“HERE TO TELL THEM THEY ARE WRONG”

CAZOO’S RESPONSE TO THOSE WHO SAY THAT INTERNET USED CAR RETAILING WON’T WORK / P20

GOING VIRAL / P6
How big a threat is Covid-19 to car retailers?

HEYCAR / P27
How it came about and how it’s doing

CONSUMER DATA / P33
GDPR and carmakers’ pressure hits dealers

FORD HALVED
UP TO 180 SHOWROOMS TO CLOSE / P28
Who’s working in your valet bay?
Is there an odd one out?

Consider the reputational impact and ability to do business effectively and recognise the moral responsibility against modern day slavery. Autoclenz is leading the way by being open and transparent, ensuring all its operators are compliant through its robust systems. These checks include; that each worker has the legal right to work in the UK, their identity and driving licence bureau checks have been undertaken and that they are paid at least the minimum wage, often more. What is the cost to your business of not being compliant? Is it worth the risk?

See why the Science of Valetology is just one reason why Autoclenz are the preferred supplier to 8 of the AM Top 10 Dealer Groups.
As this issue of AM went to press the threat of the COVID-19 coronavirus to UK people and businesses was continuing to build. The relief of moving on from Brexit-related uncertainty has been short-lived; now the uncertainty is just how this pandemic will play out.

Motor retailers in regular contact with consumers are doing their bit to follow Government guidance and minimise the risks to staff and customers of contracting and spreading the virus further. This is not an industry which can easily avoid human contact.

It is critical that we avoid panic measures. Automotive managers must keep their staff motivated, understand their fears and rapidly create plans that allow the changes needed in the way they work so they can be reassured.

Undoubtedly, there will be an impact on the new and used car markets here, as everyone remains cautious for a while. The share prices of the stock market listed dealer groups have already taken a blow, and I imagine the SMMT’s registrations forecast will be downgraded next quarter.

If the impact is significant, it will be vital that carmakers ensure bonus money still flows into their dealer networks, to maintain viability and secure jobs.

If ever there’s been a need for the popular message ‘Keep Calm And Carry On (with all sensible precautions)’, it’s now.

\[\text{Tim Rose Editor} \]
\[\text{Tom Sharpe News and features editor} \]
\[\text{Stephen Briers Editor-in-chief} \]
\[\text{Jeremy Bennett Head of digital/associate editor} \]
The new car buying service that delivers profit for dealers

PROTECTS YOUR PROFITS
Uses What Car?’s Target Price to give consumers a fair price and retains profit for dealers.

SIMPLE PRICING
Fixed monthly fee, delivering ROI after a single sale. A leading dealer group achieved sales equivalent to £86.36 Cost Per Sale in Sept 2019.

Ask about joining now to increase your 2020 sales.

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Concerns that China car market experience - down 80% in one month - may be repeated here

Coronavirus has been described as the "biggest immediate threat to the UK car retail sector" after retailers across the country began making contingency plans to prevent its spread.

As the Bank of England (BoE) took the decision to reduce interest rates back to their record low of 0.25% in an attempt to mitigate the effects of a "sharp fall in trading conditions", car retailers across the UK were implementing policy changes to both protect staff and reassure customers.

Mark Carney, the outgoing governor of the BoE, said that while the impact of the virus on the UK was unclear, as yet, evidence of the impact on China had already suggested that the economy’s “direction is clear”.

In the first half of February, car sales in China - the world’s largest new car market - suffered a 92% decline as the spread of the virus intensified. The month eventually ended more than 80% down.

For an automotive retail sector used to focusing on “controlling the controllables”, the coronavirus situation has now moved into pole position in the list of market pressures.

Others are the impact of the EU’s CAFE emissions regulation on vehicle supplies, the roll-out of electric vehicles offering and the ongoing impact of Brexit on consumer confidence.

Marshall, Motor Holdings chief executive, Daksh Gupta, agreed that coronavirus is “the biggest threat to the retail sector at the moment”.

In an interview with AM following publication of Marshall’s 2019 annual results, Gupta said: “Of course, we can control the things that we can control ourselves but what we are dealing with here is a complete unknown.

“Two weeks ago the Italian Prime Minister said this is nothing to be concerned about and today [March 10] they’re locking down the country.” The impact of the coronavirus outbreak on the automotive retail sector’s Plcs has been marked.

In the seven days after the first UK death from the virus, on March 5, Pendragon’s share price declined 32.5% to 8p; Vertu Motors by 24% to 24p; Marshall by 15.3% to 130p; Lookers by 43.8% to 22.45p; Inchcape by 11.5% to 517.3p; Cambria by 13.2% to 55.5p; and Caffyns by 16.5% to 895p.

"OF COURSE, WE CAN CONTROL THE THINGS THAT WE CAN CONTROL OURSELVES BUT WHAT WE ARE DEALING WITH HERE IS A COMPLETE UNKNOWN"

Daksh Gupta, Marshall Motor Holdings

David Peel, Peugeot UK managing director, told AM that its PSA Group bosses in France had advised staff not to take trains or planes due to the coronavirus risk.

Peel said its field team is still visiting dealers “at the moment” but Peugeot has given guidance to limit the risks through use of hand sanitiser and regular washing.

Gupta said Marshall had taken the decision to cancel all international travel for group employees, which had meant postponing a reward trip to Abu Dhabi for its top performing staff.

The group has also followed Government guidelines on additional cleaning of its showrooms and other working environments, the provision of warning signs and hand sanitising. At other AM100 groups, AM understands, consideration has been given to the cleanliness of courtesy cars which are regularly changing hands between customers, with the added expense of a vehicle deep clean among the concerns of certain aftersales departments.

One AM source said: “Certain group training sessions and meetings have been cancelled and the showrooms are getting a deep clean, but the risk of courtesy cars is another challenge completely.

“At the moment we are cleaning cars whenever they return to us but stepping up to a deep clean would incur a huge cost.”

Jonathan Butler, from the automotive team at Geldards law firm, said that it was "unlikely, but not impossible" that a car retailer could be held liable if a customer could prove they had contracted coronavirus through contact with a courtesy vehicle.

"In theory, it could happen, but the customer would have to be able to prove that was where they had contracted the virus and that would be difficult," he said.

"The UK Government does not want us to be litigious as a nation and, in the circumstances, I can’t see this being an issue. But, from a reputational point of view, car dealers need to be seen to be doing all they can to tackle coronavirus.”

While consumer confidence is often measured in terms of the financial health of the average UK household, retailers are now in a situation where they need to do all they can to promote confidence amidst the threat of a health crisis.

Online automotive marketing analyst and consultancy Sophus3 said there was a risk that the automotive industry was focusing on the wrong vulnerability in considering coronavirus’ impact on vehicle and parts supplies, stating that “the concentration should be on the customer and sustaining demand”.

It added: “When the car market in China fell by 80% in February, the problem, from the evidence avail-
The Government’s new Chancellor, Rishi Sunak, revealed that the threat of the loss of staff from businesses as the coronavirus situation develops could also have a significant impact on UK businesses.

As he announced a £30 billion package to meet the challenges to the health service, businesses and individuals in his 2020 Budget, Sunak revealed that up to 20% of the UK’s workforce could be off work at any one time.

That issue could be exacerbated by a decision to allow individuals to self-quarantine without seeing a GP, a new Government measure providing sick notes via the NHS ‘111’ helpline.

Government pledged to refund the cost of having someone off work for up to 14 days in the Budget statement, but the £2bn fund allocated to cover the measure will only apply to firms that employ fewer than 250 staff.

Steve Young, managing director, ICDP, suggested that the situation is moving fast, that an update would be installed for individual buyers (and trade buyers) on certain parts.

He said: “There have been cases of coronavirus reported in Portadown but we haven’t yet had a member of staff self-isolate. We’re deep cleaning the showrooms with a focus on door handles and other contact points.

“There has been a slight rise in online retail activity, though, and I’m grateful that we have the ability to deal with customers in that way.”

Across all users of its online car retail platform, GForces identified a record increase in daily online transactions (up 163%) on March 5, the date of the first UK virus death.

Philip Nothard, customer insight director, ICDP, suggested that the situation is moving fast and added: “Outside of automotive, there are already purchase restrictions for individual buyers [and trade buyers] on certain parts.

“This trend may well make its way into the automotive sector in the coming weeks. At the very least, we have to expect price rises when parts become scarce.”

