-effective way for dealers to boost profitability, not to mention the overall perception of the business. Whether the focus for improvement is on new car sales, used car turnover or workshop utilisation rates – investment in tailored marketing programmes can help you reach the right people at the right time with the right message.

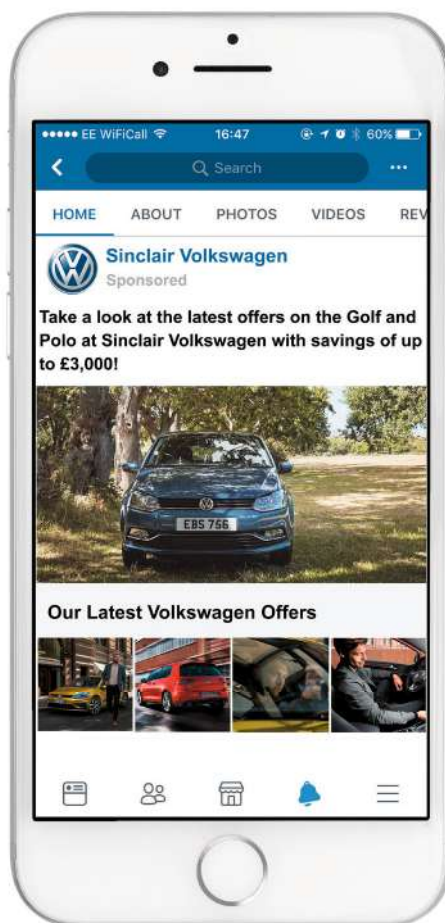
Higher conversion rates for new car sales

High-quality data is the foundation of successful digital marketing. Without robust protocols for capturing contact information, dealers are likely to have significant 'data deficits' in their records, and be limited in their ability to interact with customers and prospects. With the new car market starting to lose momentum, dealers cannot let potential leads slip between the cracks – so comprehensive records are crucial.

Improving data quality can start with something as basic as retraining sales staff to ensure details are recorded correctly and permissions are set appropriately. From this activity alone, we have seen dealer groups improve email capture rates from about 70% to nearer 95%.

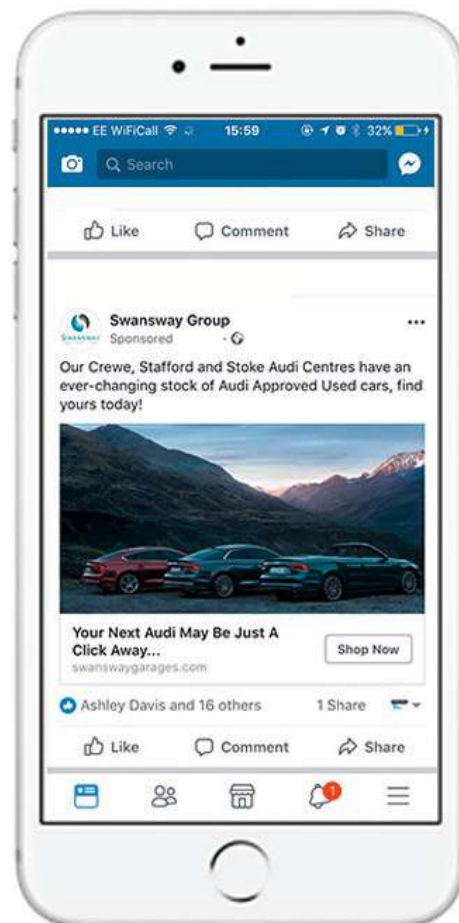
With this stronger foundation, dealers can then target communications and boost conversion rates by using a bespoke schedule of email interactions with customers and prospects, to keep them better informed and engaged throughout the buying process.

Initial enquiries need to be followed up with automated reminder emails to maximise engagement and minimise the chances of them going elsewhere. Without scheduled interaction, sales staff are often too quick to mark leads as 'lost', which could mean a dealer is missing out on more than a third of its potential customers. Marketing Delivery's research suggests that up to 40% of these supposedly 'lost' prospects are still ready and able to buy a car – so it is in the



dealer's interests to keep these people engaged.

An effective eCRM campaign will be structured with regular follow-ups at key points in the buying process. Where these programmes subsequently demonstrate the greatest value is often in recapturing dormant leads – with whom no contact has been made for two weeks or more – that the business would otherwise have missed out on. Dealer groups with about 10 locations can expect incremental business of about 25 to 30 sales a month through a



tailored email campaign, with a cost-per-sale figure significantly lower than from other digital services.

Growing your aftersales business

Successful prospecting for aftersales should not rely solely on service reception staff making a high number of speculative phone calls. By automating this process through an email-based communication programme, such as Marketing Delivery's SmartMail system, dealers can ensure consistent and informed targeting, which

ing programmes a urn on investment

can significantly improve conversion rates.

Again, high-quality data is critical, and there is evidently significant room for improvement across the industry. Our analysis of more than 200,000 customer records across the country found more than a third (34%) of entries held by franchised car dealerships lacked at least one key element necessary for securing future aftersales business – an email address, mobile number, due date for next service, and MOT expiry date. There is a vital role for a dealer group's customer contact centre to play here in securing and updating missing customer information.

With more accurate data and more timely contact, up to 60% of recipients will open targeted aftersales emails – three times the typical retail industry rate – and click-through rates of 30% to request bookings are not uncommon. Ultimately, these email-based communications can help to keep service departments busier and more profitable, boosting utilisation rates for workshops to near-maximum capacity.

Targeted digital communications for aftersales do not just deliver more service and MOT bookings. Knock-on effects can include a significant boost in service plan sales, more than doubling revenues over a year in some cases. More accurate data can also have a measurable impact on a dealer group's new car business, attracting higher-quality prospects to VIP sales events and previews.

Keeping on top of used car enquiries

Sales staff who struggle to keep on top of enquiries can make customers feel neglected or unwanted, and that can easily lead to lost business, not to mention negative online reviews. Comments that

“HIGH-QUALITY DATA IS THE FOUNDATION OF SUCCESSFUL DIGITAL MARKETING... DEALERS CANNOT LET POTENTIAL LEADS SLIP BETWEEN THE CRACKS

say: “They weren’t interested in finding a car for me”, or “They didn’t bother to contact me” are all too common.

One of the most common reasons for a lead not to progress to a purchase is that a dealer's stock doesn't match the customer's desired specification. Therefore, making customers better aware of an evolving stock situation is essential – and it is also

relatively easy and very cost-effective to address.

Subscribing prospects to automated stock alerts – which are relevant to their specific enquiry – performs the function of a ‘silent salesperson’, helping dealers to re-capture leads that may otherwise go elsewhere, all without the need for proactive input from busy sales staff. The return on investment can be significant, with the potential to add dozens of additional used car sales over even just a few months.

Integrating new stock alerts with targeted Facebook advertising can deliver even greater returns. Cross-checked customer data enables adverts to be placed in front of known prospects on the social media platform, further increasing the likelihood of conversion and a boost in profitability.

Going one step further, interactive lead-generation adverts on social media platforms can secure interest from an even wider audience of likely prospects, enabling them to submit a pre-populated enquiry direct to the dealer, which broadens the pool of prospective customers for sales staff to pursue.

CASE STUDY – SANDOWN GROUP

Mercedes-Benz specialist Sandown Group launched an initiative with Marketing Delivery to improve engagement with aftersales prospects and increase the number of service bookings across the group's workshops.

Higher-quality data led to more customers being contacted, and over a

two-year period, inbound call volumes rose 38.5% to a record high of more than 5,600 per month; service and MOT bookings increased by 44.1%; and the utilisation rate across the group's workshops went up from 89% to 98% – all of which delivered a direct and positive impact on the dealer group's invoiced retail hours.

Telephone: 01892 599 913
Website: marketingdelivery.co.uk
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Marketing Delivery

DATA DRIVEN MARKETING

Four ways dealerships can drive conversion rates

To maximise profits in a challenging market, dealers must offer exceptional services and experiences at every touchpoint and to every potential customer

In the past year, there have been numerous articles discussing the challenging conditions facing the automotive industry. While there may be debate over what the future holds, there is one thing most people can agree on – the drive to convert more customers and maximise profits is stronger than ever. The million-pound question is, of course, ‘how’? Jo McKeown, automotive channel manager at Moneypenny, explains four key ways her company helps make this happen:

1 Are you capturing every lead?

It may seem like an obvious question, but year after year we see ‘unanswered phone calls’ rank as the second-biggest customer complaint in the Driver Power survey.

