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NORTON WAY CORPORATE SALES / P20

Richard Siney on how emphasising fleet customer service led to award-winning performance

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DMS & IT / P43

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EDITOR'S LETTER

Apparently there is an acronym in the English language known as FOMO – fear of missing out. According to the Oxford Living Dictionary, FOMO is often aroused by posts seen on social media, as people see interesting events happening elsewhere and feel anxiety that they are not involved.

It was pleasing to see so many of you at this year's Automotive Management Live at Birmingham NEC, ensuring that you do not suffer from FOMO. By the look of the visitors chatting to exhibitors and the huge crowds around the Insight Theatre for our F&I and GDPR sessions, however, it seemed there is a fair bit of FOMU going around – fear of messing up.

For those who did miss out and could only follow the day's events on social media, do not fear – our show report will be in next month's issue. Meanwhile, I can reveal we have already fixed the date for the next show – November 8, 2018 – again at Birmingham NEC. And it is still free to attend.

There's a lot expected to happen between now and next November, and we want to know what your thoughts are on the year ahead. Where will your attention be focused? What might the car markets look like?

We have an online survey at www.am-online.com/Outlook2018 with seven short questions. We would really appreciate you taking a couple of minutes to contribute.



HAPPY CHRISTMAS FROM THE AM TEAM



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COULD DEALERS ESCAPE THE WORST IN 2018'S ECONOMY?

Although both have prepared for market changes, automotive finance companies may be hit harder than dealers by rising inflation and interest rates and falling consumer confidence

As inflation rates reached a five-year high in October, it appeared that the effects of the first rise in lending rates for a decade would have a more immediate effect on consumer confidence than car retailers' profitability.

Industry analysts believe that many dealers had already taken steps to improve their businesses' gearing ratios and make use of free stocking facilities as they looked to isolate themselves from the shift in the economy while continuing to fund a drive towards greater used car capacity.

Robin Luscombe, owner of Leeds-based Suzuki and Mitsubishi operation Luscombe Motors, said: "During the good times in the last few years we have been able to operate without used stocking loans, and also buy the freehold and overpay the repayments, as I suspected rates would increase, so I was focused on reducing loans while rates were low."

But while speculation surrounding a potential two further 0.25% rises in interest rates in 2018 could prompt greater action from retailers, vulnerable consumers are already tightening their purse strings.

In a climate where household debt levels as a proportion of national income have surged back to 137% over the past two years – households having racked up unsecured debts of £203 billion on credit cards, car finance, overdrafts and other loans – customer confidence is likely to be hard hit by any interest movement.

A 12% overall decline in new car registrations in October (to 158,192) revealed as much, as private sector registrations dropped 10.1% or 7,850 units.

John Clark, chairman of John Clark Motor Group, said November's interest rate rise would compound the wider effects of Brexit and inflation on "the spending power of every family".

He added: "As far as the interest costs to the dealerships are

concerned, yes it will have an effect, particularly if we are carrying higher stock levels of new and pre-registered units due to a decline in new car sales. Inflation in general will be the cause of many increases in Q4 and 2018."

Failing consumer confidence

ASE chairman Mike Jones told *AM*: "The interest rate rise would have been welcomed if it was a sign of improved retail confidence and inflation coming from consumer demand, but that's not the case."

"It reflects the inflation that comes about as the result of the exchange rate movement, which means the retail climate is still extremely tough."

A similar sense of foreboding followed the first month of Q4 on the high street, where consumer spending has been focused very much on the essentials.

Rachel Lund, the British Retail Consortium's (BRC) head of retail insight and analytics, said consumers

had turned away from spending on non-essential items, with clothing, footwear, jewellery and household appliances all on the decline. A "particularly bad" set of October results showed the retail sector 1% down on 2016 on a like-for-like basis.

The decline represented the worst performance of non-food sales since BRC records began in January 2011.

BRC chief executive Helen Dickinson said: "The growth in food sales adds some colour to this otherwise anaemic picture, but these figures are very much buoyed by inflation."

"Real consumer spending power has been on a downward trend in the last year as the acceleration in inflation has caused shoppers to become ever more cautious in considering what purchases they can afford."

"Many now face higher borrowing costs, given the rise in interest rates, which will only serve to heap further pressure onto household finances."

Zeus Capital's automotive market analyst, Mike Allen, said the automotive sector's share prices had taken a hit as investors took note of consumers' growing aversion to buying big-ticket items.

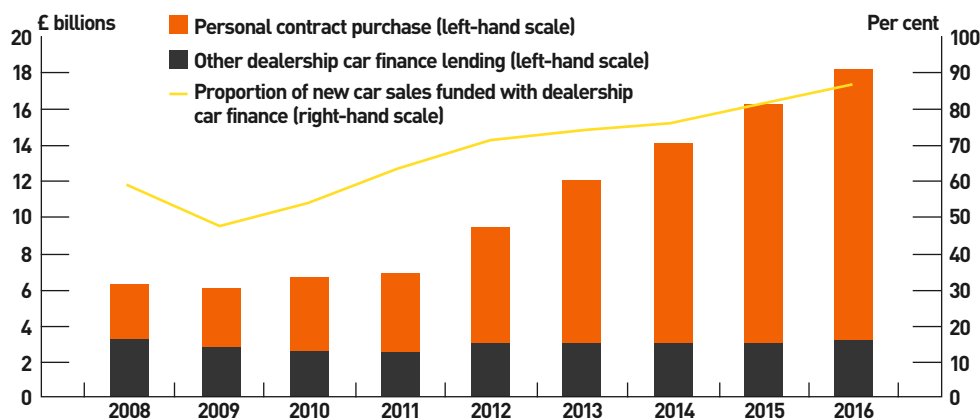
Share prices in the sector have declined 14.6% on average YTD versus the FTSE general retail index, which has declined 11.8%, he said, adding: "In our view, this underperformance versus the general retail sector is partly a result of investors becoming nervous over the perceived exposure to big-ticket item purchases."

Finance fears remain

Lund highlighted the motor retail sector's finance instruments, such as PCPs, as a means by which the sector should be isolated from the effects of the interest rate rise and inflation.

As Jones also acknowledged,

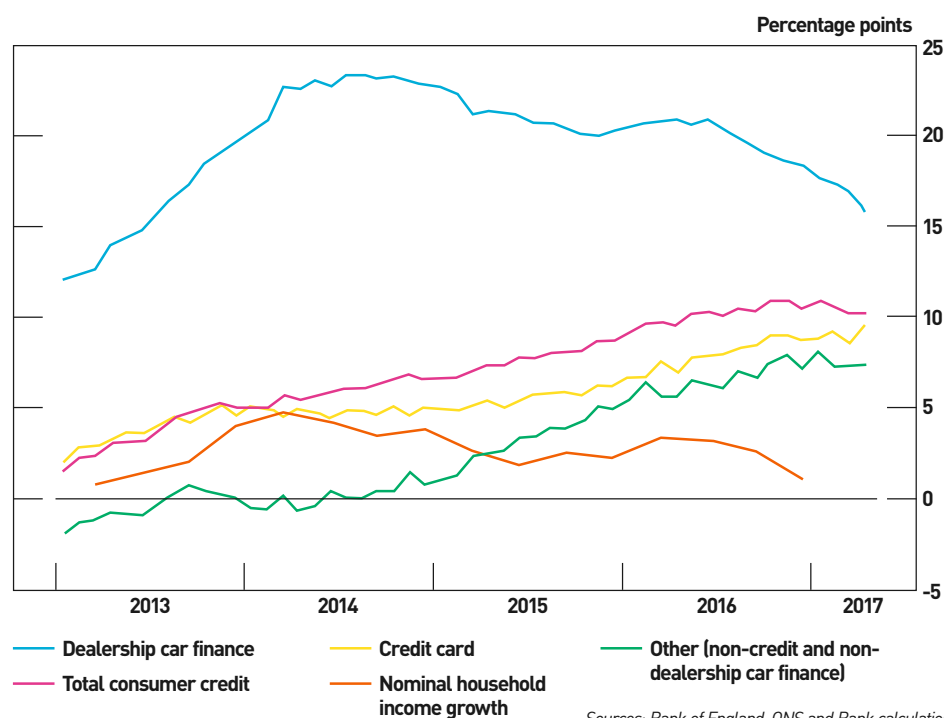
➤ VALUE OF ANNUAL DEALERSHIP CAR FINANCE FOR NEW CAR PURCHASES, AND PROPORTION OF PRIVATE NEW CAR PURCHASES FUNDED WITH DEALERSHIP CAR FINANCE



Sources: Finance & Leasing Association, Society of Motor Manufacturers and Traders (SMMT) and Bank calculations



ANNUAL GROWTH RATES OF CONSUMER CREDIT PRODUCTS AND HOUSEHOLD INCOME



while the 0.25% rise in interest rates introduced on November 2 represented the first rise in a decade and a doubling of the overall rate, it remained a nominal rise.

He said: "The rise in a monthly payment for a consumer PCP will be nominal and, due to the fixed rate of those already on an agreement, few will feel the effects straightaway."

Rising interest rates, the ongoing effects of falling sales figures and the SMMT's latest predictions, which will see new car registrations fall 4.7% to 2.565 million units this year and 5.4% to 2.426m in 2018, have fed fears for the exposure of banks and finance houses to the automotive sector still further, however.

Bloomberg reported that the changing marketplace could leave Britain's banks nervous about their £24bn exposure to car loans as conditions pose a threat to car prices and the viability of PCPs, whose affordability is closely tied to residual values.

Lloyds Banking Group, Britain's largest mortgage lender, has £11.6bn of car loans on its books, according to analysts at JP Morgan.

Its car finance arm, Black Horse, boosted its assets by 20% last year, including its joint venture with Jaguar Land Rover and Lex Autolease.

While average used car prices reached record levels for Auto Trader and BCA in October, rising inflation and interest rates could have an effect on values as 2017 draws to a close.

Philip Rush, chief economist at Heteronomics in London, told Bloomberg: "If the demand for new vehicles stalls, then the credit quality of car finance companies deteriorates – that's the transmission channel that could lead to a wider shock for the industry."

The Bank of England will report the results of stress tests on banks on November 28, which will include the impact of falling used car prices in 10% increments on capital and financial performance.

Rush conceded that a 10% drop was "manageable" and already factored in, but said if prices were to fall below that, "there could be the same phenomena seen in US during the subprime crisis where people gave their house keys back instead of serving the debts as prices were collapsing".

UBS Group analysts estimated that if losses on car loans increase by 1ppt more than expected, Lloyds' pre-tax profit in 2018 could decline by 2%.

The same measure is more than

6% for Close Brothers Group, the report found.

However, Adrian Dally, the Finance and Leasing Association's head of motor finance, insisted: "The UK's finance providers are well prepared for changes because they have very long memories about the context of the environment they are operating in."

"The Bank of England completed a stress test for our market back in June, where it stress-tested an extreme and unprecedented scenario, a 30% [fall in RVs] resulting in everyone handing their cars back. We all know that has never happened before."

"We are confident that the sector is in a very resilient position."

Dally said vehicle prices were a key influence on the residual prices behind the attractive finance offers and indicated that interest rates could have an equal or greater effect on those than inflation or interest rate rises.

Manufacturer pull

Zeus' Allen noted that, as middlemen in the automotive value chain, dealers "benefit from inflation and suffer from deflation", mainly as a result of vehicles' residual value weakness.

Allen said one major residual

IF THE DEMAND FOR NEW VEHICLES STALLS, THEN THE CREDIT QUALITY OF CAR FINANCE COMPANIES DETERIORATES

PHILIP RUSH, HETERONOMICS

threat is oversupply, but with the weakness of the pound putting pressure on new car prices – Luscombe suggests that values have risen by an average of 10 to 15% this year – and Jato Dynamics' reports of volume opportunities in Spain and Italy, vehicles could be diverted away from British shores.

While speculation in the mainstream media suggests that falling registrations could hit residual values and place finance providers on a perilous footing, Allen asserted: "A correction in new car sales could actually help reduce oversupply in the market and actually be healthier for residual values further down the line."

He said the change is likely to be led by volume players, which are generally less "well hedged" than the likes of Audi, BMW and Mercedes-Benz, who still have a focus on market share.

Speculating on the ongoing economic trend, and the likelihood of further interest rate rises in the near future, Allen added: "The sharp devaluation of the pound following the UK's vote to leave the EU has significant implications for the motor manufacture and retail sectors, which represent significant import and export markets."

"The increase in interest rates announced on November 2 should provide some support for sterling, albeit this has not been the immediate reaction of the markets. We expect any subsequent increase in interest rates to happen slowly."

TOM SHARPE

AM 2018
OUTLOOK SURVEY

AM wants to hear how you think your business will be affected next year. Take our quick online survey at: www.am-online.com/Outlook2018

ADVERTISING FEATURE

Valet, image, backdrop, web: Integrate now

By Michaela Gunney,
UK sales director, Secure Group



At Secure, we have been providing valeting and vehicle preparation services for top 100 dealer groups and UK auction sites for almost 20 years.

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OCT

23rd

PENDRAGON WARNS OF 20% FALL IN FULL-YEAR PROFITS
Trevor Finn, the chief executive of Pendragon, said the group would review the investment appeal of its premium franchises and cease acquisitions in the USA in a profit warning that predicted its underlying profit before tax would fall more than 20% in 2017, from £75.4m to £60m. Mel Eggleton, the chairman of Pendragon, stepped down from his position the same day.



24th



MOTORLINE ACQUIRES TWO SITES FROM KAP MOTOR GROUP

Motorline completed the acquisition of KAP Motor Group's Nissan and Peugeot franchises in Ashford, Kent. Glen Obee, the chairman of Motorline Group, said he was "delighted" with the acquisition, which followed that of

Rowstock Nissan in Newbury in August and of Hereford Hyundai, from Stirling of Hereford, in July, taking Motorline's total sites to 48.

LSH AUTO UK GETS GO-AHEAD FOR £60M MERCEDES SITE
LSH Auto UK has received planning approval to develop a £60 million Mercedes-Benz and Smart retail facility in Stockport. The Hong Kong-based retail group plans to build a facility capable of accommodating 140 vehicles on a 10.5-acre brownfield site off Brighton Road.



BRIGHTHOUSE REPAYING £15M TO CUSTOMERS AFTER FCA INQUIRY

Hire-purchase firm BrightHouse began paying almost £15 million in redress to customers after intervention by the Financial Conduct Authority (FCA). The regulator identified its lending application affordability assessment processes and collection processes were not always delivering "good outcomes for customers".

£15M

31st

ARNOLD CLARK MOVES SALES STAFF TO FIVE-DAY WEEK
Arnold Clark has changed its working pattern for sales executives to a five-day week. It said the move was initiated following feedback from staff and would allow "those within sales enjoy a more flexible working pattern, allowing for a better work-life balance".

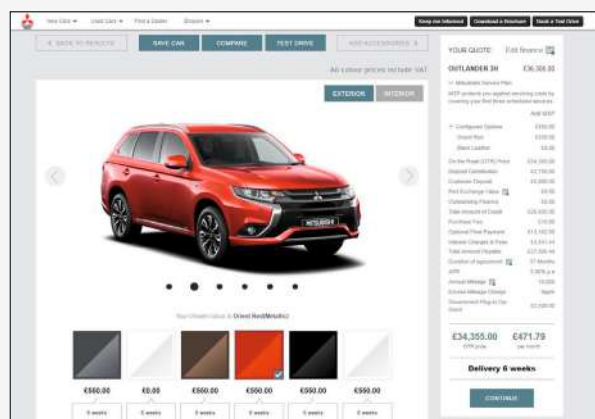


NOW MOTOR RETAILING ACQUIRES KEN BROWN MOTORS
Now Motor Retailing ended its 11-year exclusivity with Vauxhall through the acquisition of two-site Kia dealer Ken Brown Motors. It expands Now's territory from London to Harlow and Stevenage.



NOV

3rd



MITSUBISHI OPENS ONLINE STORE WITH ROCKAR
Mitsubishi Motors in the UK has teamed up with Rockar to launch Mitsubishi Buy Online. A spokesman told AM that the brand's UK retail network would be involved in all sales, completing all vehicle handovers in instances where a consumer opts for an end-to-end online purchase.



7th

O'HANLON TO OPEN VOLVO FRANCHISE
John O'Hanlon, the former chief executive of Ridgeway, will open a Volvo franchise in Reading after launching a new dealer venture, Waylands Automotive. O'Hanlon takes over the franchise from Jardine Motors. It marks his return to running dealerships after the sale of Ridgeway Group to Marshall Motor Holdings in May 2016.

LOOKERS' PROFIT RISE PAVES WAY FOR ACQUISITIONS

Lookers reported that it was well-placed to make "further acquisitions" after turnover rose across all areas of the business in the year to September 30. Total gross profit from new cars increased by 15% (6% on a like-for-like basis). Lookers also announced the official opening of the UK's largest single-brand JLR franchise, a £7m Land Rover facility in Colchester.



10th

OPEL TO EXAMINE VAUXHALL DEALERS' CONTRACTS
Vauxhall dealers may face changes to incentive schemes following an announcement by Opel that it wanted European dealers to focus on quality and profitability. Peter Kuespert, Opel's sales and marketing chief, told German news website Automobilwoche that it could not ignore the "huge differences" in dealer performance. An Opel spokesman said it would examine dealer contracts "very closely and there are no taboos".



16th

ADVERTISING FEATURE

New tech takes the pain out of vehicle imaging

By Andrew Howells, founder, CitNOW



Ask any sales manager about preparing used vehicles for sale and usually there will be a big sigh. Why? Because the processes can be arduous, particularly the photography.

But what if there were a way to speed up how you obtain used vehicle images, together with the ability to upload them within minutes of the vehicle being displayed for sale?

What if you could create your own digital assets when you need them, so keeping tabs on which vehicles need imagery is unnecessary? Could you put something in place so sales managers would not have to scribble out a list of registrations for the photographer after checking the group website for cars without images?

Don't ask us, ask staff members at top 10 dealer group Inchcape, who have been using our newly developed CitNOW Web Video and Smart Image app since September 1, 2017.

CitNOW Web Video and Smart Image puts dealers in control of their used car inventory assets by doing away with the need for an on-site photographer. Vehicles can be videoed, photographed and uploaded to various websites in less than a day.

In the first month of going live with the new app, Inchcape employees created more than 20,000 images and filmed more than 1,800 vehicles, which have been viewed more than 11,000 times.

In the first two weeks of October, the number of cars videoed and photographed had more than doubled, to nearly 4,000 cars. In conjunction, we have replaced the background on more than 1,000 images a week.

This reflects the enthusiastic take-up of the still image function and shows what can be achieved by improving a legacy process.

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USED CARS

DIESELS BUCK THE TREND FOR STALLING USED CAR SALES

Overall used car market up 0.1% in first three quarters of 2017, but diesel sales grow 4.2%

The 2017 used car market has flattened since its peak in the first quarter, but year-on-year performance is continuing to decline after the record volumes of 2016.

DVLA data shows used car transactions in Q3 totalled 2,102,078, which was 76 units lower than Q2's result of 2,102,154 units. It is 2.1% lower than Q3 2016, however, which equates to 45,972 fewer used cars changing hands.

The record Q1 market has ensured that 2017 currently remains ahead by 9,096 units, or 0.1%. However, the slowdown that started in Q2 is expected to continue – franchised dealers have told *AM* the market has noticeably quietened – and the year is expected to close between 2016's record 8.2 million used car market and 2015's 7.6m.

Yet average dealer performance statistics published by ASE Global show franchised dealers' ratio of used car sales to new had improved to 1.3:1 by September, from 1.23:1 at the end of June. This was likely due to the decline in retail new car sales



rather than a rapid uplift in used cars.

Used vehicle average days in stock has risen by three days, to 57.7, and there are indications that dealers are sitting on more nearly-new stock than would be ideal.

"We have seen a slight rise in the average stand

in value per unit at the end of September, indicating an increased presence of self-registered units," said ASE chairman Mike Jones.

"This is contrary to the normal trend in a plate-change month, where the volume of part-exchange vehicles normally drives down average levels. The profitable disposal of these vehicles will be key to medium-term performance, with retailers requiring to re-profile their stock."

He added that dealers remain resilient and used car performance should remain strong, provided stock is processed efficiently.

Mike Hawes, the chief executive of The Society of Motor Manufacturers (SMMT), said: "The used car sector remains in good health as motorists take advantage of some great deals on cars – including some of the latest low-emission diesel and alternatively fuelled vehicles."

"However, as demand in the new car market cools, used car sales normally follow suit unless there are significant tax changes affecting the new car market." SMMT data showed demand for used diesels was up 4.2% YTD, at 2.5m units, a 39.4% share of the market.

'NO DROP IN DEMAND FOR USED DIESELS'

The head of one large regional dealer group, who asked not to be named, told *AM* his dealerships had not seen a decline in demand for used diesel cars. This is contrary to the overall new car market, where diesel registrations in the first 10 months of the year have dropped 15% compared with the same period in 2016, due partly to concerns about potential punitive taxation and charges.

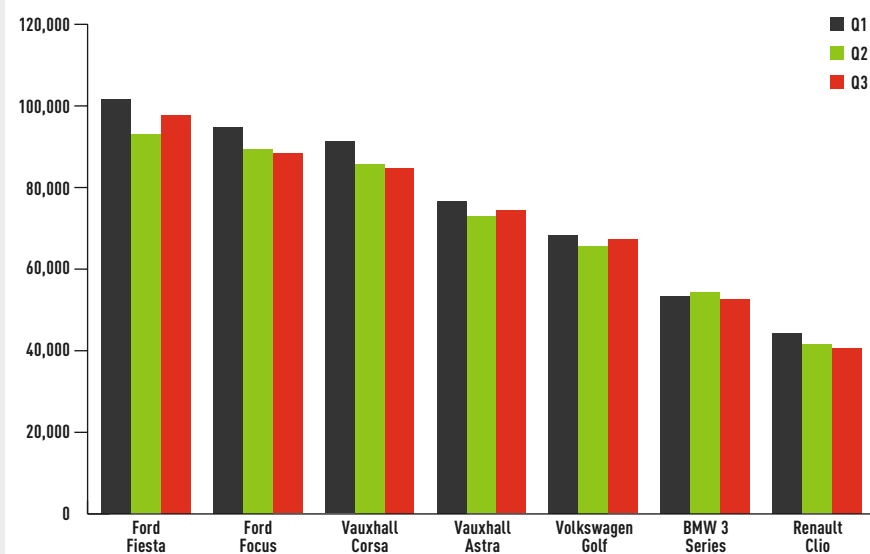
"It doesn't seem to have put off many used car buyers," the dealer group boss said.

"They're still attracted by the benefit of fuel economy, and used diesels that were registered before the VED change this year are pretty affordable to tax at the moment," he said.

A two- or three-year-old diesel with less than 120g/km official CO₂ emissions incurs a maximum of £30 for annual VED, and those with emissions below 100g/km pay nothing. A similarly efficient newer diesel, registered since April, would incur annual VED costs between £120 and £160.

However, the Budget, which was due to be

BEST-SELLERS IN UK USED CAR MARKET Q1-Q3 2017



WE'LL HELP YOU GET THERE

SPONSOR'S COMMENT



By Richard Jones,
managing director,
Black Horse

I commented last month about the FCA's fact-finding activities in the motor finance market and its concerns over

product suitability. It's good to see our regulator taking a broad approach and consulting widely to help it understand where pockets of customer outcome risk may lie in our industry.

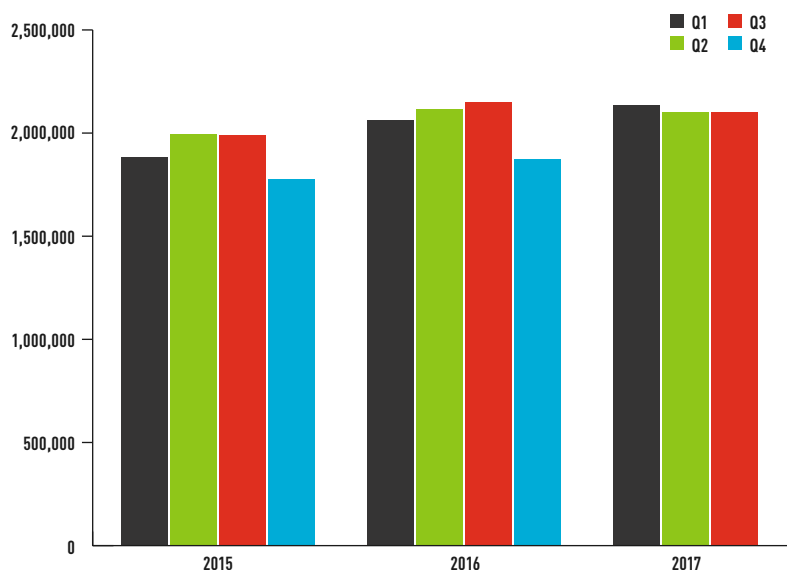
This month, I want to reflect on another of the FCA's concerns – residual values. Is the setting of residual values (RVs) and guaranteed future values (GFVs) purely a matter of risk for the lender or could it present a broader set of conduct risks for customers?