Sophus3 believes that coronavirus could bring about automotive retail’s “black swan moment” as car buyers’ apprehension about entering a car showroom drives them to seek-out dedicated online retail disruptors like Cazoo (see dealer profile on page 20), which has started a sizeable marketing campaign for its nationwide home delivery USP.
Delivering transparency and trust between consumers and retailers has dramatically increased with the now always-available online information, comparisons and reviews.

With digital channels being the first port of call when researching a car and choosing a dealer, the likes of Trustpilot, Google and the retailers’ own independent reviews verify the trustworthiness of the business before the consumer has even visited – sometimes before they have even spoken to someone at the site.

Car buyers are already building trust in dealers with excellent customer satisfaction ratings and stock that best matches their requirements. Still yet to make an actual visit, attention turns to price. Sites like Auto Trader identify vehicles that are good, fair or poorly priced, instilling trust that retailers are pricing to market rather than simply recouping the part-exchange cost.

It doesn’t matter how well priced the car, if uploaded without images, video and 360–views, customers will often move on.

These digital assets have become a vital element in the online journey, forming a bridge between the virtual showroom and the physical site. As the car is seen in all its glory, consumers are developing more confidence in their potential purchase and trust that the vehicle is in the condition they require.

The ICDP’s 2019 European Car Distribution Handbook found digital customers were far more engaged in the sales process and visited dealers more often. With this in mind, once an initial enquiry has been made, a rapid response is essential if trust is to continue building.

An engaging video message highlighting the car of interest and introducing the dealership takes the customer relationship to the next level – with a site visit still to happen.

By Carol Fairchild, chief customer officer, CitNOW

Building trust through digital channels

FEB

17

MONEYBARN AND RIX FALL FOUL OF FCA

The Financial Conduct Authority (FCA) fined Moneybarn £2.77m for failing to treat “vulnerable” customers fairly when they fell behind with loan repayments. In the same week the FCA also banned a number of online adverts issued by Rix Motor Company. Representative examples of the cost of credit to the consumer were either missing or unlikely to be seen in Rix’s adverts, it said.

18

HEYCAR BUYS HONESTJOHN SITE

Heycar (see ‘10 mins with...’ on page 8) completed the acquisition of HonestJohn.co.uk just weeks after the consumer advice website slipped into administration due to “significant cashflow difficulties”. The Honest John brand will provide heycar with access to an audience of more than 25 million site visitors.

24

GREAT PLACES TO WORK

Porsche Retail Group, TrustFord and Motorpoint have been recognised in the Sunday Times Best Companies to Work For rankings. Porsche Retail Group managing director, Adam Flint (pictured, centre), said he was “extremely proud” as the 42nd-placed group was the top ranked car retail business in the Top 100. TrustFord finished 20th in the top 25 Big Companies to Work For.

25

VIRTUAL REALITY ALLOWS CUSTOMERS TO ‘SEE’ THEIR CAR

Glyn Hopkin opened a new flagship FCA Group retail store which incorporates virtual reality (VR) to handle sales for Fiat, Abarth, Jeep and Alfa Romeo under one roof. The group invested £1 million in the concept which allows customers of all four brands to visualise their chosen car within the 300 sq m new format retail facility in Romford.

MAR

3

VERTU CHIEF EXPECTS GROWTH THROUGH ACQUISITION

Vertu Motors chief executive Robert Forrester suggested the AM100 PLC will grow through the strong “pipeline of potential acquisition opportunities” in a trading update for the five-months to January 31 which detailed a 2.7% decline in revenue in the period. “Scale will become an increasingly important success factor as the sector evolves,” he said.
There’s a concept in software called “the happy path”. In an online retail process, it basically means the consumer follows a simple purchasing process that is easily translated into an online journey.

Most vehicle deals don’t follow the happy path. They are messy, complicated and involve a lot of movement forwards and backwards between retailer and consumer. In fact, according to our research, just less than seven out of 10 take a route that isn’t so much happy path as meandering track.

Why does this happen? For all of the very human reasons you might expect.

People in the real world have part-exchanges, they negotiate discounts or they even add to the purchase price through buying add-on products or including negative equity.

This is a problem for online motor retail solutions, very few of which really enable the consumer to follow anything other than a lightly modified version of the happy path in which the consumer can buy the vehicle at the sticker price without any of the usual complicating factors.

To solve this, iVendi has been trailblazing something we call two-way transaction management. Simply, it allows the dealer and consumer to negotiate via a secure account and the results to be automatically incorporated into a new digital deal.

Its beauty is that it incorporates the various elements of the transaction including value added products and even applications declined by lenders while retaining all the recognised benefits of an online process.

The results in trials have been very promising and we are expecting to bring the product to market in a finalised form later this year.

It’s an exciting development that we believe could substantially boost the effectiveness of online motor retail for all.

• Visit www.ivendi.com • call 0330 229 0028
• e-mail tellmemore@ivendi.com
February 2020 saw something of a milestone: whereas Ford has been the best-selling marque in the UK since the late 1970s, and the supplier of the best-selling model for even longer, both titles went to VW this month. After years of nibbling away at Ford’s lead, VW propelled the Golf to the No. 1 spot for the month (although both Ford as a brand and the Fiesta as a model retained their top spots YTD).

As the current Golf is on run-out, it seems VW was clearing the decks for the next generation, but it is still noteworthy. The ball is now in Ford’s court to stay ahead for the rest of the year, especially with a new Golf imminent. That will partially depend on the success of the new Puma B-segment crossover.

Behind the leaders, Mercedes and BMW continue a battle for third place that has been going on for a couple of years now (won narrowly by Mercedes in 2018 and 2019). YTD, Mercedes is on 7.4% and BMW is on 7.3%, so 2020 looks like another close fight. One percentage point further back, Vauxhall is in fifth with 6.3%, just 0.1% ahead of Audi. On the one hand, the new Corsa should give Vauxhall a strong boost, given the geriatric Fiat Punto-based model it replaced. On the other, Audi market share has been artificially depressed for the last two years by its inability to homologate engines to the WLTP standard. In 2020, market share is likely to recover: traditionally Audi was vying for leadership among German premium brands, rather than being a far way behind its competitors.

Another percentage point behind those two, Toyota and Nissan are fighting for both seventh place and Asian bragging rights. This battle will all depend on the new Juke. It is not going to sell in the numbers its predecessor managed at its peak, given the profusion of new competitors, but it should increase on 2019. Whether that is enough to offset the ageing Qashqai (due for replacement within 12 months) remains to be seen.

Among the other major brands (defined as those with more than 1.0% market share in either 2019 or YTD 2020), the standout performance has to be MG. This is by virtue of the fact that it has actually become a major brand with a 1.2% market share YTD – an increase of 127% on the same period last year. The new C-segment crossover HS has helped, but the main engine of growth has been the ZS B-segment crossover, which accounted for 63% of total YTD sales. In fact, MG overtook Dacia, which has fallen 41.3% YTD.

Dacia’s sudden decline has been repeated across Europe, and seems to be due to the relatively high CO2 figures of the Duster (145 g/km of CO2 for the 150PS petrol 4x4), which is giving the company a headache complying with the new EU limit of 95g/km of CO2.

Indeed, the new CO2 limits that came in to force at the start of the year are making it hard to disentangle which sales falls are caused by changes in demand and which are caused by regulatory issues. For example, Hyundai fell by 23.4% YTD and...
Kia by a similar 19.6%, yet it seems unlikely UK consumers have suddenly fallen out of love with those brands. Hyundai in South Korea blamed a 13% global fall in February sales on the coronavirus affecting production, but that can’t have affected UK sales, as anything sold in the UK in February would have been produced in Eastern Europe or shipped from South Korea long before the virus first appeared.

At a segment level, there have also been dramatic changes. City cars have fallen by 37.9% [see chart], an unusual drop for a major segment. Paradoxically, this is also a result of the CO2 regulations. Although small and so relatively low in CO2, city cars have two drawbacks. Firstly, the CO2 limits are an average – lighter cars must emit less than 95g and larger cars can emit more. City cars are light so have more stringent targets. Secondly, city cars are cheap, which means they can’t justify the cost of a diesel engine, let alone an electric drive-train. Car makers have little interest in selling them – except Fiat which sells almost nothing else (81% of sales YTD).

At the other end of the market, the final nail in the coffin of large MPVs was hammered in by the Mercedes Vito, which became the top-selling (or perhaps the least-worst selling) vehicle of this type. When a van with windows outsells purpose-designed cars, the game is up. Indeed, the MPV game is up across the market. In the B-segment, registrations of MPVs were down 85%, with the whole sub-segment selling a negligible 114 units YTD. In the C-segment, things were a little better with sales of 4,375, but that is still less than 5% of total C-segment registrations. With four of the top five sellers being van-based, it is again hard to see many companies designing another bespoke C-segment MPV.

