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AND BEYOND**



Automotive Retail RECOVERY CONFERENCE

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MAY 18-19, 2021 A LIVE, VIRTUAL EVENT

WHAT IS IT?

New from AM, this online, live event takes place across two mornings in May and tackles the critical, strategic issues which challenge motor retailers. It is a not-to-be-missed opportunity to glean insight from this industry's

senior leaders and experts about the journey all will take to ensure a successful and sustainable automotive retail industry of the future.

Topics being covered include consumer trends, the economic outlook, used car operations,

finance and leasing, policy, after-sales, Block Exemption, business model change, technology and automation, profitability, workforce diversity, leadership and competition.

Structured between top level

keynote speakers and strategic experts, topical operational presentations, live Q&A sessions and breakout seminars, this event allows delegates to tailor their visit and source the advice most relevant to their need.

Keep an eye on [AM-online.com](https://www.am-online.com) for speaker announcements

EDITOR'S LETTER

Welcome to this digital issue of *AM* magazine. You'll notice it's a little different this month. We're bringing you the highlights from every presentation at our recent Automotive Management Live Virtual event, which proved to be a festival of best practice and industry insight. And because all those presentations were recorded at the live event, once reading our highlights has whetted your appetite, you can still watch the complete presentations on our event platform until Friday, February 19.

You'll hear more about the impact of Brexit from Deloitte's experts, learn lessons from the retail frontline from the likes of Daksh Gupta, Peter Vardy and Robert Forrester, gain numerous digital marketing tips and understand where you can squeeze extra margin from in 2021 and beyond.

The live event was open to dealers and manufacturers only, but now we've opened the platform up for any industry personnel.

You'll need to register, mind. Go to <https://amlivevirtual.vfairs.com/en/register>



OUR WRITING TEAM



Tim Rose
Editor



Tom Sharpe
News and features editor

AM

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

THIS MONTH'S QUESTION TO THE AM TEAM:

Which sports star (past or present) do you most admire?

EDITORIAL

Editor Tim Rose 01733 468266
tim.rose@bauermedia.co.uk
[@AM_editorTimR](https://www.facebook.com/AM_editorTimR)

► Rory Underwood

News and features editor Tom Sharpe
01733 468343 tom.sharpe@bauermedia.co.uk
[@AM_editorTom](https://www.facebook.com/AM_editorTom)

► **RFC manager, Paul Warne.** The most respected leader my club's ever had

PRODUCTION

Head of publishing Luke Neal

► **Frank Bruno**

Production editor David Buckley

► **Sir Bobby Charlton – won cups, FA, European and World; survived Munich**

Senior designer Chris Stringer

► **Danny MacAskill for skills on two wheels; Tony Hawk and Colin McRae for their skills on four**

PROJECT MANAGEMENT

Head of project management

Leanne Patterson b2bpm@bauermedia.co.uk

Project managers

Kerry Unwin, Chelsie Tate, Niamh Walker (maternity leave), Hollie Ismail

ADVERTISING

Commercial director Sean Childerley

Group advertising manager

Sheryl Graham 01733 366467

Account managers

Sara Donald 01733 366474

Kelly Crown 01733 366364

Kate Atkinson 01733 366473

Recruitment enquiries 01733 366473

EVENTS

Event director Chris Lester

Event manager Sandra Evitt 01733 468123

Event manager Kate Howard 01733 468146

Head of exhibitions Katie Gordon-Hill 01733 468289

PUBLISHING

Editor-in-chief Stephen Briers

Head of digital/associate editor Jeremy Bennett

CRM & marketing manager Lauren Annis

Managing director Tim Lucas

Office manager Jane Hill 01733 468319

Chief financial officer

Bauer Magazine Media Lisa Hayden

MD Automotive group Niall Clarkson

CEO of Bauer Publishing UK Chris Duncan

President, Bauer Media Publishing Rob Munro-Hall

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Email: am-online@circdata.com

Call: +44 (0)1635 588494

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FACE TO FACE: DAKSH GUPTA

'NO SURRENDER' AS COVID THREATENS PLATE CHANGE

Marshall Motor Holdings chief executive is in defiant mood, but says anyone who feels they know what lies ahead is 'kidding themselves'. **Tom Sharpe** reports

Marshall Motors Holdings chief executive Daksh Gupta has no plans to "wave the white flag" as the car retail sector prepares for another COVID-19-impacted March plate change.

The AM100 PLC boss said that anybody who claims they can know what challenges lie ahead "is kidding themselves" as he asserted that a key part of his role as a business leader was to forge ahead while motivating and maintaining the morale of the group's 4,000 employees.

In a candid interview with *AM*, Gupta told AM Live Virtual that staying positive would be key not only to unlocking success during the current crisis, but maintaining the wellbeing of Marshall's workforce in 2021.

"I've always been a positive person throughout my career," he said. "I think it's very easy to get your head down. If you're in a leadership role, you have to keep your business up, you can't just bury your head in the sand."

Gupta said Marshall had adapted to lockdown trading, selling 3,700 cars to customers in contactless fashion and without a test drive as aftersales remained "resilient, not far off business as usual". He added that giving up was not an option.

"We, as a company, are not ready to wave the white flag," he said. "You are seeing some companies give up, you know, saying 'right, let's furlough everyone', but there are consequences for furlough."

"Some people work on their own who will struggle with mental health, there are some who need mobility and are reliant on us being there, which is why Government has said we can still operate."

Marshall achieved a 12th-placed finish



“IF YOU’RE IN A LEADERSHIP ROLE, YOU HAVE TO KEEP YOUR BUSINESS UP, YOU CAN’T BURY YOUR HEAD IN THE SAND”

in the Super Large category of the annual Best Workplaces ranking presented by Great Place to Work in 2020 – its sixth straight year as a top ranked business in the initiative – and Gupta made staff communications a priority in 2020.

Video updates for staff served to maintain the "family feel" he promised to continue when the business became a PLC back in 2015.

He said: "Last week I recorded my 45th

video since the pandemic started. People sometimes have a perception of you but when you're in their living room on a weekly basis that can change."

Gupta elaborated on his earlier assertion that he would "wholeheartedly embrace" a move to an agency model for car retail and mapped-out Marshall's actions as the business adapted to post-COVID trading.

He said that he was proud to have been part of a team who decided to close its car retail business ahead of Prime Minister Boris Johnson's lockdown announcement on March 23 last year.

"To make that call was pretty brave, to shut 132 operations with more than 4,000 people. I was really proud we'd done that," he said.

Gupta also told AM Live Virtual how the business started tracking business decisions in minutiae after COVID-19 struck.

He began chairing twice weekly executive committee meetings, on a Tuesday and a Friday, and took minutes himself – logging every action.

Gupta said: "When you capture the action, you know who's doing what and when by. We've kept that going and we are now on more than 500 actions. From a business continuity perspective that was key."

Marshall has weathered the COVID storm in impressive style.

In December the group notified the London Stock Exchange of an improved underlying pre-tax profit prediction of "not less than" £19m for 2020 after compiling its 'Lockdown 2' trading period.

Nonetheless, Gupta is keen to get back out into his dealerships.

While he said video conference meetings had proven to be efficient, he said: "I'm not a person that likes to sit behind a desk."

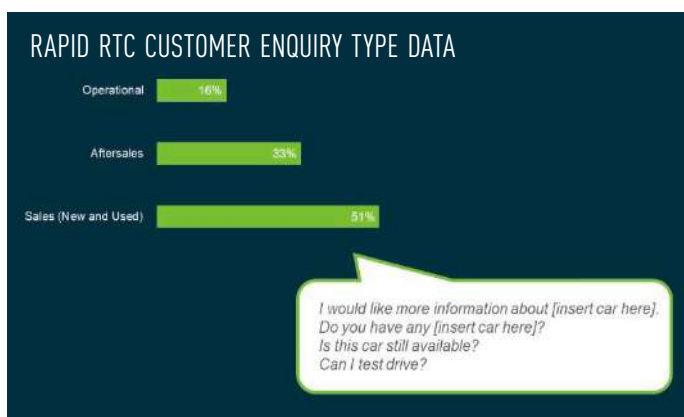
EMBRACING THE PARADIGM SHIFT

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RAPID RTC

DON'T REVERT TO OLD WAYS

Facebook's head of automotive urges retailers to retain the changes forced on them



Facebook head of industry automotive Anita Fox has urged car retailers to hang onto changes made during a COVID-prompted digital transformation of the automotive retail sector.

Fox opened the Embracing the Paradigm Shift webinar, sponsored by RAPID RTC at AM Live Virtual, suggesting: "I do perceive that, now we've entered 2021, some businesses are starting to count down the days and the weeks before they can return to their own ways."