We need to consider how our market maintains a balance between risk, market access and affordability. GFVs can impact a customer's monthly PCP payment, but they also have other implications that should be considered. I will set out three:

- 1:** Very high GFVs increase the balloon payment the customer is paying interest on, thus increasing the total cost for credit.
- 2:** Very high GFVs, coupled with low deposits, could pose a greater risk of vulnerability during the contract. A customer could be in negative equity in-life and likely to not have the benefit of voluntary termination rights without liability. Could this approach have a greater risk to customers?
- 3:** The three end-of-contract options offered under PCP are less likely to all hold true for the customer in practice. Would you buy out a car when the final payment is more than its worth? The danger here is the customer has a starker choice to walk away or might become beholden to the original brand or dealer in helping them into their next vehicle and finance arrangement, potentially eroding trust and providing a poor customer outcome.

These are matters for lenders and dealers. An undue focus on monthly payments is not in the long-term interests of any party, including customers. We have a responsibility to ensure that customers understand the overall value of their finance agreement and that our offerings are transparent, competitive and offer value for money – all elements that are key to our Black Horse proposition.

USED CAR TRANSACTIONS BY QUARTER



revealed after this issue of *AM* went to press, was widely expected to include some kind of measure to increase the costs of owning diesels, and next March councils must publish plans to improve air quality in their area.

Islington Council, for example, has proposed charging all diesel vehicles – including Euro 6 diesels and diesel hybrids – with a £2 per hour visitor parking surcharge from early next year.

Barrie Crampton, owner of BC Cars, said: "Our sales have not been affected at all so far, and we are also very busy with vans. I don't think I have ever sold a petrol van, so a diesel tax seems to be a great way to mess up the future economy."

Nevertheless, the Vehicle Remarketing Association has called for used car buyers to be better informed about diesels. Its chairman, Glenn Sturley, said: "It is rapidly becoming obvious that there are a lot of misconceptions circulating among used car buyers about diesel, often prompted by some poorly researched journalism in the national press."

"We are in a situation where some consumers are starting to identify diesel as undesirable from an air quality and emissions point of view, and starting to avoid them."

Research by Auto Trader of 13,000 motorists found that half (49%) said the media coverage of diesel had made their car-buying decision more challenging, and a third (35%) said they did not understand the benefits of different fuel types well enough to make an informed choice.

Alex Buttle, director of Motorway, said a drop

in prices for used diesel cars could bring bargain-seeking buyers to dealers' forecourts.

"With inflation on the rise, and the first interest rate rise in a decade on consumers' minds, buyers will get ever-more price conscious in the months ahead," he added.

USED DIESEL VALUES 'HOLDING UP WELL'

Cap HPI said diesel values held up well throughout 2017 and have seen better than average seasonal depreciation for each of the past four months. Petrol and hybrid values have been particularly strong in recent months, as buyers seek an alternative to diesel where available.

"We consider this current strength is not sustainable beyond the short term and values will start to fall back as they start to look too expensive and used supply starts to increase," said senior forecasting editor Andrew Mee.

"Our Gold Book forecasts take into account the anticipated gradual change in the balance of supply and demand for different fuel types, which will vary by sector."

"We do not believe that diesel values will fall off a cliff, but they will erode more quickly than petrol values, particularly for smaller cars, until the balance of used supply starts to switch to petrol."

Simon Benson, director of motoring services at AA Cars, said: "Dealers should consider this an opportunity to advise customers and help them identify the fuel type that's right for their specific needs." **TIM ROSE**

NEW CAR REGISTRATIONS

Diesels hit hardest in October car slump

While the Government continues to face accusations of 'demonising diesel', registrations of new diesel cars in October fell by almost 30%. The slump in demand came in an overall monthly market that ended 12.2% down versus October 2016.

In the private sector, registrations dropped 10.1%, or 7,850 units, but the fleet market was hardest hit, with a 12,543-unit decline (13%). The small business sector dropped by 26.8%, or 1,583 registrations.

Year-to-date, the overall market is down 4.6% on 2016 levels, with 2,224,603 cars registered in the first 10 months. This aligns with SMMT's latest reforecast for 2017, published in November, with the market expected to end the year on 2.565 million units – a 4.7% decline.

Mike Hawes, SMMT chief executive, said: "Declining business and consumer confidence is undoubtedly affecting demand in the new car market, but this is being compounded by confusion over Government policy on diesel."

1 MERCEDES-BENZ

Its A-Class was the UK's fifth-most popular new car in October, with 3,390 registrations. Consumers can currently drive away the premium brand hatchback for a £199 monthly payment after a £4,499 deposit or trade-in.

2 JAGUAR

Its registrations are up 5%, bucking the market, so the brand can afford to ease off slightly, as it did in October with a 39% drop versus October 2016, down 1,154 units. Jaguar dealers are already taking orders for the E-Pace compact crossover SUV, which will join the range next spring.



3 DACIA

A 29% drop in October (down 655 units) halted its 2017 rise, turning 0.7% YoY growth at the end of September to a 2.17% decline. Sandero was the cause – its retail registrations dropped 40% in the month.

Marque	October					Year-to-date				
	2017	% market share	2016	% market share	% change	2017	% market share	2016	% market share	% change
Ford	19,580	12.38	21,411	11.88	-8.55	253,760	11.41	275,631	11.83	-7.93
Volkswagen	13,756	8.70	14,023	7.78	-1.90	179,132	8.05	177,043	7.60	1.18
Audi	13,699	8.66	14,659	8.14	-6.55	152,234	6.84	153,070	6.57	-0.55
1 Mercedes-Benz	12,136	7.67	11,334	6.29	7.08	158,478	7.12	148,226	6.36	6.92
BMW	11,056	6.99	13,541	7.52	-18.35	148,849	6.69	152,197	6.53	-2.20
Vauxhall	9,740	6.16	14,949	8.30	-34.85	171,491	7.71	217,905	9.35	-21.30
Nissan	8,183	5.17	11,792	6.55	-30.61	135,574	6.09	131,628	5.65	3.00
Kia	6,900	4.36	6,590	3.66	4.70	83,471	3.75	79,539	3.41	4.94
Hyundai	6,553	4.14	6,585	3.65	-0.49	81,868	3.68	80,234	3.44	2.04
Toyota	6,042	3.82	5,332	2.96	13.32	90,844	4.08	86,250	3.70	5.33
Land Rover	5,270	3.33	5,645	3.13	-6.64	72,226	3.25	69,289	2.97	4.24
Peugeot	5,201	3.29	5,922	3.29	-12.17	73,019	3.28	86,908	3.73	-15.98
Škoda	4,941	3.12	5,427	3.01	-8.96	68,208	3.07	68,737	2.95	-0.77
Seat	4,098	2.59	3,528	1.96	16.16	48,335	2.17	40,440	1.74	19.52
Volvo	3,302	2.09	4,027	2.24	-18.00	39,876	1.79	38,888	1.67	2.54
Renault	3,204	2.03	4,360	2.42	-26.51	61,850	2.78	72,472	3.11	-14.66
Mini	3,144	1.99	4,792	2.66	-34.39	54,945	2.47	56,508	2.42	-2.77
Citroën	3,016	1.91	3,515	1.95	-14.20	46,426	2.09	57,308	2.46	-18.99
Honda	2,962	1.87	2,783	1.54	6.43	47,746	2.15	52,439	2.25	-8.95
Fiat	2,463	1.56	3,397	1.89	-27.49	40,916	1.84	53,265	2.29	-23.18
2 Jaguar	1,827	1.15	2,981	1.65	-38.71	30,881	1.39	29,397	1.26	5.05
Suzuki	1,803	1.14	1,963	1.09	-8.15	35,488	1.60	33,556	1.44	5.76
Mazda	1,655	1.05	2,213	1.23	-25.21	35,432	1.59	41,977	1.80	-15.59
3 Dacia	1,625	1.03	2,280	1.27	-28.73	22,700	1.02	23,203	1.00	-2.17
Mitsubishi	968	0.61	1,136	0.63	-14.79	13,742	0.62	15,889	0.68	-13.51
Porsche	931	0.59	929	0.52	0.22	11,864	0.53	10,728	0.46	10.59
Lexus	725	0.46	812	0.45	-10.71	11,123	0.50	12,234	0.52	-9.08
Smart	580	0.37	902	0.50	-35.70	9,340	0.42	10,251	0.44	-8.89
DS	444	0.28	687	0.38	-35.37	8,275	0.37	14,454	0.62	-42.75
Abarth	303	0.19	274	0.15	10.58	3,803	0.17	3,399	0.15	11.89
Alfa Romeo	293	0.19	227	0.13	29.07	4,302	0.19	4,265	0.18	0.87
Jeep	280	0.18	780	0.43	-64.10	5,772	0.26	12,542	0.54	-53.98
SsangYong	210	0.13	188	0.10	11.70	3,215	0.14	4,025	0.17	-20.12
MG	194	0.12	257	0.14	-24.51	3,515	0.16	3,562	0.15	-1.32
Infiniti	157	0.10	119	0.07	31.93	3,252	0.15	2,619	0.11	24.17
Maserati	146	0.09	79	0.04	84.81	1,452	0.07	1,191	0.05	21.91
Bentley	132	0.08	171	0.09	-22.81	1,495	0.07	1,709	0.07	-12.52
Subaru	99	0.06	256	0.14	-61.33	2,217	0.10	3,063	0.13	-27.62
Aston Martin	87	0.05	51	0.03	70.59	1,318	0.06	708	0.03	86.16
McLaren	45	0.03	0	0.00	0.00	492	0.02	0	0.00	0.00
Lotus	26	0.02	20	0.01	30.00	254	0.01	298	0.01	-14.77
Chevrolet	5	0.00	0	0.00	0.00	64	0.00	3	0.00	2,033.33
Other British	48	0.03	63	0.03	-23.81	602	0.03	667	0.03	-9.75
Other Imports	363	0.23	168	0.09	116.07	4,757	0.21	2,946	0.13	61.47
Total	158,192		180,168		-12.20	2,224,603		2,330,663		-4.55

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FINANCE OFFERS

Number of 0% offers falls in final quarter

AM's analysis of manufacturer's Q4 offers tallies with industry views that the focus on retail offers has already turned to Q1.

The fourth quarter is always slower for dealers, with groups relying on used cars and servicing to pull them through to the end of the year. However, AM's data shows 45 0% offers in Q4, down from 54 in Q3 this year and the lowest level recorded so far this year.

The mix of manufacturers offering 0% offers has also dropped from 17 in Q3 to 15 in Q4.

These reductions may in part be down to the fact that some manufacturers have been slow to update their offers online or are running split campaigns, which will be updated at the end of October.

Of the 233 offers compiled for Q4 across all manufacturers, affordability is in line with Q3, with a similar level of just over half (55%) of deals under the £300-a-month price point.

Suzuki, Dacia, Hyundai, Toyota, Smart, Fiat and

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Lowest monthly prices in Q4 2017							
Suzuki Celerio 1.0 SZ2 5 door	PCP	£1,945.00	49	89.00	£2,206.00	5.9%	31/12/2017
Dacia Sandero Ambiance SCe 75	PCP	£1,361.00	48	89.00	£2,676.00	7.9%	31/01/2018
Dacia Logan MCV Ambiance SCe 75	PCP	£2,000.00	48	99.00	£6,295.00	7.90%	31/01/2018
Dacia Sandero Stepway Ambiance TCe 90	PCP	£2,295.00	48	99.00	£3,022.00	7.9%	31/01/2018
Hyundai i10 SE 1.0	PCP	£2,012.08	37	119.00	£3,766.50	4.9%	31/12/2017
Toyota Aygo x-press 5 door 1.0 VVT-i Manual	PCP	£2,176.00	42	129.00	£4,590.00	0.0%	17/12/2017
Smart Fortwo coupé passion 71 hp (52 kW) manual optional metallic body panels	PCP	£0.00	48	139.00	£3,890.00	0.00%	31/12/2017
Fiat Panda Easy 1.2 69hp	PCP	£1,219.00	48	139.00	£2,241.00	6.70%	31/12/2017
Dacia Logan MCV Stepway Lauréate TCe 90	PCP	£2,731.00	48	139.00	£3,587.00	7.90%	31/01/2018
Škoda Citigo 3 Door Colour Edition 1.0 MPI 60PS model with Kiwi Green paint	PCP	£971.72	42	145.00	£3,141.90	2.90%	01/02/2018

Škoda all have cars at the most affordable end of the spectrum in Q4, with monthly payments under £150 on entry-model cars like the Celerio (£89), Fiat Panda (£139) and Škoda Citigo (£145).

Smart's finance offering in Q4 looks particularly strong, with no deposit on its Fortwo Coupé Passion and 0% APR at £139 a month. Vauxhall's Adam is also accessible with no deposit to pay and £249 a month for the Unlimited 1.2 three-door model.

Looking outside premium brands, one of the most expensive cars per month is Kia's new

Optima Sportswagon PHEV at £505.26. While the deposit is lower at £7,100 for the Kia, the monthly payments put it in spitting distance of a Porsche Macan Turbo and Land Rover Discovery, which are available at £514.75 and £499 a month respectively.

Kia's Sorento is also in Jaguar XJ and BMW 7 Series territory in terms of monthly payments at £495.38 a month for the KX-3 2.2 CRDi Auto 5dr model. The South Korean brand is running a 4.9% APR across its PCP deals in Q4. **TOM SEYMOUR**

AM AWARDS: 2018

AutoTrader

blackhorse

Welcome to this year's AM Awards sponsors

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

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

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

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VIEWPOINT



WHY CARMAKERS ARE NO LONGER MASTERS OF THEIR OWN FATE

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



Peter Drucker was an Austrian-born, American academic who has been described as the 'founder of modern management'. He was one of the most influential thinkers from the 1950s through to the 1970s. Ironically, much of his early work involved criticising General Motors, which, at the time, was one of the world's most successful companies.

Drucker developed 'management by objectives', a concept that was embraced by much of industry. Perhaps one of his most profound statements was: 'The best way to predict the future is to create it.' Although this does sound a little trite, the motor industry has been an example of what can be achieved by continually attempting to develop and challenge the existing order with improvements in both design and technology.

The ability to create ones' own future requires being able to navigate not only the immediate competition, but also the wider macro environment within which the industry is embedded.

This involves addressing the changing political, legal and economic climate using developing technologies to address the changing socio-cultural attitudes of the consumer.

The history of this development has been led by motor manufacturers, which have taken the automobile from being a product for the rich to a necessity for the

masses, with a comprehensive distribution network on virtually every continent of the world. They have been able to create their future and in so doing have taken the industry forward.

I, among many others, have written articles attempting to predict the future of the motor industry. Historically, this has been relatively easy – using Drucker's management by objectives, you could identify the direction of travel of most key players. However, this is no longer the case.

Probably the best example is the debate over the future direction of powertrain technology. Will the future be EV, traditional hybrid, fuel cell hybrid or pure fuel cell? Which becomes dominant will not depend on the manufacturers' choice, but on the supporting infrastructure that is developed. And this infrastructure will not be developed by our industry, it will be the result of government policy incentivising others to provide the refuelling/recharging facilities that cars of the future will require.

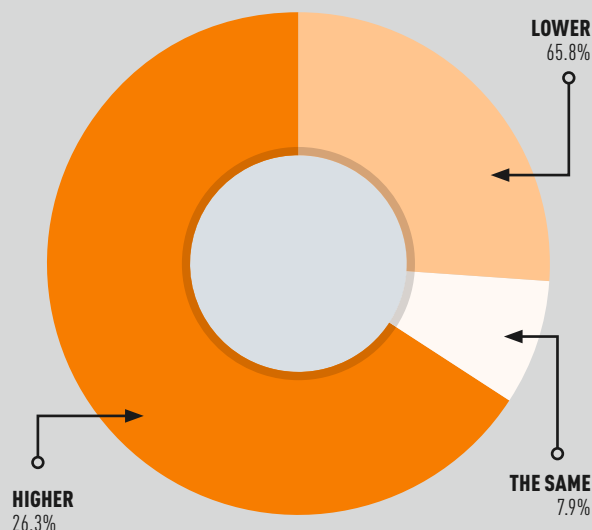
This means our future is not in our own hands. The future of the industry is dependent not on the technology, but what is provided to support it. Predicting our future is almost impossible as it is now in the hands of the politicians. Judging by the current track record of decision-making at Westminster our future is at best unpredictable, but certainly not one that we can easily create.

"THE FUTURE OF THE INDUSTRY IS DEPENDENT NOT ON THE TECHNOLOGY, BUT WHAT IS PROVIDED TO SUPPORT IT"

AMPOLL

TWO THIRDS EXPECT FULL-YEAR PROFIT FALL

DO YOU EXPECT YOUR 2017 FULL YEAR PROFITS TO BE HIGHER OR LOWER THAN IN 2016?



In the same period that Pendragon issued a profits warning, plenty of other dealers said they expect their 2017 accounts to show a drop in earnings. Yet one in four claims to be enjoying a stronger year than 2016. Both camps' comments refer to Q1, when the industry broke new records for March registrations and average dealership profitability. Some have managed to hold on to that; many others have not.

One commenter who expects to finish with higher earnings said: "A fantastic start to the year with profits up on average 22% – then September came around and 'boom', the cliff-edge fall began."

Another said: "In our modest way, we have been able to push used car volume without any appreciable loss of margin, and while add-on product has slipped from a high in Q3 & Q4 last year, it has remained at an acceptable level."

One dealer who expected a flat result said it has invested in a new franchise and exited from Vauxhall to escape the need to pre-register to earn bonus.

Those who expect a fall in full-year profits blamed an overblown market.

"Manufacturers are slow to react to falling dealership retained profits. The lowest performing dealers in each franchise must be close to extinction," said one. Another added: "It looks like it will be an exceptionally challenging Q4 and will probably involve a few more dealer groups going to the wall."

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

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FACE TO FACE: NORTON WAY CORPORATE SALES

'QUALITY AT EVERY STAGE'

Richard Siney has achieved impressive results through a relentless focus on customer needs, cradle-to-grave fleet services and homegrown expertise. **Matt de Prez** reports

Quality over volume is a phrase that resonates throughout Norton Way's purpose-built corporate sales facility in Arlesey, Bedfordshire.

Richard Siney, the group's operations director, and a dedicated team of fleet specialists work permanently at the site. All of them follow the same customer service mantra, said Siney.

"The most important thing is customer focus and if you're going to do the job properly – whether that's for the dealer group or manufacturer – you need to be driven by your customers' needs and wants."

That drive paid off for the corporate sales team. Operating since 2004, it won the 2017 AM Award for Best Fleet Operation.

"You need to find out what is important to them and then you need to deliver what they deem as being important. All of the systems and process that we have at Norton Way, in the fleet department, are all there to meet the requirements of the customer," said Siney.

In monitoring performance, he focuses on customer retention and customer satisfaction.

"If we were ever foolish enough to concentrate on volume, the quality wouldn't happen," he said. "The focus is on quality at every stage of what we do. There is no chasing of volume."

"We are aware of the volume we do, we are aware it makes us a market leader for many of the brands we deal with, and that brings economies of scale for our customers."

This year, the corporate sales site has processed more than 5,600 units, with more than 1,000 passing through in September alone.

The site is responsible for almost a quarter of all Mazda fleet sales in the UK.

Corporate sales account for 35% of the group's total turnover and 10% of its direct profit. In 2016, corporate sales revenue

dropped by 0.8%, but group revenue rose to £213 million, from £189m, thanks to an increase of 23% in retail sales and 12% in aftersales.

"The volume was never the goal and we would much rather have a reputation and continue having a reputation for being at the quality end of the market than for anything else. It's just the cornerstone of everything we do," said Siney.

Norton Way supplies almost all the major leasing companies in the FN50 list compiled by AM's sister title, *Fleet News*, and Siney is proud that the dealer group has achieved perfect or near-perfect satisfaction scores with them all.

It often achieves 100% scores with the UK's two largest leasing providers, Lex Autolease and LeasePlan.

Zenith reports similarly impressive numbers and Norton Way regularly picks up 'Zenith 7' awards, which recognise seven 100% CSI scores in a row – achieved from end-user feedback following delivery.

Siney said: "Zenith measures everything – every phone call, every email and every transaction. We've been a supplier to them for a long time and last month, after six years of effort, we moved to number one in their league table for the first time."

"There is no commercial benefit for being first rather than 10th, but it's hugely important for us. It's not our view on us, it's not our manufacturers' view on us, it's our customers' view on us."

In corporate sales, Norton Way produces higher sales volumes, higher profits and

higher customer satisfaction scores than any other individual dealer in the UK for both Mazda and Honda, he said.

It also represents Nissan, Peugeot, Škoda and Kia – holding factory-approved fleet specialist status with all of them.

Upon arrival at the Arlesey site, it's clear to see why Norton Way chose to keep fleet work out of its retail sites. Rows upon rows of new cars are neatly lined up, awaiting processing or ready to be delivered. There is an almost constant flow of vehicles either entering or leaving.

Siney said the cars usually only stay on site for one night, allowing the centre to achieve maximum throughput each day.

Each vehicle undergoes a pre-delivery inspection (PDI), gets fitted with number plates and then gets a full valet. At each stage, the car is inspected. Before the driver sets off to deliver it, they must sign a final inspection.

"Once the driver decides to leave the site with the car, it is their responsibility," said Siney. "If the customer is unhappy when their car arrives, then the driver must deal with it – we don't allow the driver to simply shrug it off and leave without resolution."

Norton Way Corporate Sales is not just a fleet processing centre, though. The company views it as a fleet service provider.

Siney said: "We view this operation as quite distinctly different from a car dealership. We are very proud of our car dealerships – we are a dealer group and we aren't shy of being a dealer group. But we realised that being a fleet dealer was no longer enough, we needed to be a fleet service provider."

New car supply is the core part of the business, but as so many of Norton Way's customers have additional needs, the business decided to support them with a full suite of fleet services.

"It may be that we've got a customer who has a demand to move vehicles from a logistics point of view, perhaps to reallocate vehicles."

FACTFILE

TURNOVER £213m (2016)

PROFIT BEFORE TAX £3.2m (2016)

FRANCHISES Honda (3), Mazda (1), Nissan (1), Peugeot (1), Škoda (1), Kia (1)

NUMBER OF STAFF 470

CORPORATE SALES YTD 5,630

“Also as part of their in-life service, they are going to want servicing, maintenance and service checks, we have no problem with doing that.

“When it comes to end-of-life vehicles, it may be that we just offer a logistics process, but we might also be proactively bidding for certain people’s vehicles as well.

“We look at the whole picture from a fleet service provision: what do our customers require and how can we help them? Often that will include vehicle supply, but it may also be funding, in-life maintenance, end-of-life route to market and/or purchase. So it’s a cradle-to-grave fleet proposition,” said Siney.

When he first joined Norton Way 21 years ago, the fleet department was operated as a bolt-on to the retail sales team.

The business realised that, at the time, about 60% of the new car market was business sales of some form – whether to local businesses, national businesses, rental companies or contract hire firms.

“In the early days, we weren’t spending 60% of the effort in that sales channel. We

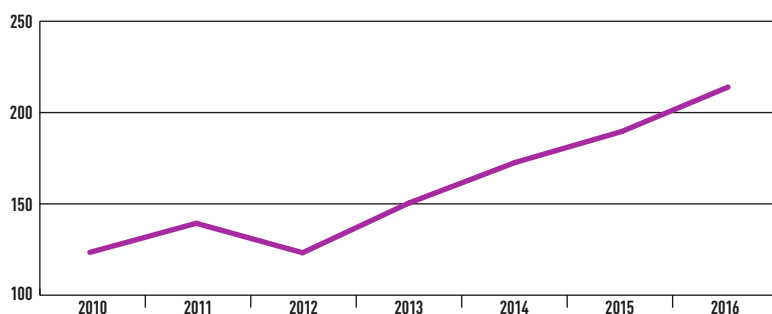
WE LOOK AT THE WHOLE PICTURE FROM A FLEET SERVICE PROVISION: WHAT DO OUR CUSTOMERS REQUIRE AND HOW CAN WE HELP THEM?