Talking of the C-segment, it has taken a record 40.7% market share YTD. From the 1980s to the 2000s, the B- and C-segments both bounced around 25-30%, but the advent of Qashqai-sized crossovers made C-segment the default choice for car buyers. It has also made the D-segment obsolete [just 1.4% YTD; a segment that took 20% in the 1980s]. Today, almost no private buyer would choose a Mondeo over a Kuga. Car buying habits seem to be polarising. Three segments (B, C and SUV) now account for 84.5% of total sales – yet another record.

David Francis

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**FASTEST-GROWING MAJOR BRANDS* YTD FEB**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>MG</td>
<td>130%</td>
</tr>
<tr>
<td>Land Rover</td>
<td>20%</td>
</tr>
<tr>
<td>BMW</td>
<td>10%</td>
</tr>
<tr>
<td>Ford</td>
<td>7%</td>
</tr>
<tr>
<td>Toyota</td>
<td>6%</td>
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</table>

**FASTEST-FALLING MAJOR BRANDS* YTD FEB**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Fall</th>
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<tbody>
<tr>
<td>DS</td>
<td>40%</td>
</tr>
<tr>
<td>Kia</td>
<td>30%</td>
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<tr>
<td>Land Rover</td>
<td>20%</td>
</tr>
<tr>
<td>Honda</td>
<td>15%</td>
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<tr>
<td>Renault</td>
<td>10%</td>
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**MARKET SHARE BY SEGMENT YTD 2020**

<table>
<thead>
<tr>
<th>Segment</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>C - lower medium</td>
<td>40%</td>
</tr>
<tr>
<td>B - premium</td>
<td>35%</td>
</tr>
<tr>
<td>I - premium SUV</td>
<td>30%</td>
</tr>
<tr>
<td>D - compact</td>
<td>25%</td>
</tr>
<tr>
<td>A - city car</td>
<td>20%</td>
</tr>
<tr>
<td>E - exec</td>
<td>15%</td>
</tr>
<tr>
<td>D - large</td>
<td>10%</td>
</tr>
<tr>
<td>G - sports/4x4</td>
<td>5%</td>
</tr>
<tr>
<td>J - luxury</td>
<td>0%</td>
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</tbody>
</table>

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**SPONSOR’S COMMENT**

By Richard Jones, managing director, Black Horse

In our industry, and indeed across all business sectors, climate change is the driving force that will eclipse everything else for the foreseeable future. As lenders and intermediaries, we have a vital role to play in supporting the UK’s ambitious sustainability agenda, but I call out four areas that need urgent attention if we are to be successful:

1. The cornerstone of lending regulation is the Consumer Credit Act, but it may be too rigid to be the regulatory regime that underpins the kind of product innovation that could help increase the uptake of low emission vehicles.
2. We need clarity on the road to zero. The majority of today’s UK transport assets are financed or leased, often including some form of residual value (RV) risk transfer. What happens if the political and regulatory worlds cannot deliver the clarity that business needs? The risk of volatile RVs goes up, so prices go up, customer and business affordability is impacted and we create real risks to the economy.
3. We need to see a Government-led investment plan for a zero-carbon economy. That requires much greater investment in infrastructure now to support electrification. A recent Financial Times study forecast that £90 billion is required to electrify the road network and upgrade the electricity networks in order to support the UK’s net zero ambitions. So far, only one major announcement has been made by the Government – for £400 million. Contrast that with more than £100 billion for HS2.
4. Bringing all of this together, we need a managed, progressive transition plan to get the UK to a net zero carbon economy. A long-term plan that gives the biggest issue of our time the respect it needs. Let’s work together to support a greener, sustainable future for the UK.

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blackhorse.co.uk/abetterway
VOLUMES DECLINE BUT FLEETS ARE STABLE

The UK’s new car sales volumes declined 2.9% in February to 79,594, which leaves the UK’s new car market down 5.8% year-to-date to 228,873.

Private registrations declined 7.4% last month as 2,741 fewer people took delivery of new cars.

Fleet demand, however, remained stable, up by 31 registrations, according to the Society of Motor Manufacturers and Traders (SMMT).

Demand for both diesel and petrol cars fell, with registrations down 27.1% and 7.3% respectively, as diesel’s market share declined to 21.9%.

Hybrids recorded an uplift of 71.9% to 4,154 units, while registrations of EV and PHEV models continued to enjoy growth, with battery electric vehicles (BEVs) rising more than three-fold to 2,508 units and plug-in hybrids (PHEVs) up 69.9% to 2,058.

The SMMT called on the Government to remove VAT from electric vehicles to boost sales.

VOLKSWAGEN

The soon-to-be-replaced Golf Mk7 became the UK’s most popular new car in February, with 3,687 registrations, pushing the Ford Fiesta into second place with a 334 unit shortfall. Fiesta remains the best seller year-to-date, however, some 1,726 registrations ahead of Golf.

VAUXHALL

The British brand had two models in February’s top 10 sellers: the ever-present Corsa with 1,871 registrations and the Grandland X SUV not far behind with 1,543. The latter car is about to gain Vauxhall’s first plug-in hybrid powertrain, cutting official CO2 emissions to 34g/km.

BMW

Its medium-executive 5 Series range actually outsold the more volume-focused 3 Series in February, with 1,286 registrations. The smaller car was only 60 units behind, however.

<table>
<thead>
<tr>
<th>Make</th>
<th>2020 % market share</th>
<th>2019 % market share</th>
<th>% change</th>
<th>2020 % market share</th>
<th>2019 % market share</th>
<th>% change</th>
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<td>8.968</td>
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<td>5.784</td>
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INTRODUCING THE GAME CHANGER

Portfolio 3Sixty

Why wave goodbye to customers?
Portfolio 3Sixty is the new, powerful customer retention tool. Now you can bring more people who’ve previously bought a used car from you, back to your dealership at the right time for them - and generate more sales.

Portfolio 3Sixty is powered by Autofutura and brought to you by Black Horse.

Learn more at blackhorse.co.uk/P360

Power your sales team
Portfolio 3Sixty uses the Black Horse data you already have to bring customers back to buy their next used car.

Tailored for customers
By building greater insight you can offer bespoke upgrades at the optimum time in the customer’s finance deal.

Get ahead of the competition
Start using this automated tool to help you retain more customers.
Japanese and Korean manufacturers came out top for how retailers rated the competitiveness of their retail finance offers in the National Franchised Dealers Association (NFDA)’s latest Winter 2019/20 Dealer Attitude Survey (DAS).

Toyota was the clear leader with a near perfect rating of 9.1 out of 10, followed by Lexus with 8.7 and then Kia at 8.2. The average for all manufacturers was 6.7.

The research for the latest survey was carried out in January this year, with an overall response rate of 40% on average, representing a network size of 4,569 dealers across the UK. The overall ratings across all other manufacturers were still quite strong, showing most are posting competitive offers quarter-on-quarter, with the lowest at 4.9 with Alfa Romeo, followed by fellow FCA Group brand Abarth at 5.1 then Mitsubishi and Subaru in joint third place with 5.2.

Toyota also did well in the ratings for how retailers view its approach to finance targets, with the Japanese brand leading the pack with 8.6 out of 10, followed by Suzuki and Kia in second place with 8.5 and then Mercedes-Benz with 8.3.

However, it was Mercedes-Benz that was the highest rated for the actual earnings potential on offer for retailers with a rating of 8.7, followed by Toyota and Lexus again in joint second place with 8.5 and then Nissan in third with 7.7.

Toyota’s Q1 offers have a strong 0% showing with the Land Cruiser and Proace Verso Family Compact 2.0 due to Mercedes’ 6% APR across its range.

The research for finance Lexus is on the IS F Sport at 1.9% APR at £2,399, a month, while Kia is matching Mercedes for APR on most of its model range at 6%. The Korean brand does have a couple of 0% offers that stand out as good deals for the XCeed and the Sportage, which are priced at £303 and £265 a month respectively.
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Sponsored by
Over the past few years I have received an increased number of requests from TV and radio stations to pass comment on a range of issues facing the automotive industry.

Mostly, these comprise ‘fillers’ where one is adding little to the debate. A recent request was to appear on The Big Questions’ programme hosted by Nicky Campbell to debate whether capitalism can save the planet.

Included was one of the founders of Extinction Rebellion plus a range of people who believed that big business was inherently self-seeking at the expense of both the workers and the environment.