But, drawing on research by the social media and marketing platform, Fox showed that consumers are unlikely to return wholly to their old ways of transacting and retailers should be prepared to continue operating digitally.

Research conducted by Facebook last August/September, aimed to identify whether the changes made in digital retailing in 2020 were here to stay, showed that one-in-two UK car "intenders" expected to be able to buy a car online.

That figure rose to 60% among 18-to-39-year-olds, said Fox.

Despite the rise in digital engagement, Fox said that Facebook's



research discovered car retailers were still failing to communicate as well as they thought.

Fox highlighted a quote from ASE chairman Mike Jones in her presentation, stating: "Car retailers who embraced interaction with customers virtually significantly outperformed their rivals."

Seven-in-10 businesses told Facebook they thought they were communicating effectively with customers. "However, when we asked consumers, just two-in-10 agreed," said Fox.

RAPID RTC vice-president, Pontus Riska, said that all investment in digital consumer engagement must be carefully considered by car retail businesses – regardless of the need for urgent action injected by COVID-19 during the past 10 months – and not "just done as a tick box exercise".

He pointed out insight from Harvard Business Review which suggested a combined \$1.3 trillion (£953bn) was spent on digital transformation last year.

"What is the kind of return could you expect to see on that investment?" he asked. "McKinsey estimates that an industry like ours would see an ROI of between 4% and 11%."

Riska suggested that retailers should be targeting strong returns from their investment in order to capture the opportunity presented by car buyers' online shift.

RAPID RTC data showed a 215% increase in customer enquiries to car retailers between April and June and a 22% cumulative increase in cumulative enquiries year-on-year in 2020.

Riska described car retailers' ability to adapt to the changing trends in 2020 as "tremendous", but urged businesses to continue driving the strengths they have forged.

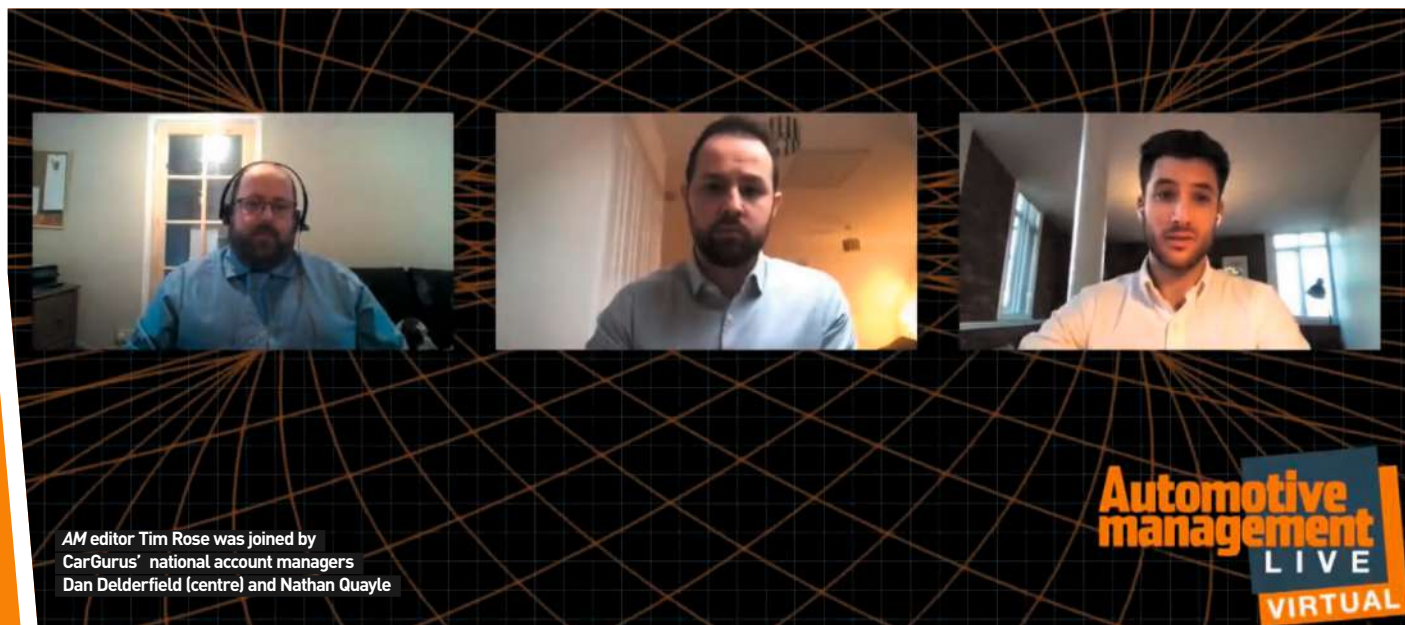
One key takeaway was the growing need to respond to customers 'out of hours', he said.

"One-in-three enquiries are initiated out of hours," said Riska. "A great way of exceeding expectations is to respond at these times when people aren't sure whether they will be able to connect with someone."

» CONNECTING WITH CONSUMERS IN A DIGITAL WORLD

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CarGurus



AM editor Tim Rose was joined by CarGurus' national account managers Dan Delderfield (centre) and Nathan Quayle

'I'LL BE BACK' – BUYERS LOST DUE TO COVID PLAN RETURN

Only a small number (7%) say they have put off buying entirely, sentiment survey shows

This year has started tough, but we're really optimistic about what's to come and I think dealers should be as well."

That was Dan Delderfield's upbeat start to this presentation to AM Live Virtual for which he was joined by fellow CarGurus account manager Nathan Quayle.

Quayle outlined the results of CarGurus' November 2020 sentiment study which showed 48% of people who'd planned to change car in 2020 now plan to in 2021. Only 7% said they had put off their purchase entirely.

Quayle said those who are putting the purchase off will come back into the market when their own circumstances improve. Now it's important for dealers to remain visible, using 'soft' marketing emails informing them what the business is doing, such as preparing for re-opening or supporting COVID-secure operations.

Three-quarters of all consumers surveyed in 2020 said they are still researching about their choice of cars. CarGurus also found that 20% who had not planned to buy in 2020 anyway now aim to change their car in 2021.

More consumers are open to the concept of buying online – up from 38% pre-pandemic to 66% currently – but only one-in-three said they would prefer to buy online.

Quayle attributed this to more people becoming accustomed to ordering groceries and household items online in the pandemic, so

their confidence in digital has grown.

"During the near term, innovate existing digital retail solutions to meet that current buyer demand," said Quayle.

Delderfield said consumers who've been forced into doing more online, and enjoy the experience, may not go back to their old shopping habits.

Some 84% now prefer using at least one contactless service, such as private dealer appointments, video tours of a vehicle or home delivery.

Home delivery is now preferred by one-in-three buyers. However, 54% of dealers are not advertising the contactless services they provide, so could be missing out on business.

He also suggested some consumers who have dramatically reduced the use of their current car may be considering a change so

as to reduce payments, for example.

An advantage of more buyer activity moving online is the data it generates for retailers, said Quayle, and dealers need to leverage this to identify how competitive their stock is and to know where their strongest margins can come from.

Quayle said speed of sale is important particularly because price, demand and change have been dramatic in the pandemic.

Dealers should also share plenty of detail when marketing stock, as CarGurus' research shows a rising trend in people searching for specific trims and optional extras.

"If you are not showcasing them online, that car will not be found when a customer searches in a particular way," he added.

"If the customer has this complete set of information online, you'll be engaging in better quality conversations once the lead has been submitted."

DRIVING ENGAGING CUSTOMER EXPERIENCES

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QUALITY TECHNOLOGY BUILDS TRUST WITH ONLINE BUYERS

Consumers are growing increasingly willing to try new ways, CitNOW research shows

Once free from lockdowns more and more dealerships are finding it easier to use technology, and this is vital given consumer interest, according to CitNOW chief executive Alistair Horsburgh.

Technology plays a role in creating the crucial sense of trust for consumers shopping remotely.

"The guiding principles are responsiveness, transparency, flexibility and reliability," said Horsburgh. "Customers need to feel that you're there for them, if they don't, they don't buy from you."

At AM Live Virtual the automotive video software firm launched a new report, *Accelerating The Digital Customer Experience*, based on surveys of 500 people working in motor retail, and 1,000 consumers in key car-buying demographics.

The research found that one-in-three of those surveyed will consider buying their next car online and, as customers get more confident, they want more information from the dealership's digital communications, Horsburgh said. But 54% of participants still expect to visit a dealership when they can.



Tim Rose and Alistair Horsburgh discussed the impacts of COVID-19 on dealership and customer interaction

Since lockdowns, there has been much switching to click-and-collect, which shows some consumers are willing to try new ways.