RICHARD SINEY, NORTON WAY

wanted to grow as a business and we wanted to be successful. Our goal was to be upper-quartile in everything we do and clearly fleet was part of that,” said Siney.

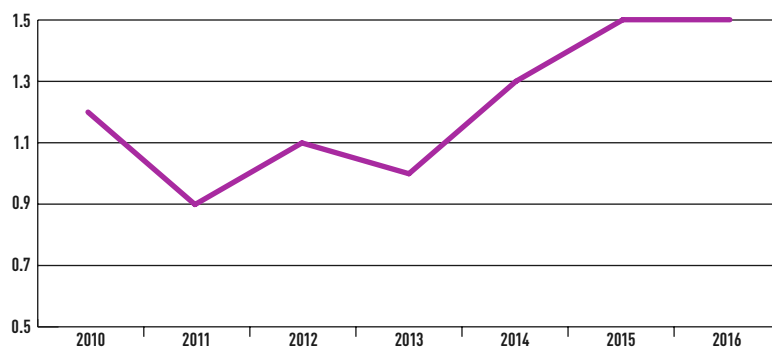
The business recognised that to do fleet ‘properly’, it needed to be a specialist. At the same time, workshop efficiency was going up, but profitability was stagnating or declining because it was so busy doing internal work rather than focusing on external, fully chargeable retail work.

✧ NORTON WAY TURNOVER (£M)



The business has learned from its reliance on low market share, conservative Japanese brands such as Honda and Mazda. Since 2011’s perfect storm of unfavourable exchange rates, uncompetitive products and supply issues after Japan’s tsunami, Norton Way’s turnover has risen steadily, helped by the additions of Nissan and Kia.

✧ NORTON WAY RETURN-ON-SALES (%)



Cost controls and growth in used retail sales volumes have contributed to drive Norton Way’s profitability above the industry average of 1% ROS



One of the first developments in the fleet arena was to move all internal PDIs out of the retail workshops, so the retail service managers could become completely accountable for retail hours and fleet happened off-site.

The first facility was opened at Letchworth, for fleet PDIs. Within a few years, the volumes grew to the point where the business outgrew it.

Siney said: “We were able to leave that site and move here [Arlesey]. We turned that site into a used car prep bay – so now used car prep is not going through the retail workshops either.”

Complete with offices, the Arlesey site gave Norton Way the opportunity to put its fleet team back on the same site as the cars, which Siney said was hugely important.



Richard Siney with his team of fleet specialists at Norton Way's corporate sales HQ in Arlesey, Bedfordshire

"You must not lose touch with the finished product. If you separate the office from the product, it doesn't gel as well. It works really well having the full-purpose facility," he added.

The space on the site is utilised to allow as many vehicles as possible to be processed in the shortest possible time.

It's not a glamorous site, like the group's new GWR Kia dealership in Brentford, West London, but it is entirely fit for purpose.

"It's not a secret to our customers," Siney said. "They are aware we have this purpose-built facility and while it's not designed like a conventional showroom, they are welcome to visit it and many have.

"They understand that it's the smartest way of preparing a fleet vehicle. It's not smart to do it from a retail facility. What

they are interested in is the right car, arriving at the right address, at the right time, with minimal disruption and a quality handover. We achieve that with very robust processes and very passionate, skilled people."

SERVING MORE THAN ONE CUSTOMER

Customer service is a broad term, especially when dealing with fleet sales where there is always more than one person to please.


"We totally understand and respect the role that the contract hire companies and the funders have. They all have their own service-level agreements (SLAs) and we understand they are important and we will be very compliant at meeting those.

"It's equally important for us to have very

strong end-user relationships too," said Siney.

It's not uncommon for a corporate customer to change their funder, but Norton Way wants to ensure that the customer stays with it and remains their preferred partner, so it works very hard at end-user relationships.

Among the fleet team at Norton Way is a full-time demonstration vehicle administrator. His job is to ensure existing and prospective end-users get proper access to the cars they are interested in before they make their final choice.

Siney said: "We have to recognise the driver. When they are looking for a new car we need to get the right car out on demo and ensure he or she is comfortable with it via the handover." 

“If we look at how things have changed, there is so much new technology in vehicles you can’t just give someone a car and expect them to understand it. When you do a demo, it’s important to do a quality handover. Otherwise, you invest the time and money in doing the demo, but you don’t get the sale out of it.”

“That’s a cornerstone of the repeat business we get and the reputation we have with our customers.”

Norton Way works with businesses whose fleets range from one or two cars, all the way up to blue-chips with thousands of vehicles.

“We look at all the sales channels,” said Siney. “We have an interest in small and local businesses, we don’t forget the importance that supplying locally has from an aftersales perspective.”

Although vehicle supply comes from the Arlesey site, servicing is carried out in the retail dealerships, where the staff are trained to deliver the same high level of customer service.

Finding new business is the responsibility of Norton Way’s field sales team. Their job is simple: find incremental customers.

Siney said: “It is important that we support our manufacturers by opening up new channels for them. We also have to maximise the scale of the relationship with any existing customers.”

“The field team have got to create relationships and they have to sell the brand of Norton Way.”

“They’ve got to understand the customer and understand if we can meet those customers’ requirements. We will walk away if we can’t.”

“We’re not afraid to say we can’t do something if that’s the truth.”

Once that relationship is established, the account managers build the long-term relationships and handle all customer enquiries, which include quotes, lead times, availability and even details such as the boot volume of a particular model.

A member of the field team and the relevant account manager attend quarterly reviews with customers. The field team supports what should be happening while the account manager has a view of what is actually happening day-to-day. This gives the business the best chance of continuing to meet the customers’ requirements, believes Siney.

So far this year, Norton Way has invested in additional corporate account managers and Siney said all are home-grown.

“We’ve never imported someone from another dealership. We deliberately choose non-motor-trade people with a customer service background. We don’t

have a difficulty training them, but they need to be the right customer service people.”

He also plans to expand the field team this year: “We’ve added new franchises to our group and we want to make sure that we are maximising the opportunities that those new franchises and new products give us.”

“There is a strong demand from the fleet market so we know a bigger team will be busy and be successful.”

Additionally, investment in technology will help Norton Way to further improve end-user satisfaction. The business is looking to implement a tracking system that will give real-time updates on delivery times.

Siney said: “Investing in that technology and in our people and their training is hugely important and that’s the only way

we will meet next year’s trends.”

As for the future of the corporate sales site, Siney believes it will continue to provide growth.

“We’d love to outgrow this facility, not from an empire point of view, but because it would reflect upon that we are doing the right job for our customers. That’s how we get busier, customers come back and buy more from us and we do that consistently well.”

Having left university and completed a 12-month graduate scheme in the motor trade, Siney worked for Honda. He was involved in setting up its fleet department, before joining Norton Way.

“I’m 110% behind the fleet department. My reason for getting up in the morning is fleet. Working with people in this marketplace is where the buzz comes from,” he said.

Turning a single Honda dealership into a £213m-a-year dealer group

Norton Way Group was founded following a management buy-out of a single Honda dealership in Letchworth in 1989.

David Grainger, Norton Way’s managing director, grew the business, adding Mazda and Peugeot franchises to the mix. He also opened Chiswick Honda on the site of the old Honda UK head office.

In 2008, majority control of Norton Way Group was transferred to Japanese group Marubeni Auto Investment, which is part of one of the largest companies in Japan, and which also owns a second UK dealer group in the North West, RRG Group.

Grainger said: “We had grown the business quite significantly and we realised if we wanted to go bigger we needed a good backer.”

“To us they [Marubeni] are like a bank. If

we want to do something, we go to them and talk it through. I still run the business like I own it and we still own all the properties.”

With new backing, the expansion quickly continued. The group added Škoda and Nissan franchises and opened a third Honda site in Wimbledon.

The most recent investment was GWR Kia, a flagship 41,000 sq ft showroom in Brentford, west London. Since opening in 2016, the site, which is owned by Kia but operated by Norton Way, is already among the UK’s 10 best-performing Kia dealerships.

Norton Way, which started with just seven people, now employs 470. This year it is on track to produce profits of more than £3m, with new car retail sales growing 7% across the group.



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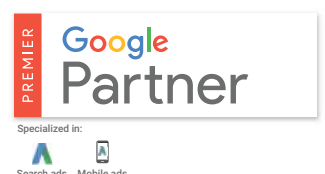
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MINUTES WITH...

David Martell,
Chief executive, Chargemaster



How is the landscape developing for charge points?

If you look back five years, about 80% of the charging network was slow-charging, effectively 3kW, not much faster than standard charging and much of that was three-pin-plug charging. Now, about 70% is fast-charging, at least 7kW.

Rapid chargers make up 10-15% of the charging network, but for the next five to 10 years we don't think they will make up more than 20%. It's a misconception to think rapid chargers are needed everywhere – you will need rapid chargers in certain places to enable certain journeys. I think we are going to see urban charging hubs, with six to 10 rapid chargers in one location – a bit like a petrol station, but for EVs.

How will EV adoption develop?

There is a [mis]perception that the EV sector will move gradually over the next five years. It is really going to move very quickly. There will be very high levels of adoption and the curve will continue to increase for the next two decades. There are 120,000 EVs on the road and by 2022 there will be about a million. The public charging network will go from about 14,000 points to about 100,000.

How practical is it for everyone, including those with no off-street parking, to have EVs?

There are people who use our network

who don't charge at home, drive 10,000-15,000 miles a year and charge from the existing infrastructure. This idea that you need home charging is not true.

Is the EV Experience centre in Milton Keynes vital for wider adoption?

The key to EV adoption is to get people to try them. The centre is all about trying the cars out. It's not a revenue generator, no one is making any money out of the EV Experience Centre and we can't sell a car, but we do have a hot lead mechanism, so we can follow someone from a test drive on their retail journey. From a retail perspective, we are warming up the customer; they will know about EVs before they walk into the dealership.

What role do you envisage dealers playing as EV ownership grows?

Dealers will be critical in creating awareness and persuading people to make the switch. Dealers are conscious they are also selling diesel and petrol cars, so need to play a balanced game.

Dealers need to be plugged in with what's happening in the EV sector. If people ring up to test drive, make sure you have all the facilities, make sure you have charging points. We have seen some cases where customers have picked up a new EV from a dealer with nine miles of range on them – that's unthinkable. Make sure when you go on a test drive you show them how to use a public charging point.

What do you say to dealers who are fearful of losing aftersales revenue?

The manufacturers will take care of the long-term EV business model. There are legitimate questions, but they are being worked through by manufacturers and dealers within the scope of personal mobility as a whole.

EVs still need servicing, MOTs, tyres and have moving parts.

How do you see the used EV market developing?

Clearly it is going to grow, we just need to get a bit more consistency around the offer. For example, in the new market, battery leasing works quite seamlessly, but I think there are challenges around battery leasing in the used market that need to be addressed.

What do dealers and manufacturers need to do to encourage EV ownership?

You need to recognise that people are adapting and you need to guide them through that. We think it is important for manufacturers to include the charging cables in the cost of the car. They shouldn't be sold as an optional extra because they are a critical part of using the car. We would advise all manufacturers to include them in the cost of the car and if manufacturers aren't doing that, dealers should take the initiative. It's really important we make the process as seamless as possible. **DEBBIE KIRLEW**

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RENAULT

His dealers face volatility from Brexit, weaker sterling and a declining market, says new MD Vincent Tourette, but they have his ear, he tells **Tom Sharpe**

When Renault replaced its UK managing director after just 12 months in the role, franchisees could have been forgiven for feeling a little on edge.

The fact that incoming boss Vincent Tourette was an old hand within the Renault-Nissan Alliance – he has worked for the Renault-Nissan Alliance for 23 years, most recently as Nissan's vice-president, sales and marketing in Tokyo, and held UK posts as general manager for Renault Retail Group and marketing planning manager at Renault UK – may have provided some reassurance.

However, the position Tourette finds himself in is arguably less stable than the one former Ford executive Paul Flanagan inherited when he took up the post in May 2016.

Rising inflation, a recent increase in interest rates and the uncertainty surrounding Brexit negotiations have all dented market confidence.

Flanagan found himself running a brand that was celebrating a 21% year-on-year sales rise (44,570) during H1 2016 – it would go on to more than double its annual registrations from the low point in 2012 (40,760) – and it won AM's Franchise of the Year award.

To the end of October this year, the brand was down 14.7% year-on-year at 61,850 registrations (2016: 72,472), with a market share down 0.33 percentage points at 2.78%.

When AM sat down with Tourette at Renault UK's Maple Cross headquarters, Tourette described the current economic climate as "unstable and very volatile" and



admitted that he was not sure of the size of the challenge he was taking on when his time came to leave Tokyo.

"I'd been asked if I would be happy to come back to Europe in the [managing director] position in one of the big countries. I said yes, and a few weeks later I was here in the UK," said Tourette.

Tourette clearly identifies Brexit as the biggest challenge he has to deal with in the UK, alongside the growing shift away from

diesel, both of which have arrived at roughly the same time as some ambitious volume and profitability targets from the Renault-Nissan Alliance.

A Renault spokesman said the brand had been "on track" to hit its 5% market share target (for Renault, Renault LCV and Dacia) in its previous growth programme, GO5+, before the impact of Brexit and the decline in foreign exchange rates and the market.

"In 2014, we achieved 3.9%. That increased to 4.2% in 2015 and then 4.5% last year," the spokesman said.

At the start of October, Carlos Ghosn, the chairman and chief executive of Renault, published his Drive the Future plan. It is intended to grow global volumes by 40% to more than five million vehicles and achieve a 7% margin from revenues of more than €62 billion by 2022.

Much of the volume growth will be generated in emerging overseas markets such as Russia, China, India and South America, a move which could see volume diverted from the UK.

While it has recruited 13 new partners into open points over the past three years – among them Savilles of Stourbridge;

HAVING BEEN A DEALER, I REALLY SEE MYSELF ON THE BOAT WITH THEM. WE WIN TOGETHER, OR WE LOSE TOGETHER
VINCENT TOURETTE, RENAULT



KEY PRODUCTS



Clio

Renault's rival to the Ford Fiesta and Vauxhall Corsa remains its biggest seller in 2017, but its 18,247 registrations to the end of October were down 11.4% on the same period last year.



Mégane

The only Renault car to deliver increased sales in the 10 months to the end of October – 5,347 registrations up 21.1% on 2016 – the current Mégane is in its first full year on sale.

RENAULT

Evans Halshaw

Evans Halshaw's Edinburgh West site is the first Renault dealership to complete its external corporate identity upgrade

Picador Southampton; Platts Stafford; RMB Darlington/Leeds; Glyn Hopkin various; Wessex Newport; CCR Weston Super Mare; Griffin Mill Pontypridd; John Clark Aberdeen; Right Car Hull; Stoneacre Chesterfield; Dobsons Kendall – Renault has parted with a similar number, keeping the network stable at 160 sales outlets.

Where the growth lies for Renault

In the UK, Renault wants to drive profitability, which means improving the quality of business is essential at a time when the weak pound limits opportunities for importers.

Tourette said: "We don't know exactly what will happen, we just know that it will be very unstable and very volatile in many ways" adding that it was time to "rebalance the way we do our business".

He said the brand and its network had to focus on retail and SME sales.

On the fleet side, Renault filled two new roles in August – a national fleet manager and a national rental and mobility manager.

It also recruited 10 business sales area managers to support dealers' fleet sales.

Renault is also trying to help dealers

embrace sales of zero-emission vehicles among corporate customers and added two EV sales managers in October.

The Zoe hatchback increased its official New European Driving Cycle (NEDC)-certified range of 250 miles in 2017 and the new Kangoo Z.E. minivan now claims an NEDC range of 170 miles – a 60% improvement over the previous version.

Ghosn's Drive the Future plan announced a product push that would see eight pure EVs among the 21 new Renault vehicles planned for launch globally by 2022.

Half of Renault's cars will be fully electric or hybrid by the end of the plan, according to Ghosn.

Tourette acknowledged the ongoing fall-out from the 'dieseltgate' emissions cheating scandal and the "impact on customers' mindset" of anticipated changes to legislation surrounding diesel vehicles to meet EU NOx emissions standards.

Renault said its Local Fleet Strategy helped retailers achieve a 25% uplift in fleet sales in 2016 (21,939 cars and vans) and had driven a 96% uplift in "local fleet performance" (cars and vans combined) by August this year.

Of its 160-strong network, 32 are now Pro+ Specialist Fleet and Business Centres, each with a dedicated local fleet sales specialist charged with local fleet car and van opportunity of more than 150 units/year.

Among nine customer promises, the Pro-dealers also pledge to offer servicing appointments within three days, extended opening hours when requested and the provision of an equivalent courtesy vehicle.

But Tourette said that it is essential that Renault steers clear of the more expensive fleet channels.

"If you are too dependent on these expensive channels, you are too exposed to the volatility of the pound," he said.

"Also, these channels very often are about big volumes of cars, so that can come and go very rapidly; while retail business and small businesses, which are a bit comparable to private customers, are much more stable and come with better loyalty if you deliver the right level of customer experience."

Renault appears to be backing off pre-registration as it looks to rebuild volumes from a dip to less than



Captur

A close second to the Clio in the sales stakes, with 18,244 registrations to the end of October (down 17.2% on 2016), the Captur is still a strong performer four years after its UK launch.

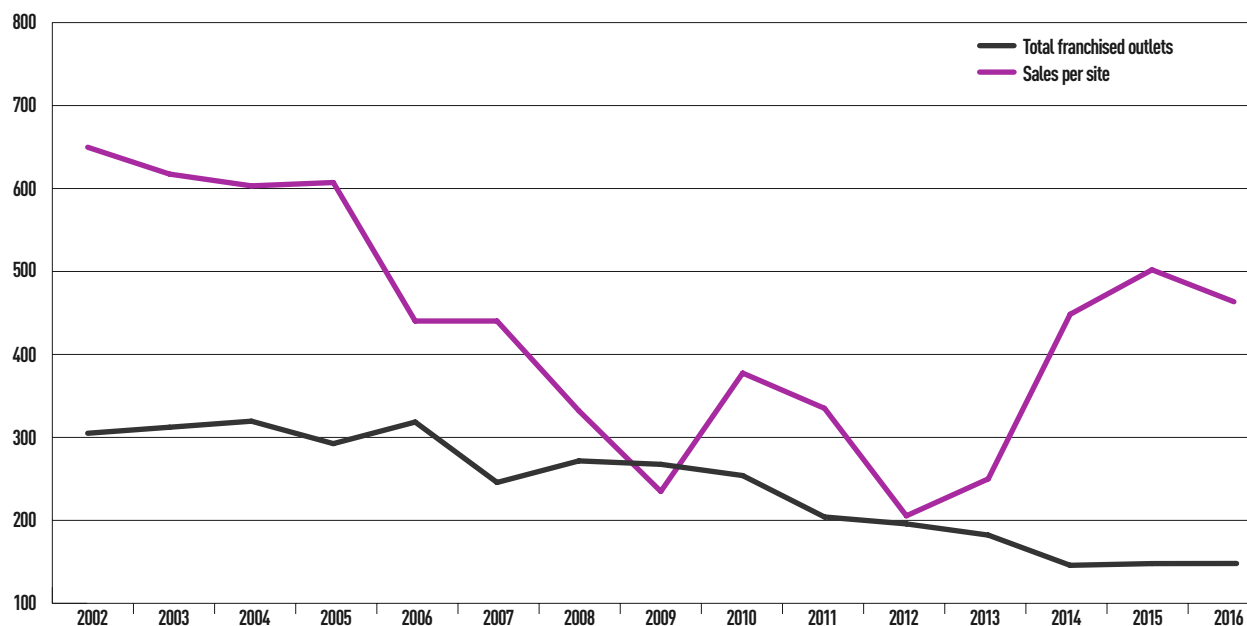


Kadjar

The Kadjar takes the fight to larger SUV C-segment rivals, such as the Nissan Qashqai, VW Tiguan and Peugeot 3008. To the end of October 14,233 were registered, down 18.4%.

✧ TOTAL FRANCHISED OUTLETS vs CAR SALES PER SITE

Renault has clearly rebalanced its number of retail outlets as demand for its products faltered from 2002. After falling from more than 300 sites, the network has stabilised at 160 sales outlets for the past three years and should benefit from new product offering incremental gains.



45,000 in 2012, which was some 77% behind its 2002 high point of 194,682.

In the NFDA's Summer 2017 Dealer Attitude Survey, the 85 responding Renault dealers rated the brand's "inducement to self-register vehicles" third from bottom, with a score of 3.2 out of 10, down on the Winter 2016 survey's 4.4, suggesting that Renault is not pushing them to pre-register.

Tourette said the brand was on track to achieve 115,000 registrations this year, with 20% of those in commercial vehicles.

"The point is not to go for volumes at any cost," he added.

Ringling the changes

As Tourette arrived, a new phase of exterior changes was beginning to be made to retail premises.

Renault's corporate identity changes have been implemented in interior and exterior phases, with each costing an average of £80,000, to ease the financial burden on retailers.

The interior element of the network-wide scheme is now 90% complete and the new



GIVEN THE GROWTH WE'VE HAD OVER THE PAST THREE YEARS, WE ARE FACING A CAPACITY LIMITATION WITHIN OUR NETWORK, SO [EXTENDED WORKSHOP HOURS] IS A WAY TO GIVE A BIT OF SERVICE TO OUR CUSTOMERS

VINCENT TOURETTE, RENAULT

exterior appearance was pioneered by Evans Halshaw's recently opened Edinburgh West site.

Tourette said: "The purpose of the exterior is to make sure the improvements in product are obvious from a network point of view, and we are at the beginning of the journey in regard to the perception of the brand."

"If we want to be a robust brand with sustainable growth, we need to deliver an excellent customer experience."

Renault's push to compete with the more premium end of the volume sector – territory traditionally dominated by Volkswagen – is evident in the Megane hatchback, launched last summer, and the addition of a new model line in the form of the Koleos D-Segment SUV launched this summer.

Priced from £27,500 to £34,200, the Koleos breaks new ground for Renault in terms of the potential profit its retailers can achieve.

The Koleos is the third SUV in Renault's line-up, which has been light since it discontinued the Espace MPV, Laguna

saloon, Modus hatchback and Wind compact convertible in 2012.

Next year, the brand will introduce its first pick-up, the Alaskan, and a new sports car brand, Alpine (see panel, below).

Renault has called on its network partners to increase their capacity to display the expanding range in the face of a declining market that has eroded the 1.6% return-on-sale figure achieved in 2016 (Tourette would not give an up-to-date figure).

Tourette said: "We have a strong franchising plan with each of our dealers in order to see how we can optimise the situation with each other."

"We are working with them one by one because our range now is quite wide. Potentially, we have 10 vehicles to be displayed."

Incentivising good customer service

New additions to the Renault range are pushing the average price of a Renault up, away from the affordable heartland of the Clio and Twingo models.

Tourette is keen to see a corresponding focus on the customer, that will see service levels prioritised to meet rising expectations.

Extended workshop opening hours are likely to become a manufacturer standard, with Tourette stating that some retailers are already operating extended workshop shift patterns through a seven-day week.

"Today, given the growth we've had over the past three years, we are facing a capacity limitation within our network, so that's also a way to give a bit of service to our customers," he said.

"Part of the specific customer experience is the ability to get in touch rapidly and get

✧ ALPINE SPORTS CAR BRAND A FEATHER IN THE CAP FOR EIGHT RENAULT DEALERS

Renault showrooms already growing to accommodate an expanding range of SUVs will be stretched still further with the addition of the Alpine sports car brand.

Eight dealers are expected to be confirmed as Alpine retailers, but Tourette said the final tally and some of the contracts had yet to be agreed with retail partners.

Tourette said: "The tooling required to work on the car, the specialist training and the relatively

small volumes mean that the Alpine brand is not something that is viable for the entire network, but it is good to have a flagship vehicle like that."

The mid-engined Alpine A110 was first shown at the 2017 Geneva Motor Show and will take on the likes of Porsche's Cayman and the Alfa Romeo 4C when it arrives in UK showrooms next year.

Prices for the 250PS 1.8-litre engine coupé are expected to start at around £48,000.

an appointment quickly with your dealer."

In 2016, Renault teamed up with Auto Express to establish the Driver Power Dealer of Excellence programme, which saw franchisees' customer service ratings verified by the motoring survey experts and the results fed into an annual awards event.

This summer, Renault partnered with the online review platform Reevo, encouraging customers to post reviews – which could be acted upon if negative – on its official website.