It appeared I had been invited to comment on the car industry’s role in this dystopian view of the world and its immediate future.

One of the key themes to emerge was the role of the Government within the market system. Obviously some expressed the view that everything should be nationalised i.e. Northern Rail. The argument being that Governments take a longer-term view than that of industry. During the debate there were constant reminders of ‘Dieselgate’.

My problem is that I don’t believe Governments do plan long term. At the most they are looking at a five-year horizon outside of which they can make any statement or prediction they like as it has no bearing on their prospects of re-election.

Boris Johnson’s claim that there will be no new petrol/diesel or hybrid cars sold after 2035 is a case in point suggesting that only EVs will be available for purchase.

My view is that Government has not learnt from the mistakes of the 1980s when everyone was encouraged to buy diesel powertrains which, along with the VW issues, has led to the demonisation of diesel now.

In Johnson’s statement he ignores hydrogen fuel cell hybrid and all the other potential alternatives that are likely to come into production in the next 15 years. Surely Governments should be setting targets, not telling industry what strategy they should use to achieve them. A statement that says that only vehicles with zero or environmentally benign emissions by 2035 allows the ingenuity of the sector to come up with the most efficient and profitable way of achieving this.

Perhaps the most significant issue was the role played by the Committee for Climate Change which urged for hybrids to be included in the Johnson targets.

The challenge is that they are also quoted as stating that widespread personal vehicle ownership ‘does not appear to be compatible with significant decarbonisation’.

If what they are saying is that for the carbon targets to be achieved, we need to restrict either the number of vehicles sold or that people will not be free to purchase then this would have a dramatic impact on our sector.

As yet, the debate has yet to move on to this topic but when it does the consequences are going to be greater than simply trying to get more EV charging points installed.

“The Committee for Climate Change Urged for Hybrids to be Included in the Johnson (2035) Targets”

The prospect of broad adoption of electric vehicles by the middle of next decade has left motor retailers concerned about the future of their service income when new cars no longer require oil changes.

However, many in the UK automotive industry still expect electric cars to require a scheduled service annually. Most of those suggested that the service will be shorter and less involved than that currently performed on internal combustion engines.

“If not for maintenance, there should still be an annual inspection for preventative maintenance and safety, no different to any other vehicle,” said one respondent to our AM-online poll.

Another said it will likely be an inspection service as brakes, lights and tyres still require checking.

One suggested that complex electronics and sensors for driver assistance systems could make the need for regular checks even more important.

Among those who believe the annual service requirement will cease with EVs, one said avoiding the service should be one of the selling points, and another claimed that the majority of cars already on UK roads are not serviced annually and he doesn’t expect this to change with battery electric cars.

One voter suggested longer service intervals, such as biennial, would be sufficient.

Next Month: Are you confident your teams are booking back most deferred ‘amber’ work from services?

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Without ecommerce, your website isn’t complete.

Demand for online vehicle sales is expected to increase massively over the next three years*. Consumers expect to find what they want, when they want, and where they want it, without compromise. Luckily, you don’t have to puzzle over which platform to use to meet that demand.

NetDirector Auto-e from GForces will future-proof your business. It fully embraces omnichannel retailing, enabling you to present a seamless purchase path that can be wholly online, or a mix of both digital and physical touchpoints.

Disruptors and key industry players are moving in on the huge opportunities ecommerce presents. NetDirector Auto-e enables you to do the same, with all the tools you’ll need to facilitate transparent online transactions.

Complete your online offering with NetDirector Auto-e. Let’s go.

*Used Car Retailing: No More Silos Anymore, Albeda, 2019
IF YOU GET TO ONE, TWO OR THREE PER CENT IN THIS MARKET THAT MAKES YOU A VERY, VERY BIG PLAYER
ALEX CHESTERMAN

Trust us to add extra value to added-value services.
FACE TO FACE: CAZOO

ONLINE REVOLUTION

The motor industry may have dipped a toe in the online retail pool, but one of the UK’s foremost digital entrepreneurs has just leapt in head-first. Tim Rose reports

There’s a new option in the UK for consumers who want to spend less time choosing their next car. Online motor retailer Cazoo began sales in December and had already sold dozens of used cars to customers from Cornwall to Scotland when AM was invited to exclusively interview its founder and chief executive Alex Chesterman in January at its London HQ.

Chesterman has a track record of launching and growing digital innovations, including property firm Zoopla Property Group and movie subscription business LoveFilm, and received an OBE from the Queen in 2016 for his services to digital entrepreneurship.

Now Cazoo is his latest start-up, aimed at securing a slice of a marketplace where e-commerce has been slow to emerge among traditional businesses. Only five years ago, most dealers and carmakers were still openly saying that consumers wouldn’t buy cars online.

Chesterman does not believe the automotive retail sector is ripe for dominance by a start-up anytime soon, but the opportunities are clear. His initial aim is to win a 1-2% share of the UK’s eight million annual used car market, which is valued at around £50 billion. Cazoo has raised more than £80 million in funding from investors and venture capitalists since Chesterman identified a gap in the car sales market in 2018 and started to create the online business.

Chesterman said: “I don’t think that one size fits all. You’ve a market where some people shop at small dealerships, some at large dealerships, some at car supermarkets, because there’s a whole variety of customers out looking for different things. We’re just a new, different thing which will appeal to some customers, but not all.

“It’s a big enough market that nobody has a massive market share. The biggest players have single digit shares... if you get to one, two or three per cent in this market that makes you a very, very large player. Their revenues are £1bn.”

The inference is that Cazoo should be capable of around 100,000 annual sales within a few years from launch. To put that into context, top 10 AM100 group Arnold Clark sold 215,000 used cars in 2018 from its network of around 200 sites.

Prior to launch, Cazoo signed a contract with BCA for the remarketing group to prepare more than 50,000 cars per year at a dedicated site in Corby, Northamptonshire, which can store up to 6,000 vehicles at one time.

Chesterman said every sector of retail which is “property heavy” attracts online start-ups. Britain’s high streets are struggling because of lower footfall caused by consumers deciding to move a proportion of their spend online, and physical stores have not kept pace with consumers’ demand for convenience.

He said the UK is quite special in this regard – consumer behaviour has changed quicker than almost anywhere else in the world. Now about 19% of total retail sales is online in the UK, whereas in the USA it’s only 9%.

The factors he attributed to this change include high internet adoption, good broadband speeds and the compact UK geography and proximity of its population centres.

“Whether it’s food or fashion, there’s an ability to deliver an amazing experience to consumers in the UK because of such a high-density population. Almost every online shopping business now offers you pretty much instant gratification. In other markets, that’s not quite the case. Our hypothesis is it will start to change within the auto industry, because why should it be any different? So there is a proportion of consumers who will prefer the experience of being able to do this from the comfort of their home and have it delivered.”

Chesterman takes a pragmatic view, nevertheless, that eight in 10 total retail transactions still happen offline, and he dismissed suggestions that online retail will completely up-end the car market and threaten traditional dealers.

“I don’t think that’s a genuine concern,” he said. “I think we offer an alternative form of transaction, but the majority of the market will continue to transact for a period of time. I don’t know how long, or what proportion, but we’ll see.”

Chesterman reiterated that the market was large enough to allow different retail models to co-exist. Good businesses in physical dealerships that continue to serve their customers will have little to fear, he said. But businesses that don’t adapt to suit changing habits will have problems.

Cazoo’s national marketing campaign kicked off at the beginning of February with a multi-million pound investment in TV, radio and outdoor poster sites, aimed at putting the brand in front of 85% of UK adults.

Research of UK consumer habits has helped to shape Cazoo’s proposition. Online buyers want convenience, trust and assurance that their expectations will be realised.

To give buyers confidence, all cars listed on Cazoo have passed a provenance check and 150-point inspection, received refurbishment, have service history and a recent MOT certificate, and are listed online with 360-degree, detailed images. Any minor imperfections that couldn’t be refurbished are highlighted by a yellow warning sign. Stock is typically up to seven years old, priced from £5,000, and includes mainstream and premium brands and models.

Customers can buy outright by credit or debit card, or finance their purchase (PCP or HP) through broker Evolution Funding at a typical 8.9% APR. They’ll then select a delivery slot as little as 72 hours after purchase.

Discover why, search ‘AutoProtect case studies‘
from purchase, or up to two weeks away, and the car will arrive in a branded delivery truck with at least 25 litres of fuel and seven days’ driveaway insurance cover from Tempscover, a 90-day warranty and roadside assistance.