Our own data backs this up with analysis finding that the average dealership is missing about 240 calls a month. It’s understandable – in a busy dealership with staff assisting customers in the showroom and securing sales it’s not always possible to reach the phone when it rings. However, a missed call could mean a missed opportunity and ultimately less profits.

According to a recent report for one of our brands, we answered 5,900 overflow calls in the course of a month across 11 sites. Calls that otherwise would have gone unanswered or have been sent to voicemail. Of these, 54% of their sales calls were about new vehicle enquiries; 59% of servicing calls were to book work in, and 72% of parts enquiries were to purchase a new part. Multiply that by 12 and, as a conservative estimate, the retailer could be losing out on a staggering 70,000 calls a year. Assuming a rough price of £15,000 for



a new family car, £180 for a service and £95 for parts, the potential effect on the bottom line is eye-watering.

So ask yourself if you are capturing every lead. Do emails sit in an inbox for days before being answered? Are customers who enquire about parts waiting too long before someone calls back? What process is in place for enquiries made online overnight? Leave no touchpoint unturned. Treat every lead as you would a buyer walking onto your forecourt.

2 Communicate how and when your customers want

In the past week, I have called, emailed and chatted online to various companies. I even had a WhatsApp

message updating me on a delivery. As consumers, we have never had more choice in how we communicate with a business – and as trends evolve, so too do our expectations and as a result workplace practices.

For retailers, this offers an unprecedented opportunity to find new communication channels and generate more leads. In our world of answering services, for example, we have seen a growing number of automotive clients seeking live chat assistance in addition to telephone answering support for overflow calls.

Keen to turn their website into an extension of their showroom, dealerships want to ensure that their doors remain open long after they have closed for the day. It’s paying off, too – recent Moneypenny data shows 47% of clients’ live chats were new business enquiries; and the service more than proves its worth over bank holidays, with our receptionists even answering live chat enquiries on Christmas Day.

Crucially, it’s about being ready to talk how and when your customers want. Assess what communication channels you are currently using. How efficient and effective are they? Is the balance right between online and offline? In the simplest terms, put yourself in your customer’s shoes. Not only will expanding the number of communication routes you offer generate and capture the most leads, but it will also strengthen your brand and exceed customer expectations.

3 Offer exceptional service...

We often talk about rolling out the red carpet for clients at Moneypenny. What we mean is making each and every person feel like they are our biggest and most important customer. It’s one of the pillars on which the company has been built, and has unintentionally become one of our most powerful tools when it comes to converting leads into clients.

On the flip side, we also all know how it feels to be on the receiving end of lousy service – be it a customer assistant with a bad attitude or someone letting us down. And it sticks with us – we tell our friends and

**ASK YOURSELF IF YOU ARE
CAPTURING EVERY LEAD... LEAVE
NO TOUCHPOINT UNTURNED.
TREAT EVERY LEAD AS YOU WOULD A
BUYER WALKING ONTO YOUR FORECOURT**



Some of Moneypenny's dedicated automotive receptionists

family. We spread the word on social media, and we don't forget it.

The following example from a testimonial cited by Auto Express in last year's Driver Power survey illustrates just how powerful poor, and consequently, great service can be. Talking to a customer who bought the survey's top-rated car to own, the Škoda Superb, the interviewer asked why he had chosen it over counterparts such as the Mercedes E-Class or Jaguar XF Sportbrake. The buyer's answer? Customer service.

"The Mercedes and Jaguar dealers seemed fairly uninterested," he said, "but the Škoda salesman was really good."

It's as simple as that, and the end result is that Škoda has a happy and loyal customer who will recommend them and has gone on to buy a second high-spec car from them.

Nor is he alone. According to a survey by the CMO Council and SAP Hybris, 47% of consumers in Europe and the US will abandon a brand due to poor service. Add to this Auto Trader's research, which points to 48% of customers being undecided on which make and model they wanted when buying a car, and it's all to play for.

4

... and an exceptional experience

In contrast to unwelcome news such as falling car sales, Mazda is one manufacturer bucking the trend. In a recent article, the firm announced its profitability had increased by 38% across its UK car dealer network in 2017. The secret to their success? Offering an exceptional customer experience.

Peter Allibon, Mazda's sales director,

described his dealers as "a modern retailer network that is committed to delivering an outstanding consumer experience" and pinpointed this as the overriding factor in their success.

It is this shift in focus to providing consumers with an experience, rather than just good service, that is key. Whether it is John Lewis, Waitrose or Mazda – they all share this dedication to offering customers a first-class buying experience. This bigger picture underlines the importance of making sure every touchpoint a company offers provides the same high standard of service throughout their journey. It shouldn't matter if it is sales, aftersales, parts, or in the showroom, on the phone or online – being consistently brilliant will give potential leads a reason to become lifelong customers.

To discuss your needs as well as find out more about Moneypenny's no-obligation trial, please contact:
0333 202 1005 / hello@



How image and video tech is boosting stock turn

In 'the year of the used car', dealers need to focus on online presentation of their stock – better imaging and video attract more views, leading to more enquiries and higher sales

Declining new car registrations have focused attention on used vehicle sales as this year's profit driver in the franchised sector, making it a highly competitive market.

With 2018 dubbed 'the year of the used car', the time it takes to get from the actual to the online forecourt has never been more critical.

The latest figures from Cap HPI showed a strengthening of used car values in the first 10 days of February on the back of a used car surge in January, underlining the importance of used car sales for the well-being of franchised networks.

The ability to market used cars with high-quality, consistent images and videos as soon as a vehicle is retail-ready is essential in boosting enquiries, sales, stock turn and profits.

Vehicles advertised with a wide selection of photography, 360-degree imaging and video attract more views. More views generate more enquiries which translates into sales. In turn, dealers' stock turn increases, which results in higher profits.

The fight for online attention

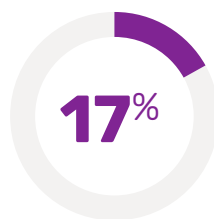
To generate an enquiry and a site visit, used car stock first needs to appear in consumer online searches and grab their attention. In our highly interconnected world, those all-important online views and enquiries

will be partly determined by the quality and convenience of presented information. Photos (both static and 360-degree) and videos are vitally important criteria in searches, making it easier for car-buyers to find what they are looking for and delivering a better experience.

The emphasis on imagery and, increasingly, video is supported by research from Auto Trader. Almost half (43%) of consumers will immediately dismiss a car

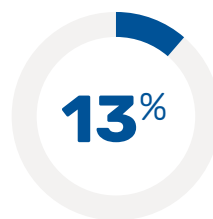
when searching online if there are fewer than three images available, while 49% want to see 10 images or more. More than two thirds (67%) said they would not click on an advert with poor-quality images.

In another study, Auto Trader found vehicles advertised with video were viewed 17% more times and dwell time increased by 13%. Factor in CitNOW's own consumer research, which found that 74% of buyers feel more confident in their purchase if they



Increase in Ad Views

Dealers with video saw on average a **17% uplift** in their Ad View benchmark.*



Increase in Session Time

Average session time on the Auto Trader website **increased by 13%** when a user viewed at least one dealer video.



Increase in Sales

Dealers saw an **increase in sales of 10%** for adverts that received at least one video play.**

*A measure of daily advert views for a specific vehicle vs similar cars advertised on Auto Trader.

** Over a 4 week period, dealers saw an average increase in sales of 10% for adverts that received at least one video play, versus adverts without video.



Advertising feature

Inchcape's performance with Web Video and Smart Image

40% Increase in stock online with imaging



60% Increase in stock online with video

Sub 1% image rejection rate by Quality Control



More than 9/10 Inchcape's used cars are now **online with images**

have watched a product video, and digital assets become as important as other key elements of successful used car retailing, such as pricing and vehicle provenance.