Tourette said the brand is also using more mystery shoppers to increase accountability in customer service practices: "Mystery shopping videos have helped tremendously to get the right spirit from people and to learn from the good experiences.

"The beauty of it is that when you see yourself, it's not something you dispute."

Tourette encouraged retailers to go through the mystery shopper videos with their staff: "The idea is not to point fingers, it is to find ways to do better and improve. If it's done with that mindset, there is a lot to learn."

A change to a dealer bonus structure, which already takes account of customer service performance, will further incentivise good customer service.

Tourette said: "There is a bonus for the dealers linked to their new car and aftersales customer experience. The idea for next year is to see how we can maybe make it even more efficient and that will be reflected in dealers' remuneration."

How dealers rate the brand

Near the start of Tourette's career with Nissan-Renault Alliance hierarchy, he was general manager at the Renault Retail

Group's flagship showroom in Enfield, north London.

He said the experience has made him keen to acknowledge feedback from his network.

Since his arrival, the Renault management team at Maple Cross will clear directors' diaries for two days each week to facilitate meetings with retail partners.

Tourette said the results of the NFDA's Dealer Attitude Survey were "very important" to him, but acknowledged that he had had little time to affect the latest set of results.

The brand's overall rating in the Summer 2017 survey dipped from 6.4 to 5.9, against a survey average of 5.6.

Dealers rated the return on capital presented by the franchise at 3.9, down on the winter survey's 4.9 rating and a survey average of 4.7, and delivered a 0.8 drop to 4.9 rating when asked to comment on the level of capital investment it demanded (average: 5.1).

An above-average score of 6.3 (average: 5.0) was recorded for the margin achieved on new vehicles.

Even before Ghosn announced the ambitious terms of his Drive the Future plan, however, dealers aired scepticism about Renault's target aspirations, with a 3.1 score related to target aspirations (average: 4.8).

Tourette insisted he would act on the feedback.

"I aim to be in the field with the dealers, to talk to sales execs, to talk to technicians, to get their direct feedback," he said.

"Having been a dealer myself, I really see myself on the boat together with them. We win together, or we lose together."

ADVERTISING FEATURE

The voice of the customer

By Neil Addley, managing director, NFDA Trusted Dealers



We have spent a lot of time recently looking at what customers like and don't like about buying cars. It turns out they like helpful, agreeable sales people and test drives – who knew? In fact, customers who are offered a test

drive are five-and-a-half times more likely to buy a car than those who are not.

This ties in with the point about 'sharpening the knife' and re-instilling training, from last month. But offering test drives is not enough. Customers complain that they turn up to test drive an automatic and are presented with a manual car, that test drive routes are too short and that they turn up to try an electric car, only to find it has not been charged.

Liking the sales person is the single biggest contributor to their overall feeling towards your dealership, but customers don't like badly managed, controlled sales.

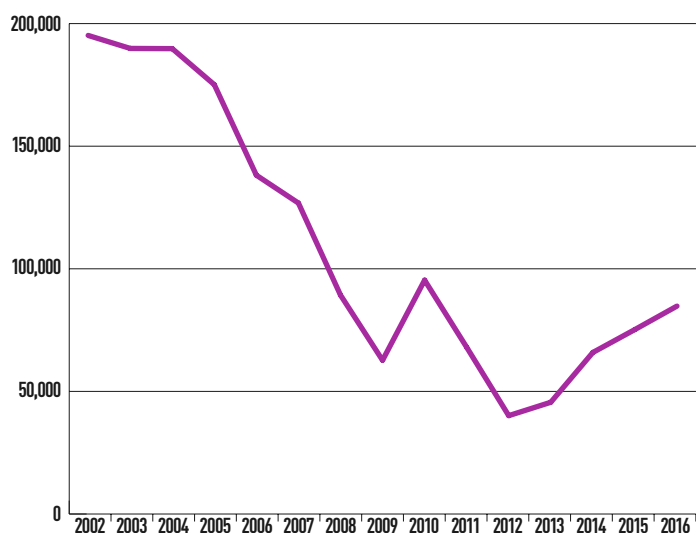
"I asked the sales person for a price and he went off to discuss it in the room with some other people and didn't come back out, so after about 15 minutes I just walked off."

But get it right and customers will wax lyrical.

"I'd recommend [the dealer] because the senior sales exec was patient and helpful in every way. The sales lady also helped, again very friendly and professional. Overall, I felt like I had a family member finding me a car. I was a bit fussy, but they were great and eventually I got the perfect car."

Amen to that!

✧ TOTAL RENAULT CAR REGISTRATIONS



The registrations heights of 2002 seem a distant memory for Renault, but the brand's new focus on SUVs has helped to boost sales since 2014 and the Alaskan pick-up will be added next year.



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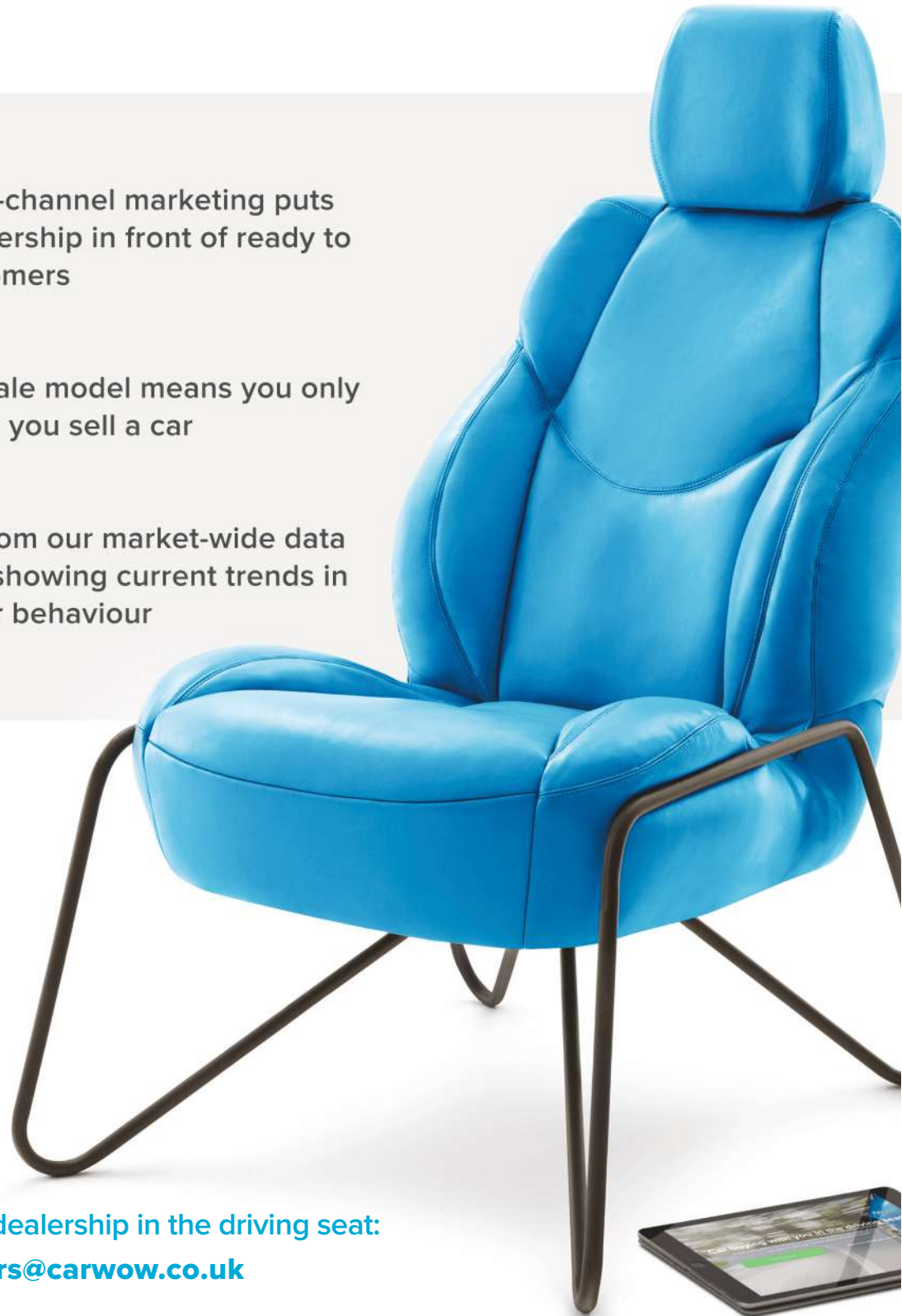
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BEST UK DEALERSHIPS AM 2017 TO WORK FOR

Welcome to AM Best UK Dealerships to Work For 2017, a chance for us to honour and celebrate the best employers in the motor retail sector.

Fifteen dealerships made the grade in our inaugural year, out of the 40 or so who participated. We hope this programme will grow in future years, attracting a range of businesses from the largest PLCs to the local owner-drivers. Registration for 2018 is now open at www.bestukdealerships.com.

Employee engagement is an essential ingredient for a successful business. No company, large or

small, can succeed over the long term without a motivated, well-led workforce that understands and believes in the company's mission.

The next seven pages are a celebration of elite employers in the motor retail industry who have proven that they know what it takes to create an environment where people love to come to work.

The goal of the program is to raise the bar among industry employers, creating excellence and employee engagement in the workplace that will attract talented people for years to come. Andrew O'Kelly, European partnership development director for Best Companies Group, said: "It is not an easy task to make this list, so those being

honoured here should be extremely proud of their organisations and, most importantly, their staff.

"For years, all of us in business have focused on our product or brand. We spend hours, and untold amounts of money, marketing our products and services. While that will always be important, these dealerships – like many businesses – have realised they also need to focus on their brand as an employer.

"Being named one of the best places to work in this industry just gave these companies' employer brands a huge boost. What they had to do to get there is not easy and their accomplishment is most certainly significant."



INSIGHTS

The AM Best UK Dealerships To Work For are engaging their employees at record levels. About 92% of their staff feel emotionally connected to their employer. The national average of employees across all UK industries who show similar engagement levels is 41%, according to Best Companies Group's data.

Of the staff at our 15 Best Dealerships, 96% said they were proud to work at their dealership, compared with 86% at the dealerships that applied but did not make the listing. Of the winners' staff, 87% said they looked forward to going to work most days, 10ppts higher than at the unlisted dealerships.

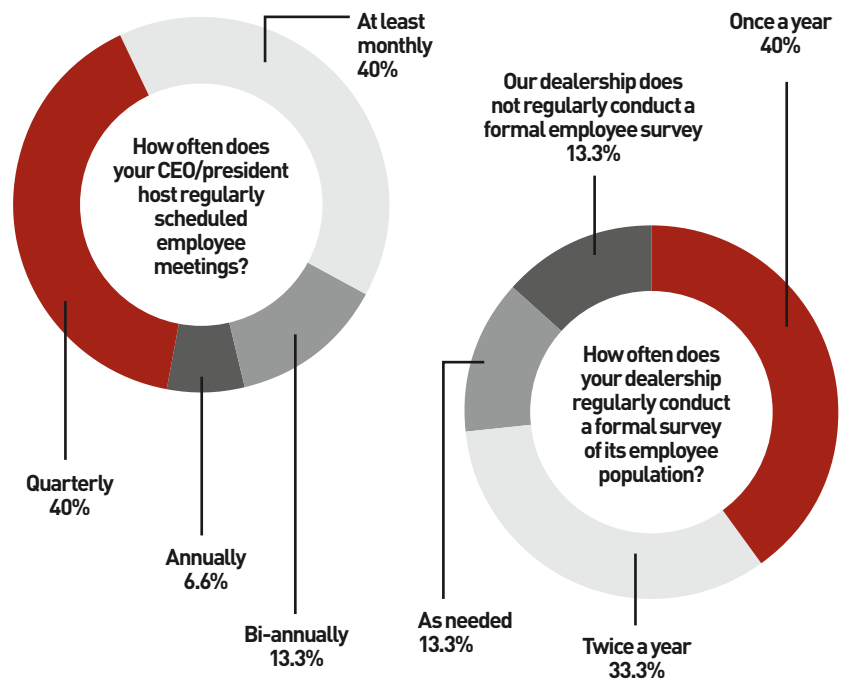
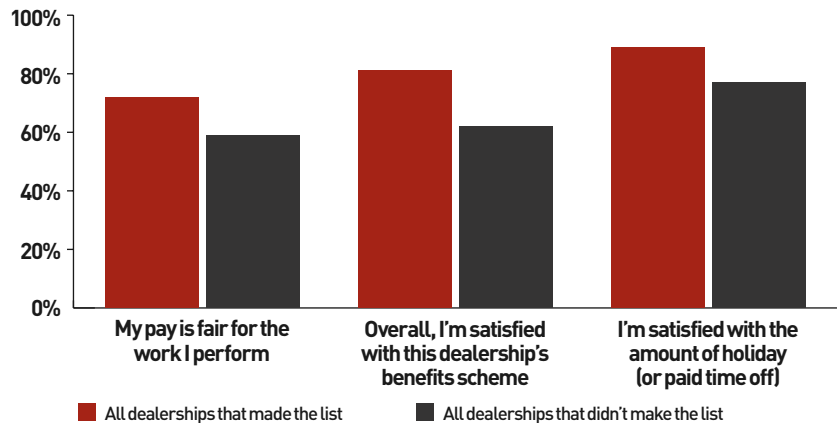
The results showed an engaged workforce can also help a dealership as it expands, as 89% of employees at the best dealerships to work for would recommend working there to a friend, 14ppts more than at other dealerships. At the best dealerships, 97% of the workforce said they were willing to give extra effort to help the business succeed.

Employees at the best dealerships feel supported, respected, recognised for their good work, and have strong connections with their supervisors, who are open to hearing their opinions or feedback. 'Relationship with supervisor' was the highest-scoring survey segment overall, at 92%. Dealerships that did not make the list scored 81%.

Leadership and planning are strengths of the UK's best dealerships – 93% of their employees said they understood the long-term strategy of the dealership, and 94% had confidence in its leadership, 17ppts higher than at the other dealerships. At best dealerships, 90% of workers believe their senior leaders care about employees' well-being and 91% felt the leaders lived the core values of the business, compared with 72% and 78% of staff at unranked dealerships.

Pay and benefits is the area in which dealers need to improve the most. At dealerships that did not make the list, 41% of employees do not believe their pay is fair for the work they perform, and 38% are not satisfied overall with their staff benefits scheme. The negativity was lower for best dealerships, at 28% and 19% respectively, nevertheless these proportions remain significant.

SURVEY SNAPSHOT



Two-way communication is a crucial element of the AM Best UK Dealerships To Work For. Employees hear regularly from the boss, and companies in turn give the workforce an opportunity to formally rate their workplace.

ABOUT AM BEST UK DEALERSHIPS TO WORK FOR

■ The survey is open to all UK dealerships with more than 15 full-time employees. Dealers enter as single dealerships, not groups. It is free to participate.

■ Managed by Best Companies Group (BCG), it has a two-part assessment process:

1 An employer survey, where BCG asks dealerships about the benefits they provide for their staff and what measures they take to promote staff engagement and development, such as flexible working, team events and leadership training. The results of this part of the survey will constitute 25% of their overall score.

2 An employee engagement survey, where BCG asks every employee in the dealership to anonymously state whether they agree or disagree with a series of 77 different statements. This gives a very clear picture of the overall level of staff engagement. This part of the survey carries 75% of the marks towards a dealership's overall score.

■ BCG analyses the results, which determines those dealerships that may proudly refer to themselves as an AM Best UK Dealership to Work For.

■ AM and BCG present the successful dealerships with their AM Best UK

Dealerships To Work For awards during Automotive Management Live. The accolade may be displayed as they wish, such as on their stationery, website and on job adverts.

■ The headline trends are published by AM magazine.

■ Each participating dealership has the option to purchase their own BCG Employee Feedback Report, summarising the employee data collected through the survey process and containing transcribed anonymised employee comments and the UK dealership benchmarking data from the winners and non-winners.

TOP RANKED OVERALL: PETER VARDY VAUXHALL EDINBURGH

The results of our inaugural survey have shown that Peter Vardy Vauxhall in Edinburgh is the Best UK Dealership To Work For in 2017. It achieved the highest score of all the franchised dealerships that participated in our new initiative.

≡ FOUR OTHER PETER VARDY DEALERSHIPS ALSO QUALIFIED AS BEST UK DEALERSHIPS TO WORK FOR:

■ Peter Vardy BMW/Mini Edinburgh
■ Peter Vardy CarStore Glasgow

■ Peter Vardy Vauxhall Aberdeen
■ Peter Vardy Vauxhall Kirkcaldy

Since the family-run group launched a partnership share scheme in 2015, all permanent staff have the opportunity to become partners with share options, ensuring they share in the successes that they contribute to and motivating them to remain with the business.

Peter Vardy operates a 'high flyers' incentive programme, which rewards the top performers across the group with trips, such as to New York, Las Vegas or the Goodwood

Festival of Speed. For technicians and sales management, an uncapped bonus scheme enables them to drive up earnings.

Employee performance reviews are conducted more than twice a year. On average, employees undertake 24 hours of training and development a year.

Peter Vardy offers a 'rookie programme' to bring new starters up to speed, and a trainee management programme supports staff wishing to progress to managerial roles. In addition, Peter Vardy aims to turn



Stephanie Connor, area personnel manager, Peter Vardy (centre), accepts the dealer group's total five awards from LTK Consultants' managing director, Andrew Landell, and operations director Vanessa Kendrick

suitable employees into great leaders for the company, and staff at the dealership can avail of a leadership development programme, comprising workshops, external training, online training and webinars.

Succession planning is taken very seriously, and the business offers mentoring and job shadowing to enable employees to expand their skills and knowledge. In the past year, 49% of its permanent vacancies were filled by internal staff.

An emphasis on having quality family time and strong community links is spread from the top to the bottom of the group, which operates a five-day working week. The business is closed on Sundays – Peter Vardy wants employees to enjoy their life outside the business, and it also gives staff time to do

voluntary work that helps local good causes.

Events such as an annual ball, quarterly team nights out and family fun days help the staff to get to know each other better socially and allow the business to show appreciation for their efforts.

Other methods of recognition at the business include an 'employee of the month' award and an annual group awards event.

Chief executive Peter Vardy presents a business update to staff quarterly, and a weekly 'T-mail' video sent every Monday keeps them updated about the company and upcoming projects. The company, which has the joint highest proportion of female staff at 31% (with Southend Audi), asks employees twice annually what they think of their work, through formal surveys.



Clockwise from top: The Peter Vardy family fun day; a Peter Vardy Launch night, a whole company celebration and awards ceremony; a charity work trip to Uganda where Peter Vardy partners met some of the children they sponsor

ALL PERMANENT STAFF HAVE THE OPPORTUNITY TO BECOME PARTNERS WITH SHARE OPTIONS, ENSURING THEY SHARE IN THE SUCCESSES

SPONSOR'S COMMENT



Andrew Landell,
managing director,
LTK Consultants

LTK Consultants is pleased to not only be an exhibitor at this year's AM Live expo, but also to be the lead sponsor of *Automotive Management's* inaugural "Best UK Dealerships to Work For" awards, announced at the NEC on November 9, 2017.

As an automotive business consultancy and Institute of Leadership & Management-approved training provider, LTK is usually called in to help dealerships improve their people, process, and communications management through a three-day "deep dive" programme, followed by detailed recommendations for the management to consider.

Our Dealer Process Improvement tool (DPIP), allows us to drill down into specific areas of each department, but we can usually tell from the lack of available parking spaces plus our initial impression of the atmosphere in the showroom, what we are going to find.

In these instances, we often find expressions of lethargy, uncertainty, fear and cynicism in the staff, expressed as high levels of absenteeism and staff churn and resulting in below-national average performance. So it is an honour to be backing an award that recognises dealerships for providing an environment where staff wish to go to work.

We would like to take this opportunity to congratulate all of this year's winners on being recognised for their excellence in being voted as one of the "Best UK Dealerships to Work For", and encourage them to strive for greater heights in 2018.



LTKCONSULTANTS

LEADERSHIP • TRANSPARENCY • KNOWLEDGE

PREMIER FORD

Open communications and a focus on employee well-being are much appreciated by staff

The management at Premier Ford listen to staff, implement their suggestions and make changes where appropriate, which is one of the aspects most appreciated by employees at this dealership, which trades at Newport on the Isle of Wight.

They also love the Christmas dinner and dance, held free for them and their partners, and the ability to take some holiday as 'duvet days' with no notice. Flexible working is available, and the minimum hours an individual must work to be considered full-time is 20.

A sign of Premier Ford being a Best UK Dealership To Work For is that it values ageing workers. In the past five years, it has had 10 long-standing members of staff reach pensionable age while still employed. It takes employees' wellbeing seriously, and has brought in an occupational nurse to provide free individual health screenings for those who desire them. Three quarters of the workforce took part, and received advice on health and fitness.

Employees undertake an average of 40 training hours a year. Sales, aftersales and bodyshop personnel attend regular manufacturer and ATA (Automotive Technician Accreditation) training, and the dealership uses the Ford College for the diploma in retail management. In addition, mentoring, job shadowing and attendance at leadership workshops are all encouraged, and job vacancies are advertised internally to encourage staff to apply.

The business holds annual staff recognition awards and long-service



David Rye, managing director, Premier Ford, left, accepts the AM Best UK Dealerships to Work For award from LTK Consultants' managing director, Andrew Landell

presentations, and 95% of employees receive a monthly bonus based on customer satisfaction and/or department profitability. Technicians have a two-part bonus scheme, which rewards them for attainment of CSI objectives and for individual efficiency. Valeters/drivers are rewarded monthly if sales and service CSI objectives are met, and team leaders can significantly boost their income monthly and quarterly when their department's performance exceeds budget.

Staff perks include discounted car offers and services, retail discounts, death-in-service benefit and optional private medical insurance. An annual staff satisfaction survey, including ratings of managers, other departments and the directors, leads to six-monthly follow-up meetings with the entire workforce, where managing director David Rye shares feedback and progress. Premier Ford also has a staff suggestions box, and has implemented several good ideas as a result.



Premier Ford staff members raising money for charity in their Christmas jumpers

CHORLEY NISSAN

Putting a premium on professional development and an informed workforce

Investment in staff and their career development is seen as important by the business leaders at Chorley Nissan, which operates a trainee sales academy, apprenticeships in all areas of the business, and has a future leaders management development programme. On average, employees undertake 30 hours of training and development each year.

To keep staff informed, the dealership has an employee Facebook group in addition to its company intranet, and managing director Andrew Turner hosts monthly meetings with employees to share company news and gather feedback. The dealership also conducts a workplace survey every year.

To promote a healthy work/life balance, Chorley Nissan keeps overtime to a minimum and mandates that all meetings or staff-only events are limited to during work hours only. Supervisors and higher-level managers are subject to 360-degree performance reviews, while all employees have performance reviews at least twice annually.

Its incentive schemes include sales executive commission, a monthly bonus scheme for technicians, and quarterly bonuses, while there are also incentives to staff to recommend new hires when the company is recruiting.

The benefits available for employees at Chorley Nissan include childcare vouchers, loans for cycles, eyecare vouchers, discounts at other retailers and cover for death in service, and they can also opt into a private medical insurance scheme.



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, and operations director Vanessa Kendrick

CLIVE BROOK VOLVO BRADFORD

Our well-being at work is a priority for managers, say employees

Employees at this business love the fact that they feel valued, they are kept well informed about what is going on, and that they are well paid. They feel their wellbeing at work is also a priority for their employer. Employees commented about the great canteens, which offer subsidised food, the running club at Clive Brook Volvo and that private health insurance is offered as standard to staff and gym membership and health screening are optional. The business also promotes a cycling team and holds annual 'ride-outs'. Staff-only meetings are held only during working hours, overtime is kept to a minimum, and if overnight travel is required, an employee is compensated accordingly with monetary incentives or extra paid time off.

Time-management seminars and on-site personal development and stress management workshops are used to further promote a healthy work/life balance.

All employees receive annual performance reviews and spend an average 20 hours a year on training and development. Succession planning for the business is taken seriously, and progression through the ranks of management is enabled by mentoring and other formal leadership training.

Managing director Clive Brook hosts meetings with employees every month and a survey of all employees is held once a year.

The business operates a 'First Class' formal employee recognition programme, awards an 'employee of the month' and anyone singled out by a happy customer gets praise from management.