From delivery, there’s a hassle-free seven-day trial period during which the buyer can reject the car and have it collected for free (customers who’ve already rejected one car within 12 months must pay a £100 collection fee for subsequent collections).

Chesterman said it is vital that Cazoo offers choice – currently around 2,500 cars are listed on its website at any time – and it stands behind the quality of those cars offered. Pricing is transparent; there is no negotiation, and the convenience it offers is paramount. If anything goes wrong, Cazoo’s support centre operates 7am to 9pm, seven days a week.

“Over the past decade consumers are becoming more demanding. It’s become the norm in almost all other sectors that you can buy it, try it and send it back if you don’t like it. It’s a fundamental change in the demands that consumers make. I think the bar has been raised versus 10-20 years ago.”

He has studied Carvana in the USA, which has grown in the past six years into an online operation selling almost 100,000 cars. But it has struggled to secure profitability.

The sales volume Carvana now achieves in the USA added to Chesterman’s confidence in the UK. He admitted it needs early adopters – confident tech-savvy buyers – because spending thousands of pounds online “requires people to take a leap of faith”, he said.

Yet he contrasted this with the UK’s peer-to-peer used car market, consumers buying used cars direct from owners, where there are no legal protections for buyers yet some two million transactions take place each year.

Asked if Cazoo has experienced resistance from the UK motor industry, he said only in the form of vocal industry naysayers who view the venture with scepticism. Chesterman said Cazoo is “heads down, doing our thing”, so this isn’t a concern, and the company is not relying on the support of any key industry figures or needing to engage with potential competitors either. “I’m sure they understand their customers better than I do, but to those who say generally this isn’t what consumers want, nor how they will transact, I’m here to tell them they’re wrong.

“I can prove, having only been trading for weeks, consumers are buying cars online, and plenty of them.” Sales have exceeded 1,000 in its first 12 weeks.

For the launch, stock was selected through analysis of industry data and what other dealers were stocking, but now Cazoo gathers its own data on what its website users are looking for. As the business grows over time its stockholding should increase to around 20,000 units to give optimum choice for a large customer base. Speed of sale is not a priority, and Chesterman said Cazoo’s stock turn aim is “very similar to the rest of the industry”. The industry average is around six to eight times annually.

Some industry observers see Cazoo’s outsourced vehicle preparation and storage as a risk to the operation, given its need to build its brand and garner trust quickly. Chesterman said he can trust BCA’s expertise in reconditioning and transporting vehicles, and there are around 40 Cazoo staff on site at Corby overseeing quality control and processes very closely with BCA.

The bit the consumer sees, the final stage of delivery and handover to the buyer, is done by Cazoo’s own uniformed delivery specialists.

“The consumer experience is absolutely central to what we’re doing, and we totally control that,” he added. “Used car delivery requires a good standard of handover and explanation, because it’s what the customer values highly.”

He said outsourcing to a bunch of “random drivers” with a fleet of trucks would have been an easy and cheap thing to do, and anybody can “do it improperly”, but the risks in taking that approach are enormous.

As Cazoo offers a wide range of choice, its delivery specialists are trained to have a broad knowledge about the essentials a
buyer needs to know at the handover, such as where the fuel cap release button is and how they pair their mobile phone to the car.

Research has shown there are certain things consumers care about on every car that are the same. Then, if a buyer has a specific question, the delivery specialists carry a tablet PC so they can get that answer quickly.

“We don’t need them to know everything about every car. They need to know where to go to get the answer, and we arm them with that,” said Chesterman.

His own car buying experiences, of variable quality, have helped shape his view about the importance of the handover. One occasion in the USA left him “blown away” and feeling that the dealer had properly thought ahead about what his customer would need to know. Chesterman admitted it significantly changed his perception of that dealership and the extent that its staff cared. In contrast, his experience buying a much more expensive car in the UK was okay, but unimpressive.

“The difference between us and other others in the industry, if there is one other than digital versus physical dealership, is we’ve always been consumer first in our thinking. I’ve always come at things from that perspective of what is the best we could do for consumers.

“And regarding profitability down the road, we almost take the view that if you do a great job with the consumer the other bits that matter will fall into place. You win repeat business, market share, you get great word of mouth, you build trust, and all of those things should lead to a profitable business. If you don’t do all of those things you won’t have a good business.”

Those same sceptics who challenge whether online used car retailing will really take off have also suggested Cazoo lacks sufficient ‘automotive DNA’ to succeed in a complex...
Cazoo has a fleet of branded vans ready to roll on deliveries.

business where mishandling part-exchanges and stock write-downs can wipe out profitability. Chesterman responded that its strength is in having plenty of ‘digital DNA’; thanks to senior staff hired from major online brands, plus it has recruited veterans from Tesla, Auto Trader and Manheim with their own specialist knowledge.

In 2019, it announced the appointments of brand director Lucas Bergman of Aviva, digital marketing director Erkan Kamil of MoneySuperMarket, head of finance Dan Read from Zoopla, engineering director Ian Kershaw from Photobox Group and customer experience director Katherine Hurst from Paddy Power Betfair. And it recruited former Auto Trader sales director Kevin Harding, Tesla’s remarketing general manager Tony Long and Manheim Vehicle Solutions director Bryan Stringer.

“We’ve been delighted to be able to attract the talent we’ve brought in, and the funds we’ve been able to raise. I think that’s testament to what people see as the scale of the opportunity… and that we’re trying to invent this category,” he added. Although there are some dealers doing online sales on a small scale, that’s difficult. Online operations need logistics, a large stockholding and national marketing to ensure people can find the car they desire. That requires more significant scale and investment.

And building that scale and investment requires backers who are prepared to wait for long-term benefits. Creating something out of nothing means a business such as Cazoo will lose money for some time, he said, as would a new, traditional dealership.

“The only difference between us and a traditional dealer is we’ve just started to build our dealership on the internet instead of on a particular street,” he added. The appetite to invest has to be the same and the level of investment needed is significant, which has scared some others away, he said.

“We have an appetite to invest and we understand that requires losing money in the first year or two, but we’re in this to build a profitable business. We’ve a clear view as to when we want to turn that corner. It’s not something I want to share publicly, but we’ve got savvy investors behind us who want to see this investment build as a profitable, long-term, stable business.”

Chesterman, who has also invested in carwow and car sales comparison website Motorway, said that Cazoo’s expansion, in terms of the services it provides, will be led by customers’ needs and data. Immediate opportunities include offering extended warranties and GAP insurance to buyers at the point of sale, and maintaining customer relationships post-purchase so it can target them at the right time in the future when they’re ripe for changing the car again.

Being the cheapest is not critical. In online retail, convenience trumps everything, he said. Amazon didn’t grow by being the cheapest for books, but by offering a larger selection. The internet gives choice in a convenient way.

Currently car buyers spend on average 12-14 hours researching online for their next car. It’s a long process, caused by many not knowing initially what car they want, but Chesterman said consumers should get more help in getting to their decision faster, and data will help online car retailers do this in future, presenting a more focused selection to a shopper.

“I do think transparency is an issue, and I am in favour of a simpler process. If the price is the price, and I don’t have to go three rounds with someone to get to the actual price, it’s shortening the process.

“The process of buying a used car is outdated and not fit for purpose for today’s consumer… we take away the need to travel, to haggle, to spend countless hours at a dealership and to risk any buyer’s remorse.”

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“There’s similar opacity around pricing in the property market. Avoiding “the dance” to agree the real price in both cars and property sales would make the process more efficient, and would remove the timesavers because people can either afford the stated price or they can’t.

“The two most expensive purchases are the two least transparent. Who does that favour? I think transactions that begin effectively with an argument are not the most efficient way to start a relationship. You could take a view that it’s a one-off, big-ticket purchase so ‘to hell with the relationship, I’ll extract the most value’, but we have no choice – as an online-only dealer we’ve no face-to-face exchange so we have to be fixed price.”

Chesterman said that is Cazoo’s opportunity. It’s another, different choice for different consumers.

FACTFILE

FOUNDED 2018
BEGAN TRADING December 2019
SITES Euston, London; Corby, Northamptonshire
STAFF 300+
MORE Parts
MORE Availability
MORE Deliveries
MORE Offers
MORE PartsPlus

Ford’s new national network of PartsPlus Centres for the trade has expanded fast.

With over 60 in place, wherever you’re located in the UK you can benefit from a huge stock of Genuine Ford and Motorcraft parts, as well as our new Omnicraft non-Ford all makes range.