Your online digital assets are the only visible part of the preparation process. Without them, the effort required to make a vehicle retail-ready is invisible. All the potential car buyer sees of the transport, delivery, PDI, valet, forecourt positioning and admin is the 'Waiting for image' sign. As the stats show, for all your effort, the car listing will be overlooked and outcompeted by listings with better video and imaging.

No matter how competitively priced a used vehicle is or how desirable the model may be, if it doesn't have images, chances are the used car buyer simply moves to the next vehicle on the virtual forecourt. No one needs to be reminded that if a used car has not been viewed online, no one is going to make a special visit to your site to see it in the metal instead.

What 'good' looks like has changed

Inevitably, most dealers experience a delay between a car becoming retail-ready and the imagery being made available. After all, most photographers only visit a site once a week. Dealers could be forgiven for

thinking that since everybody is facing the same challenges, it's a level playing field, right?

Wrong. Forward-thinking dealers are making use of smart technology to perform better online and become more competitive.

Innovative dealers such as Inchcape, with the help of CitNOW, have enhanced the process and cut out many of the stalling points and challenges involved in used car retailing. The group is cutting time-to-market, reducing costs and showcasing 40% more cars with brand-standard images.

Good technology is empowering. For the likes of Inchcape, embracing a new way to collect video and imaging technology has allowed them to bring their asset creation in-house, consigning the weekly site visit from the photographer to the history books.

Instead, dealership staff are notified, via an app, of new used car stock and then guided through collating photographs and video as soon as the vehicle is retail-ready. All from one solution. The end-to-end process has gone from taking days to just a few hours.

The benefits for the car-buyer are substantial, too. A used car can be viewed online by a would-be buyer from every angle, inside and out, on the virtual

forecourt at practically the same time as it appears on the dealer's actual forecourt, with an unprecedented amount of consistent, high-quality information.

How to get ahead in used car retailing

Revolutionising the curation of digital content is CitNOW's Web Video and Smart Image app, which now also includes 360-degree imaging.



With the app plugged into your stock management system, it knows which vehicles need which assets and can prioritise what your team has to collect first.

Technology has made time to web for a used car so fast it's almost immediate, giving retailers a vital edge in reducing costs, grabbing attention online and selling more used stock, quicker.

Web Video and Smart Image places control back in the hands of dealership staff. It gives your team a quicker, smarter way to capture effective video, imagery and 360-degree assets.

Most importantly, it gets everything you need created and online, in as little as two hours. All from one app.

Email: reply@citnow.com
Phone: 01189 977 740
Website: www.citnow.co.uk



1

DO: Resource

A social media strategy will only be successful if there are dedicated resources, from time to overall management, including responding and taking action when customers air their views should an issue arise.

Dave Cottrell, Volvo Car UK's digital experience manager, said: "You should be ready to dedicate time and resources to community management and customer support, as well as using social channels for marketing purposes."

Philip J Deacon, head of marketing at Marshall Motor Group, winner of the 2017 AM Award for social media, urged dealers to have a team of contributors. This approach enabled Marshall's content to be shared from its site using #marshallmoments, he said: "Use your people – they have great ideas, too."

Marketing Delivery advises using clear social media icons on websites to make it easy for visitors to find and follow accounts.

2

DO: Engage and respond

Complaints, criticisms and compliments should all be addressed immediately, said Cottrell: "People will expect responses almost instantly if they reach out to you on social channels, so always be ready to reply. If you receive a complaint online, then it should be dealt with in the same professional manner that it would be if the customer had phoned or walked in to the retailer."

"If our target audience visits our social channels or interacts with us online, they should go away feeling better about us than they did when they arrived."

Marshall Motor Group operates a strict online reputation management process, ensuring any detractors or advocates are contacted appropriately and promptly with direct tweets and customer concerns are answered seven days a week.

3

DO: Be interesting and have a personality

Deacon's advice includes having a content plan and posting consistently with relevant, interesting and current content, incorporating videos and images to boost engagement. Sharing the "delight, joy and passion", he said, also helps customer satisfaction levels and retention.

He said: "Have a personality and showcase it! We are very passionate about MMG and the brands we represent and we believe that comes across in our content. We are not nine-to-five either. We have a clear, approachable personality – it has been described as 'friendly, light, customer-centric, current, engaging, interactive and fun'. We listen as much as we broadcast."

"A huge theme of our content is around #marshallmoments – this focuses on the people behind the "M" of Marshall. These include people and customer stories – which gain our highest engagement content."

DOS

DON'T



Ask any digital marketer how to run a successful social media strategy, and they will give you a list of what you should and should not do. **Debbie Kirlaw** assembles the most common pieces of advice

& 'S OF SOCIAL MEDIA IN 2018

4

DO: Measure, track and learn

Marketing Delivery recommends dealers set up a Facebook 'pixel' that tracks visitors through their websites to help generate a remarketing audience for targeting using Facebook and Instagram ads. Including a UTM link – customised code for a URL to track campaigns – in every update maximises exposure and directs more people to the dealer's website.

Cottrell emphasised the importance of tools for greater understanding: "Use insights from the analytics tools available and trial different creative and copy with new audiences."

Deacon said: "We capture and analyse data in-house from social media channels to monitor our represented brands and site locations, address any customer service issues and generate new sales and service leads."



COMMERCIAL PARTNER COMMENT

By **Jeremy Evans**, managing director,
Marketing Delivery



When it comes to social media, the most frequent comment we hear from dealers is that it is simply too resource-intensive to manage properly. However, with the right processes and tools, a well-managed social programme can deliver up to five times more website traffic from an existing presence on Facebook and Twitter – and can be a genuine lead-generation avenue for dealers, too.

Optimal use of social media relies on high-quality customer data, and robust reporting tools can help dealers to improve their capture rates. Once a solid foundation of data is established, marketing teams can integrate social targeting tools with existing digital campaigns, to reach out to the most relevant audiences.

Dealers can use anonymised data to track visitors to their websites, and 'remarket' to those individuals with highly relevant adverts. On Facebook, sophisticated tools can extrapolate characteristics from a sample group to create a 'lookalike audience' of potential leads that have similar demographics and interests. The quality of the traffic generated by this activity is typically much higher than with campaigns that use less advanced methods of targeting.

Traffic generation should not be the only motivation behind marketing on social media, however. Using a purpose-built application, such as our LeadBox system, dealers can reach prospects with interactive lead-generation adverts. These adverts sit within the page and allow prospects to complete a simple, pre-populated enquiry form that has a one-click 'Confirm' option to submit it to the dealer.

We are seeing increasing demand from dealers for 'smart automation' in their customer communication processes, and the latest tools enable them to exploit the growing potential of social media for their businesses.

Marketing Delivery

DATA DRIVEN MARKETING



Marketing Delivery is a commercial partner of our Dealer Masterclass programme, and will be sharing more inspiration at Automotive Management Live on November 8.

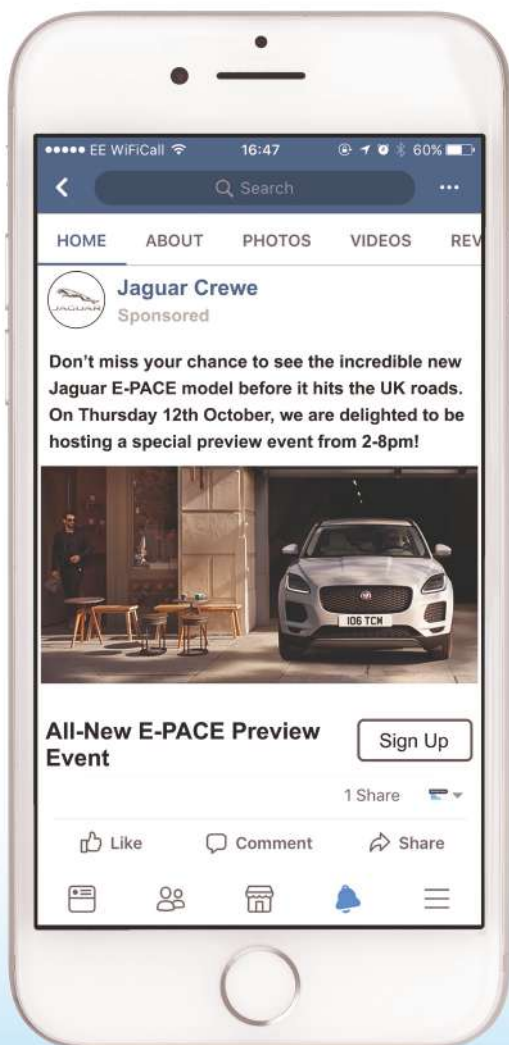
Next dealer masterclass (July): Customer service

Marketing Delivery

DATA DRIVEN MARKETING

Lead Generation Through Social Media

With the right processes and tools, a well-managed social programme can deliver up to 5X more website traffic from an existing presence on Facebook and Twitter – and can be a genuine lead-generation avenue for dealers.