Clive Brook, managing director, Clive Brook Volvo, centre, accepts the AM Best UK Dealerships to Work For award from LTK Consultants' managing director, Andrew Landell, and operations director Vanessa Kendrick

CREWE AUDI CREWE VOLKSWAGEN VOLKSWAGEN VAN CENTRE LIVERPOOL

Fun and family are recurring themes at these Swansway sites, but communication is also key

Three Swansway Group dealerships have gained the accolade of AM Best UK Dealership To Work For in 2017.

Family is a theme at this AM100 dealer group, owned by the Smyth family. Every July, the directors, including chairman Michael Smyth and his sons, David, John and Peter, host the Swansway Family Fun Day. It's a day out for employees and their families, with entertainment, barbecue, ice creams and a fun fair, all paid for by the business.

Employees also get the day off on their birthday, and are encouraged to share photos of the fun they get up to while celebrating their special day.

Communication is key at

Swansway's dealerships, and business leaders hold staff meetings at least monthly, in addition to a monthly 'Dinner With David' where staff from any level can ask to join director David Smyth for lunch at a local restaurant to hear the latest news, first-hand. A staff-only bi-monthly magazine, *Yourway*, is posted to employees' homes, reporting developments from the business and celebrating its 'unsung heroes' nominated by other staff. Every dealership also has screens displaying Swansway's 'Must Know TV', showing key performance indicators from all businesses in the group.

Individual dealerships organise team get-togethers, such as go-karting and meals, to help people bond socially as well as professionally.

Staff also appreciate being supported by the business in raising funds for local good causes. Every winter, employees are encouraged to nominate their favourite local charity to receive gifts from the Swansway Santa Patrol, and a similar initiative provides gifts from its Easter Eggstravaganza. Staff also participate in nationwide charitable events, such as Macmillan Coffee Morning and Red Nose Day.



Swansway chairman Michael Smyth (centre left) and group director John Smyth (centre right) accept their AM Best UK Dealerships to Work For awards from LTK Consultants' managing director, Andrew Landell, and operations director Vanessa Kendrick

The business operates a number of incentive schemes, driving high performance. The Chairman's Challenge, open to all staff across all departments, offers a prize of a day at the races for all winners from each dealership. Managers are on an incentive scheme tied to achievement and over-achievement of targets, which are carefully set to ensure they are attainable, and technicians are incentivised for inspecting and identifying worn tyres.

Employee performance reviews are done on an 'as needed' basis rather than rigid annual appraisals. Swansway's dealerships offer formal career development programmes, leading to CIPD and AAT qualifications, and apprentice schemes. Managers are also enabled to attend leadership workshops.

Staff entitlements include 25 days' leave as standard, a cycle loan scheme, subsidised cafeterias, and death-in-service benefit.



Employees out and about with the Swansway Santa Patrol, top left, supporting Save The Children in their Christmas jumpers, above left, and the Easter Eggstravaganza, above right

DRAYTON MOTORS KIA, BOSTON

From target-linked social events to a 'super' 15% bonus scheme for exceptional sales

Workers at this Kia dealership in Lincolnshire love that they are given a half-day's holiday on their birthday, turkey, chocolate

and champagne at Christmas and get together socially every quarter for a staff night out. If they achieve the branch target, the meal and hotel room is on the company. Boston United season tickets,

a cycle-to-work programme and an employee car ownership scheme also rank among its other highlights for the workforce.

They also feel loved when general manager Darren Bradford presents them with Easter eggs or Christmas gifts.

Formal incentives include a 'superband' for sales executives, which gives them 15% of the profit they make if they can achieve 200% of their target, and a year-end bonus for a percentage of over-achievement against budget.

Employee benefits include a childcare voucher scheme, optional private medical insurance, health screening and retail discounts.

Flexible working is allowed, and staff have on average 96 hours of professional development time annually, including through the Kia



Darren Bradford, general manager, Drayton Motors Kia, left, accepts the AM Best UK Dealerships to Work For award from LTK Consultants' managing director, Andrew Landell



The Drayton Motors team winning their award at the National Dealership Conference

Academy, an internal management development programme and mentoring and job shadowing.

Performance reviews are held twice annually at least, and senior managers from its parent group, privately-owned Wilson & Co, host a company meeting annually.

LUSCOMBE MOTORS LEEDS

Empowered employees share in profits and benefit from an accessible MD

Founder and managing director Robin Luscombe leads from the front, presenting the friendly face of the business. However, he recognises he cannot do it alone. The feedback from employees showed they appreciate being empowered to make decisions and they welcome his

open-door policy and constant presence in the business – he regularly walks around the business to chat to staff and provide support where needed, and he sends motivational text messages with performance figures twice a week.

They all share in the company's profitability. Incentives include monthly bonuses available to all non-clerical staff, a twice-yearly

company bonus, currently worth four figures, to all employees with more than a year's service, and a management bonus scheme, available to seven senior leaders, on achievement of the company's overall profit objective.

Full-time employees work a minimum of 30 hours per week, and get 22 days' annual leave. Standard benefits include child-



Robin Luscombe, managing director, Luscombe Motors, left, accepts the AM Best UK Dealerships to Work For award from LTK Consultants' managing director, Andrew Landell



Robin Luscombe and staff at Luscombe Motors celebrate their AM Best UK Dealerships to Work For award

care vouchers and staff can opt in for private medical insurance.

Performance reviews are done 'as needed' and the business invests in mentoring, IMI training for sales executives, participation in manufacturers' apprentice schemes and the progression to master technician level within its Suzuki and Mitsubishi franchises.

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Nearly all leads we get from CarGurus are in-market buyers who are ready to buy.

Ian Godbold, Marketing & CRM Director
Cambria Automobiles plc

ROADSIDE (GARAGES)

Facebook figures large in Kia dealer's employee communications plan

This family-owned Kia dealership, which trades in Coleraine, Northern Ireland, uses its staff Facebook site as a key communication tool

and managing director David Boyd holds meetings with staff at least monthly.

He believes in recognising achievements – long-serving employees receive gifts or a meal, and one employee who recently

retired after a long period with the business was given a cruise for him and his wife.

Staff receive an average of 24 hours of training a year. Attendance at leadership workshops and mentoring form part of its professional training options, and Roadside also supports staff in taking leadership roles within volunteer organisations. Staff took part in the 2017 Belfast City Marathon Relay and raised almost £7,000 for the Northern Ireland Children To Lapland Trust, which provides memorable experiences for terminally ill children.

Staff particularly love Roadside's subsidised café, team nights out and employee car scheme.

Annual bonus is based on attendance, and sales personnel receive commission in their holiday pay. A



David Boyd, managing director, Roadside, left, accepts the AM Best UK Dealerships to Work For awards from LTK Consultants' managing director, Andrew Landell

bonus scheme for 'sales consistency' is also paid, dependent on an individual's performance through the year. Standard benefits offered to employees include cycle loans, legal advice, gym membership, health screening and retail discounts and lunch vouchers.



Roadside staff took part in the 2017 Belfast City Marathon Relay and raised almost £7,000 for the Northern Ireland Children To Lapland Trust

SOUTHEND AUDI

Each worker gets a progression plan and is bonused in part on team performance

As part of the US-owned Group 1 Automotive UK, this dealership can have extensive

progression options for the people who work there, and is very focused on maximising their career development opportunities.

On average, employees at

Southend Audi get 60 hours of training and development time a year. Every position is accredited by Audi and all employees have an individual progression plan. It has formal practices for succession planning, and uses mentoring and attendance of leadership training to develop its managers.

Although it has no unique internal communication tools, the team is updated quarterly by managing director Darren Guiver, who also gives formal recognition to

employees of the month and staff achieving milestones in long service.

The importance of the team is emphasised. Every staff member has a bonus element within their pay plan, which is measured and rewarded on individual and team performance, dependent on the job role.

Supervisors and managers receive a 360-degree performance review, where their juniors and seniors appraise their abilities, and all staff have an annual performance review.

Employees said in the survey that they love the dealership's annual anniversary lunches, its employee car benefit scheme and that it holds employee of the month awards.

Employee benefits offered as standard include childcare vouchers, season ticket and bicycle loan schemes, eye care vouchers, legal and financial advice, retail discounts and death-in-service benefit, and staff can opt in for private medical insurance.



Southend Audi gives employees an average of 60 hours of training and development a year

SPOTLIGHT:

DMS & IT

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WHAT'S AT THE HEART OF YOUR DEALERSHIPS' DATA?

WHAT DO DEALERS WANT FROM A DMS?

MOTOR RETAILERS SAY PROVIDERS NEED TO DO BETTER ON INTEGRATION WITH THIRD-PARTY SYSTEMS, RELIABILITY AND COST

PAGES 44-45

JOINED-UP THINKING

PROVIDERS SAY THEY ARE WORKING HARD TO MEET DEMANDS FOR BETTER THIRD-PARTY INTEGRATION

PAGES 47-48

CASE STUDIES

TWO DEALER GROUPS SHARE THEIR VERY MIXED EXPERIENCES CHANGING AND UPGRADING THEIR DMS SYSTEMS

PAGES 52-53

What do dealers wa

Dealers are eager to embrace the promised benefits of DMS systems, but say they are a long way from where they need to be on integration with third-party systems, reliability and cost

Their sales reps will tell you that dealership management systems (DMS) are God's gift to the car dealer, providing 'flexible, scalable solutions' to help sales executives on the shop floor, but many dealers remain unconvinced.

Changing or adopting a DMS to provide dealership staff with an all-encompassing overview of their business and make things run as smoothly as possible is a sensible business decision, but it

comes with large costs and lots of disruption. So is it worth it to make the change?

For many dealers, the ideal system has a clean, intuitive 'front end', which new staff members can quickly be trained to use, works with all the other software used in the dealership and integrates all this seamlessly, with no need to switch between various logins or to key in the same data multiple times.

Nichola Moore, group marketing manager with Sturgess Motor Group, sums up her perfect DMS: "Ideally, we want a single-view system for the whole business. A one-stop shop.

"It would need to connect to manufacturer systems, it would need to give us a complete view on every area of the business from sales to service to accounts to parts to marketing. It would need to accept incoming data and output data that would work with third-party systems across the board."

However, while dealers have lots of choice in the marketplace, it seems that no single provider is offering that sort of product.

Ian Godbold, marketing and CRM director at Cambria Automobiles, believes the problem is primarily one of integration.

"With DMS systems, you often can't plug in data. When you can, it doesn't do exactly what you want it to – that's my biggest challenge," he said.

"I want to plug information into my DMS. I want to know what a customer has done before walking into the dealership – things like whether they've been on our website, what cars they've looked at, what they've clicked on – and that's not available, I don't think, in any DMS at the moment."

However, Godbold doesn't entirely blame the providers for this shortcoming.

"I find that the pace of technological change is a real challenge for DMS providers," he said. "The way things are moving forward, they can't possibly keep up."

Nigel Shaw, group finance director of JCT600, said modern DMS systems are "a fair way away" from his idea of perfection.

He agreed with Godbold on the lack of integration on offer, pointing out the huge number of plug-ins a DMS would need to support. He said it is a particular problem for multi-franchise dealer groups.

"Particularly where you're multi-franchise like we are, you end up with a number of manufacturer partnerships where, I think, the factory effectively drives their technology needs – because they have to make the product – so we end up with a range of systems that we have to integrate with."

In an attempt to get around this shortcoming, some dealers are being forced to double- or even triple-key data, while others are trying to use more software to avoid that pitfall.

Moore said Sturgess's need to key in data multiple times is costing the company in terms of efficiency and mistakes.

"We're re-keying data into third-party systems that we have to use for various and sundry things," she said.

"It's manufacturer systems, finance systems – any third-party system that we're involved in.

"It's taking a lot of time out of the dealers' days, and, of course, as soon as you're double-keying or triple-keying, you're opening yourselves up for mistakes to be made or for data not to be transferred over."

To avoid this, Cambria has looked into building its own plug-ins – an undertaking that Godbold described as "a huge challenge".

"Like most companies, we've got a lot of third-party providers providing our electronic customer relationship management (ECRM) side, our engagement data... where you have to log into different systems. There's not one system to bring it all together,

"You often can't plug in data. When you can, it doesn't do exactly what you want it to"

Ian Godbold,
Cambria Automobiles



ant from their DMS?

which should be your DMS, because that's a centralised area – that is your database.

"We have looked at trying to plug all the third parties into one area, then we plug it into the DMS ourselves, but it's a huge challenge."

It is not just efficiency worries that bother dealers – reliability is also an important issue.

"The DMS is vital – you cannot operate a business without it – but they do need to get more reliable," said Moore.

"We had one very disastrous occasion with our system. Because our year runs from January to January, the dying days of December are absolutely vital for invoicing of parts, vehicles, accounts and so on, so when our server died in the last few days of December, it was not good."

The failure caused such problems for Sturgess that it prompted the company to move to a cloud-based system that stores everything online.

"It's now hosted in the cloud, and that has worked well for us, because you don't have to worry about a server falling over or incurring an extra cost," she said.

With dealers reporting such major flaws in their systems, then, perhaps it's no surprise that they struggle to determine whether they represent good value for money.

"They are expensive, but then you can't do without them," said Shaw.

"We certainly wouldn't want them to be any more expensive than they are now."

Moore is equally undecided: "I don't know whether they're good value. In a way, you're almost over a barrel, because you need one, and you need a class-leading one that can support all the areas of the business."

"I don't like spending money, so I'm going to say no, I don't think they do."

While dealers are quick to complain about their DMS, many still seem cautious about changing them.

Moore said changing a DMS is entirely possible – and indeed Sturgess is currently looking into it – but experience has taught her to be cautious about the prospect of wholesale changes.

"It would be a huge task, and not one that you would undertake lightly or quickly. You would build up to it, probably over a year or 18 months."

"I remember when we moved on to this version and it wasn't something that happened overnight."

"We certainly wouldn't want them to be any more expensive than they are now"

Nigel Shaw,
JCT600

"I don't know whether they're good value... you're almost over a barrel, because you need one"

Nichola Moore,
Sturgess Motor Group




"We have to have lots of sit-downs with our various partners that we could work with and discuss it internally at board level."

Godbold said Cambria recently changed its system and he acknowledged that it can be a painful process, but is more bullish about the prospect of a move.

"It's easy for me to say 'yeah, let's change our DMS provider'," he said.

"But I've seen the pain it takes to implement that and integrate that." Godbold insisted that the benefits of making the change must heavily outweigh the strain of doing so. **JAMES FOSSDYKE**



A close-up photograph of a person's hand touching a transparent digital interface. The interface displays various data visualizations, including circular charts, line graphs, and a network diagram. The background is dark, and the lighting is focused on the hand and the interface elements.

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Why joined-up thinking is integral to DMS success

Providers say they are working hard to meet demands for better third-party integration

Sales, finance, parts, inventory, marketing, workshop loading, even automated tax returns – dealership management systems (DMS) offer dealers a multitude of abilities and functions. However, many dealers will have third-party systems already carrying out one or more of those functions, not to mention HR and payroll, imaging and stock uploads, F&I compliance and corporate intranets.

So what are DMS providers doing to enable dealers to better integrate these systems more effectively with their own DMS?

Paul Humphreys, managing director of Incadea UK, which is owned by Cox Automotive, said his company makes it as easy as possible for a third-party system to connect with the DMS through an interface.

"That will allow full integration for any third-party system into or out of our DMS,

subject to data requirements," he said. "At Incadea, we have built an interface that can be used by all third-party systems, including Cox Automotive's own products."

Humphreys said Incadea also provides third parties with clear instructions about how to connect with its DMS and keeps them updated on any changes to the process.

"Dealers use a lot of different third-party systems, some of which may be bespoke, so we have tried to be as flexible as possible with the design of our interface," he said.

"For example, Incadea is built upon a Microsoft Dynamics Navision platform, which supports many off-the-shelf HR and payroll packages, so many of these third-party systems naturally interface well with our DMS."


Jon Skinner, director of business development at Gemini Systems, said his company is working on two systems that

enable third-party integration. The first, Open System Interface (OSI), is a two-way data interface that allows third parties and manufacturers to send and receive data live into its DMS.

"We first introduced this in 2015 as a way to allow our dealers the opportunity to use best-in-breed, or manufacturer-mandated systems alongside their DMS without the need to re-key data," said Skinner.

"This leads to reduced administration overhead, increased accuracy of data and better adoption of mandated third-party solutions."


Skinner said several industry-leading solution providers have so far come on board with OSI, including Autoweb Design, Closeit CRM (from Cox Automotive), Keytracker, Manheim Auctions, Mondago, Reef Business Systems and 67 Degrees.

The second development is 



PARTNERING AND INTEGRATING WITH MANUFACTURERS IS HIGHLY VALUABLE, FROM BOTH A PROVIDERS' AND A DEALERS' PERSPECTIVE

MATTHEW BRIGGS, PINEWOOD

 Campaign 365, an online marketing portal, providing dealers with access to many of the UK manufacturers' marketing assets and HTML emails. The rewards of such manufacturer integration can include better support and alignment of sales and marketing activities.

"Manufacturers are always striving to ensure their dealers capitalise on the rich vein of data they have in their DMS to directly market to the customers they know and have a relationship with," said Skinner.

"Where Campaign 365 comes into play is, we receive the marketing templates from the manufacturer and we import this into our own email template library. This allows dealers to see, modify and send campaigns to customers with the minimum of effort.

"The manufacturers benefit because they know their dealers are sending quality, well-thought-out, brand-compliant marketing emails to their customer base and the dealers benefit as they are able to easily send content-rich, good-looking HTML emails to increase footfall and profitability. It's a win-win situation for both parties and ultimately the customer gets a consistent message from manufacturers and their local dealer that they trust."

Manufacturer partnerships are also a key area of integration for Pinewood's Pinnacle DMS, enabling the incorporation of additional brand-specific functionality and enhancing processes for dealers, said Matthew Briggs, Pinewood's managing director. One example of this, he said, is the use of electronic parts catalogues and warranty submission.

"The objective for the manufacturer is often to partner with a select group of DMS vendors, enhancing the processes within their network through the inclusion of integration within their selected systems, enabling them to adopt a consistent approach," he said.

"Partnering and integrating with manufacturers is highly valuable, from both a providers' and a dealers' perspective – driving more efficient and seamless processing capabilities within the DMS."

Briggs said Pinewood has also linked up with third-party systems that enable funding vehicle stock, integrated wireless credit and debit card payments, and a range of services for dealer websites.

"Our policy is to take a holistic, business-

led approach, striving towards an all-inclusive and fully integrated platform that uses the services of third parties at key moments," he said.

"Integrating with carefully selected partners with similar values and complementary functional benefits is a key decision for us when working with third parties. We believe it is vital to select our integration partners based on systems which complement the Pinnacle platform."

Briggs said Pinewood also supports business functions, such as HR, payroll and data analysis applications with feeds and data warehouse integration.

"Where integration is part of the main business process, we believe in adopting a more integral approach, as opposed to catering for a variety of separate add-on systems," he said. "An example of this is the inclusion of vehicle images and video in Pinnacle's vehicle administration and eVHC, allowing accurate metrics of activity and the resulting outcomes.

"By working with the right partners, we support the needs of manufacturers and dealer groups to consolidate this information."

Mark Kelland, commercial manager at Dragon2000, said his company also looks at all available data and how it can be integrated in its DMS.

"When you look at it, there's an awful lot of data and applications that we integrate into the DMS for our customers," he said. "That includes HPI and Experian integrations, enabling our customers to do their providence checks on Dragon2000 at a single data-entry point at no cost.

"Then there are advertiser and manufacturer data feeds covering parts, orders and warranty sales, as well as third-party outputs to the dealer's own website. From our point of view as well, we have APPraise, a video sales and vehicle health check app that is fully integrated, enabling our customers to click on the links provided and it will take them back into the DMS so they can see all of their activity.

"We also integrate website bookings for servicing and prospective enquiries from websites into the CRM [customer relationship management] element of the DMS.

"Similarly, we also incorporate electronic clocking through physical workshop clocking and timings that link into the DMS."

ALEX WRIGHT

SPONSOR'S COMMENT



Paul Humphreys,
managing director,
incadea

For every dealership, ensuring all of the information you need is

easy to access is crucial to running an efficient operation. Many platforms are not as intuitive or user-friendly as you would like them to be, and don't allow you to obtain the information you need at the click of a button. Could an open dealer management system provide the solution?

Within a dealership, a number of different systems can be used to store information, from housing data on your customers, to a separate system containing details on stock, finance or even parts. Research has shown that many dealers use more than 11 different platforms daily, which can mean you spend hours each day tracking down or inputting information.

Time is precious – by alleviating the need to switch between platforms with an all-encompassing dealer management system, the incadea.DMS software allows more time to be spent on following up and converting leads or ensuring that customer service levels consistently remain at their highest.

If you have not already thought about switching to an open dealer management system, it may be time to start. Having the ability to customise the platform to the exact needs of your dealership, as well as being able to easily manage all of your information from a user-friendly interface, could enhance productivity within your dealership – it has the potential to transform the way you run your dealership operation.

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Is an open-platform DMS the route to streamlining your dealership process?

incadea UK discuss why an open-platform DMS could be the ideal option to streamline operations in a modern dealership.

At incadea, we understand the world of dealer management systems, and are on a journey to join up all of the elements within the dealership to make it as simple and intuitive as possible for everyone.

There is no denying times are changing, and the way that dealerships are operating is having to adapt to keep up. An open-platform DMS is an essential part of capitalising on the information a dealership has access to, and we are moving towards an approach that, in short, provides solutions to help people do their jobs better, more efficiently, and in a way that removes any long-winded or unnecessary processes.

This evolution has also seen us move more towards a role-based model, where the traditional one-size-fits-all rulebook no longer applies. Why? Well, within one dealership, there are many different roles, from sales and service to management and marketing – each with their own different needs and requirements from a DMS – so how can it be feasible for one off-the-shelf product to deliver all these things? The answer? It can't – a DMS

must be able to adapt to meet the needs of its users, to offer them the best, most efficient output possible. Having an open platform makes this simpler as external software can be easily integrated into it.

For a car dealership, the right system can have a massive impact and it could be argued that it is one of the most crucial factors for their operation to run as efficiently as possible. Whether you are looking to help a customer book their vehicle in for a service or locate vehicle information as to the number of a particular model left in stock, being able to find this information as quickly and easily as possible is essential.

Even though we are all aware of the role this plays, many platforms are not as intuitive or user-friendly as we'd like them to be. With their awkward interfaces or inability to talk to other systems, they have the potential to do the opposite of their intended purpose, slowing down your ability to obtain the information you need.

Within a single dealership, there can be a number of different systems that are used to store information with a

range of different functions, from storing information on your customers in a database to a separate system containing information on stock, finance or even parts. Research has shown that many dealers can be using more than 11 different platforms on a daily basis, which can mean them spending around two hours of their day using these systems, often logging into several different systems.

This is where an open-platform Dealer Management System comes in. DMS platforms are the crucial link between your operating systems and effective time management for all your staff members. The term 'open' means that you are easily able to integrate the software you are already familiar with into one all-encompassing system, tailored to meet your specific needs.

The top five benefits you will gain from this type of system are:

- Access to the information you need at the click of a button
- Increased productivity of team members

- Improved sales ability within the dealership
- Streamlined operation throughout
- The ability to track targets and outcomes easier than ever before.

An open-platform approach isn't only relevant in the automotive industry – if you look at the financial services sector things are shifting in the same direction too. Take Capital One, for example, who have recently become the first truly open banking platform in the U.S. after seeing this need for change.

Having all the functions you need in one place ensures that team members are working more productively. No longer will they need to have multiple different products and tabs open to complete their administrative duties – in one system they will be able to save their data in the correct place and then be able to find any piece of information they need, all within a few clicks. This therefore allows for more time to be spent on securing those all-important sales to help achieve the targets set, but also to help ensure that more time is available to provide the highest quality levels of customer service possible – an essential element in ensuring repeat custom over time, whether that be through aftersales or new car purchases.

Essentially, each system has its own qualities but there are a number of factors throughout that you should consider when deciding on the correct system for your business' needs.

Firstly, we advise you to look at its ability to manage your information and ensure you are getting the most out of it at every opportunity; by showcasing key results across all the brands you stock and the aftersales services you provide, you will easily be able to see what is working well

and what can be improved to therefore increase your overall sales performance. Customisation is also key – the ability to adapt your platform to meet your individual needs is truly going to be the answer to getting the most out of your system.

If you take these elements into account when choosing your DMS, your dealership is set to gain the biggest benefits.

At incadea, we always strive to bring you the best – by working in collaboration with dealers, it aides us in ensuring that all of your needs are met. By providing you with a fully functioning platform that seamlessly combines your marketing activities along with your sales and service utilities, our aim is to help you run your dealership as effectively and efficiently as possible.