So now you’re never far away from great service, expert product advice, unrivalled technical know-how and the use of the latest technology to ensure you get the right parts when you need them. As well as exclusive promotions and offers to save you money.

For more information and to find your nearest PartsPlus Centre visit: PartsPlusUK.com
AWARDING YOU WITH AN ONLINE AUCTION PLATFORM YOU DESERVE.

New name, new platform but the same great vehicle auction service that you’ve come to expect from 1link Disposal Network. The all-new and improved 1link Trade Buyer platform is coming soon.

Our newly-designed auction platform has been reimagined from the ground up. We’ve developed key features to bring you intuitive search functionality and improved design making it easier for you to find the right vehicles to add to your forecourt. What’s more, you’ll still get the low-cost, flat rate buyer’s fee and exclusive access to thousands of quality ex-fleet, lease and manufacturer vehicles.

www.1linkTradeBuyer.co.uk
Heycar only launched in the UK in August last year but, already, it feels like a familiar name. Can you remind us how the business was formed?

Heycar was founded in Germany through some of the innovation that Volkswagen Financial Services were creating in 2015 to try to determine what a next-generation of automotive sector businesses might look like. Heycar quickly emerged as one of the project’s big successes and was a huge hit in Germany. Daimler wanted to have a greater input in used cars and seized the opportunity to buy into the business later on. Our platform aims to be very clean and transparent and to make it easy for car buyers to find what they are looking for. We have a really simple car finance calculator and a simple system based around monthly price, things that people tell us they want to see.

How does hey car differentiate itself from the other online classified advertising platforms?

What we stand for is quality leads. Those leads come with exposure. Auto Trader has market dominance, yes, but we are actively reaching out to customers. If you are on a railway station or travelling on a bus right now you’re likely to spot a billboard promoting Heycar. We went live on TV and out of home on Boxing Day. What we have seen from Cazoo is a platform that is the norm in North America, but has been a long time coming here. We have a different proposition which offers a choice of high-quality stock from established dealers. We’re also a very consumer-focused proposition and, through our relationship with various manufacturers, we have access to different types of stock.

In February, you bought the consumer car-buying advice website Honest John. To what extent was that designed to offer further exposure for hey car?

We launched Heycar to drive greater trust and transparency. That’s exactly what Honest John has been doing for the past two decades. The acquisition of the site will allow us to achieve that mission faster, by bolstering Heycar’s growth and industry presence. We’re always on the lookout for opportunities to grow and to enhance the experience for car buyers and drive commercial benefit for our dealers, captive and manufacturer partners, where company values align. The independence and strong reputation of Honest John.co.uk has been earned through the years and brings great value. We will maintain this independence through the formation of a clear editorial code between the two brands, continuing the impartial tone Honest John.co.uk’s millions of website visitors and tens of thousands of newsletter subscribers expect. Users of the Honest John forum will not notice any difference.

How much stock is now featured on the hey car platform?

Today we have 154,000 vehicles listed on our website. It was about 100,000 when we launched (in August, 2019) and that stock will grow. We now have 3,000 dealers represented on the site and that has grown from around 2,500 when we launched. The pricing model for retailers is quite simple. You can list as many cars as you want on the site and pay when there is a customer that is genuinely interested in a vehicle. We’re well over 25,000 to 30,000 leads driven to dealers since August, now. We have trebled the scale of the business over the past three months and that has been through marketing spend and partnerships.

How effectively has the business been able to gain traction in the sector, in terms of building key relationships, since the business was launched?

We’ve obviously had the support of Volkswagen and Daimler and, from the dealers’ side, retail groups including Evans Halshaw and Jardine have been on board since day one and have really helped us to develop our UK proposition. Coming from outside the industry I see that, while there are a large number of dealerships and dealer groups, they all have their own characteristics. With the bigger groups we may have been able to make contact through VW or Daimler, but we also have a commercial team actively engaging with businesses and helping them improve sales by looking at their lead management systems and the success of their local campaigns. Dealers are rooting for Heycar to work. People are actively willing us on to make an impact.

RETAILERS ARE ROOTING FOR HEYCAR TO WORK. PEOPLE ARE ACTIVELY WILLING US ON TO MAKE AN IMPACT

MATT MOAKES, HEYCAR

Are there features that are not yet part of the hey car offering that you would like to be able to deliver?

We are working with dealers right now to see how we can facilitate that direct online click-to-buy service and bring some of those selling points being offered by Cazoo to market with them. Transparency around finance offers is becoming ever more important and I think that, just as people can go to buy a house with a pre-approved mortgage, pre-approved finance facilitated through our site could ultimately make life a lot easier for dealers. Ultimately, we want to add value for our dealer colleagues and the consumer. Dealers are already delivering the cars bought on Heycar direct to customers. Today that number was 49 cars.

FACT FILE

LAUNCHED: AUGUST, 2019
HQ: LONDON
EMPLOYEES: 40
USED CAR INVENTORY: 154,000

MINUTES WITH...

Matt Moakes,
Chief executive, hey car

TO M SHARPE

AM-ONLINE.COM

APRIL 2020 27

G增长。我们已经增长了三倍的规模。我们目前拥有3,000家经销商，这为我们经销商、承租商和制造商伙伴提供了价值。每个公司都有自己的价值观。我们与各种制造商建立了关系，我们有不同类型的库存。

在二月，你收购了消费者汽车购买建议网站Honest John。这在多大程度上是为Heycar提供额外曝光的？

我们推出Heycar是为了提高信任和透明度。这正是Honest John从过去的二十年来一直在做的事情。收购的网站将使我们能够实现这一使命，通过加强Heycar的成长和行业存在。我们总是在寻找增长的机会，并增强汽车买家的体验，为我们的经销商、承租商和制造商伙伴带来商业利益，其中公司价值观一致。Honest John.co.uk的百万级网站访客和数千封时事通讯订阅者的期望。Honest John论坛的用户将不会注意到任何差异。

Heycar目前在哪个平台上展示？

今天，我们有154,000辆车在我们的网站上列出。这是关于100,000辆在我们启动（2019年8月）时的车辆数量，而这些车辆的数量已增长至超过2,500辆，我们启动时。对于零售商的定价模型非常简单。您可以将多少车辆作为您希望在网站上列出，并在有客户感兴趣时付费。我们已经通过营销支出和合作伙伴关系三倍地扩展了业务规模。这是在过去的三个月内通过营销支出和合作伙伴关系实现的。

Heycar在行业中的有效影响力，特别是在建立关键关系方面，自企业启动以来？

我们当然得到了Volkswagen和Daimler的支持，而且，从经销商的方面考虑，零售商集团，包括Evans Halshaw和Jardine已经准备就绪。他们已经从第一天开始就与我们进行了合作，他们为我们开发了我们的英国提案。来自行业以外的我看到的是，虽然有大量的经销商和销售商集团，但他们都有自己的特点。更大集团我们可能已经能够通过VW或Daimler联系，但我们也有一个商业团队与企业积极合作，帮助企业提高销售，通过他们的管理流程系统和该族的当地活动取得成功。经销商是希望Heycar工作的人。人们正积极地希望我们能够在对其产生影响。TO M SHARPE

FACT FILE

LAUNCHED: AUGUST, 2019
HQ: LONDON
EMPLOYEES: 40
USED CAR INVENTORY: 154,000

MINUTES WITH...

Matt Moakes,
Chief executive, hey car

TO M SHARPE
Ford embarks on the biggest shake-up of any UK franchised car retail network since the collapse of MG Rover in 2005.

Its decision to close between 160 and 180 of its 400 UK car dealerships as part of its Ford 2025 dealer plan is of a larger scale than Vauxhall’s March 2018 announcement that it would terminate the contracts of its entire 324-strong network, when it trimmed its scale by 100 sites.

Ford said in its statement on the new plan that its dealer network and Ford of Britain national sales company had undergone restructuring over the past two decades – it had more than 650 locations at the turn of the 21st century – but added “dealer network profitability is still not sustainable”.

In conversation with AM after the second of two investor partners conferences at the brand’s Daventry Academy on February 26, Ford of Britain chairman and managing director, Andy Barratt, insisted that there would be no Vauxhall-style mass terminations of dealer contracts.

But with a 2025 deadline for the network transformation, the writing is on the wall for smaller, ‘second tier’ franchisees who are being asked to maintain their relationship with the brand as an approved aftersales or used car retailer.

Ford’s planned new car sales network has already been mapped out to ensure dealerships are accessible to 70% of customers within a 30-minute drive time in a similar fashion to Honda, which is currently in the process to shedding up to 55 of its 155 network (reported by AM in March 2019) in a bid to improve profitability.