- Used quality Customer Data to optimise use of Social Media
- Robust reporting tools can help dealers to improve their capture rates
- Marketing teams can integrate social targeting tools with existing digital campaigns, to reach out to the most relevant audiences
- Traffic generation should not be the only motivation behind marketing on Social Media
- Purpose-built applications, such as our LeadBox system, allows dealers to reach prospects with interactive lead-generation adverts

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5

DON'T: Follow popular or celebrity accounts

Marketing Delivery warns against following celebrities or popular accounts, managing director Jeremy Evans said: "If you're looking to build up your followers, take a look at who the key industry publications are following, as these may be highly relevant for you too."

Deacon said: "It's quality over quantity. Having thousands of followers is not always a metric of success (especially if they are bots)."

6

DON'T: Post generic brand or sales messages

Content is crucial. Relevant, fresh and unique content is an absolute must, but many dealers fall into the trap of using material from their manufacturer partners. Evans warned: "Don't just post generic brand marketing messages. Your followers will respond to high-quality localised content."

Marshall's social media objective is focused on not selling products or services. Consumers don't want to be 'sold to', said Deacon: "The objective is to showcase our company, our people, our products and services, our credibility and likeability."

7

DON'T: Make the mistake of thinking social media is free

To reach the right audiences, dealers need a carefully orchestrated and targeted approach using sponsored content and advertising.

Cottrell said: "Always leverage the technical ability of the platforms, such as integration of CRM databases and pixels from your websites to make sure you're optimising towards the goals and KPIs you set yourself. Nothing is free in this world, so be prepared to invest. You can spend tiny amounts to see how things perform and then you can step on the throttle when things go really well or take a step back to see why things aren't working as expected."

Evans said: "Don't forget about advertising on social media, 40% of users will never 'like' or 'follow' a brand profile, so paid-for promotions are often the only way to target them."

8

DON'T: Get stuck in a rut or follow the crowd

Nothing stays the same and social media is constantly evolving, Deacon said: "Be adaptable and agile in an ever-changing digital landscape. In our nine-plus years, our social media presence has evolved and has been adapted to suit the ever-changing digital landscape."

"Social media isn't one-size-fits-all and just because everyone else seems to be on Facebook doesn't mean you need to be. Choose your platforms carefully."



DON'T JUST POST GENERIC BRAND MARKETING MESSAGES. FOLLOWERS WILL RESPOND TO HIGH-QUALITY LOCALISED CONTENT

JEREMY EVANS,
MARKETING
DELIVERY



BE ADAPTABLE AND AGILE IN AN EVER-CHANGING DIGITAL LANDSCAPE

PHILIP J
DEACON,
MARSHALL
MOTOR GROUP

**Don'ts** from Philip J Deacon of Marshall Motor Group

Marshall's has four 'E principles' – educate, engage, entertain and empower (providing the local community with the opportunity to share and contribute), which form the cornerstone of its social media coverage. But Deacon also has several 'don'ts':

- Don't mix business and personal
- Don't desert your audience and neglect your profiles
- Don't just broadcast, listen too
- Don't post irrelevant content for the sake of engagement
- Don't overpost
- Don't ignore feedback
- Don't rely on automation
- Don't be needy (asking for retweets, feedback etc.)
- Don't sell
- Don't abuse #hashtags or hashtag current trends which have no relevance
- Don't get fixated on your number of followers.

Dos and Don'ts LinkedIn

LinkedIn is often overlooked, but can be a highly effective tool for senior managers establishing themselves as thought leaders, HR managers attracting high-calibre applicants and corporate sales managers seeking to connect with local business people, says Philip Calvert, an expert in lead generation on the platform and a speaker at AM's digital events. He provides his thoughts on using the channel:

Do

- Fully complete your profile
- Make sure your profile contains words and phrases relevant to your expertise – make a list, order them in importance, select your top five and put them in every section by weaving them into prose
- Customise your URL using your keyword (Calvert's is 'social media speaker')
- Connect through your profile so you can personalise the message
- Every Monday, go through your notification stream, which shows how many times you appeared in searches for the previous week. If you are attracting the wrong audience, change your profile
- When connecting with people you don't know, do your homework and find your common ground (a colleague, same location, etc.)

Don't

- Go into sales mode
- Forget to be human and remember to say 'thanks'
- Put your profile live without a photo.



Citroën expects 7,000 C4 Cactus registrations in its first full year on sale

CITROËN C4 CACTUS: FACELIFT DELIVERS FEWER QUIRKS, MORE COMFORT

Although Citroën will begin and end 2018 with two all-new SUV models, their forebear in the manufacturer's new breed of crossovers has lost some of its distinctive character in its latest guise.

The March arrival of the updated C4 Cactus followed the January launch of the C3 Aircross – the replacement for the C3 Picasso – and comes several months before the arrival of a new C5 Aircross flagship for the brand.

The manufacturer wants the vehicle to span market sectors, with the Mk2 Cactus attempting to plug a gap left by the departure of the C4 hatchback.

That is a more modest aspiration than many may think. Citroën registered 6,228 C4 Cactus and 692 C4 hatchbacks during 2017. It expects the new C4 Cactus to yield 7,000 registrations in its first full year on sale.

Design-wise, the Mk1's divisive Airbumps have been slimmed down and repositioned to the base of each flank – less conspicuous, but also less effective at stopping door dents. The ski-like sculpted roof rails have gone completely.

A total of 31 exterior colour combinations and five "interior ambiances" prioritise subtler hues, but do deliver a variety of options for potential customers.

From a retailer's point of view, the cleaner appearance and improved quality

on show mean it should appeal to a wider audience.

As the first vehicle to be part of the Citroën Advanced Comfort programme, the new Cactus features 15mm of memory foam padding on what are now extremely comfortable and supportive seats, greater sound-deadening and a new suspension set-up.

Citroën filed 20 patents in the creation of the new suspension, which replaces conventional mechanical bump stops with progressive hydraulic cushions (PHC) for both compression and rebound.

Dealers should be keen to get prospects into a car that sets high standards of comfort and refinement despite starting at £17,265 (Feel Edition Puretech 82 manual).

In an effort to help get potential customers behind the wheel, Citroën will introduce a 24-hour test drive programme.

Less emphasis will be placed on the fact that the starting price of the new C4 Cactus is £3,300 higher than its predecessor, yet the most expensive model in the range, the £20,895 BlueHDi 100 S&S, costs £430 less than the outgoing top spec.

At launch, Citroën's promotional PCP example is a three-year, 18,000-mile, 4.9% APR offer, resulting in £219 monthly payments for the Puretech 110 Feel Edition when a customer places a £2,000 deposit. This is backed by deposit contributions of £900 from the manufacturer and £1,600 from the dealer.



£17,265
- £20,895



PURETECH 82, 110
AND 130PS 1.2-
LITRE PETROL;
1.6-LITRE 100PS
BLUEHDI
TURBODIESEL



0-62MPH
8.7-13.1 SECONDS
TOP SPEED
105-120MPH



5SP OR 6SP
MANUAL; 6SP
AUTOMATIC



58.9-83.1MPG



90-110G/KM CO₂

KEY RIVALS



Volkswagen T-Roc



INTERIOR QUALITY,
INTUITIVE TECH



CONSERVATIVE
STYLING IN SOME
SPECS



Nissan Juke



ATTRACTIVE PCPS AND
BROAD RANGE



SOGGY DYNAMICS



Hyundai Kona



ON-ROAD PRESENCE.
INTERIOR SPACE.