Horsburgh urged dealerships to give thought to the customer profiles they deal with and tailor their approach accordingly. Younger customers value speed of response to enquiries, but older ones (41-50) don't as they rate quality of information as much more important.

Car buyers aged 40+ say a money-back guarantee and home delivery

gives them confidence to buy online, otherwise they also require a test drive when dealerships are open.

CitNOW was surprised that men are twice as likely as women to receive a video in response to their enquiry. Yet women rank a video as extremely valuable, so sales managers should address this.

In 2020, 84% of customers found video to be a valuable part of the customer experience, an increase of 11 percentage points since 2017.

Overall, 44% of car buyers place high value on a personalised, walkaround video when choosing between dealers.

CitNOW's research found 44% gain confidence in the experience from a car walkaround video, 44% from a money-back promise, and 39% from home delivery.

Among the industry professionals surveyed, 93% felt video was a key tool to keep in touch with customers,

and in 2020 83% had invested in improving contactless communications.

Horsburgh was joined by Colin McAllister, group training and development manager at John Clark Motor Group.

McAllister said: "One of the ways of adding value to the car is by doing a really high quality 360-degree presentation video of it."

McAllister warned that salespeople often put on a persona in these, however, and since June 2020, the Aberdeen-based AM100 group has used live video to interact with customers.

With this the sales people are more relaxed, and can handle queries and objections immediately.

"It's become part of our whole online sales model," he said. Dealerships have also used it to give appraisals and valuations of a customer's part-exchange.



“ONE OF THE WAYS OF ADDING VALUE TO THE CAR IS BY DOING A HIGH QUALITY 360° PRESENTATION VIDEO

**COLIN McALLISTER,
JOHN CLARK MOTOR GROUP**

» STEER YOUR DEALERSHIP INTO ONLINE SUCCESS

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IMPORTANCE OF PROTECTING DEALERS' ONLINE REPUTATION

Delegates told there's a link between companies' reputation score and the revenue achieved

The consequences of ignoring online reputation include missing out on enquiries and sales, warned Phil Capper, enterprise sales manager, at Reputation.com.

Google is the dealership's front door now, he said. Capper added that people now naturally search online for information on any product or service they want, so it is vital to ensure that the Google My Business (GMB) panel, which shows a dealer's opening hours, contact details and reviews, is up to date.

Google wants to help businesses improve their visibility online, such as by encouraging reviews and responses.

Systems such as Reputation.com's are capable of holding that information and pushing it out to Google nightly, and this ensures Google knows it is updated and can rank it more highly in search algorithms.

GMB and reviews, responses to questions and citations all contribute 64% of ranking factors in Google local pack search.

"This has a huge influence in how Google will see your business and ultimately rank your organisation in that all-important Google search," he added.

Dealers can use sentiment maps to



“NOW SALES AND SERVICE STAFF THINK ABOUT HOW A CUSTOMER MIGHT GO HOME AND REVIEW THEM

**HARRY PENNINGTON,
ROBINS & DAY**

understand what consumers are saying about their businesses.

Taking into consideration sentiment of customers, visibility in search, and how well you're engaging customers and responding to feedback, the company creates a Reputation Score, and Capper said there is a correlation between the trend in a reputation score and the revenue being achieved by the business.

Robins & Day chief executive James Weston said the AM100 group gains clear insight from verbatim comments, and weekly and monthly reports, that help it identify issues to correct. And Weston's senior colleagues can see easily how any one site performs compared with others.

"One of our goals is to exceed

customers' expectations," Weston said.

Harry Pennington, head of marketing at Robins & Day (pictured), said in the past dealerships were focused on their CSI (customer satisfaction index) results, but now their focus is broadly on the way a dealership looks online to retain customers and win conquest sales.

He said now sales and service staff do think about how a customer might go home and review them. And the group's general managers have the responsibility to reply to all of those reviews, whether positive or negative.

Capper concluded: "Reputation is the responsibility of everybody in the organisation."

DATA POWERING ACTIONABLE INSIGHTS

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SUPPRESS WASTED MARKETING

Session attendees urged not to waste marketing spend or, more importantly, marketing time

Automotive management LIVE VIRTUAL

Data powering actionable insights for the Automotive Industry

Covid will change both circumstances and attitudes

Attitudes towards changing financial situation by MOSAIC Group

The potential path to any large purchase depends on two elements.

1. The ability to afford your considered purchase at the outset
2. The confidence you have in the future: how to weather the financial impact in times ahead.

Disposable Income variation - economic forecast

SESSION SPONSORED BY

experian

Knowing who your customers are and who's around you gives you insight into the customer base to target, said Clive Gosling, head of consulting, Experian Marketing Services.

Real-time insight for marketers is now the huge opportunity. "Suppress wasted spend in your marketing, but, more importantly, suppress wasted time," he said.

"You want to maximise your insight across all the channels, and you don't want to communicate to people that you don't want or who don't want you."

He said it is more vital than ever for dealers to get their first party data in order: capture it, use it,

refresh it and don't waste it, because it will get harder and harder to capture consumer data online.

Examining the COVID pandemic impact on two key automotive consumer demographics, older high earners heading for retirement, and younger high earning families with kids and a large mortgage, Experian found the former is more likely to buy or lease a new car and the latter is slightly less likely.

"The potential path to any large purchase depends on two elements: the ability to afford your considered purchase at the outset, and the confidence you have in the future and how you'll weather the financial impact in times ahead," he said.

"Now, more than ever, what people think is going to happen will determine what they do today."

Its econometrics modelling shows consumers in the south-west, East Anglia and the north of England will likely have less disposable income in the near future, while those in the home counties, eastern Scotland and south coast will have more.

He examined electric vehicles (EVs), noting that "as a market shifts towards entirely electric vehicles, the people who can access this market change. Prior to today, EVs were probably the privilege of the quite well off with their own

driveway, but now new groups are emerging into the EV market."

One type Gosling highlighted was 'new foundations', typically couples aged 26-35 with full-time jobs and living in new or modern homes.

In the past four years this type has risen to be 2.5 times more likely than the average UK consumer to buy an EV.

They are early adopters of technology and, as EVs have become more attainable, they are poised to purchase. But it's not that simple, he said, as marketers need to factor in their confidence in the future, their actual spending power etc.

'LET'S LEAVE HUMANS FOR THE MOST VALUABLE INTERACTIONS'

Dealers urged to allow data-driven electronic communications to carry out the 'heavy lifting'

Last year the importance of contact strategy, using social media, email and SMS, became evident to dealers. In 2021 these plans are essential to keep dealerships in contact with customers, said Jeremy Evans, managing director of Marketing Delivery.

Evans said clients who had e-CRM contact plans in place have been able to maintain contact with customers despite the difficult times.

Since the start of the pandemic a consumer's physical interaction with the dealership has moved to much closer to the final transaction. Much of the purchase funnel interaction now happens online.

"The age of the walk-in is, at least temporarily, over," said Evans. His company's research of

876 consumers intending to buy found 46% were now less likely to visit a dealership in person when researching their options.

Evans said there have been some shifts from car ownership in recent years amid young, urban adults. However, in the pandemic, following Government guidance to avoid public transport where possible, some of these have changed tack.

The research found one-in-three nationally has reduced their daily spend since the lockdowns and, consequently, has considered a car purchase more seriously.

"Adding communication steps to keep leads warm during this consideration phase has reaped rewards for diligent dealerships," he said. Automated technology can help much more and deliver contact in volume.

Not all are diligent. Evans said day after day sales customers' enquiries don't get followed up, and those customers head elsewhere. The same is true in aftersales, and



Jeremy Evans
said walk-ins are
over temporarily

dealers which use digital tools to issue reminders and follow-ups to the customer database will retain service business, plus it allows for messages about COVID-safety.

"We're looking to supplement human contact," Evans said, "let's leave humans for the most valuable interactions."

Cambria Automobiles marketing director Ian Godbold said in a testimonial that the ability to use its data for e-CRM during the lockdowns has been a crucial "safety net" and way of updating customers on changes such as MOT test extensions, as well as stock still for sale.

"Using email triggered by our data kept our used car stock in front of guests at a time when dealerships were closed and enabled us to maintain engagement with the guest electronically," Godbold added.

He said, if a customer clicks through their email, the system alerts managers that they're clearly an in-market buyer, plus it starts a retargeting process which puts that

vehicle in front of the consumer as they browse the internet.

Godbold added: "During COVID it has come to light just how important this is, our numbers increase week-on-week."

Keith Jackman, head of marketing at Sandown Mercedes-Benz, said: "We have probably had more contact with (customers) than in previous years, even with fewer colleagues available to make calls, as the data-driven electronic communications have carried out the heavy lifting."