“Research has shown that many dealers can be using more than 11 different platforms on a daily basis, which can mean them spending around two hours of their day using these systems, often logging into several different systems.”



Trauma to triumph: dealer

Two dealer groups had very mixed experiences changing and upgrading their DMS systems



CASE STUDY: Upgrading a DMS - Brayleys Cars

Brayleys Cars was using MMI Automotive's Automate DMS before moving to Reynolds and Reynolds' (R&R) Power system.

The seven-site group represents Honda, Mazda, Kia, Renault, Dacia and Mitsubishi around the Hertfordshire, Buckinghamshire, Oxfordshire, Essex and North London area.

Paul Brayley, Brayleys' managing director, said: "I was told 25 years ago that moving premises or changing your DMS was the hardest thing you can do as a motor dealer. I thought that may have been overblown, but it's still the case today for me."

R&R acquired MMI in 2008. Brayley said: "We had

“UPGRADING HAS BEEN REALLY AWFUL. I HAVE SEVEN PAGES WITH 27 SEPARATE ITEMS ABOUT WHAT HAS GONE WRONG

PAUL BRAYLEY, BRAYLEYS CARS

anticipated R&R would run [Automate] down, but they didn't. However, it got to the point where we needed to replace the server and the costs for that were considerable.

"We had to make the decision – replace the server for a system that wasn't going to be supported in the long term or upgrade to a new DMS."



One of Brayley's franchise partners required specific data access on aftersales to qualify for certain bonuses, something the previous system couldn't do. Brayley also knew R&R was preparing to acquire Contact Advantage (CA), which had a good reputation as a lead and sales management system.

He said: "We were told CA would be integrated, so having access to that also helped to clinch the decision. We have ambitions to continue growing the business, so we needed a system that would set us up for the next 10 to 15 years."

While R&R owned both the Automate and Power systems, Brayley said making the move was not a simple process. He added that the "poor" quality of the converted data "led to a lot of extra stress".

"There was the goal to have full integration [of] Contact Advantage with Power by the end of 2016, but we're almost a year later and it still hasn't happened.

"Upgrading has been really awful. I have seven pages with 27 separate items about what has gone wrong through the process."

Brayley said the training offered by R&R did not meet his expectations, with trainers often unable to answer questions about Power or MMI: "Because it was R&R, we thought they would understand MMI,

'Training is key in adopting a new system'

Martyn Morgan, Reynolds and Reynolds software consultant and product design manager, told *AM* it emphasises early on that training is a really key element in adopting a new system, and it advises allowing a minimum of 16 weeks between signing a contract and going live to give a dealer the time to prepare the business, but unfortunately training can be one of the most expensive parts of switching a DMS.

He said it has taken longer than desired to fully integrate Contact Advantage, but he would rather take the time and have a stable product.

"The way we work is no different to any other software company. We would rather not give a

hard date for integration until we can be certain the system is ready," he said.

"I think in the case with Brayleys there was the expectation that the integration was there at the beginning, but it has been something we have been working towards. In that case, the dealer had an expectation and unfortunately we didn't meet that expectation."

Morgan said there were "some human resource issues we were made aware of" in terms of the DMS implementation process with Brayleys, but Reynolds and Reynolds addressed these issues and he thinks the relationship has definitely improved.

Dealers share their DMS stories



which they had previously acquired."

While Brayley said the training wasn't up to standard (see panel, left), he said it's still important to invest time and money to make sure staff get up to speed with the new system.

He said: "It's better to do any DMS training on-site, in a live situation. Even at a cost of approximately £700 a day for a trainer, you would end up saving on costs due to staff being out of the business and staying at hotels, transport, petrol etc."

Brayley said one of the priorities when preparing to switch to a new DMS system is ensuring the accounts department is ready to embrace it. He said the business should treat the change like an annual audit – balance sheets need to be in order and there needs to be minimal debtors.

Brayley said an unprepared business could see considerable stress on the balance sheet, to the extent that it could make some businesses go bust.

He said: "Don't assume you're going to have access to management accounts, as they may not be in a dealer-friendly format you can use. If you don't have management accounts in a format you can use, you're essentially operating in the dark."

Brayley said that generally, staff are happy to change, but training and support have to be in place. He said there are usually training modules included with new DMS systems that have dummy versions staff can practice on.

He said: "You're asking staff to change everything about how they do something from the method they may have known for years. When you go live, the DMS supplier will have people on site, at a cost to you, so there is some hand-holding if you need it."

Having gone through the process, Brayley's advice is don't change "unless you absolutely have to".

He said: "You have to weigh up whether it's going to be worth it. The financial cost won't be just the system, it's that plus the disruption."

Brayley's tips when going through the tender process for a new DMS include getting a copy of any presentations given from DMS suppliers.

He said: "It helps support what has been agreed in terms of functionality and what they deliver."

"I would also ask the supplier for a list of all their current customers and then get references to weigh up the pros and cons. That might sound like a basic step, but the more people you can speak with to get feedback, the better."

Brayley said if the business isn't ready to go live, just delay the start date.

He said: "Whatever the implication of delaying is, it's likely to be far better in the long run."

"We're now in a really good place, and on top of things accounts-related and otherwise. I'm hoping I can put the process behind us and fingers crossed I'll be long retired before we need to change again." **TOM SEYMOUR**

CASE STUDY: Changing DMS – Sere Motors

Sere Motors switched to CDK's Autoline Drive system with the goal of improving its lead management and customer contact process to help it grow its market share and used car operation.

Sere has two sites, one in Belfast and one in Lisburn, representing Seat, Mitsubishi and SsangYong. It also operates aftersales franchises for Fiat and Renault, as well as a used car supermarket. It had a turnover of £45 million in 2016.

Stanley Edgar, Sere managing director, said: "We had a customer database of more than 41,000 and were spending nearly £80,000 on mailers, so to efficiently contact our customers throughout the ownership cycle for anniversaries, service and MOT reminders and special offers, we needed a new system."

Edgar said CDK worked closely with the business when installing Drive, reviewing all its processes and database interactions.

Sere spent nine months in the run-up to the switch making sure the company's database was in order and this was then followed by a review of the dealership's processes to line everything up before moving to the new system.

The switch from its previous system to Autoline Drive took a week, and to get the system running smoothly it took three months. It took three years for all modules to become fully functional.

As Sere Motors was the first dealership in Northern Ireland to have the system installed, the process was a learning curve for both the dealership and CDK.

The initial setup was so new, for

example, that certain features in the modules still needed developing.

Edgar said switching to the new DMS system helped to reduce the administrative burden across departments by about 80% due to a reduction in double-keying across previous systems.

He said: "The CDK Drive system was the recommended one by our manufacturer partner, which meant new leads would come directly into our DMS, allowing the dealership to act quickly."

"Everything is also integrated between the manufacturer and the dealership, which is essential, as we didn't want our staff to be entering data into the system three or four times. This integration also has a significant impact on parts as well, as we can see stock and parts orders, reducing cost, workload and time."

Since installing the new system, Edgar said he has reduced annual mailer costs by £78,000, to under £1,500 due to the new DMS contacting customers by their preferred method (digitally in the majority of cases).

Edgar said: "Prior to Drive being installed at the dealership, forms were filled in by hand, whereas now information is put in once and populated between departments, cutting down admin time."

"Everything that we asked for in the beginning has been delivered. We have reduced our yearly mailing expenses substantially and thanks to the workflow integration between dealership and manufacturer we can respond to new leads quickly and efficiently. The only downside is trying to keep up with all the capabilities of the system."



“EVERYTHING THAT WE ASKED FOR IN THE BEGINNING HAS BEEN DELIVERED. WE HAVE REDUCED OUR YEARLY MAILING EXPENSES SUBSTANTIALLY
STANLEY EDGAR, SERE MOTORS

1

What is it?

Live chat software is a key part of modern retail, allowing consumers to interact directly with retailers, even outside of normal office hours. Large businesses, including Sky, Argos and Virgin Media, have been using the system for a while, and it is gaining popularity in the motor retail industry.

According to Ian Godbold, marketing director at Cambria Automobiles, the system is an absolute necessity for the modern car dealer.

"I think you have to have this as a product for speaking to the consumer," he said.

"Our dealers relish live chat, and if I were to take it away from them today, I don't think I would be very popular.

"Without it, we wouldn't be as far forward as we are today. We wouldn't have so much insight about consumer behaviour on our website and I think our return on investment would be significantly lower."

Jo McKeown, of live chat software provider Money Penny, summed up the advantages: "Regardless of the time of day, encouraging site visitors to use live chat enables the team to pass on genuine, warm leads to the dealership, without breaking the customer's interest."

2

What to offer

Although it seems a simple idea, live chat systems come in a number of guises. From Facebook Messenger-style text-based chat to video and audio chat, there's a plethora of options available for both customers and dealers.

Ed Parkinson, director of dealer development at Contact At Once, one of the world's largest live chat providers, says messaging has taken over from phone calls.

"There has been a steady decline in phone calls over the last five years," he said. "Messaging has taken its place. The increase in messaging communication has rapidly passed phone calls – especially in call-centre environments where people hate to be on hold."

Priya Iyer, head of US-based live chat software provider Vee24, says it's a case of horses for courses. In her experience, video chat systems lead the way, with consumers looking to buy a vehicle, while servicing needs are better served by a more traditional text-based service.

"I think video has a huge impact," she said. "If you're in a sales scenario and you're selling high-ticket items like cars, then video is the way to go for the selling experience."

"The automotive industry does use text chat, but it's more in a service scenario – 'I'm a car owner, I want to bring in my car for service and I want a quick appointment'. Maybe I want to tell you something very quickly about what I want to get done in this service appointment. I might only use text chat for that and I'll do it very efficiently. There's a place for everything."

Iyer also said time of day plays a part in users' live chat choices.

"Early in the morning, perhaps when you're on the commute – maybe on a train or a bus or something – you're looking at data and you're doing text chat, then when you're on your lunch break you might be willing to put on your headset and listen to the agent."

Live chat can extend a dealer's 'opening hours', better qualify prospects and increase customer satisfaction, but it takes hard work, reports [James Fosdyke](#)

SIX STEPS TO USING LIVE



3

How to implement it

Worldwide, there are hundreds of companies that provide live chat software. Ed Parkinson, director of Contact At Once – reckons there are more than 30 such firms in the US alone.

However, while getting your hands on the software may be simple enough, staffing is another matter.

Iyer said dealerships with spare capacity or quiet periods can just use any existing dealer staff members with a little time on their hands.

"I think the beauty of this is you can drive traffic to different places based on where you have your resources available," she said.

"It's to create more traffic for the existing agents within the dealership, so we never recommend to dealerships that they need to add more people."

However, she was clear that using an outsourced agency was a viable option for larger firms or those with less spare capacity.

Services such as that offered by Vee24, Iyer said, work well for larger dealer groups or manufacturers.

"We fill the top of the funnel for that customer," she said. "We qualify those leads, make them more and more and more qualified and then hand them over to a dealership or a product expert."

The two approaches are not mutually exclusive, though. Cambria Automobiles uses an overflow service based in the US, which provides responses when the company's own team is busy.

LIVE CHAT

4

Timing is key

According to Vee24, an increasing number of customers are conducting their online research not during office hours, but in the evening. In fact, the company reckons that almost half of all enquiries made on the Sytner Live Help service are made after the dealership has closed for the evening.

Iyer said: "The big peaks for online shopping happen between 6pm and 10pm. That's a very big peak and often the dealership is not very heavily manned during those periods of time."

Godbold agreed, saying many people shop online from home, and customers value a live chat service that operates until late.

"Customers want to engage after the dealership closes – between 8pm and 10pm is a very busy time – and between 8pm and 10pm they didn't expect a response. Customers couldn't believe that someone was answering the chat at that time in the evening, and that really helped with consumer engagement."

Godbold's method of staffing this 24/7 system is ingenious. Instead of using a British contact centre, he has taken advantage of time differences and used Contact At Once's US offices.

"We wanted consumers to contact us any time, any place, making them feel valued, so we engaged with Contact At Once, and their in-office hours were our out-of-office hours," he said.

COMMERCIAL PARTNER COMMENT

By Ed Parkinson, director of sales development, Contact At Once!, a LivePerson Company



It is all about the consumer experience. If the consumer wins, the dealer wins, and what a consumer sees as a 'win' often involves convenience... as you see by the growth of live chat in sales and aftersales.

A key point about live chat, though: It's not enough.

People have so many different channels at their fingertips, to discover and reach out to businesses alongside traditional calls and emails. Often, however, they cannot use them to communicate with dealerships. That's why I highly recommend embracing messaging, not just chat.

Yes, you need a solution for live chat. However, the ideal solution will also enable and help manage the following... and in the same platform: **SMS messaging:** This is a popular communication among all age groups, and you can place SMS numbers on your site, traditional adverts (TV, print, etc.) and in Google AdWords campaigns for instant connections.

In-app messaging: If your company has its own mobile app, you could allow customers to communicate with you without leaving the app.

Facebook Messenger: Social media plays an important role in marketing and customer outreach efforts, so it's important to answer Facebook Messenger enquiries swiftly.

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Next issue's dealer masterclass: New car profit per unit

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5

Ensure you are getting value

As with all aspects of your business, it's important to make sure your live chat system is providing good value. If it isn't bringing in more money than it costs, then it is probably not worth doing.

Retail outlets across the world seem pretty unanimous that live chat is worth the investment, but for all the enthusiasm surrounding the technology, it's clear that making the most of it requires hard work. And that is not just on the behalf of those who man the virtual phone lines or those who build the software, but also those who manage and monitor it.

McKeown thinks the use of analytics throughout the process means you can maximise your returns.

"Relevant dealership information is the key to success when it comes to managing chats for the automotive industry.

"The more detail they share, the better we can communicate with their web visitors, and ultimately turn more visitors into sales leads, sending valuable customer details straight into our clients' CRM systems."

Iyer is also focused on the user experience, but she believes that monitoring client satisfaction is key.

"Customer satisfaction is really, really important. That is an indicator of brand loyalty and future purchases, so we really measure that," she said.



**ASYNCHRONOUS
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TOWARDS A
MESSAGING
ENVIRONMENT**

**ED PARKINSON,
CONTACT AT ONCE**

6

The future

Parkinson said text-based live chat is king, while messaging-based apps are the next big thing, with many users browsing on their smartphones and expecting integrated live chat services.

"Asynchronous messaging is more advantageous than live chat, because live chat tends to be a case of 'right here, right now', whereas messaging is ongoing," he said. "Everything is leading towards a messaging environment, and we believe customers are going to be quite pleased with a business that allows messaging versus a business that does not."

Godbold described SMS-based live chat as the key "growth area" over the coming year or so.

"As we all know, mobile penetration is increasing," he said.

"But actually a live chat system on mobile is quite clunky, so we've implemented text-to-chat, where the consumer can begin a text conversation with one of our dealers, so the dealer can answer the question through a nice and easy-to-use system on a desktop or iPad or whatever, and the guest is texting via the mobile."

Godbold said there are significant benefits.

"One, they've given you their mobile number. Secondly, the consumer can be on the move and begin a conversation, then come back seven days later and still be texting the dealership."





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Skoda expects to
move 15,000 Karoqs
a year in the UK



ŠKODA KAROQ: CZECH CARMAKER'S CONVINCING C-SEGMENT CONTENDER

Driving with former *Top Gear* presenter Sue Baker on the launch of Škoda's new Karoq, we came to the conclusion that if a new entrant to the C-SUV sector isn't "great", then consumers will feel it's simply not worth bothering with.

In the same week the Czech brand put its replacement for the popular Yeti in front of members of the motoring press, the list of new car launches included the Seat Arona, Hyundai Kona and the Karoq's Volkswagen Group stablemate, the T-Roc.

Competition in the sector is hot and getting hotter by the day.

Despite a cooling market across Europe, SUV sales are on track to grow by 200,000 this year to 1.9 million and top 2.2 million by 2020, IHS Automotive has predicted.

The Karoq is not the Talbot Rancho-style crossover of its Yeti predecessor. Duncan Movassaghi, Škoda UK brand director, acknowledged: "It's closer to what we have come to expect of an SUV."

Sitting on Volkswagen Group's MQB platform, it shares the same design language of the larger Kodiaq.

Škoda's SUVs will be hard to separate from a distance, although the Karoq is 315mm shorter (4,382mm), 41mm narrower (1,841mm), 50mm lower (1,605mm) and goes without the option of seven seats.

That's a useful 160mm longer and 48mm

wider than the outgoing Yeti, though, and families will benefit from flexibility too.

A 521-litre boot can be increased to 1,630 litres with the rear seats folded, and Škoda's VarioFlex system – standard on SE-L and Edition specifications – delivers three individual rear seats, which can be individually adjusted or completely removed to liberate a maximum capacity of 1,810 litres.

Karoq prices start at £20,875 for the SE trim model equipped with the Volkswagen Group's 115PS one-litre turbocharged three-cylinder petrol engine, with the SE-L trim Movassaghi described as the range's "sweet spot" sitting below the range-topping Edition trim.

Prices top out with the £31,690 Edition 150PS two-litre TDI DSG 4x4.

Škoda's representative PCP offer at launch is a 42 month/35,000-mile contract at 6.1% APR, which sees the Karoq SE-L TSI 115PS offered for £285 a month after a £1,500 manufacturer deposit contribution and £2,930.25 customer deposit.

Škoda offers its two-litre TDI engine with four-wheel-drive as standard – it is unavailable with the other engines – but all four (two petrol, two diesel) engine options are available with the option of a seven-speed DSG automatic transmission.

The 115PS 1.6-litre TDI Karoq is the most frugal in the line-up, delivering 61.4mpg fuel economy on the combined cycle.

Unusually, the most frugal option doesn't deliver the lowest CO₂ ➔



£20,875-
£31,690



115PS 1-LITRE
AND 150PS 1.5-
LITRE TSI PETROL;
115PS 1.6-LITRE
TDI; 150PS AND
190PS, 2-LITRE
TDI



0-62MPH 8.4-10.7
SECONDS;
TOP SPEED
116-131MPH



SIX-SPEED
MANUAL OR 7SP
DSG AUTOMATIC



44.3MPG-53.4MPG



115-138G/KM CO₂

≡ KEY RIVALS



Kia Sportage



DISTINCTIVE STYLING,
WELL EQUIPPED,
7-YEAR WARRANTY



LACKS THE
INTERIOR QUALITY
OF GERMAN RIVALS



Nissan Qashqai



IMPRESSIVE INTERIOR
SPACE AND FUEL
ECONOMY



SEEN AS THE
DEFAULT CHOICE
BY MANY



Vauxhall Crossland X



STYLING ECHOES
THAT OF THE
ADAM SUPERMINI



DYNAMICS, LACK
OF ADDED APPEAL
OVER MOKKA X

≡ KAROQ REVIEW RATINGS

WHAT CAR?



AUTOCAR



PARKERS



“INDUSTRY-WIDE,
I THINK THERE'S
BEEN A 10%
SWING FROM
DIESEL TO
PETROL. WE'RE
NOT A MILLION
MILES AWAY
FROM THAT

DUNCAN
MOVASSAGHI, ŠKODA



The Karoq will be difficult to separate from the Kodiaq at a distance



The Karoq's cabin shares some of the high-quality finishes common to its Volkswagen siblings

Cemissions, with the 1.6-litre's 120g/km score just pipped by the one-litre TSI unit's 119g/km, despite the latter offering worse (53.3mpg) fuel economy.

The quickest variant is the 150PS 1.5-litre TSI, which should reach 60mph in 8.1 seconds, on the way to a 126mph top speed.

On the sun-soaked, but severely pock-marked, tarmac of Škoda's chosen launch location, Sicily, we got the chance to drive the Karoq with the 115PS TDI and 115PS one-litre TSI engines.

While the bucking road surface did its best to unsettle the Karoq, it felt composed and rode comfortably, not feeling over-firm as some compact SUVs can in their pursuit of car-like dynamics.

The small petrol engine was the surprise package, doing a seamless job of propelling the fairly large Karoq. Škoda claims it will accelerate to 60mph in 10.3 seconds and has a top speed of 116mph.

Volkswagen has recently announced plans to curb competition from Škoda, and the Karoq's cabin shares enough of the German brand's recognised quality to understand why.

Impressive refinement, an abundance of soft-touch plastics and a neatly integrated touchscreen infotainment system – with motion-sensing functionality on the range-topping Columbus system – are all class-leading. The Audi Virtual Cockpit-like digital instrument panel is also an option.

The level of on-board equipment and the technology's intuitive functionality should prove a strong selling point.

The standard equipment includes 17-inch alloys, LED daytime running lights, rear parking sensors, dual-zone climate control and cruise control, along with an eight-inch touchscreen Bolero infotainment system featuring DAB radio, Bluetooth connectivity and the ability to read out SMS messages.

I THINK 15,000 IS A GOOD NUMBER THAT WE CAN SELL SENSIBLY, PROFITABLY AND IN THE RIGHT CHANNELS
DUNCAN MOVASSAGHI, ŠKODA UK

Q&A



DUNCAN MOVASSAGHI,
ŠKODA UK
BRAND DIRECTOR

The Yeti was something of a surprise success for Škoda when it was launched in 2009, but the Karoq seems to fit the bill of what we expect of an SUV right now. What are your expectations this time around?

Yeti was a surprise success. In terms of Karoq, I think 15,000 is a good number that we can sell sensibly, profitably and in the right channels.

We'll work across all fleet channels, but it really depends what allocation we get. At 15,000, we'll have an offer in fleet, but we'll have a good proportion of retail.

We want to be in Motability, it's a good channel, but it's also an expensive channel and we need to manage all those channels responsibly and get that balance right.

Yeti has been a great success, particularly in Motability. We could have pushed it a lot harder, but we chose not to.

Consumers are shifting away from diesel in the smaller car segments in particular. How have you accommodated that in your thinking for the Karoq?
We have seen a swing over the past 12 months

towards petrol and the good news is that we have been working very closely with the factory to get our production re-balanced. I see the 1.5 TSI as the go-to engine in the Karoq.

There's still clearly a demand for diesel in our larger cars, like our Superb and Kodiaq, but in Karoq I think we'll see a much larger mix in petrol and the 1.5 will be the big seller.

Industry-wide, I think there's been a 10% swing from diesel to petrol and we're not a million miles away from that.

SE-L will be the sweet spot in terms of specification. In Kodiaq, we've sold 80% SE-L plus. I don't think we'll see such a strong SE-L mix in Karoq, but it will remain the sweet spot in the range.

Retailers will have to wait until January to get the Karoq in their showrooms, but what contact have retailers had with the car so far?

A landmark or new car like this has a very regimented launch plan. At this stage, the dealers have been invited to an event, but have yet to see the car physically.

The week after the press launch, they will be able to drive the car for the first time and that's hugely important for us ahead of the car arriving in the UK with dealers and fleet operators.

It will be going into showrooms in early January.

We don't come into the year with a full order bank, but as close to that as you might expect.

Standard safety equipment – which won a five-star Euro NCAP rating – includes front, head, knee, curtain and front-side airbags, and a radar scanning system that will identify pedestrians and other obstacles and deploy automatic braking if it anticipates a collision.

SE-L specification adds: keyless entry and engine starting; an Amundsen satnav system with integrated Wi-Fi and a reversing camera; Alcantara upholstery; and drive mode select, which allows drivers to adjust steering and throttle through

Normal, Eco, Sport and Individual settings.

Edition trim features 19-inch alloys, panoramic sunroof, leather upholstery, a nine-inch Columbus touchscreen satnav; an infotainment system. It also includes a host of semi-autonomous driver assistance functions, including: lane assist; blind spot detection; rear traffic alert; and traffic sign recognition.

While some fans of the Yeti will mourn its loss, it feels like the Karoq may give Škoda's dealer network a winner in a hotly contested segment. **TOM SHARPE**

MERCEDES-BENZ C220D SPORT ESTATE

REPORT
PROGRESS



C-CLASS HITS THE SWEET SPOT IN FINANCE AND QUALITY


The Mercedes-Benz C-Class has secured a spot in the top 10 new cars of 2017. By the start of November, 41,281 units had been registered – only 1,900 cars fewer than the Vauxhall Astra.

Mercedes' marketing activity suggests its strong performance will continue to the year's end. Currently, customers get a £6,115 deposit contribution on an entry level C200d SE if they sign up to a 48-month PCP, which will cost them just £299 per month. In contrast, Audi is putting a £3,150 deposit contribution into its PCP for the A4 diesel, which will cost the buyer £313 monthly.