THIRSTY PETROL-
POWERED 4WD
OPTION

REVIEW RATINGS

PARKERS



TOP GEAR



WHAT CAR?



WITH THE FIRST GENERATION, 65% OF [SALES WERE] PETROL-POWERED. THIS TIME, WE ANTICIPATE THAT CLOSER TO 80% WILL BE PETROL
JASON MAYNARD,
CITROËN



Tall rear-seat passengers may suffer



The interior feels less pared back than the original Cactus

C Residual values at three years and 30,000 miles range from 38% for the PureTech 110 S&S Flair to 33% for the BlueHDi 100 Feel.

Three specifications are available – Feel, Feel Edition and Flair – along with three petrol engines and one diesel.

The petrol engines are all 1.2-litre Puretech three-cylinder units that come in 82PS, 110PS or newly introduced 130PS options.

The diesel powerplant, a 100PS 1.6-litre BlueHDi, is the most efficient drivetrain, claiming 83.1mpg fuel economy and 90g/km CO₂ emissions. It will accelerate from 0-62mph in 10.7 seconds to a top speed of 114mph. It is outpaced by the 130PS Puretech, which will go from 0-62mph in 8.7 seconds and tops out at 120mph.

Only the 110 Puretech is available with the option of an automatic gearbox.

We drove the 130PS Puretech with a six-speed manual and the 110PS six-speed automatic gearbox option.

The engine pulls keenly and the new suspension set-up has a marked effect – the ride is smooth and composed.

While the interior's refinement is a departure from the pared-back feel of the original Cactus, many of the original interior features remain.

Houndstooth seat trim can still be specified and the suitcase strap door pulls and dash-top glovebox design remain.

The uncluttered dashboard features a seven-inch touchscreen infotainment system, which incorporates sat-nav and a reversing camera in Flair trim.

Drivers will be able to connect their smartphone via Apple CarPlay, Mirror

Q&A



JASON MAYNARD,
CITROËN C4 CACTUS
PRODUCT MANAGER

What are the key improvements that were made to the new-generation C4 Cactus as a result of feedback related to the original vehicle?

There have been a handful of tweaks, all designed to make life easier. In the front, there are now one-touch electric windows and we have introduced folding door mirrors and an upgraded sat-nav system. Split rear seats were introduced in a mid-life upgrade of the first generation car.

Central to the new car, though are the 15mm memory foam pads of the Advanced Comfort seats added to the front and rear seats as standard and the added sound insulation to improve refinement.

A new test drive programme will be rolled out with the launch of the new C4 Cactus. Tell us a little more about that

We have done a 24-hour test drive for limited periods in the past, but in this case, it is a programme specific to the Cactus, which will be ongoing. We need to get people into the car to

experience the improvements and this can help dealers do that.

There are certain things like ride comfort and increased refinement that you can only tell people so much about. It has to be experienced, really. Cars were in the showrooms at the end of March and full social media promotion of the test-drive programme will start at the end of April.

What are the anticipated registrations and the mix in terms of trim levels and engines?

In a full year of sales, we expect to sell 7,000 and we anticipate that the Puretech 110 manual Flair will be the most popular trim level. Around 60% of sales will be Flair, 35% Feel. With the first generation, 65% of the mix was petrol-powered, but the market has clearly moved and this time around we anticipate that closer to 80% of sales will be petrol.

Most manufacturers seem to deliver a fully spec'd launch edition vehicle at a premium price. Why is the C4 Cactus Edition cheaper than the rest of the range?

The Edition is only available in conjunction with the Puretech 82 and the reality is that the Puretech 82 engine has been very popular in the existing Cactus, but it will only be available for three to four months from launch due to the changes to Euro emissions testing. This gives people the chance to get into the car at an appealing entry point.

“WE NEED TO GET PEOPLE INTO THE CAR TO EXPERIENCE THE IMPROVEMENTS. A 24-HOUR TEST DRIVE CAN HELP TO DO THAT”
JASON MAYNARD, CITROËN

Link or Android Auto to access their phone's apps and navigation functionality.

Among the other standard features of the new Cactus are 60:40 split rear seats (their absence was a bugbear on the original Cactus), rear parking sensors, cruise control and automated emergency braking.

Traffic sign recognition, lane departure warning, blind-spot monitoring and automated parking can also be specified among 12 optional safety features.

Retailers should be aware that the panoramic sunroof, standard in Flair trim, will not suit those who regularly transport

adult passengers in the rear seats. Anyone over 6ft will have their neck cricked by what is a low roof for a vehicle that appears fairly tall.

There have been many improvements to the new Cactus. It is now a class-leader in the comfort stakes and boasts improved interior quality and new technology.

But the limited rear headroom and an inability to fully open the rear windows (they still rely on a rocker mechanism at the rear) remain features that may see it struggle to compete with key rivals in the practicality stakes. **TOM SHARPE**

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to £22k
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£45,000 +
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12597 Sales Administration
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12584 Technical Project Mgr
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in association with



May 23. 11 – 11.45am

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Chairman: Tim Rose, AM editor

Presenter: Steve Ure, strategic account manager, EDynamix

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HONDA CIVIC 1.0 VTEC TURBO SR

REPORT
PROGRESS



NEW

KEY RIVALS

Volkswagen Golf

✓ GERMANIC
BUILD QUALITY,
BRAND APPEAL

✗ CONSERVATIVE
STYLING,
SMALL BOOT

Ford Focus

✓ DRIVING
DYNAMICS,
INTERIOR SPACE

✗ A DEFAULT
CHOICE FOR
SO MANY

A FAMILY FAVE BUILT TO MOVE IN BRITAIN

As of this summer, Honda's Civic hatchback will be the only vehicle produced on UK shores by the Japanese car manufacturer.

Whether car retailers feel this is something that will rally UK car buyers to invest in the divisively styled family car may be a point worthy of debate, but publicity to this end could boost its fortunes amid a 16.97% year-on-year decline in Q1 registrations, to 4,473 (2017: 5387).

The Civic 1.0 VTEC Turbo SR, AM's latest long-term, is therefore a welcome arrival. Honda's second-biggest seller of 2018 – behind the ever-popular Jazz – comes in at £20,755, with Brilliant Sporty Blue metallic paint, adding £525. That puts it within £140 of the Ford Focus Zetec Edition 1.0T EcoBoost 125PS and £30 of the Volkswagen Golf SE Navigation TSI 1.0 110 PS.

Customers should be impressed by a realistic 58.9mpg claim for combined fuel economy and 110g/km CO2 emissions. The 988cc engine is fun to stretch, too.

A mechanical, three-cylinder thrum greets enthusiastic driving, but the Civic feels well capable of claims of 0-62mph in 10.9 seconds and a top speed of 126mph.

Among the standard safety equipment is lane departure warning, lane-keeping assistance, traffic-sign recognition and automated emergency braking, all of which helped the Civic to a five-star Euro NCAP safety rating.

I think we'll enjoy exploring the Japanese brand's well equipped family hatchback. **TOM SHARPE**

✓ PERKY ENGINE,
HUGE BOOT

✗ DIVISIVE STYLING.
TOO LOW FOR SOME?



£20,755



998CC THREE-
CYLINDER
TURBOCHARGED
PETROL



0-62MPH 10.9 SECS,
TOP SPEED 126MPH



6SP MANUAL



58.9MPG



110G/KM CO2

MERCEDES-BENZ C220D SPORT ESTATE

REPORT
PROGRESS



ESTATE'S PRACTICAL PEDIGREE IS BEST IN SHOW FOR DOG-OWNERS

Running an estate car over the past six months has given me a clear reminder of the immense practicalities of this kind of car, even more so than the car of the moment, the SUV. It struck me that there is still a willing market for low-level load carriers, such as the Mercedes-Benz C-Class Estate, among the dog-owning middle-classes.

I understand why SUVs are so popular – our main family car is a Volvo XC60 – but as the owner of a basset hound and miniature schnauzer I've discovered they have downsides that include making me lift almost 25kg of wriggling canine above a good 76cm to put her in the boot. The C-Class makes it that little bit easier, as the load level is almost 20cm lower and the boot floor is completely flat. Owners of large dogs, particularly ageing ones, will certainly appreciate the difference. What's more, an integral storage net on the left of the boot becomes the perfect place to stow leads and water bowls.