Evans concluded: "Before COVID, many were asking if e-commerce would ever be viable in automotive any time soon. We soon had our answer."

"The number of dealership website updates, with e-commerce added, has been staggering. The addition of click and collect, click and deliver, those options previously unthinkable, now become standard operating procedure for many dealerships."

Ian Godbold said
numbers increase
week-on-week



RENEWAL AND RETENTION

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PLAYING NEW 'TRUMP CARDS'

Presentation discusses retaining customer loyalty when important point of contact disappears

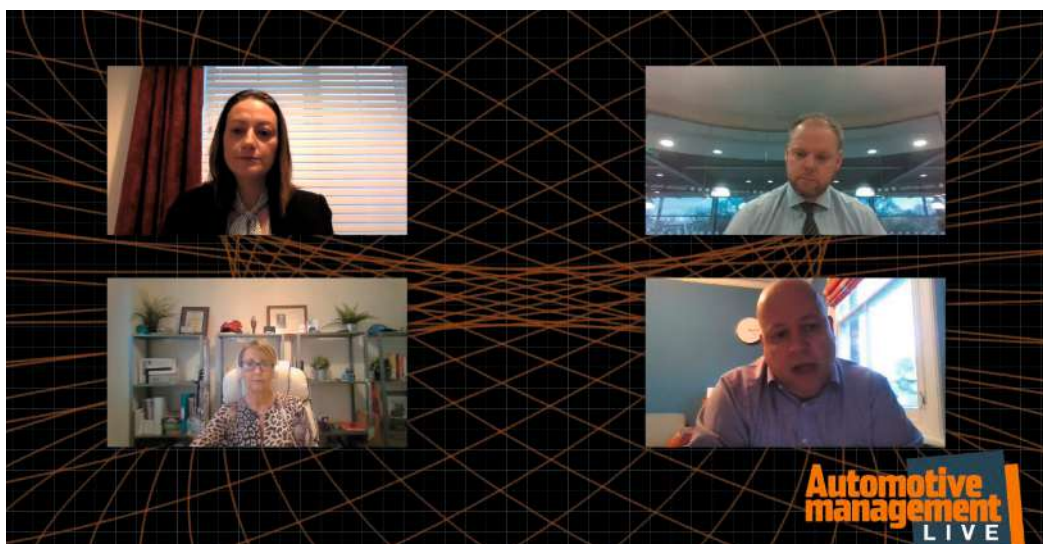
Mercedes-Benz of Exeter general sales manager Richard Golsworthy admitted that the loss of showroom visits at the start of the COVID-19 pandemic had seen his sales team lose their "trump card" in securing sales.

But in its AM Live Virtual 'Renewal and Retention: 2021 Vision' presentation Chrysalis Loyalty's global head of academy and learning, Lyn Howdon, and commercial director, Mark Fretwell, teamed up with Golsworthy to reveal many of the tools retailers can turn to in order to retain customers in uncertain times.

Speaking in the webinar's Q&A section, hosted by Johnsons Mazda Gloucester general manager Helen Price, Golsworthy said: "Our best weapon, if you like, to get people over the line is having people in the showroom and once that was gone that was the loss of our trump cards."

"We've had to re-think how we were getting hold of our customers and maintaining contact with them."

"Some have put up barriers a bit until lockdowns are over, but with those that aren't responding we're trying to maintain contact as tangibly as we can, building CitNOW into the process to recreate the theatre of the car."



Golsworthy said the dealership had received "a great response".

In her presentation, Howdon said that "the battle is no longer in the showroom" as she revealed timely communication of the renewal offers from Golsworthy's team had delivered 50% customer retention.

He started out diligently recording customer data on paper in his early career – combing through finance agreements to determine when each might become a sales prospect. Yet Howdon showed how digital tools have now made it possible to automate many processes.

Prospecting service customers had also proved to be a surprising vector for unexpected deals, Howdon said, stating that a conversion achievement of one-in-14 service customers was "not unusual" for Golsworthy.

SMARTPHONES ONLY

Howdon said Golsworthy had imparted that he could "see a time coming when the sales team members work almost entirely via their smartphones".

She added: "We need to find all the ways to embrace the opportunities brought to us by digital communication."

While Chrysalis's Key2Key system is designed to send customers renewal offers, with finance options accurate "down to the pence", Fretwell said car retailers should also be embedding bespoke renewal offers into customer landing pages – which require a log-in – on their websites.

And Howdon said: "Allowing customers to explore their own renewal offers via a URL or a landing page, when it suits them, even if they aren't a lead in parity is a powerful tool and can generate a response from a customer who is willing to make a cash contribution to replace their vehicle."

Posing questions in the Q&A session, Price asked whether the acceleration of digital marketing and sales methods during COVID-19 might bring an end to the concept of loyalty, with an increasing number of people now willing to buy online.

Fretwell said: "I don't think (loyalty) will disappear but it's definitely going to evolve."

"In the future we think there's going to be a lot more digital components involved in loyalty."

"Overall, I think the number of touchpoints will increase."

"Customers want to be empowered by information, but they hugely value personal contact."



**“WE’VE HAD TO
RE-THINK HOW
WE WERE
GETTING HOLD OF
CUSTOMERS AND
MAINTAINING CONTACT**

**RICHARD GOLSWORTHY,
MERCEDES-BENZ OF EXETER**

ACT DIGITAL, BUT THINK LOCAL

That's the advice from JudgeService to dealers seeking to win an 'unfair share' of the market

The pandemic has advanced dealers' online capabilities. But, consumers are still a mixed bunch, and JudgeService boss Neil Addley advised AM Live Virtual attendees that there are many steps to success.

Focus needs to remain on marketing effectively, responding well and delivering on any promises made to a customer.

Although classified car marketplaces continue to dominate, JudgeService's data shows that there has been an increase in consumers who've bought after finding their car through Google and through the dealer's website.

"Act digital, but think local, to win an unfair share of the market," said Addley. "Make sure your visibility in your local market exceeds that of your competitors."

JudgeService's research has found that online-only customers give a lower net promoter score (NPS) than those who use both online and showrooms, and overall satisfaction for physical visits rises in between the lockdowns.

Addley said consumers

are less satisfied with online-only; they're being pushed in that direction by the lockdowns.

He added: "Online enquiries peaked at 42% in June. Historically, they've been around 18%. From that 42% they fell back to the mid-20s in July to October as we enjoyed the mini boom, then headed back up to 32% in November (lockdown 2) and back down again in December."

"My guess is they will stay around 25% in the future, growing a little over time. But don't underestimate the importance of phone calls, which were higher than online in November. It's telephone skills that pay the bills."

Based on November data, lost sales analysis shows 42% are still in the market for a car and, of those, 40.7% are still waiting to hear from the retailer on matters such as finance, stock availability or the part-exchange valuation.

"Literally four-in-10 are a call or email away from a potential deal," Addley said.

The top causes of discontent for consumers who didn't buy are the negotiation, the car or test drive, and the dealer's staff. Among those put off by staff, 60% blamed the lack of a requested follow up.

Some 75% of those not content with the car found their desired car wasn't stocked or was unavailable



Neil Addley is JudgeService's founder and managing director

» NEIL ADDLEY'S QUICK TIPS FOR A SUCCESSFUL 2021:

- **Making contact after delivery reduces the number of detractors.**
- **Responding to reviews is seen positively by customers.**
- **Think customer. Do the research required to keep tabs on their sentiment.**
- **Act digital, think local. Ensure your local visibility exceeds that of competitors in marketing, reviews and social media.**
- **Always deliver first class service. The higher the customer satisfaction, the faster used cars sell.**

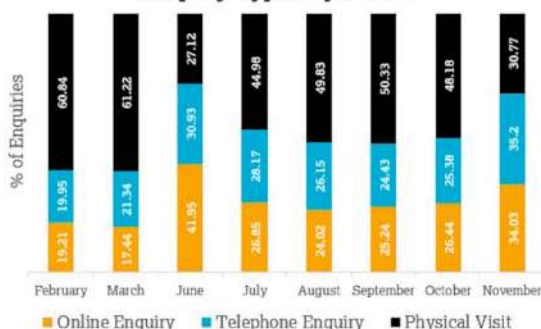
for test drive. And those frustrated with the deal mostly found they had a better part-exchange valuation from another retailer.

Mark Busby, commercial director at Hendy Group, told attendees how the AM100 dealer group works with JudgeService.