With an electrification programme about to restructure Ford’s familiar product line-up and a shift towards light commercial vehicles (LCVs) where Transit already dominates, which could see vans account for 50% of all UK sales, the brand is poised for a dramatic change in the way it does business.

Barratt told AM: “I think the informed dealers are very aware of the changing automotive landscape and can see what’s happening to new vehicle demand.

“They can see the propulsion revolution will bring change and opportunity and talking to them they all felt change was necessary.”

Barratt would not comment on just how the shift towards a greater LCV market share – with the help of products co-developed with the Volkswagen Group – and the closure of so many sites, will affect Ford’s position as the UK’s volume leader.

Ford sold 236,137 vehicles in 2019, 7% down on 2018’s 254,082 – a new record low.

What is apparent, then, is that there is no guarantee of a doubling of throughput for remaining franchisees after 2025. But Barratt said that the 2025 plan would aim to bring the network’s franchisees up from a 2019 return on sales (RoS) figure of 1% to 1.5%, with its top quartile earning 2%.

Aftersales kick-back

In the opinion of some long-standing ‘tier two’ franchisees already earmarked to lose their new car franchise, the profitability of the aftersales-only sites Barratt wants to retain will prove a bigger hurdle to Ford’s plans.

Barratt told AM a “local and personalised aftersales service” would hopefully be retained, by keeping of most or all franchisees affected the network as after-sales providers, which would help to ensure its fleet and LCV customers continue to benefit from 24/7 support.

The drivers are now assisted by 100 mobile maintenance vans, but Barratt clearly acknowledges the need for a physical aftersales network.

“I would be happy if we retained all those partners,” he said.

Franchisees set to lose the new car franchise by 2025 issued something approaching an ultimatum to the blue oval at February’s conferences.

**KEY PRODUCTS**

**Fiesta**

Still the UK’s biggest selling car, despite an 18.83% reduction in volumes to 77,833 in 2019. Cost of electrification may threaten its high-volume future, however.

**Puma**

Now in 2020, the Puma badge adorns a compact crossover at the heart of Ford’s push towards electrification. Prices start at £20,845 for a car expected to outsell the similar-sized EcoSport.
AM was told that in a show of hands – after the second day of meetings with the departing 'tier two' franchisees – around 50% indicated they would consider retaining an aftersales contract following the loss of their new car sales business.

But one long-standing Ford retailer said: “After that initial vote we were asked would we be willing to retain the aftersales function on the terms of our current contracts. Nobody raised their hands.”

Disgruntled retailers are understood to be wrestling with the idea of how they will retain profitability on the brand’s current warranty rate and income from parts, with many suggesting that their Ford business would not be viable without the flow of new car sales from the historically volume-driven brand.

“Yesterday’s news was painful after all the years we have spent with the brand. Painful and disappointing,” said AM’s source.

“As it currently stands I would retain the Ford franchise for aftersales after 2025, if the contracts change. If they don’t we will be forced to look for other options.”

The leader of a larger Ford franchise claimed that larger groups set to retain their full Ford franchise face a different challenge.

He said Ford’s desire to operate the network with 60 to 80 investors, setting aside many of its traditional owner-drivers, would throw up difficulties due to the creation of geographic “areas of influence”.

AM’s source said: “Where two large groups currently co-habit one of these ‘areas of influence’, I imagine there will have to be sales and acquisitions to complete the restructure.

“How will that pan out in terms of the value a business can attract, given that you will essentially be compelled to buy or sell a dealership?”

**Electric revolution**

Ford has said the aim for its restructured UK business is the creation of a more targeted operation. It would have a strong focus on growing its LCV business and providing passenger vehicle customers with a more defined portfolio, shifting towards new automotive trends, including electrification, connectivity, car-sharing and online sales.

The drive towards electrification has to be concerted as stringent EU regulations for 2020/21 mandate fines of €95 (£83) per gram of CO2 over a targeted 95g/km limit, per vehicle sold, with a multitude of manufacturers expected to be in breach.

As the UK’s biggest selling brand – and one without a full electric vehicle (EV) in its line-up before this year – Ford has to move fast to mitigate the legislation’s impact.

Graham Hoare, Ford of Britain’s chairman, and Barratt spoke to AM at the UK unveiling of the brand’s debut EV, the high-performance Mustang Mach-E, just ahead of the announcement about the brand’s network restructure.

The Mustang Mach-E arrives in the UK at the end of the year and fulfils another one of Ford’s ambitions – to explore online retail more thoroughly – in that it is being offered for sale exclusively online.

And while The Mach-E won’t be in competition with the all-conquering Fiesta in terms of sales volumes (Fiesta sales were 18.83% down at 77,833 in 2019) there are still hopes to sell thousands of units annually.

Hoare explained the necessity of the first fully electrified Ford being
something that captured the imagination of car buyers and placed the brand head-to-head with Tesla.

He said: “We’re embracing performance here. Accessing electrification from that entry point is really important, rather than it being an also-ran. This is very differentiated. It feels different, feels special.”

Barratt said: “From a technical point of view, we’re putting a marker down that we’re serious about electrification. We’re talking about 13 electrified vehicles in the UK this year, but putting a marker down with a technically advanced, premium-performance, electric car.”

Entering the EV market with expensive halo models is a tried and tested route for the likes of Audi, Jaguar and Mercedes-Benz, but is a new model starting at around £40,000 the right move for a volume brand such as Ford?

Barratt explained that there are issues with launching something like a Fiesta-E when the EV market is at its current level of maturity. Range anxiety from small cars with small battery packs and a disproportionately high price may limit their appeal.

The trend is likely to make sales of Ford’s new range of electrified SUVs outstrip those of historically big sellers such as the Fiesta, Focus and Mondeo and potentially result in their loss from UK dealerships.

For now, Ford’s strategy is very much based on using hybrid vehicles as a stepping-stone to full electrification.

By the end of 2021, Ford’s range will feature 48-volt mild hybrid versions of the Fiesta, Puma, Focus, Kuga, Transit Custom, Tourneo Custom and Transit.

At the same time, there will be self-charging hybrid versions of the Mondeo, Kuga, S-Max and Galaxy, as well as plug-in hybrid Kuga, Transit Custom and Tourneo Custom.

Barratt said: “We have a hybrid strategy – whether it’s mild, whether it’s plug-in or full hybrid, dependent on the car – and that’s where the bulk of our activity has been.

“I don’t believe the market is at the point where people want a true small EV: they want flexibility. But that doesn’t mean to say we’re not working on those types of products in their next generation.”

Barratt claims to be unconcerned about the PSA Group’s new crop of compact EVs, led by the Vauxhall Corsa-e and Peugeot e-208, stealing a march.

He claimed that they were too expensive to appeal to the mass market “at this point in time”.

Infrastructure challenges
Electrification presents Ford’s franchised dealers with a number of challenges.

Fitting chargers onsite is one thing, getting a sufficiently dependable electricity supply might be a more difficult civil engineering task – perhaps a step too far for some “tier two” retailers.

Barratt said: “If you look at an established dealer that may have been there 50 to 60 years, given the increase in power consumption they’ve got in other parts of their business – whether it’s power tools, ramps, computing, anything else – it’s the draw on the power. So does the
Facebook Automotive Inventory Ads

The writing’s on the wall for dealers not using Automotive Inventory Ads.

Facebook Automotive Inventory Ads take your stock to an active car-buying audience on the world’s largest social media platform. It’s precision marketing that ensures every click counts.

Harvest optimised leads from a potential audience of millions. Deliver an end-to-end customer journey that incorporates lead-generation forms, website enquiries, live chat and valuations, all directly from Facebook.

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G F O R C E S

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Despite challenges in the market, sales appear to be holding up right now.

**HIGH STREET STRATEGY SCRUTINISED**

Ford of Britain and TrustFord’s leadership team are set to discuss the brand’s high street retail strategy in light of experience gathered at its concession in the Next store at Manchester’s Arndale Centre.

Ford opened the location with the help of Rockar in August 2018 before handing it over to TrustFord, the carmaker’s own dealer group, a year later.

But the future of the brand’s presence on the high street may now hang in the balance amid viability concerns, AM understands.

Speaking to AM at the launch of the new Ford Puma crossover, Ford of Britain’s UK passenger vehicle director, Lisa Brankin, was more candid.