Thanks to the existence of Facebook and WhatsApp groups for myriad different dog breed enthusiasts, switched-on carmakers could easily target this demographic. From what I've witnessed at our monthly communal walks, where our C-Class is one of many estate cars present, many prefer the safe practicality and prestige of premium-brand estate cars to the risk of being fashionable, but suffering a bad back.

TIM ROSE



REGISTRATIONS YTD
6,494 FLEET
4,338 RETAIL
(SOURCE: SMMT)



SEGMENT SHARE
28.2%
(SOURCE: SMMT)



DEPOSIT
CONTRIBUTION
£4,728



DIESEL/PETROL
SPLIT 65%/35%

✓ CLAW-RESISTANT
BOOT LINING

✗ THAT BARKING MAD
TOUCHPAD CONTROL

CURRENT
MILEAGE 0 1 3 4 6

START
MILEAGE 0 1 2 7 9

CURRENT
MILEAGE 1 8 0 1 1

START
MILEAGE 1 1 1 8 7

≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Simon Wheeler,
national fleet
marketing
manager at Fiat
Chrysler
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correctly identified
the Lotus Exige S
in the last issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, May 11.



Car sales in the UK: A tale of two markets

Knock-on effects from faltering new car sales have split the UK's used car market into two tiers. To maximise profits, dealers need data to back up their pricing decisions



By Anthony Machin,
head of content, Glass's

The unpredictable impact of Brexit and the demonisation of diesel by the press have created a tale of two UK car markets. On one side, discounts on new cars are commonplace, with scrappage schemes and deposit

contributions. On the other, in the used car market, prices are continuing to rise. Counterintuitively, the sales of new diesel engine cars slumped in 2017 and 2018, while prices for used diesels rose.

UK used car market stays strong in 2017

In 2017, 8,113,020 used cars changed hands. This was a dip of 1.1% versus 2016, but was still the second-highest total on record, according to the SMMT.

As the new-car market continues to fall in 2018, and margins reduce further, more and more dealers are putting increasing amounts of resource into used car operations. These dealers need access to a wide choice of quality vehicles. This year, the Glass's editorial team has observed many dealers looking specifically for vehicles they can place straight on their forecourt and website.

At the auctions

From Glass's research, the used market has become a two-tier system, with nearly new vehicles over £8,000 finding it tough, because dealers know they will face competition from discounts on new cars, while quality higher-mileage small cars are making good money.

On the forecourt

Ultimately, sales performance on the forecourt dictates used car retail prices.

- If cars sell at low prices to prioritise volume, dealers need to pay less for the car at the front end
- If cars sell at high prices to prioritise margin, dealers will sell cars more slowly

Without data to back up decisions, making the right used car pricing choices can be difficult. This in turn means lower profit.

Glass's Live Retail Pricing data powers products that help you make the right decisions for your business

Single site insight for profitable stock turn

Our Live Retail Pricing data can be integrated into existing systems or accessed via our online platform, GlassNet Radar. Whether you price low to sell quickly or hold out for the best price, Radar will help you make the right decisions for your business:

- average Live Retail Prices for every model
- desirability measured in average days to sell
- see which competitors are selling similar stock
- view pricing history and days in stock

Performance Management Reporting for network-wide insights

Our Live Retail Pricing data, gleaned from the UK's leading advertising portals, powers our Performance Management Reporting (PMR) tool to provide an overview of how your network performs against each other and the wider market.

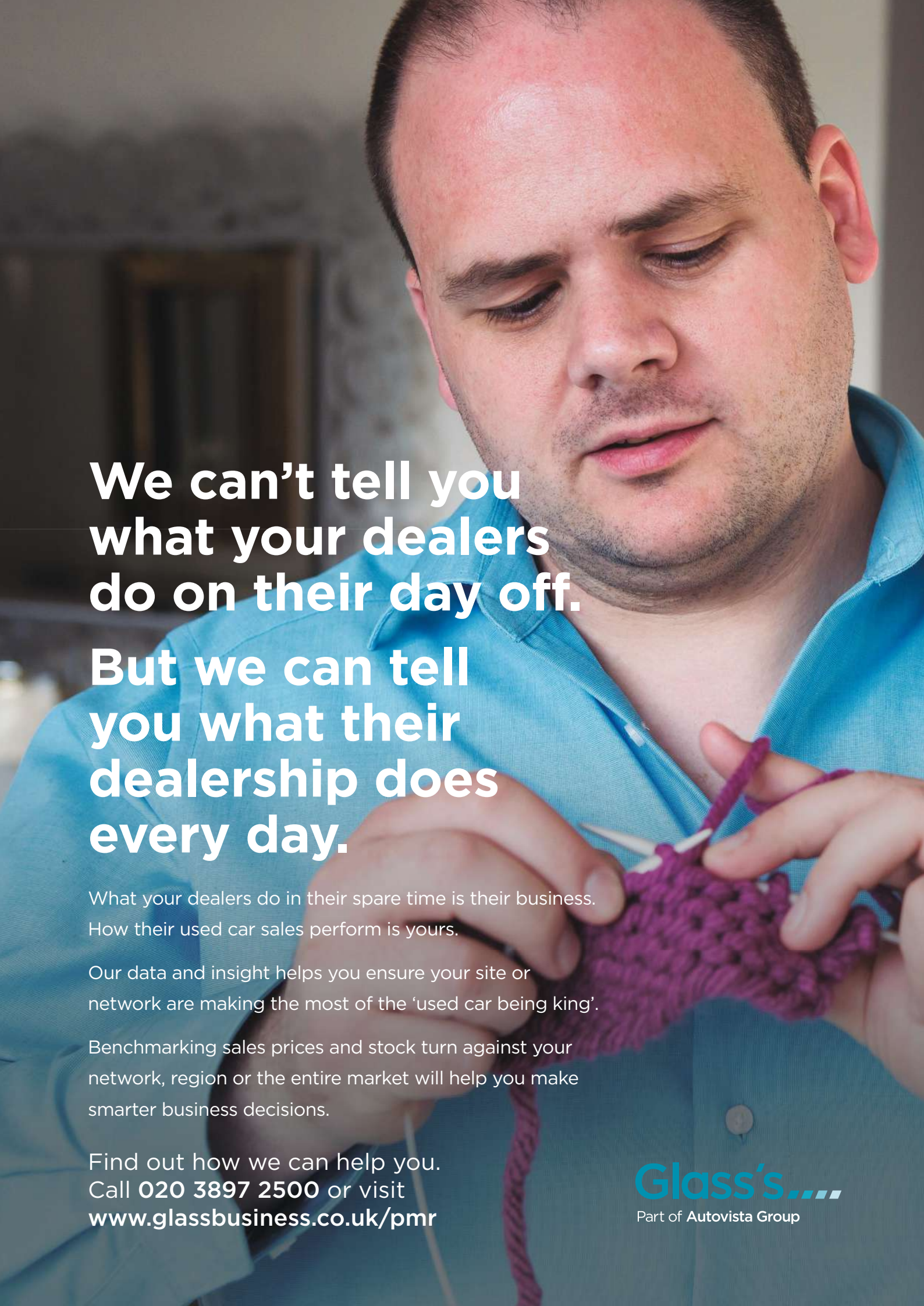
- performance measured on days to sell and price under or over average live retail price
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A man with short dark hair and a light beard is shown from the chest up, wearing a bright blue button-down shirt. He is focused on knitting a thick purple scarf using white knitting needles. The background is slightly blurred, showing what appears to be a workshop or a room with wooden shelves.

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BREXIT 'WILL MAKE DEALERSHIP STAFF SHORTAGES WORSE'

Growing exodus of non-UK nationals threatens dealers' operations

The three million EU citizens living and working in the UK will be able to apply for settled status under Government rules to be laid out this summer, enabling them to stay in the country after Brexit.

However, with fears increasing over Britain's economic plight once it leaves the EU and a growing anti-immigration sentiment making many feel uncomfortable, many non-nationals have already decided to leave the country.

Motor retail has been one of the industries hardest hit by this sudden outflux and with fewer EU citizens moving to the UK because of Brexit, it has already become increasingly difficult for dealers to recruit and retain staff.