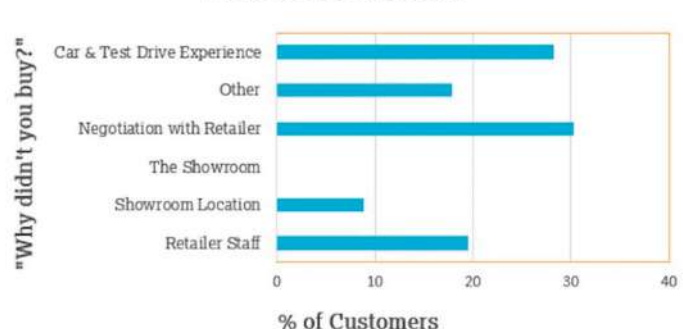
In 2020, Hendy commissioned it to conduct ad hoc surveys of its customers, including their attitude to returning to car showrooms and workshops once lockdown eased, and about their thoughts on carbon offsetting to help shape future services.

"This was to understand how they feel about contributing to offsetting their carbon use through their vehicle, providing valuable insight to help us inform and shape products for the future," said Busby.

Enquiry Types By Month



Voice of the Customer



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FACE TO FACE: PETER VARDY

DIY CUSTOMERS ARE THE MOST PROFITABLE

Peter Vardy Group boss reveals customers buy more add-ons and finance when they don't speak to a salesperson. **Tim Rose** reports

The most cost-effective way is for the customer to buy the car themselves, where we don't do anything."

It's a surprising revelation from Peter Vardy, given his family's three generations of traditional franchised motor retailers. Through Silver Bullet, a sister company focused on e-commerce software, Vardy found that people buy more add-ons and finance when they don't speak to a salesperson.

The chief executive added: "This is a dagger to the heart for someone like me who's been trained as a salesperson since I was 15. To find out a customer is more profitable when they buy a car without me is pretty difficult to live with."

E-commerce can get the customer most of the way without dealing with many people, and that's the ultimate for how the business can move forward. Second to that is an 'assisted sale' where the customer is helped by a call centre. And third, and less profitable, is dealing with a lead and passing that to a branch.

Not all consumers will buy online, but getting a percentage to do so will generate incredible margin, he said. So the group's 60-strong e-commerce team is set up to sell, from an office, as many cars as the group previously sold from all its dealerships combined.

For 2021, Vardy has an ambition to sell 6,000 used cars online, up from 2,000, and total used car volume of 25,000 units.

He said restructuring into three sales



“THIS IS A DAGGER TO THE HEART FOR SOMEONE LIKE ME WHO'S BEEN TRAINED AS A SALESPERSON SINCE I WAS 15

teams – one for retention, one for showrooms and one for e-commerce – allows the business to get each team to play to its strengths and work more efficiently.

"Our cost of sales discussion is not that we'll have fewer people, we'll just sell

more cars," he said. He's more keen to invest in stock than in bricks and mortar, and keep a close eye on cost-per-enquiry.

He said his decision to exit Vauxhall's franchise at six sites and convert them into used car sites, branded Carz, was led by return on investment. It enables the group to stock up without buying more premises and they are located within reach of 80% of Scotland's population.

He said the first lockdown in 2020 allowed the managers time to examine different aspects of the business, whether that be aftersales, F&I, e-commerce or being the best place to buy. Meanwhile, staff on furlough were offered training workshops or the chance to volunteer in their communities.

Weekly competitions and video messages kept staff engaged and informed, and Vardy said the increase in communication was a real positive.

"For me, as a Christian, it's to make sure we run the business in the right way. So, quickly we decided the most important thing was to look after colleagues' physical, mental and financial wellbeing," he said.

The group minimised its need of the Government funding, made no one redundant in the crisis, and set aside a £500,000 charitable contribution to support communities. Vardy and his father, Sir Peter Vardy, had a call at 3pm daily when they also prayed for the staff.

Recently, the group has begun offering all staff an annual 'MOT' from a counsellor to help keep them on good form.

TOO MUCH EMPHASIS ON TECH, NOT ENOUGH ON LEADERSHIP

'When you hire a pair of hands, you get a brain for free. Use it', delegates are urged

Tips on business leadership during a crisis were shared with AM Live Virtual delegates by JCT600 HR director Katie Saunders and business change and leadership expert Dr William Holden of Sewells.

"It was Lenin who said 'there are decades where nothing happens, and there are weeks where decades happen'. That is so true for what's happened since March 23," said Holden.

Holden said technology is great at creating new ways of working, but there has been too much emphasis on this and not enough on leading people.

"Given what happened in 2020, God do we need some leadership, some vision and a new reality?" added Holden. "Leading people in a digital age is about

managing their thinking, their attitude and their behaviours, with the assistance of technology."

Leaders should help their people to focus on the areas they can either control or influence. People can spend too long thinking about concerns they can do nothing about and that can kill their enthusiasm.

WORST CASE SCENARIOS

■ When people on furlough had zero contact from their managers for weeks.

■ When people working from home got an email from their manager on Monday with a 'to-do' list to complete by Friday afternoon.

■ When people were micro-managed by managers seeking to track every hour of their work, destroying trust and confidence.

BEST CASE SCENARIOS

■ Senior leaders who've upped their game, and inspired middle managers to do the same.

■ Leaders who've shaped a new company mission, with a compelling vision for change, and a recovery plan. These convey hope.

■ The best communicated that plan with passion and clarity to help staff understand the direction for change, what it is trying to achieve, and most importantly, why. Yet, crucially, they make it clear to staff they don't have all the answers so they need the workforce's help.

"When you hire a pair of hands, you get a brain for free. Use it," said Holden. "Try to get people to come up with ideas, to use that thinking time, to complement the plan or even challenge it to make it better. Nothing gets a sense of ownership, passion and team spirit better than engaging people in that way."

He said once people know the 'why', they can often work out the 'how'.

Communicate in groups, motivate individually, Holden said.

As an AM100 group with 2,300 employees, JCT600 was "catapulted

forward" in the ways its workforce communicates by the first lockdown, said Saunders.

The end of March required "extreme planning skills". Saunders added: "Really great, joined-up communication was needed. Almost overnight we needed to be clear, calm and consistent, but multiply our business communication by 20 to get through the challenges we were all facing."

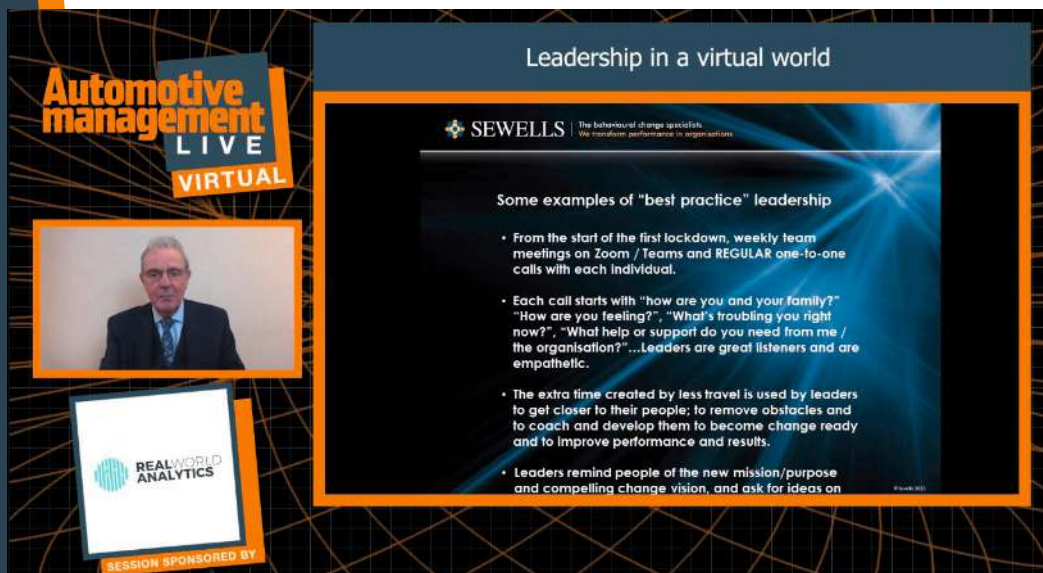
Saunders said new routines using MS Teams emerged quickly, and those routines are still in place: weekly senior team catch-ups; one-to-one conversations; monthly updates to heads of business and group managers; monthly chief executive bulletin to all on key topics such as furlough, wellbeing and pay; and all business information is cascaded to divisions weekly.

The consistent message is that it's still about people, she said. That need for a human connection is still hugely important.

Saunders said during furlough periods JCT600 rotates staff, so an employee will have one week furloughed, one week at work, and one week working at home. This has worked well to keep people motivated and informed.