The level of customer incentive Mercedes-Benz is sustaining means the C-Class can be attainable for existing customers trading in a smaller A-Class or CLA-Class, if they wish to move up the range. Winning new buyers and moving them up through products is a crucial part of Mercedes' strategy. Dr Dieter Zetsche, Daimler chairman and head of Mercedes-Benz Cars, once told *AM* the premium brand had been held back by its first-generation A-Class's inability to attract 30-something executives who it could try to hold on to.

Having lived with an A-Class in 2014, and now spent almost two months using our long-term test car, the attraction of the C-Class is understandable. It's a noticeable step up in terms of interior quality and driving refinement, as befits a model that has company car user-choosers and middle-class families in its sights. **TIM ROSE**


REGISTRATIONS YTD
22,788 FLEET,
18,493 RETAIL
(SOURCE: SMMT)


SEGMENT SHARE
28.2%
(SOURCE: SMMT)


DEPOSIT CONTRIBUTION
£6,115


DIESEL/PETROL SPLIT
65%/35%

 CREATURE COMFORTS, FUEL ECONOMY

 PARKING SENSORS ARE TOO QUIET

CURRENT MILEAGE 1 3 7 5 2

START MILEAGE 1 1 1 8 7

MAZDA MX-5 RF 2.0-LITRE SPORT NAV

REPORT
PROGRESS



DO MX-5 DRIVERS FORM AN ESPECIALLY SOCIAL NETWORK?


Long before 'social' became a word associated with the digital realm and posting of pictures of your children, your tea, your self (delete as appropriate) it had a much more tangible use – the physical meeting of people to chat, laugh and generally not make up a name and abuse anyone.

The everlasting appeal this presented came to mind in an Aldi car park recently. I was returning to the MX-5 and a man parked next to me said he used to have an older model, "with the pop-up lights" (the MK 1). While he reminisced, a Mk 3 MX-5 drove by and the driver gave me a nod. As I drove out, he stopped me to ask about it – what it was like to drive, how the roof came down, etc.

While contemplating the meeting of three strangers over a common interest in a car, I wondered whether such passion was still being harnessed and fostered 'offline'. A Google search revealed listings for six standalone owners' clubs, some regional, and a number of others linked to associated bodies – a museum, insurance company and magazines. Assuming the clubs meet physically as well as virtually, there looks to be a vibrant scene around this little car.

Do dealers play their part in encouraging them – do they open their doors to current and former owners? Or has 'socialising' fallen under the remit of digital teams? If you're a Mazda dealer who opens your doors to MX-5 clubs and owners, let me know at jeremy.bennett@bauermedia.co.uk. **JEREMY BENNETT**


REGISTRATIONS YTD
4,484
(SOURCE: SMMT)


SEGMENT SHARE
0.2%
(SOURCE: SMMT)


PCP PAYMENT
£3,575 DEPOSIT,
£339 MONTHLY
PAYMENT
(37 MONTHS),
3.9% APR, 9,000
MILES, EXCESS
14.9P (MX-5 RF
131PS SE-L NAV)
(SOURCE: MAZDA.CO.UK)

 IT'S OLD SCHOOL MOTORING – NOISY, PHYSICAL, BUT PLEASURABLE

 FOR A PLUS SIZE LIKE ME, IT'S CRAMPED WITH NO USEFUL STORAGE

CURRENT MILEAGE 0 5 4 9 8

START MILEAGE 0 0 8 7 0

» GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Hamish McCowan, aftersales director at Kia Motors UK, correctly identified the Vauxhall Victor 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, December 1.



AM dealers recommend their top-rated suppliers

The greatest form of marketing is word of mouth. A business may have excellent products, but, ultimately, recommendations are a measure of outstanding service. The results of AM's annual Dealer Recommended programme, which researches subscribing dealers about the companies they believe offer the best service, are in. Here, we present the recipients.

WARRANTY

SETTING THE BAR HIGH TO DELIVER FOR MORE THAN 3,000 MOTOR RETAILERS



By Paul Newton, CEO, Car Care Plan

Car Care Plan has been delivering warranty, asset protection, cosmetic repair insurance, alloy wheel repair insurance, tyre insurance, roadside assistance and MOT test programmes for more than 40 years, and it currently administers more than a million policies each year, but that does not mean there is not still room for growth.

Year-to-date, its turnover is 18% higher than the same period last year, and 2016 as a whole ended 25% up on 2015. About half its sales are warranty-based, a fifth are GAP insurance, with the remaining 30% split between other products.

Although it administers more than a million policies each year on behalf of more than 20 major motor manufacturer brands and 3,000 franchised and independent motor retailers, Car Care Plan's products are mostly white-labelled. Car Care Plan deliberately sets the bar high to both pre-empt future regulatory changes and deliver the highest level of transparency to the end user, the motorist.

T: 0344 573 8000

W: www.carcareplan.co.uk



Car Care Plan

An AmTrust Financial Company

GAP INSURANCE

WHY TRUST IS KEY TO OUR AIM – HELPING DEALERS RETAIN AND DELIGHT CUSTOMERS



By Mike Macaulay, head of corporate sales, AutoProtect

We are delighted to be recognised by motor dealers as the AM Reader Recommended GAP supplier – thank you.

At AutoProtect, we are proud to work hand-in-hand with our partners right across the UK motor retail industry, delivering and developing a portfolio of products and services, including GAP and RTI insurance. Our aim is simple – to help dealers to retain and delight customers profitably and fairly.

At the heart of our approach is trust and all of our efforts business-wide are centred upon earning and sustaining it. Small but smart steps make the difference.

For instance, making it easy for the customer to submit a claim using their smartphone or online. In the event of a claim for GAP and RTI, our approach is very straightforward – payments are based upon the invoiced price of the car involved. Contributions such as FDAs have no bearing on the decision.

Ours is a long-term approach and at its core is our reputation; it is why this recognition from the dealer market we serve is so much appreciated.



CLASSIFIEDS

PROVIDING SMART, INTUITIVE TOOLS ENABLING DEALERS TO IMPROVE BUSINESS PERFORMANCE



By Phill Jones, managing director, Motors.co.uk

Part of the Cox Automotive group, Motors.co.uk is a car search website that aims to simplify the process of finding, buying and selling vehicles.

In addition to connecting buyers and sellers through its own website, Motors.co.uk also powers car search channels on automotive sites including Parkers.co.uk, Carsite and RacCars.co.uk. Through this network, Motors.co.uk enables dealers to reach more than five million unique car buyers a month.

Motors.co.uk also provides smart, intuitive tools to help dealers improve business performance, such as:

- AutoEdit GO stock management tool
- Stock Insight, which provides dealers with intelligence on stock performance
- The Eye, a response management dashboard enabling dealers to track response to their vehicles

Further differentiating itself in the market, Motors.co.uk has a value-based pricing model, aligning the invoice paid by dealers with the volume of consumer response generated.





FINANCE

WORKING HARD TO SUPPORT OUR PARTNERS IN THE FACE OF CHANGE



By Richard Jones, managing director, Black Horse

We are thrilled to accept the *Automotive Management* magazine Dealer Recommended Award for the seventh consecutive year.

Winning this award means a great deal to us all at Black Horse, particularly as it is voted for by you, the dealers – we truly appreciate this recognition and endorsement.

Our industry has seen significant change this year, with the continued evolution of customers' behaviours, digital innovations and increasing regulatory and media attention. At Black Horse, we have worked hard

to support our dealers to provide customers with superior offerings and a professional, trusted and seamless customer journey.

2018 will bring further change and challenge, and we look forward to working with our dealer partners to help them stay central to the car-buying journey.

W: blackhorse.co.uk/dealerportal

blackhorse

AUCTIONS & REMARKETING

GIVING DEALERS A COMPETITIVE EDGE TO TRADE EFFICIENTLY AND PROFITABLY



By Stuart Pearson, managing director, BCA UK

For used vehicle stocking, BCA helps dealers trade profitably, delivering volume, choice and availability through a 24-strong UK network of centres with every vehicle available to BCA Live Online bidders.

BCA buyers source stock through Auction View, a sophisticated search engine that delivers detailed descriptions, appraisals and BCA Assured mechanical reports, with comprehensive digital imagery for cars and video for LCVs. BCA's market-leading Appraisal and Autograde systems ensure vehicles are accurately described and graded.

Bespoke remarketing products serving the dealer sector include the cloud-based BCA Dealer Pro service to manage part-exchanges professionally and profitably, identify vehicles for retail and consign non-retail stock for remarketing with BCA. The BCA Partner Finance Service helps independent car and van dealers secure incremental funding to allow them to expand retail operations.

As Europe's largest used vehicle marketplace, selling more than 1 million vehicles annually through physical and digital channels, BCA offers a range of services that deliver a competitive edge for dealers to trade efficiently and profitably.

Visit bca.co.uk for more details.



PAINT PROTECTION

OUR PHILOSOPHY IS SIMPLE – PROVIDE THE BEST QUALITY, VALUE AND SERVICE



By Jean Quinn, managing director, Supagard

Supagard is celebrating its 30th year in January 2018 as the UK's market leader in professionally applied automotive paint and interior protection products. Our reputation for quality is second to none.

Many manufacturers, dozens of dealer groups and hundreds of motor retailers think so too, and we recognise the importance of supporting them to grow their profitability and to meet the demands of new challenges in the constantly evolving marketplace.

All Supagard products undergo continuous and rigorous independent testing to maintain their technical superiority over other products and we continually invest in research and development to enhance the value to both dealers and their customers.

In addition, our competitive price structure and no-quibble guarantees provide retailers with a strong competitive advantage.

The Supagard philosophy is simple – give our trade customers the best quality, value and service around and make it easy for them to sell our products and maximise their profits at the same time.

To find out more about Supagard, telephone 0141 633 5933 or visit www.supagard.com.

Supagard®

SERVICE PLANS

BOOST YOUR AFTERSALES RETENTION WITH OUR PROVEN TECHNIQUES AND LEADING-EDGE IDEAS



By John O'Donnell, managing director, EMaC

EMaC is the leading provider of aftersales retention solutions to the UK motor trade, with more than two million service plan sales to date and hundreds of long-established dealer and manufacturer relationships. Operational since 2004, we offer unrivalled insight and expertise in aftersales customer retention.

Through a mix of proven techniques and leading-edge ideas, we can help fulfil your aftersales retention

potential. Our success is based on investment in great technology and, most importantly, great people. We are also industry-recognised and AM readers have voted EMaC their 'Dealer Recommended' service plan supplier for the past seven years.

Call our friendly team now on 01270 507466 and see what EMaC can do for your business.

EMaC
THE SERVICE PLAN THAT REALLY WORKS...

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

Imaging, the ultimate shop window

By Martin Peters, sales director, Autoclenz Group



A Happy Christmas to all of you.

The ability to present your stock for sale in the best light is essential, not only physically on-site, but wherever the marketplace takes you.

But why have the fixed cost of a digital photographer or outsource company coming on site? Surely the best time for imaging a vehicle is when it is freshly valeted and quality controlled?

Autoclenz has the solution working with our partners, AutosOnShow.

Via a configured app, we can photograph vehicles with backdrops, and take a 60-second video if required, as part of a controlled process.

Every used vehicle is photographed at the point of valet, ensuring the best quality of image.

Furthermore, we upload the images in a matter of seconds, often before the vehicle has even been driven onto the forecourt and priced. As part of our service, we manage the quality and stock-versus-images ratios to ensure consistency of quality and volume. All of this at a very attractive per car charge, no fixed cost and a flexible invoice.

Imagine your website showing every vehicle freshly valeted, displayed in the same way with video and stills, uploaded at the point of valet in a speedy manner.

Link this with some very impressive search engine optimisation tools that ensure your stock is being matched to prospects' specific search criteria and the results speak for themselves.

■ **For more information on the difference that Autoclenz can make to your business, visit our website: www.autoclenz.co.uk**



AUCTIONS

Buy now for a profitable New Year

By Simon Henstock, BCA chief operating officer, UK remarketing



As we approach the end of 2017, dealers will look to build stock levels in readiness for the typically busy first quarter. Putting the work in through December and January will help ensure a positive first quarter and a great selection of attractive used stock to tempt retail customers.

December offers some great buying opportunities as businesses clear the decks in preparation for the new year. BCA is anticipating steady volumes from leasing and contract hire, major dealer groups and webuyanycar.com during December as these companies need to keep stock churning all year round.

BCA's physical auction programme runs up to close of business on Friday, December 22, and opens again on Tuesday, January 2. Over the Christmas period, we are staging e-auctions in order to allow dealers to take advantage of stock as it becomes available.

At this busy time, BCA Partner Finance can help, and is supporting its dealers by extending the availability of funding to help them build inventory levels for the busy new year period. Funding is available for the whole auction purchase, including fees such as transport and delivery costs and VAT where applicable. As well as all stock bought at BCA auctions, Partner Finance customers can secure funding for all their part-exchange cars, making it even easier to acquire the best-quality stock.

Not only does BCA offer the best choice of stock for professional buyers, we help all dealers compete on a level playing field when it comes to acquiring attractive stock for the forecourt. Visit bca.co.uk for more information and make sure no profit opportunities pass you by.



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



FINANCE

Looking at finance trends in November

By Shaun Harris, sales director, Codeweavers



Over the past month, more than 2.8 million unique car buyers viewed finance quotes on dealer websites using Codeweavers' plug-in calculators. The sheer scale of this is made even more impressive by the fact that 1.16m of those people went on to personalise a finance quote to their needs. It shows just how important finance is in car sales and, equally, how important a finance calculator is in engaging the customers.

Focus on car finance trends in Liverpool last month

In Liverpool, 12,177 unique car buyers personalised a finance quote from our dealer website sample.

Of these buyers, 67.15% were male and 32.85% were female; the most popular age group personalising quotes was 25-34 years, followed by 55- to 64-year-olds. This profiling insight helps dealers to refine marketing campaigns. Offers, tone of voice and model mix can all be varied in dealer communications to target the demographic.

The most popular day and time for Liverpool car buyers personalising a finance quote were Monday at 8.00pm. Having staff available at this time to support car buyers is a natural step to extra sales. Also, try adding time-specific special finance offers online. Creating a level of 'shortage' – and, with it, urgency for buyers – can move 'interest' through to 'action'.

Finally, some averages – the average deposit entered was £1,000, requested term 48 months and ideal monthly payment £200. Affordability is what customers want – basing a finance calculator's default parameters on what customers are looking for will prove hugely beneficial.

We hope this proves useful.



VIDEO

Get to grips with video to avoid lost sales

By Adam Price, MD and founder, AutosOnShow.tv



The popularity of video among consumers is growing fast, with UK adults watching nearly an hour of digital video each day, more than double what it was five years ago. If retailers are to avoid missing out on sales, it is essential to roll out the latest technology rapidly.

The latest figures from Hubspot show video is projected to claim more than 80% of all web traffic by 2019. As consumers increasingly turn to video to research new and used cars, a high-quality video of the vehicle will become the price of entry to the purchase decision process for dealers.

To help retailers benefit from the explosion in video, AutosOnShow has made the new technology as easy as possible to implement. A DSLR turntable allows HD video and images to be captured to a consistent standard with minimal training. New functionality also provides an exploded view of the vehicle, internal 360-degree spins and framing, ensuring the car is the star of the image.

For dealers without a turntable, AutosOnShow's guided video and imagery solution ensures consistency. As with all AutosOnShow solutions, no face-to-face training is needed and the app can easily be picked up and used by anyone, creating professional video and images.

Bringing customers to the dealer forecourt or website is an expensive process, but adding a video to a marketing email can boost click-through rates by 200-300% and embedding videos in landing pages can increase conversion rates by 80%.

Motor retailing is becoming more complex and competitive. It's important to make sure that every opportunity to engage a potential buyer is taken.

■ To find out how AutosOnShow can help you, visit AutosOnShow.tv.



We've extended our range.

We've built our reputation by delivering industry-leading prospecting events. Now, we're enhancing this offering with the launch of new Consultancy and Training divisions to support dealers with the growing range of challenges you face.

Meet The Team - Stand D24 Automotive Management Live 2017



PROSPECTING | TRAINING | CONSULTANCY
MFG-GROUP.CO.UK



ARE YOUR MANAGERS STUCK IN A SELF-DEVELOPMENT CATCH-22?

Busy managers can struggle to spare the time needed to boost their efficiency

The motor retail industry is failing to allow managers enough time for self-development, which ultimately would help dealerships operate more effectively.

A study of line managers and senior executives in the industry by GMD People found that managers think time is the biggest barrier to their own learning and development – more than four times as cited the costs incurred by the business.

“Long working hours are common in the retail automotive sector, so lack of time for personal development is perhaps inevitable,” said Nigel Banister, director of GMD People, a business he has run with his wife, Michelle, since leaving his role as a HR manager at Volkswagen Group in 2001.

“However many managers may be caught in a ‘Catch-22’ situation. Lack of development prevents smarter working. This, in turn, reduces the time available for personal development during the working day.”

Although time was the biggest barrier for 47% of managers, 11% blamed a lack of clarity around specific needs and 10% perceived their formal learning and development was of little benefit or value. Such feedback should drive HR teams into action – Banister said this is a sign that training managers must undertake a

thorough review of the methodology, content and promoted benefits of their programmes.

When interviewing senior leaders, GMD found the level of management development activities “was very encouraging,” he said. Almost all respondents gave examples of planned and targeted training, ranging from reliance on manufacturers’ leadership courses to in-house programmes based on comprehensive training-needs analysis.

However, only a quarter use a competency framework to measure managers’ development, and the picture of targeted training is not shared by all employees further down the line. GMD gathered verbatim feedback from participants, which it includes in the full report of the study’s findings.

One manager said: “The sector lacks real thinking talent. Rather than identifying development needs, it hires and fires at will... Greater respect for the people employed is required, tied into thorough, long-term planning cycles that recognise skills gaps and provide time, funding and appropriate evaluation and follow-up of training.”

When it comes to skills participants want to develop so they can function more effectively as managers, four of the top five were the abilities to develop people,

provide clear vision for the team, lead change and manage performance levels (increasing customer loyalty and retention was the other one).

Banister said it suggested managers understand the need for a clear strategic vision, while recognising that they need to develop a team capable of achieving that vision.

“On the other hand, these are all fundamental management skills, so it could be seen as worrying that so many experienced managers still feel they need to develop these skills, rather than develop them to a higher level,” he said.

Dealerships’ performance could be suffering as a result. One participant said: “I have found, when coming through the ranks, that you may get put into a managerial position without proper training, and sometimes may end up in unnecessary predicaments.”

Less than a third of managers involved had received any coaching (31%) or mentoring (19%).

Perhaps due to the fragmented structure of dealer groups, where it can be difficult to pull managers out of dealerships to head office regularly, IT is the most-used channel to deliver training for managers, with 61% having taken e-learning courses. The second-most popular is ‘informal internal knowledge sharing’ at 47%, which links to other feedback from participants about what they use to help them deal with a new or unfamiliar situation at work: 68% try ‘brain-storming’ with their team, 50% use external support from a partner, friends or professional networks, and 41% observe and listen to others in a similar situation.

Only 22% have sought specific advice from their own line manager, which Banister said suggested they may be cautious of exposing their own knowledge gaps to senior managers. **TIM ROSE**



“LACK OF DEVELOPMENT PREVENTS SMARTER WORKING. THIS, IN TURN, REDUCES THE TIME AVAILABLE FOR PERSONAL DEVELOPMENT”

NIGEL BANISTER, GMD PEOPLE

RESOURCES

IMI ACCREDITATION MANAGEMENT-COMPETENCE

An assessment tool measuring the skills and competencies of an individual manager, it assesses them against the Automotive Management & Leadership Competency Framework. am-online.com/Assessment

CHARTERED MANAGEMENT INSTITUTE

Resource for employers and individuals seeking to enhance leadership skills and knowledge. am-online.com/Managers

YOUTUBE

Search for management training videos and YouTube claims there are almost seven million relevant results. am-online.com/ManagementVideos

TALENT ON THE MOVE

ADVERTISING FEATURE

Online retailing goes up a gear

By James Tew, CEO, iVendi



Deadlines mean I am writing this as iVendi makes its preparations for *Automotive Management Live*. We get involved in a number of industry events and they are always moments when you have to take stock – are the messages we are sending to the market still an

accurate reflection of what we are doing to satisfy dealer needs?

Each time we ask ourselves this question – and today is no exception – it reveals to us just how quickly online motor retailing is developing.

This perhaps can be seen more than anything in the kinds of questions dealers bring to us as we serve them frankly superb coffee on our stand. Look back just two or three years and most were effectively kicking our tyres. The most common comment was: "So explain to me what you guys do?"

Today, as our sales and marketing teams discuss *Automotive Management Live*, they are anticipating topics that show a much higher level of engagement. Many of these questions will illustrate how dealers are really starting to tackle some of the stickier points of online motor retailing, such as asking us how to handle online price negotiations or create part-exchange processes.

We've been saying for a little while that the whole level of momentum behind online motor retailing has moved up a couple of gears. Essentially, dealers are no longer asking themselves – and us – whether they should get involved, but how they should get involved. Those who are already involved are looking for new ways to drive their sales forward.

Essentially, we have reached a point where dealers think they should offer all the elements of the sales process online but, crucially, have also recognised that most customer journeys will mix web and showroom in a completely natural and instinctive way.

In our view, this is how 21st-century car retailing will look. These are very exciting times.

■ The iVendi Platform provides a complete online motor finance solution for dealers, motor finance providers, car portals and manufacturers.



DAVE SHEERAN,
DONNELLY GROUP

Donnelly Group has appointed Dave Sheeran, a former Opel executive, as its new managing director.

Sheeran joins the Northern Ireland business from Opel Ireland, where he was managing director.

He has 30 years of industry experience across sales, marketing and aftersales in the UK and Europe.

Terence Donnelly, executive chairman of Donnelly Group, said: "Sheeran has a wealth of experience in the motor industry and is one of the most respected leaders in the local vehicle retailer sector and we're delighted with his appointment."

Donnelly Group, which includes Donnelly and Taggart, is Northern Ireland's largest independently owned new and used vehicle retailer. It has eight new car sites and six used car sites, incorporating 18 manufacturers including Fiat, Honda, Land Rover, Mitsubishi, Vauxhall and Volkswagen. Sheeran will lead more than 720 employees.



ADRIAN HALLMARK,
BENTLEY MOTORS

Adrian Hallmark will be Bentley Motors' next chairman and chief executive.

The former JLR global strategy director succeeds Wolfgang Dürheimer, following his retirement.

It is one of several senior leadership changes at Bentley, which also see former Porsche GB managing director Chris Craft join the business as board member for sales and marketing, succeeding Andreas Offermann.



SIMON ELLIOTT,
INTERCOUNTY
TRUCK & VAN

Simon Elliott, who headed Chrysler UK and later ran VW Group Ireland, has been appointed managing director of Intercounty Truck & Van.

The dealer group, owned by Ballyvesey Holdings, said the appointment represents a coup for the business as Elliott brings a formidable track record of achievement.

His most recent role was managing director of MAN Truck & Bus.



PAUL HARRISON,
CONTRACTHIRE
ANDLEASING.COM

ContractHireAndLeasing.com has appointed Paul Harrison as head of strategic partnerships.

The newly created role will see him focus on strengthening relationships as well as identifying new opportunities to expand the company's activities.

He was previously head of motor finance at Auto Trader, a position he held for the past three years, prior to which he was head of motor finance at the FLA.



PAUL SIEMONEK,
FIX AUTO UK

Paul Siemonek has joined the Fix Auto UK bodyshop network as head of key accounts.

The former head of Volkswagen Group's paint and body performance team, Siemonek will report to managing director Ian Pugh. He will oversee all of Fix Auto UK's central insurance contract relationships.

Fix Auto UK also appointed Paul Smith as key account manager. Having spent the past 15 years working for Direct Line Insurance Group, latterly as area network controller.