'Brexit will shrink talent pool'

The motor retail sector relies on a proportion of foreign workers, particularly technicians, valeters and bodyshop staff, but there are also senior managers from manufacturers and major dealer groups in Europe based here who could be affected by Brexit.

"Car dealers are already facing a shortage of high-quality staff to fill positions across their business operations," said Karl Davis, managing director at Coachworks Consulting.

"For many years, the industry has struggled to attract bright young talent from schools and universities. After Brexit, that talent pool will become even smaller."

Davis said while it was unlikely dealers will lose employees directly because of Brexit it will certainly be harder for them to hire new staff in the future. He said the ongoing recruitment challenge at entry level and from other sectors will be exacerbated after leaving the EU, particularly



EU NATIONALS PLAY AN INVALUABLE ROLE... THAT RICH SOURCE OF FRESH TALENT WILL BE MISSED BY MANY POST-BREXIT



**KARL DAVIS,
COACHWORKS
CONSULTING**

for dealers in London, who are largely dependent on EU nationals working as valeters and workshop technicians as well as customer-facing roles, such as reception and sales.

"Dealers affected by a shortfall of desirable staff because of Brexit will feel the impact across all job functions. EU nationals currently play an invaluable role in filling important roles across the board and that rich source of fresh talent will be missed by many dealers post-Brexit."

Guy Liddall, managing director at Motor Trade Selection, said he has already seen people leaving the country because working in the UK is no longer financially advantageous. However, he has also seen EU nationals who have made the UK their home and don't want to return.

"Because of the weakening pound, a lot of people who have moved to the UK because earnings were significantly higher than in their home country are going back," he said. "However, there are also people who are settled here and aren't staying just for financial gain."

Staff retention also at risk

Martin Peters, sales director at Autoclenz, whose workforce is 74% non-UK nationals, said the uncertainty around Brexit has not helped with retention either. But he added that those staff who have chosen to remain do so because they feel valued.

"The core of our people are valeters, who sit at the bottom end of the wage scale, so it's always been a notoriously difficult recruitment process and Brexit certainly hasn't helped that," he said. "Further up the pay chain, attracting and keeping the right kind of higher-skilled workers, like repairers and body shop staff, is a major challenge too."

Louise Wallis, head of business development at the National Franchised Dealers Association (NFDA), said recruitment for skilled jobs has been a perennial issue for the industry, regardless of Brexit. She said leaving the EU will enable the sector to refocus its efforts on apprenticeships for UK nationals to address the significant skills shortage.

"The problems with the skills gap have been embedded within the industry for a long time, particularly with technicians on the commercial vehicle side of the business," she said. "We need to focus on training our youngsters to take on these specialist roles and better utilise the talent pool we have already got at our disposal."

ALEX WRIGHT

RESOURCES

THE LAW & POLITICS OF BREXIT

Brings together lawyers, economists and political scientists to discuss and debate the constitutional implications of Brexit.

www.am-online.com/BrexitLaw

WITHDRAWAL BILL GUIDANCE FOR BUSINESS

Government information about the EU Withdrawal Bill designed to "ensure that the UK exits the EU with maximum certainty, continuity and control".

www.am-online.com/WithdrawalBill



BREXIT - BUSINESS PLANNING GUIDE

MHA MacIntyre Hudson gives its key guidance to retailers, covering topics such as strategy and operations; VAT and duty; talent and employment; finance and the economy.

www.am-online.com/BrexitGuide

TALENT ON THE MOVE



**RACHAEL THOMPSON,
MERCEDES-BENZ CARS**

Rachael Thompson will join Mercedes-Benz Cars UK as sales director, at the start of the second half of the year.

She joins Mercedes from Jaguar Land Rover, where she has been sales director for almost two years. Thompson was JLR's national sales manager for four years before that.

She has considerable experience of new car sales operations, having spent 25 years in the industry, including roles at Audi, Volkswagen and Ford.

Thompson replaces David George, who left the business in January to join Mini UK as director.

Krishan Bodhani, currently head of Smart and product management, will move into the role of used cars and remarketing director at Mercedes-Benz, with immediate effect.

Since joining the company in 2015, Bodhani has been "instrumental" in delivering record-breaking sales results, according to Mercedes-Benz Cars UK.

An announcement regarding his successor is expected to be made in due course.

Gary Savage, managing director of Mercedes-Benz Cars UK, said: "I am looking forward to working with Rachael and Krishan to further develop and strengthen our business success."



**KRISHAN BODHANI,
MERCEDES-BENZ CARS**



**BANKS SISTERS,
FURROWS GROUP**

Furrows Group has employed five sisters.

The Telford-based dealer employed Charlotte Banks – now a sales administrator – as a part-time receptionist in 2007, and completed the recruitment of her four sisters this year.

Charlotte is joined by Emily, Jessica, Molly and Sophie, who work in sales administration, marketing and accounts apprenticeship positions.



**PETER BELL,
MANHEIM**

Manheim has appointed Peter Bell, a former Jaguar Land Rover director, as its new managing director.

Cox Automotive, Manheim's parent company, said Bell will lead its remarketing business through its "next phase of growth and development".

Bell said: "My focus will be on helping our customers to grow their businesses using Manheim's comprehensive offering."



**REBECCA MCNEIL,
CLOSE BROTHERS
MOTOR FINANCE**

Close Brothers Motor Finance has appointed Rebecca McNeil as chief executive. Replacing James Broadhead, who has retired, McNeil joins from Barclays Banking, where she was chief operating officer. Prior to that, she was managing director of lending for Barclays Corporate bank.

Also at Close Brothers, Jaco Wilsenach has been appointed chief operating officer.

ADVERTISING FEATURE

How well can you track online customers?

By James Tew, CEO, iVendi



Have you thought about how well you may need to track customers online? There are two potential purposes – to ensure very high levels of compliance and to learn more about online customer behaviour.

That's why iVendi has invested more than £3 million in completing an "event store" that provides full audit and logging capabilities, enabling end-to-end tracking of each consumer's actions throughout their car-buying journey.

When it comes to compliance, we can now replay what a customer has done in the past. For example, we will be able to show how someone looking at online motor finance has watched our information videos on PCP and PCH before making a choice to go with the product of their choice.

This kind of transparency is crucial from the point of view of just about every regulatory body that affects the motor industry. The FCA is the one that will first spring to mind, but it also has relevance to everything from the GDPR to the recent ASA ruling.

Also, the ability to track customer behaviour allows iVendi to identify the small things that can really make a difference when it comes to an online retail journey delivering for both the car buyer and retailer.

For example, it allows us to report on cause and effect, providing answers to questions such as: 'What was the result of introducing a new lender?', or 'Did slightly reducing the APR increase finance penetration on that product?'.

As you can imagine, this information is very useful indeed and interest in the Event Store technology is considerable.

■ iVendi technology provides a complete online motor retailing solution for dealers, car portals, manufacturers and motor finance providers. To find out more, visit ivendi.com, email enquiries@ivendi.com or call 0345 226 0503



**MIKE WRIGHT,
PENDRAGON**

Pendragon has appointed former Jaguar Land Rover executive Mike Wright to its board. Wright will join as an independent non-executive director on May 2, and will serve on Pendragon's nomination committee and its audit committee. He will also chair its remuneration committee.

Wright was an executive director at JLR between 2010 and 2016, responsible for corporate and product strategy, consumer and dealer finance and government affairs.

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.

VALETING

So, who is in your valeting bay?

By Martin Peters, sales director, Autoclenz Group



The 2015 Modern Slavery Act – what does it mean to you? This piece of legislation has been in place for three years, but only now seems to be resonating with dealerships.

This legislation has resulted in a number of cases where directors/owners have been imprisoned for using illegal slave labour on far less than minimum wage. Significantly, it was not just the outsourcing supplier that was brought to justice, but also the customer, who should have been aware of this activity and that the pricing being paid could not support at least the national minimum wage.

So, who is in your valeting bay? Have you asked your current supplier to provide you with documentation on each of the operators on site, copies of passports, copies of driving licences etc? Do you ask how much they are getting paid in fees? Is your pricing supporting minimum wage? Warning signs include a high turnover of operators – constantly changing faces due to their lack of ability to earn – and cash payments.