All JCT600's leaders have realised it's now so easy to quickly gather everyone together to update on an important piece of information, whereas in the past it might wait until an end-of-month gathering.

She said: "Without doubt, our productivity as a company and individually has shot through the roof. Multi-site managers are not spending hours travelling. They're able to spend that time with people virtually. The word most of our leaders use is 'liberating'. That's something we definitely won't go back to."



Automotive management LIVE VIRTUAL

Leadership in a virtual world

SEWELLS | The behavioural change specialists
the modern performance in organisations

Some examples of "best practice" leadership

- From the start of the first lockdown, weekly team meetings on Zoom / Teams and REGULAR one-to-one calls with each individual.
- Each call starts with "how are you and your family?" "How are you feeling?", "What's troubling you right now?", "What help or support do you need from me / the organisation?"... Leaders are great listeners and are empathetic.
- The extra time created by less travel is used by leaders to get closer to their people: to remove obstacles and to coach and develop them to become change ready and to improve performance and results.
- Leaders remind people of the new mission/purpose and compelling change vision, and ask for ideas on

REALWORLD ANALYTICS

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OEMs NEED TO MAKE MINDS UP

Call for manufacturers to be upfront and tell franchised dealers who they want to remain involved

Car manufacturers have been urged to be upfront with their franchised retailers about who does not fit into their future plans as an agency model, omnichannel retail and greater vehicle complexity accelerates across the sector.

ICDP managing director Steve Young said it was vital for car retailers battling with the fall-out of COVID-19 to be made aware of their status in OEMs' plans to allow the sector's operators to invest or divest of their operations as smoothly as possible.

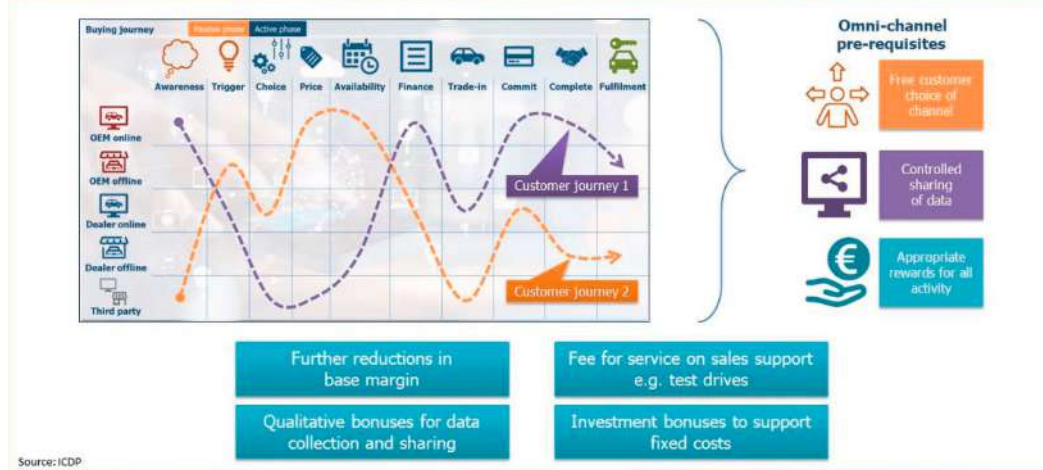
"They need to be upfront with the dealers they work with and decide now who they are going to keep and who doesn't fit into their view of the future," he said.

"It's better for the people who stay because they can invest with confidence."

While the accelerated shift towards digital car sales over the past 11 months has forced all businesses to adapt, Young warned that the impact of the sweeping introduction of the agency models will soon be felt.

"Things have moved up a gear in the past one or two years and we expect it to accelerate going forward because we see bigger pilots being

For those where a switch to agency is a step too far, dealer reward models still need to change to positively drive or support engagement with the omni-channel model



run in more significant markets across all products", he said.

"There a roadmap that's been announced by some manufacturers like Mercedes-Benz for example, which tells us when the next market will move to agency."

Young added: "It's disruptive in that they are prepared to make fundamental changes across the whole of the network."

In his AM Live Virtual interview, Daksh Gupta, the chief executive of

Marshall Motor Holdings, had reiterated that he was keen to embrace a shift to an agency model, where the sales contract is with the manufacturer.

In his 'Dealer Sustainability' seminar, sponsored by CDK Global, Young clearly stated that all car retailers who hope to have a future as a franchisee with certain brands will have to adapt to the new model.

For OEMs that don't move wholly to an agency model, Young said there would be complexity attached to a contract that adapted to new omnichannel retail.

Any agreement would need to take into account customer choice and allow for the fact that a proportion of car buyers may choose to complete part or all of their journey online, drawing more or less on the assets of the franchisee, he said.

Regardless of the form of contract, Young said consumers now expected an omnichannel car buying journey.

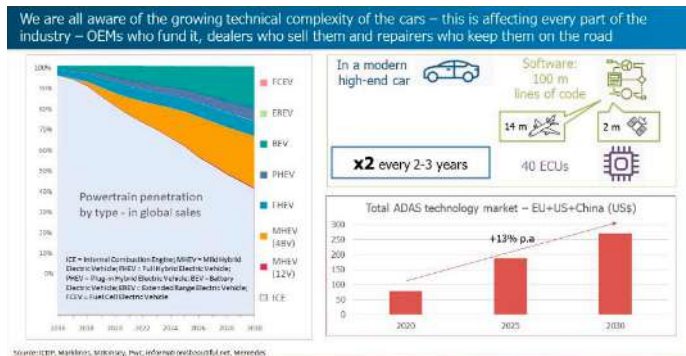
He pointed to the NADA Dealer Impact Survey 2.0, which indicated that the number of car buyers completing the sale online, and enjoying a better online experience, had "moved forward".

"What's a given is that customers expect the omnichannel experience and, although COVID may move the needle to some extent, there is a majority of new car buyers of all ages that want to do some of some," he said.

The shift to omnichannel car sales will have another impact.

As previously suggested by ICDP, OEMs will continue to reduce the scale of their dealer networks, Young said, with fewer sales points but a need for the continued provision of a localised aftersales service.

He said: "We have, even in the UK, too many dealers to support the requirements of modern customers."



COLLABORATION INCREASES – EVEN WITH COMPETITORS

That has been one of the welcome, but unexpected, outcomes of the coronavirus pandemic

A cultural shift in car retail has led to retailers and suppliers collaborating more than ever in a bid to adapt to increased online trading and shifting customer expectations.

GForces chief commercial officer Tim Smith said a new “willingness now to work together” and “open up information” had been triggered by the accelerated period of change in a COVID-impacted 2020, adding that such an approach was necessary to maintain established dealers’ market share.

Speaking as part of a panel of experts in the CDK Global webinar ‘Connecting the ecosystem; making automotive commerce faster, better and smarter’ – hosted by Matt Bennis, global partner director, CDK Global – Smith said that even competing organisations had been “talking and sharing information”.

He added: “If we don’t change, the customer goes to potentially new entrants in the market who do that better than anyone else.”

CDK launched its ‘Unlock. Unite. Advance.’ white paper at AM Live Virtual and its webinar panel homed in on its key focus areas: retail innovation; dealership challenges; the modern consumer; consumer-centricity; and data and the connected experience.



Summing up the change in customer attitudes as COVID-19 lockdowns forced consumers into the increased use of digital retail platforms, Group 1 Automotive marketing director, Jamie Nash, said: “It’s the Amazon effect – customers expect things to happen quicker.”

ALREADY CHANGING

LSH Auto head of IT, Norman McKeown, pointed out that change in the digital journey was happening in automotive long before COVID-19, however.

He said: “The automotive world was changing anyway. Customers wanted an easier interaction with us. I think what COVID’s done is it’s shown we can do things differently. Not only are we doing virtual meetings with suppliers and OEMs, but we’re also doing that with customers.”

“Our customers are happy with this. They don’t have to travel 30 to 40 minutes to get to us, they can still see the vehicle and those relationships can still be built.”

Both Nash and McKeown agreed that a changing approach from manufacturers and suppliers had

been key to helping retailers realise change in 2020, allowing disparate systems to become connected and data to be shared in the name of a smoother digital customer journey.

Nash said the dual-typing required of various dealer management systems (DMS) had often manifested itself in repetitive processes for customers in the past, but suppliers had been quicker to iron out issues in recent times.

He said: “There have been huge negative impacts from a COVID point-of-view, but suppliers and OEMs have understood those challenges a whole lot more.”

“Our relationships have grown and that’s because it’s just easier to jump on a zoom call. We’re growing that relationship and forging a better understanding.”

McKeown said: “Even down to suppliers you may not normally think of, our telecoms company has provided us with video platforms to help us interact with customers. It’s turned traditional customer/supplier relationships into partnerships.”