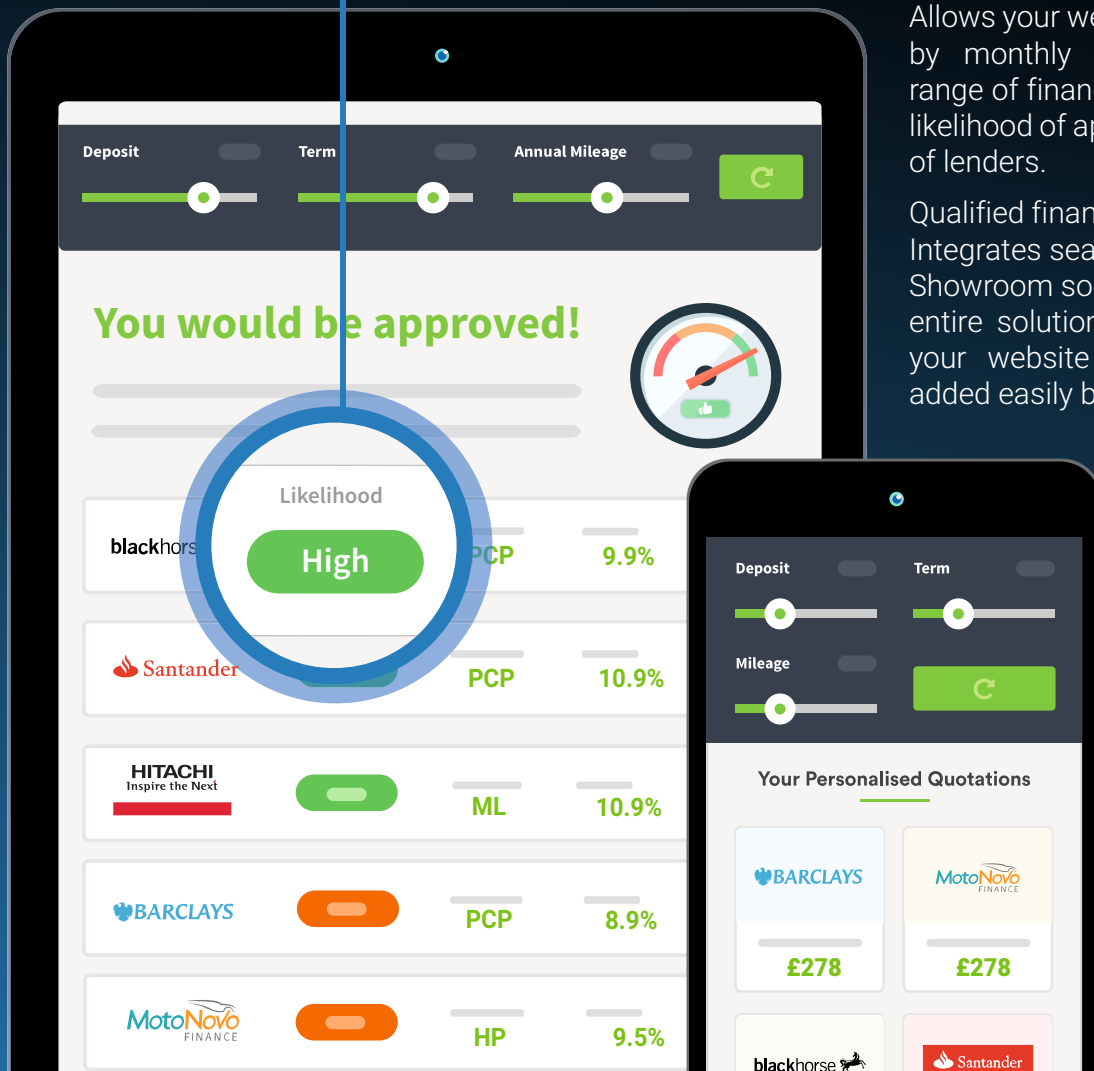
Simon Nash, the former general manager at R&R Autos Bodyshop, Basingstoke, has joined Fix Auto UK's regional operations team and will oversee franchisees in the south east of England.

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"WE HAVE TO KEEP POURING PEOPLE IN AT THE TOP"

Staff churn is a problem across motor retail, delegates at the AM People Conference heard, and dealers are going to have to do more to attract the latest generation of workers

A structured and fully accredited training programme is not only the key to equipping staff with the skills to best serve your business, but it will also boost retention and advocacy.

So said Clare Rooms, the manager of the Stoneacre Group Academy, who debated the benefits and difficulties attached to staff training in a panel at the AM People Conference alongside Martin Barrow-Starkey, Volkswagen Group UK's head of learning services; Paul Craven, the head of the Toyota Lexus Academy; and Simon Bottomley, group managing director of Thurlow Nunn.

Rooms opened the academy for Stoneacre in late 2015 and it won an AM Award last year for best training and development programme, but the process of establishing it was demanding.



L-R: Martin Barrow-Starkey, Volkswagen Group UK; Paul Craven, Toyota Lexus Academy; Simon Bottomley, Thurlow Nunn; Clare Rooms, Stoneacre Group Academy; and Steve Nash, IMI

BRIEF INSIGHTS

'THERE IS NO TALENT SHORTAGE, JUST POOR RECRUITMENT PROCESSES'

There is not a shortage of talent in motor retail, said Guy Liddall, the managing director of recruitment firm Motor Trade Select, but many dealers make getting into the sector difficult, are poor at giving feedback and care too little about applicant confidentiality.

He said finding the right people is "hard, permanent work, requiring a lot of personal contact".

Liddall said he surveyed 55 candidates



on their experiences applying for work at dealerships in the past year. Less than 12% found it easy to apply and nearly 80% found it time-consuming. A third got no response. Half had confidentiality concerns about assessment centres and 90% had no proper feedback.

Liddall cited as examples Melvin Rogers, the HR director of Sytner Group; and Daksh Gupta, the chief executive of Marshall Motor Group. Liddall said common factors among them were desires for promotion from within, for career management and for diversity.

Every Sytner dealer forms links with at

least one local school and is developing apprenticeships for nearly every area of the business.

Gupta's 'Marshall Deal' guarantees new sales executives at least £25,000 a year when they join and a loyalty bonus for each of the first three years.

"The biggest groups are looking to bring in the youngest generation entering the workforce at a grass-roots level. They don't see a lack of talent," Liddall said, because they were attracting it and retaining it through innovation and focus.

"Too often, dealers' processes put off busy people."

"It's hard to take someone out of the business for a period of time if their managers don't see the positive impact. The pressure is on the academy to produce a high-quality sales operative that will be better at their job when they go back to the business and I know our approach is achieving that," she said.

"Very early on we decided that we wanted experts from within our network to influence the development of our future staff and identified the 'Tiger Woods' from various departments. We approached them to see if they were interested in volunteering to become occupational trainers within the academy.

"We have been able to create an Ofsted-accredited bespoke curriculum and have people training apprentices in the skills that they really need."

Bottomley agreed with Rooms that training must produce practical results and said its relevance was key.

"My background is as an engineer and until I started working in automotive [retail] I had never worked in an industry that was so fast-paced", he said.

"We have 14 sites, which is relatively small, but 10 hours a day, seven days a week, I have to sell a car every 17 minutes in order to meet budget.

"Six days a week, 10 hours a day, every minute I have to sell an hour of workshop time to make budget. If I do all that I'll make 1.5% return-on-sales.

"Meeting those demands needs a strategy. Our people are that strategy."

Stoneacre currently has 300 apprentices on its books, according to Rooms, and "100% guarantees" each of them a job at the end of their training periods.

Making car sales sexy

Barrow-Starkey, who was formerly head of retail at Škoda UK, said Volkswagen does not make a similar guarantee, but added: "Our shortest apprenticeship is two years and chances are that there will be a role that come up within the network during that time."

Barrow-Starkey, who started his working life as

an apprentice, highlighted the issue of staff retention in the industry.

While Bottomley suggested the sector's jobs market often resembled the infantry during the First World War, stating "there's always a job for the next guy", Barrow-Starkey said: "Staff churn is an industry-wide problem and, at my end of the business we see it first-hand... We just have to keep pouring the people in at the top."

Bottomley said training had improved staff retention at Thurlow Nunn.

"Measuring your return on investment is like measuring return on marketing investment. Very difficult. What we have seen is that our staff churn has improved. The issue with training is when you start thinking of it as a cost," he said.

Stoneacre led the promotion of its Academy within schools and colleges with a "career for life" slogan, but Bottomley said difficulties in attracting and retaining staff meant this was not always possible. He said: "We give a £7,000 or £8,000 bonus when someone qualifies, I think we pay a fair wage, but still we struggle to attract people. The younger workforce just don't see car sales as being as 'sexy' as sitting at a computer all day."

Craven said great strides needed to be made in recruiting and retaining staff, and that flexible working and an investment in the brand were both part of the solution.

"At the moment we are only attracting half of the talent that's out there," he said. "Things have to change."

Bottomley agreed, adding: "As an industry, we need to get across the point that this is a professional occupation and a sector that you can be proud to be a part of."

Steve Nash, the chief executive of the IMI, hosted the panel debate. He was keen to discover how the values of the industry and various manufacturer brands were communicated to apprentices during their training.

Craven said Toyota prides itself on its strong identity and sends many of its network staff to Japan to experience the business in greater depth.

The Volkswagen Group's drive for customer satisfaction was key to the culture

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MOVING TOWARDS MORE DIVERSITY

Alison Fisher, the HR director of Cox Automotive, outlined the company's 18 months of work on gender diversity through initiatives such as Women With Drive (WWD).

WWD aims to empower everyone that participates, whether female or male. It started with 30 attendees and now numbers 100, meeting three or four times a year.

"Our premise for this comes from giving women the opportunity to reach for their goals and ambitions. This group is different, as it is not aimed at the most senior women, but at every team member that feels like they will benefit from being part of that network.

"Cox Automotive has started moving



towards a more diverse and high-performing organisation. As a result, I know we are having a positive impact in terms of business performance."

ADVERTISING FEATURE

Free buyer app speeds up used car connectivity

By Stewart Ford, Group IT director, Aston Barclay



Our research into used car buyers found apps are key to helping them find the right stock easily. The move to greater smartphone use is backed by our own website traffic – the number of visits from mobile devices grew to 50% of the total in 2017.

We responded by launching the Buyer App in July. It is already heading towards its 3,000th download. At every sale, users bid and buy vehicles via the app. About 10% of bids come from mobiles and it is growing every month.

Our recent phase two and three developments of the app added audio and video, to bring the physical auction experience to the remote buyer.

Helping buyers who are time-poor

Teams of 'digital eagles' installed at each Aston Barclay centre help buyers, assisting with queries and supporting app downloads.

Talking to buyers, they say the app has helped improve access to stock. Generally, these people are time-poor, so anything we can do to help them improve efficiencies is welcomed.

What's coming next?

Our vendor app will launch in December, enabling vendors to target buyers with video promotions and offers. It's the first time a physical auction business has connected buyers and vendors in this way.

The next phase of the Buyer App, due in 2018, will detect buyers walking into an auction and send them a message about relevant stock in that day's sale. It will also identify buying patterns and flag up similar stock at sales across the group. It can even offer a free bacon sandwich when buyers arrive at a sale.

It will also include access to the revolutionary SpinCar inspection technology, which further supports buyers in searching and locating stock with close-up images of the used car's interior and exterior.



BRIEF INSIGHTS

LOOK FOR OLDER APPRENTICES

The Government expects the apprenticeship levy to bring in £2.5 billion annually for employee training, said Mark Armitage, the head of quality and assessment, at the Institute of the Motor Industry (IMI).

Dealers with an annual salary bill of £3 million or more will incur the levy, so they should consider how to use it.

"I think the term 'apprentice' three years from now will be totally different. Apprentices won't be school leavers. If you're a levy payer, there's no age cap on who you use that money for. You can bring in more mature people into your organisation, or you can invest in your existing staff."



BEST DEALERS' BEST PRACTICE

The Best Companies Group partners AM in its Best UK Dealership To Work For initiative and Andrew O'Kelly, European partnership development director, Best Companies Group, outlined to delegates the points it expects from the best employers.

Across 77 survey points, covering aspects such as trust and pride in the employer, relationships with line managers, and ability to progress within the business, the UK average for positive responses was just 41%. In contrast, the top dealerships scored 92% on average. For more on these top dealerships, turn to page 33.



DEFINE A DEALERSHIP CULTURE

Any organisation with more than three people in it has got its own culture and the nature of that culture has a direct impact on business performance, said Dr William Holden, the chairman of Sewells.

Holden advised that culture is an invisible code that leads people to interpret situations in particular ways.

"It informs people of what works and doesn't, who to trust, who not to trust and it defines what's normal. Often culture is assumed, which makes it invisible to direct observation and it's important, therefore, to define it in order to establish a framework by which it can be measured.

"Culture needs to be driven from the top and in the line, it cannot be driven by HR alone."



communicated in its training, according to Barrow-Starkey.

He said it was a challenge to meet the demands of the group's various brand values, but that they all came back to the same thing: "While it is hard to determine exactly which element of our training might have the biggest impact on customer satisfaction, we are constantly trying to link our training to that and to staff retention."

Craven agreed: "The one thing we must remember in all of this is that we need the people across our network working first

and foremost for the customer.

"We're striving to achieve a link between the people, customer experience and the success of the network as a whole."

However, Bottomley said dealer values, not brand values were most important.

He said: "My view of brand values is that it is the brand values on a global level that get a customer interested in buying a car, but it's my values that sell them. They should not be in contrast with the values of the manufacturer, but they are the most important. It's Thurlow Nunn's values that sell the cars."

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The next generation

Nash also talked about how dealers are going to have to work harder to attract the latest generation to enter the workforce to work for them - and face having to pay them higher wages.

He spoke of the coming paradox in the workplace: "While at 4.4% unemployment is at its lowest point since we began measuring it," he said, "a fall in the birth rate in the 1990s and early 2000s means fewer people coming into the workforce."

"We must, in this sector, act promptly to

“MY VIEW OF BRAND VALUES IS THAT IT IS THE BRAND VALUES ON A GLOBAL LEVEL THAT GET A CUSTOMER INTERESTED IN BUYING A CAR, BUT IT'S MY VALUES THAT SELL THEM

SIMON BOTTOMLEY, THURLOW NUNN

employ the youngsters we want as we will be fighting with every other sector to win them."

Nash said this high-demand/low-supply environment would mean an upward pressure on wages: "It's impossible for it not to."

However, he warned, automotive retail is "not the default choice" for Generation Z (those born in the mid-1990s) because it "doesn't know what we have to offer".

And only 20% of these young people who were planning to find work rather than go to university had considered apprenticeships - a consequence of a lack of career advice in schools as well as mixed messages from government.

"Most dealer groups talk to schools and colleges about what you do and have to offer. This will become more important than ever."

The IMI had talked to a sample of 11- and 12-year-olds and was surprised by how many knew what career they wanted. "Not many of us are talking to kids this age and by the time they get to their late teens, having to make real career choices, we will have lost them to other sectors."

There are 150 roles in automotive retail dealerships, but Nash questioned how many people knew that.

He urged dealers to be aware of the factors the youngest generations entering the workforce - Generation Z and millennials (born between the early 1980s and 2000s) - consider most important when choosing a job.

The majority of millennials want a mentor, leader and an adviser in the workplace, he told the conference. Half want to be appreciated and the same proportion said "purposeful work" was more important than a high salary. And 66% want to work for a company that "makes a difference".

"You can't just chuck them in the deep end and make them work seven days a week."

TOM SHARPE & JEREMY BENNETT

ADVERTISING FEATURE

Distance selling over the phone

Customers who live far from your dealership can be tricky to convert to appointments, says Simon Bowkett of Symco Training



Over the past few months, I've been discussing ways to turn customers who call about the price of a car into showroom appointments. Sometimes, they can be very insistent that they only want to know the best price you can offer, especially if they live some distance from your showroom.

When somebody tells you they are calling from a long way away and only want a price at this stage, try this technique from my new sales training video on the AM website (am-online.com/symcotraining, or atsymcotraining.co.uk) this month.

"Well, sir, I take it you don't want to waste your time or money? I don't blame you! I'm so confident I can get the money right, that if I can't, then I'm more than willing to pay for the fuel to get you back home. I can't be fairer than that now, can I?"

I learned this technique in Townsville, Australia. We used it with customers who lived up to 12 hours away. Nobody is going to drive 12 hours to look at a car and leave without buying it. So if you are thinking it's going to cost a fortune in fuel, think again. It's all about making customers feel confident.

When all else fails...

If they still say no to an appointment, and it's a potential new car customer, you're getting to the stage where if you don't give them a price, one of your competitors will. But if you are going to give them a price, be sure to trial close them first.

"Sir, let me share something with you. All [franchise] dealerships buy our cars from exactly the same place, at exactly the same price, and we all have the same restrictions. Any price we can do, any other dealer can do, and vice versa. It'd be silly for me to give away my commercial advantage over the phone, to someone I don't really know. For all I know, you might be another [franchise] dealer wondering how we're managing to sell so many of these [model name]. To be fair, you don't sound like a [franchise] dealer, but the price I can do might get me in a bit of trouble if you give it to one of my competitors. So, let me ask you, if I can get the figures right, are you in a position to leave me £1,000 to secure the car on a credit or debit card?"

If they say yes, ask them for the name of their bank. If they are unwilling to tell you, you know you've still got a battle on your hands. But if they do tell you, it shows they are willing to deal.

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AM AWARDS: 2018

carwow



Welcome to this year's AM Awards sponsors

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

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

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

This year:

Carwow is sponsoring Manufacturer of the year

Perfect Placement is sponsoring Dealer Principal/GM of the year

We are delighted to receive the support of both Carwow and Perfect Placement for these two key award categories at what promises to be an industry highlight of 2018.

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

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12458	Assistant Accountant	Hertfordshire	To £30k pa
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12468	General Manager	Teeside	£Exc
12463	Warranty Administrator	Gtr London	OTE to £35k
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EIGHT QUESTIONS TO...

A GENERAL MANAGER OF RETAIL OPERATIONS

Mitsubishi's Lucy Collins on keeping up with changes in online car sales and why she gets a thrill from audiobooks



What are the main responsibilities of your role?

COLLINS: I am responsible for identifying and developing new retail channels that complement our existing routes to market, ensuring that Mitsubishi's retail strategy meets the needs of customers.

This includes our newly launched Buy Online platform, which offers customers the ability to adjust their finance options, value their part-exchange, configure their new vehicle, book a test drive and ultimately complete their purchase from the comfort of their own home.

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

COLLINS: The car-buying process hasn't really changed over the past 100 years, but we've now entered a period of rapid transformation, which we need to embrace. Customers expect convenience and flexibility and we must ensure that we deliver this consistently through all touchpoints and channels in a way that makes the car-buying process an enjoyable one.

These expectations will only increase as 'millennials' become the largest cohort of car buyers and we will need to adapt the way we do things to stay ahead.

How might these challenges be overcome?

COLLINS: We need to ensure delivery of a consistent experience wherever and however the customer chooses to interact with us. We know from customer feedback that the Mitsubishi dealer network is delivering excellent service. We need to maintain this focus across our new sales channels, ensuring that we keep our existing customers happy, but also attract new customers to the brand.

To meet the expectations of the new generation of car buyers, we will need to constantly re-evaluate and challenge our processes, developing them and bringing

the dealer network with us on this journey.

What attracted you to this area of expertise?

COLLINS: It's exciting to be part of something that's new and constantly evolving. Every day is different as we look for ways to engage with customers and exceed their expectations. I enjoy having the opportunity to push us in new and challenging directions.

I first joined the company on the graduate scheme and have progressed through a number of roles within the business. It's great to take everything I've learned and bring it together in developing new channels that reach all areas of the business.

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

COLLINS: It sounds obvious, but I think it's easy to forget that the customer should be at the centre of everything that we do. Designing new processes and channels gives us the opportunity to put the customer's wants and needs at the forefront. **MATT DE PREZ**

QUICK-FIRE QUESTIONS

What drives you?

The opportunity to create change in an industry I always wanted to work in.

What's your favourite app?

Audible. I spend a lot of time in the car and nothing beats a good thriller.

How do you relax?

Tending to my allotment. I'm old before my time!

AM

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THIS MONTH'S QUESTION TO THE AM TEAM:

What's your favourite Christmas tipple?

EDITORIAL

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► **Snowballs**

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► **Anything I can get my hands on**

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We call ourselves a **flexible prime lender** because we offer service standards and products comparable to a conventional prime lender but work harder to meet your needs.

Wouldn't your lender panel benefit from a little flexibility?



✓ Your customer, your rate - our highly competitive terms mean you can offer the customer equally competitive rates



Fast decisions, fast payouts - with responses while the customer is still in the showroom



Direct access to underwriting staff - sometimes, getting the best outcome for the customer involves dialogue and we are always available to talk



Technology and people - we work hard to find and employ the best of both in order to deliver people-based finance that really works



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Spear Recruitment
Work Life Balance



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Recruitment Agency specialising in the Automotive Industry

We are an established, progressive and privately owned recruitment company specialising in placing candidates into motor trade employment vacancies throughout the UK.

Using our dedicated staff of recruiters, thoroughly trained to assist people from across the country from our offices based around the UK, our focus is placing quality people into quality businesses. Specialising in supplying permanent and temporary staff to independent and franchised dealerships, we're literally, keeping an industry moving with innovative recruitment.

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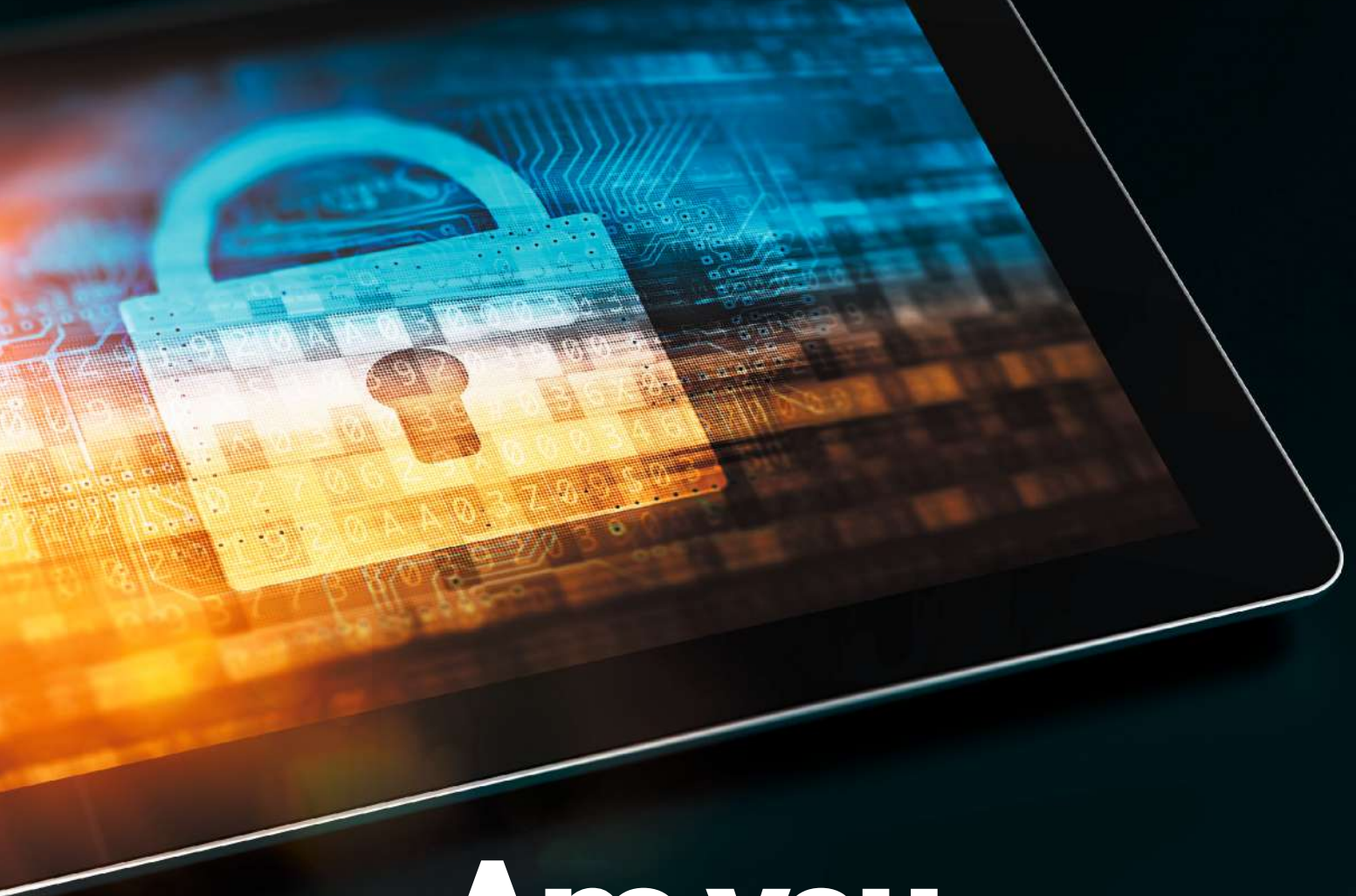
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Wishing you a Merry Christmas and all the best for 2018!



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Merry Christmas and a Happy
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