In the past, many dealers have taken a “this is not my problem” approach. However, this legislation puts you at risk of being prosecuted along with the outsourcing supplier, as well as any potential fallout affecting your reputation or even share price.

Autoclenz leads the way in compliance and legality to ensure our clients are not compromised.

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



AUCTIONS

Get descriptions right to sell connected cars

By Simon Henstock, BCA chief operating officer, UK remarketing



Technology moves quickly in the car market and used car buyers' expectations continue to rise. The connected car – internet-enabled, managing journeys, tapping into smartphone apps, self-parking and auto-stopping – is an increasingly appealing commodity.

Media systems and in-car connectivity are increasingly desirable among used-car buyers, which means professional buyers are placing a premium on connected cars. Sellers need to recognise this and ensure vehicles are correctly described at remarketing time. BCA provides comprehensive online catalogue descriptions and this extra detail helps generate buyer interest.

Extras such as smartphone connectivity, touchscreen media systems and controls, driving and parking aids are increasingly expected on younger used cars, as well as multi-functional dashboard computers – which do everything from monitoring mpg to recommending gears – rain-sensitive windscreens and light-sensitive headlights. This is particularly important on executive and premium models, where buyers expect a higher specification.

The focus on connectivity, data and safety is likely to become more important, giving drivers access to live information about their journey.

New safety systems and tech such as autonomous emergency braking are also starting to register on the used buyer's radar, carrying a potential premium as professional buyers compete to buy them. However, as these new features become better-established, any premium tends to fade away.

As the technology becomes more mainstream, used car buyers are almost certain to expect in-car connectivity, digital infotainment and autonomous features.



Give their best advice on motor retail issues

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



SHOWROOM

Café culture and the customer experience

By Chris Palmer, founder, XpressCoffee



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

Coffee... a small, brown, hard 'bean' – grind it up, add water, with milk and sugar if desired. So what's the big deal?

Stereotypes may suggest British people drink strong tea from fine china cups with their little finger extended. However, the

70 million cups of coffee consumed in the UK every day tell a different story.

A glance down your local High Street confirms we are a nation of coffee addicts – from soup-bowl-sized regular or skinny lattes to energy-boosting espressos, from flat black to flat white or mochaccino to Americano, the list is almost endless. But it comes down to one thing – choice. In this new era of the café culture and people becoming coffee connoisseurs, a 'one size fits all' or 'instant' approach to coffee is not going to cut it with customers.

The popularity of the café culture was further cemented by the digital age, with laptops, mobile phones and tablets freeing many from their desks or a single place of work, or just freeing them to relax and 'be' rather than 'do', somewhere other than home. By installing Wi-Fi, cafés have established themselves as an alternative place to socialise, work and enjoy a different experience.

So how does this differ from a car dealership and ensuring your customers benefit from the same experience that millions of people in the UK have come to enjoy and expect? It doesn't.

How confident are you that your coffee and refreshment customer experience is what it should be for your customers, dealerships and the brands you represent?

■ To talk to us about how Xpress Coffee could support your dealerships to enhance your customer experience, go to www.xpresscoffeeuk.co.uk

Fuelled by
Xpress Coffee

VIDEO

Loyalty is the key to sales conversion

By Adam Price, founder, AutosOnShow.tv



It has never been more important for dealers to retain their existing customers.

Research from Google shows 41% of automotive brand loyalists are entirely decided when searching for a new car. If the dealership has built a connection, they have already won the battle for the next sale.

Online video and images can play critical roles in building and maintaining loyalty. A compelling video strategy will reach existing and new customers before they arrive on the forecourt. Video used through the sales process will create a closer customer connection. It offers a more transparent way to communicate and builds trust.

Google claims 95% of vehicle buyers use digital media as a source of information and twice as many start their research online versus at a dealer. A high-quality professional video of the vehicle's interior and exterior will help to convince a buyer before they leave their home.

Images and video should be integrated throughout the customer journey to improve the experience at key touchpoints.

There are some simple guidelines to help grab attention, which are informed by years of experience and millions of pieces of data at AutosOnShow.

It is essential to make sure videos and images of stock are uploaded regularly to keep the website and other platforms updated. The average car is viewed eight times, and zoom gallery views are becoming increasingly popular. The data shows that multiple high-quality images will attract more views and drive a better response.

A considered approach to integrating video and imagery into the customer relationship will help to increase sales conversion from existing customers – the warmest leads of all.

■ To find out more, visit AutosOnShow.tv.

AutosOnShow.tv®
VIDEO IMAGERY PRODUCTS

EIGHT QUESTIONS TO...

A COMMERCIAL DIRECTOR

Jardine Motors Group's Jason Cranswick on meeting technological challenges, getting the best from people and turning targets to dust



What are the main responsibilities of your role?

CRANSWICK: As commercial director, I have responsibility for providing a framework of support upon which our dealerships and divisions rely. This support covers areas including our regulated activities (F&I and data), marketing (online and offline), used car wholesale, customer services and business improvements.

I also lead our group-wide innovation drive, which is a tremendously exciting part of our business approach. In an organisation such as Jardine Motors Group, it is important that we encourage entrepreneurialism while also having a consistent application of core processes to underpin our performance.

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

CRANSWICK: Technology, regulation and changing behaviour (both consumers' and colleagues') will all have a dramatic impact on our business. Each area in isolation will experience great change, but, more significantly, when all three areas are optimised together we will see a very powerful shift in our business.

At Jardine, we have been paying considerable attention to these topics, among others, over the past two years. We are now in a strong position to make real progress, as changes such as online vehicle sales, GDPR and mobility as a service (MaaS) gain traction in a world of "bricks and clicks".

How might these challenges be overcome?

CRANSWICK: We need to have an open mind, embracing change and collaboration with experts. For example, throughout our business we encourage each other to challenge the status quo and to find better ways of working that give our customers, colleagues and shareholders what they need from us. It is also imperative that businesses start to take inspiration from beyond their own industry or sector and be brave enough to look beyond the comfort zone. There are so many areas you can look and draw understanding, experience and inspiration from – whether that's technology, business practice or operating guidelines.

What attracted you to this area of expertise?

CRANSWICK: I have been very fortunate throughout my career to work with some amazing brands and incredible businesses, not always in easy times.

Leaving school in 1986 at 16 I joined John Lewis' junior management training scheme and to this day I still rely on many features of their culture in my career.

Having worked in automotive retail since 1989, I have seen many changes, but what has always been clear is the opportunity to enable good people to achieve their potential. Having worked my way up to managing director of a dealer business, in 2005 I took the opportunity to turn 'gamekeeper' from 'poacher' to join Volkswagen Group in the UK. Ten years in the business offered a fantastic grounding to learn about driving change, establishing networks and delivering premium service at scale. In 2015, I was invited to join Jardine Motors Group in my current role and I have enjoyed every minute of it.

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

CRANSWICK: The most important thing I have learned in my career is to take people with you on the journey. With the rates of change that we experience in our business, it is impossible to be the expert in everything. However, it is incumbent on you, at whatever level, to know who the experts are and to make sure that they are working with you. In Jardine, like in other businesses that I have worked in, building a team of dedicated and motivated colleagues has had a significant impact on our achievements. **MATT DE PREZ**

QUICK-FIRE QUESTIONS

What drives you?

Knowing that I am making a difference and believing that my contribution is valued.

What's your favourite app?

Twitter: @jasoncranswick

How do you relax?

Clay pigeon shooting – the challenge of shooting a four-inch target out of the sky when it's moving at pace. When you hit it, it's done. No follow-up, no feedback, just dust. Unlike so much in our busy day-to-day lives.

AM

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THIS MONTH'S QUESTION TO THE AM TEAM:

What one thing you have done would you never want to repeat?

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► **Eating sheep's brain**

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► **Spending a week in intensive care with pneumonia, meaning I missed my daughter's first birthday**

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► **Learning to fly a stunt plane. My flight suit name tag read 'Chuck', for obvious reasons**

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► **Several job interviews**

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► **It was so bad I still can't talk about it**

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► **Getting my fingers stuck in a sanding machine**

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► **My Leaving Certificate (A-levels)**

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► **Flying a helicopter**

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