Kim Petit, customer experience director at CDK Global, said that

tools delivering car retailers a single online view of a customer would allow a more consistent digital journey that would go “a long way from a retention and advocacy point of view”.

“The priority of that customer journey is just so crucial and we’ve the ability with the technology and the suppliers now to just accelerate that,” she added.

MAKING LIFE EASIER

McKeown agreed, stating that dealers’ technology developments should all now be geared towards making life easier and more enjoyable for online consumers.

“Customer journey is going to be the differentiator now,” he said. “Our customers are better informed than they ever were.”

“They come in knowing what their part-exchange is worth; they come in knowing what they want to buy; they’ve done all their research; so what’s going to differentiate [our businesses] and keep that customer loyalty is us being able to anticipate that customer need and deliver excellence.”

» MOTOR RETAIL PROPERTY

HIGH VISIBILITY DEALERSHIPS 'NO LONGER MAKE SENSE'

Speakers make the business case for scaling down the plots occupied by large dealerships

While most new-build outlets still follow the traditional sales and service model, the world has moved on as internet sales, more gender equality and the COVID pandemic have helped change consumer preferences, said Robert Stephens, partner in property firm Robert Stephens & Co.

He said over the past decade other sectors have adapted much faster.

"The industry can learn from the successes and mistakes of others, but it's important to act now, cutting out the dead wood and establishing the structural elements of the future retail distribution network," he added.

Collaboration between manufacturers and franchisees is needed to adapt retail representation. Full service dealerships at historic levels of representation are no longer competitive against demand for other land uses and industries which are much more space efficient, such as trade counters. Car dealerships are space-hungry in their current form, he said.

And, while there are stocks of older motor retail properties, the best of these will be cherry-picked by other industries seeking sites.

Stephens said some of the huge sites developed by manufacturers and dealer groups, under sale and leaseback arrangements, will also be a far bigger legacy, as designs have failed to recognise the changes in consumer behaviour and the leases are inflexible.

Many of the flagship sites beside London's M4 have head lease rents around double the affordable rent.

Richard Adams advocates introduction of multiple brand 'service factories'



It creates challenges for future viability. Stephens said putting dealerships in high visibility spots along major A roads no longer makes sense.

Stephens showed that property investors are uncomfortable with motor retail's costs and business model when they could invest in developments for industrial use and make much more profit.

"So we have a choice: suffer a slow, uncontrolled period of attrition driven by external market forces, or begin to rationalise the density and nature of future representation to build resilience against competing land users," he said.

Acting now would also discard expensive ongoing property obligations and free up capital.

Accendia Consulting's Richard

Adams spent 30 years with Volkswagen Group in senior roles responsible for dealer facilities, network strategy and retail property before starting his consultancy in 2019.

He told delegates that as the franchise structure evolves, with agency agreements and OEM direct sales for example, it is feasible to expect changes in who invests and bears the property risks.

The evolution brings scope for more diverse and efficient property solutions, and brand networks of 100-200 sites will reduce significantly over time.

Customers will require convenient access for aftersales however, and Adams believes multiple brand 'service factories' would provide

scale and operate in standard buildings available in the general market, if OEMs allow it. Add more services such as car test-drives and handovers and these locations offer extra convenience.

As the motor retail ecosystem develops, fewer 'destination' sites are needed but other points of representation could be trialled.

Adams said OEMs know there's a need for change. But, given the investments already made in dealerships, the issue is how and where to start. Key considerations must be high property utilisation, scalable design, limited bespoke content and maximum market attractiveness, he said. He added he sees little sign of change in OEMs as yet.

AN END TO THE PAPERCHASE

Knowing where to start the digital transformation can be hard, but the effort is well worth it



AM's Tom Sharpe (top left) with (clockwise): Arena Group's director of technology, Neil Maude; digital services consultants Richard Wells and James Spencer; head of marketing Gillian Murray; and Andy Cowling, channel marketing specialist, Fujitsu

"A retailer can become more efficient and resilient by embracing digital transformation," Neil Maude, director of technology at Arena Group told a session of AM Live Virtual.

He and colleagues from Arena Group, a Xerox company, outlined the efficiencies available to dealer groups from leaving behind the traditional filing cabinets and forests worth of paper.

Using document and information solutions, such as Arena's mstore system which captures and stores documents, businesses can make their workforce more efficient, flexible and accountable.

"Storing documents can drive

activities within your business. Doing this digitally, rather than on paper, brings visibility and easy sharing of information."

Arena works with many dealer groups including Lookers, Arnold Clark, Perrys and Hatfields, and mstore is now live in more than 600 dealerships.

Maude said although most retailers embrace digital for the external, customer-facing parts of the business, behind the scenes operations are still often paper-based and labour intensive. "This can mean you're carrying extra costs, and may even impact your customer service," Maude said.

Knowing where to start with digital transformation can be hard, he said, so Arena focused on vital areas:

- Dealers must comply with financial regulation, franchise standards and even warranty matters, and this creates a burden of paperwork, filing and preparation for audits. And paperwork goes missing sometimes. But a digital process would include automated checks as you go, ensuring all

information is there and correct, shareable across multiple sites and ready to provide to auditors.

- With home and distance working now prevalent, digitalisation will enable the business to centralise some functions which would be a challenge in a traditional paper process. It can give secure, ordered access to the people who need it, and remote checks can be done frequently.

- Streamlined processes reduce the effort required to access information and the checks taken.

- Digitising in-bound post as it arrives allows businesses to keep track of it and route it quickly to the appropriate person, which can be vital for customer complaints that come in.

- Reducing the processing costs for invoices: digitising the invoice on arrival lets a business track it and file it, and avoids duplicate or fraudulent invoices being processed at a cost to the business.

- Business continuity: Businesses can keep on top of things regardless of location, so users on

one site can cover for others elsewhere, and disruption can be minimised.

- Scanning customers' identity documents reduces a need for contact, which customers may currently want to minimise, and enhances security and GDPR compliance.

- The environmental sustainability aspect is becoming important to many businesses, and reducing paper use is one way of 'going green' together with less need for printers and copiers – truck dealer eStar Mercedes-Benz reduced its paper requirement by 6,000 sheets within two weeks.

- Safer on-site sales, through making customers able to sign digital sales documents on their own phone screen.

Testimonials from Soper BMW and Sandown Mercedes-Benz showed digitalisation freed up their staff from chasing sales paperwork to focus more on customers, and Vertu Motors has reduced its administration staffing to be more effective.

➤ EASY WINS FOR AFTERSALES

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YOU GIVE GOOD SERVICE, TALK IT UP TO YOUR CUSTOMERS

Ensure aftersales colleagues understand true value of your offering and pass it on to clients

Franchised retailers should be drilling their service departments to better communicate the value in their aftersales proposition.

That was one of the key messages from Coachworks Consulting managing director, Karl Davis, as he presented his 'Jam Today: five habits for sustainably higher aftersales performance' webinar as part of AM Live Virtual.

Davis aimed to outline his five top techniques for aftersales departments to increase their profitability in 2021 in the presentation – sponsored by Gtechniq Platinum UK – after asserting that car retailers must start working to maximise margin and volume once more in the wake of COVID-19.

"There's only three ways of making more money in business: sell more – volume; sell for more – margin; or cut costs, said Davis.

"Now, I think you would agree, right now we've probably nailed the last one, so it's about margin and volume.

“IF WE HIGHLIGHT THE VALUE BEFORE THE PRICE, BEFORE THE CLOSE, WE'RE GOING TO SELL MORE

KARL DAVIS,
COACHWORKS CONSULTING



"We can't save our way out of this position. That's not the future."

Among Davis' top five habits were "the discovery of needs", "demonstrate expertise" and "add value".

The first of these was best put into action via pre-service calls to establish a set of expectations from the customer and the retailer to help ensure expectations could be met or exceeded. The latter two emphasised the need for franchisees to demonstrate why they delivered value.

Expertise should be imparted with the help of "really, really, really simple and succinct word tracks" that aftersales employees can follow and are likely to use, he said.

Next, value should be shown by imparting the level of service that customers will be receiving ahead

of any conversation about the size of an invoice.

Davis said: "It might be because your price isn't the lowest price. The price that your colleagues and your business are presenting to customers on the front line probably shouldn't be the lowest price, particularly if you're a franchised retailer because you've got all the assets and overheads associated with that.

"But, at the end of the day, if we want to influence the customer positively, we want to be sure what we're offering presents good value."

Davis said that making colleagues properly understand the value of your business's offering was at the heart of this.

"Get them to understand the value

of what we're offering," he said, before listing the factors that all play a part.

He added: "There's a whole load of things that equal value: those factory-trained technicians; that original equipment part; that 12-month parts and labour warranty; that complimentary vehicle health check (VHC); the video of the VHC and, and, and... it's a massive list."

"I'm not suggesting we vomit the whole list on every customer, but I am suggesting we signpost some must-haves that every customer is told about.

"If we highlight the value before the price, before the close, we're going to sell more."



DEALERS MUST LEVEL PLAYING FIELD WITH SMR INDEPENDENTS

Splitting servicing teams between new and older cars may be a good idea, speaker suggests

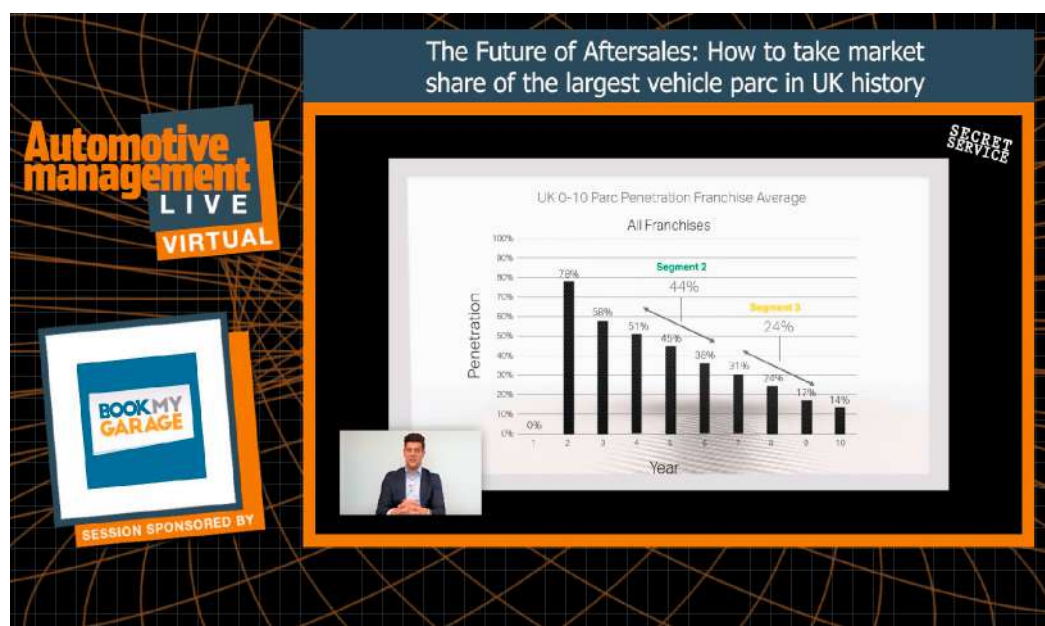
Opportunities for dealers to win bigger market shares of the largest vehicle parc in UK history were explored by former Lookers and Stratstone aftersales director Gavin Ruddick, who is now a brand ambassador for Book My Garage's Secret Service programme.

He told a session at AM Live Virtual the aftersales model for franchised dealerships has not changed much in two decades.

"We have the potential to restructure our workshop operations and use technology to allow us to transact with more customers without increasing fixed cost any further," he said.

The 35-40% drop in new car sales in the past two years means a £600m potential drop in revenues from sub-three-year vehicle servicing, he said. But the volume of four-to-eight-year cars on UK roads is the highest ever, so franchised dealers need to eat into the 64% share of these segments' service, maintenance and repair (SMR) requirements which is held by independent garages.

"The independent sector owns this space today, and the aftermarket spend in 2022 could reach £28bn," he said.



Franchised workshops retain only 44% of four-to-six-year-old cars for aftersales, and just 24% of seven-to-nine-years. Consumers are conditioned by rivals' marketing messages to believe that franchised servicing is expensive.

"We don't know which of our customers are fishing around, and when they're going to leave us," he said.

Ruddock displayed Book My Garage VRM look-up data for 2020 which showed that 75% of searches were from customers with cars aged four-to-nine, so these are clearly shopping around for value servicing.

MOT testing is a critical pull factor which dealerships must embrace, to bring in older cars, he said.

He urged franchised dealers to calculate their aftersales capacity, and then to consider splitting their service operation into two teams:

one an 'express' servicing team conducting first and second services on nearly new cars while owners wait; a second for the older cars, where more additional work is likely, with courtesy cars available to keep customers mobile.

They will also need to adopt a connected aftersales model which will enable technology to better inform technicians before a vehicle is even on site, he said.

For an average 10-12 bay workshop a 20% increase in sales penetration with owners of older cars could bring in £265,000 extra revenue in one year, he added.

"Let's make 2021 the year we level the playing field with the independents," he said.

Using a platform such as Secret Service allows dealerships to market strongly to service shoppers, he said, and, although the services are fixed price, dealers can

upsell VHC work conveniently and achieve a higher final invoice value.

Vertu Motors chief executive Robert Forrester joined Ruddick briefly to outline the success the dealer group has had with older car servicing.

"The growth of the older vehicle parc is clearly a beneficial thing for franchised dealers and we've seen great success in penetrating that market," said Forrester.

He said the closure of some dealerships gives others the opportunity to take that capacity, and franchised dealers are "starting to win the battle" on service due partly to the complexity of modern cars and varied powertrains, plus service plans, second line parts and better marketing by dealers.

"We will get retention if the retailer wows the customer, provides value for money, and the customer then shows loyalty," he said.

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'PAIN' CONTINUES POST-BREXIT

Accountancy firm director says free-trade agreement with EU is 'not the end of the journey'

AM editor Tim Rose joined Deloitte's Sarah Noble and MotorDocs managing director Andy Mee for the Post-Brexit presentation



Car retailers and automotive sector suppliers have been warned that the UK's free-trade Brexit deal with the EU is "not the end of the journey", with reviews and negotiations set to continue for years to come.

Deloitte director of automotive Sarah Noble said rules of origin (ROO), EU Type Approval for vehicles, border bottlenecks, and a need to compile UK-specific CAFE data would be among the issues that continue to impact businesses.

Presenting the MotorDocs-sponsored Economic Outlook Post-Brexit seminar at AM Live Virtual, she said: "This is not the end of the journey that we're on. The negotiation period is going to continue for many aspects of this. It's important to keep an eye on what this means for your business going forward."

Noble was keen to state that the delivery of a free-trade agreement between the UK and EU had been "very good news" and said Deloitte's data had been able to estimate its positive economic outcome.

"We had done a no-deal forecast

for GDP in the UK in 2021 which would have been 1.4% lower than our current forecast, which is at 4.4%, based on a deal being put in place," she said.

Citing the results of the *Deloitte CFO* (chief financial officer) *Survey*, published in January, Noble also reflected on the positive news of the COVID-19 vaccination programme in the UK.

She said that two-thirds of CFOs had expected a significant or severe impact from a 'no-deal' Brexit.

However, in light of recent developments with both the successful negotiations and COVID vaccination roll-out, she said that two-thirds now expect revenues to return to pre-pandemic levels by the end of 2021.

Complications are likely to make any cross-border transactions more involved than they were before Brexit, though.

Noble said the separation meant that "we have created a distant and complex relationship", adding that the HMRC has said there will be £7 billion-a-year additional cost to businesses.

Among the key issues for the sector is ROO legislation, which is likely to impact new car prices and OEM decisions to manufacture in the UK without changes to their supply chain.

Under ROO, components made in the UK and EU will be counted towards "local content" and apply for free trade.

But Noble added: "What we don't have going forward is diagonal accumulation which means goods coming from a country such as Japan – despite having trade agreements with both the UK and the EU – will not count as qualifying content. This means there will be tariffs."

Currently, 45% is the maximum for "non-originating materials" allowed in a product – including an internal combustion engine (ICE) car, tractor, truck or bus – to avoid tariffs.

For electric vehicles (EVs) the UK/EU that figure is 40%.

Indicating that greater local production will be required to keep tariff costs down, however, Noble

said: "That is going to apply until 2023. It's worth noting there is going to be a phasing-in of more stringent rules of origin rules from 2024."

Other areas explored by Noble in her presentation included GDPR, which currently has a bridging agreement ensuring there is unlikely to be any change to regulations for "four-to-six months" and potential issues at UK ports.

January brought congestion at key border crossings as COVID and – in Northern Ireland, in particular – new post-Brexit arrangements delivered an impact.

Noble said that uncertainty surrounding the ease of goods movements may continue for some time.

"We know that there have been some immediate changes at the border," she added.

"Combined with COVID, we have already seen some pain points and we expect that to continue. In January I think there was only 20% of normal traffic, so that's yet to be tested."