She said the Arndale Centre project had been an interesting experience for the brand, but added: “If established high street names like

- **sites, signs could be seen that some initial restructuring of its operations might be proving unpopular with retailers.**

In April 2018 it started to build a Parts Plus sales channel for trade parts with 84 centres across the UK. It takes parts sales away from dealerships.

At the same time, the roll-out of Quick Lane fast-fit facilities at larger FordStore sites has further widened the gap between the brand’s larger and smaller retail operators.

In the Summer 2019 National Franchised Dealers Association (NFDA) Dealer Attitude Survey the brand’s average score out of 10 across all questions fell from 5.5 to 5.2.

Dealers’ view of the brand’s alternative fuel vehicle (AFV) offering attracted a 2.1-out-of-10 score, ranking it fifth from bottom, while the current profit return score was 3.3, down from 4.5 six months earlier.

Barratt, however, did not seem daunted with the adverse reaction from dealers: “I always believe there should be a degree of tension between a manufacturer and a dealer.

“There’s got to be positive tension. And that positive tension is they look to us for leadership on volume aspirations and driving the market.”

Despite the challenges in the market, Barratt thinks that sales are holding up, which is keeping dealers content, at the very least.

“We had a very, very good passenger vehicle sales month in January,” he said.

“The dealers had a much better month than they expected — and sales are a good barometer of how happy they are when they make money.

“They’re happy.”

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- **on a big education push involving consumers.”**

Part of that education process is the Go Electric exhibition that is travelling around the country after its time in London, launching the Mach-E.

It will visit a further 50 venues across the UK, with 200 days of electrification evangelism to an estimated four million consumers at the likes of Bristol Balloon Fair and the Scottish Outdoor Show.

Although a Ford of Britain initiative, dealers can also get involved, hosting test drives or capturing the data of consumers visiting the events.

**Embracing change?**

Even before the plan was hatched to close a huge portion of Ford franchised retail

- **sites, signs could be seen that some initial restructuring of its operations might be proving unpopular with retailers.**

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...
Mining and managing customer information

As connected cars become more commonplace, the battle for who should own the data they produce is warming up.
early two years on from the introduction of general data protection regulation (GDPR) there’s still confusion for retailers over how they keep in contact and maintain customer databases.

This confusion has meant that in some of the most extreme cases dealers had wiped out 85% of their customer databases by pursuing current customers to see if they wanted to opt out of communications.

The intention was positive, but according to Fraser Brown, managing director at dealer consultancy company Motorwise, many dealers did not realise they could still continue to contact existing customers based on “legitimate interest”.

The Information Commissioner’s Office (ICO) own guidelines state although organisations can generally only send marketing texts or emails with specific consent, there is an exception to this rule for existing customers, known as the ‘soft opt-in’.

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

Brown said: “Many consultants and legal firms were professing the need to gain opt-in consent to allow dealers to contact customers and there was a belief the way we could do business would change beyond recognition.

“After a couple of months after the deadline for GDPR in May 2018 most dealer groups had already committed to pursuing existing customers for consent to continue communication rather than the commercially sensible option of legitimate interest.”

Brown said that when writing to an existing customer to ask them to consent to marketing, it is likely that at best 15% will actively opt in.

Dealer management systems (DMS) did eventually catch up with the legislation, but Brown said many went into overkill mode with more than 12 different options for the customer to choose from.

Brown said: “We have spent much of the last two years going into dealer groups and sorting out the mess left by poor advice and opt-in consent guidance, changing their data policy and re-working the database to dealer groups to market to more of their customers.”

Jeremy Evans, Marketing Delivery managing director, described legitimate interest as a “short-term sticking plaster” and said it is no long-term replacement for the application of comprehensive enquiry management best practice, including processes for securing and recording consent.

He added: “Legitimate interest allows a dealer to contact customers in an active enquiry cycle today, or existing customers who may have recently visited the showroom or workshop for any aftersales work. But consent is still king. Dealers must proactively seek contact consent from prospects if they are to continue meeting their longer-term marketing objectives, as well as their legal obligations.”

For instance, if a customer enquired about a new car three years ago, but didn’t buy that vehicle, dealers should not claim they have a legitimate interest if they then retarget that same customer today. This is only possible if the dealer has previously gained consent from the customer to contact them again.

Evans said dealers have invested time in improving enquiry management processes, and sales staff trained in those processes often get growth in recorded enquiry volumes.

Many also get rising consent rates, enabling them to contact those prospects with future marketing, too. This remains the case even in
The ICO has already shown its teeth for GDPR enforcement, with high-profile fines for British Airways and Morrisons.

Following an extensive investigation, the ICO issued a notice of its intention to fine British Airways £183.39m in July last year for GDPR infringements after data on 500,000 customers was compromised.

The High Court ruled last year that Morrisons was vicariously liable after a former employee posted the names, addresses, bank account details, national insurance numbers and salaries of more than 100,000 employees online. More than 5,500 claimants are seeking a payout in the case.

Morrisons has appealed the case and the Supreme Court will deliver a verdict this year. Threlfall thinks it’s possible the ICO could make an example of a dealer group this year.

He said: “It will have to be a persistent offender or a business that has a systematic failing in how they’re handling data. There might be breaches or a failure in process, but if that’s reported or handled I can’t see the ICO auditing a dealer group just for that.

“It’s where there are persistent failures that there will be a problem, and from my perspective it feels like the good retailers have taken this seriously.”

Brown said an ICO fine is one of the biggest risks to the automotive industry right now. He thinks that if there is a fine it will be for systematic failures over acting on opt-out requests for customers.

Brown said: “There still aren’t processes in place with many dealer groups to make sure that when customers do opt out that request is actually processed.

“It will come through to the sales team or someone in the business will pick it up and forget about it. We have seen cases where a customer has got in contact nine times to be removed from a mailing list.

“If you’re repeatedly failing to respect a customer’s wishes, that’s going to attract the ICO’s attention.”

### Marketing delivery consent and capture rates Q1 2018 to Q4 2019

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<tr>
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<th>Email capture</th>
<th>Email consent</th>
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<td>Q1 2018 (pre-GDPR)</td>
<td>80%</td>
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<td>80%</td>
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<td>Q2 2018</td>
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</table>
The relationship between manufacturer, dealer and customer is undergoing dramatic change. The arrival of the connected car, with its incredibly valuable dataset, will see OEMs encroach on the retailer’s patch even more, but dealers are unlikely to give ground lightly.

The connected car is the first step to autonomous driving, in turn leading to a host of different mobility services, and OEMs are already staking their claim. Technology company Summit, which partnered Rockar with its first retail venture at Bluewater shopping centre in 2014 and now counts Jaguar Land Rover and Honda among its clients, helps OEMs to not only transact online but to build a data profile of the customer.

Summit’s automotive division managing director, Tony Patterson, said: “The connected car is the first mechanism to join the dots, allowing OEMs to have a true on-going relationship with the customer. In the past, OEMs have been hands off and now they are starting to own that customer journey.”

“The connected car is a pivotal point in terms of the whole relationship between the customer and the OEM. It marks a change in the selling ecosystem. I think dealers will be forced into a transactional relationship with the customer, whereas the OEMs will have a product relationship which is far deeper.”

APD Global Group measures customer engagement and how it impacts retention, recommendation and loyalty for car brands, dealer groups, fleet providers and automotive suppliers. Executive chairman Paul Turner identified customer engagement and interaction as being at the core of the emerging customer relationship driven by new technology, including autonomous, connected, electric and shared vehicles (ACES).

He said: “Essentially, the customer should be in control of their data, and ultimate ownership is down to the individual.”

**GDPR**

Thus, it is likely that data regulations could prove the focal point in the customer ownership battleground. However, as Patterson pointed out, the OEMs have the real opportunity to “own” the customer as they are likely to think of themselves as a Toyota, Mercedes or BMW driver. But Patterson also says that, to gain ground, OEMs will need to overcome their cautious and “ultra conservative” approach to GDPR.

Sophus 3 works with manufacturers, large dealer groups and publications such as Auto Trader and Auto Express as well as Google, tracking every touchpoint of the customer journey. Managing director Scott Gairns believes the connected car will be considered like any other device under GDPR.

He said: “Consent will have to be explicit, so unless someone proactively opts in, the information should not be shared without consent.”

There are several issues to tackle including withdrawal of consent, consent when vehicles are driven abroad which means data is hosted by another server and first generation connected vehicles where customers’ consent on data sharing has not been gained, falling into costly recall territory to make such vehicles GDPR compliant.

Gairns added: “As long as you are sharing data, the user needs to give consent, even if
It is data that will make the car safer or prevent any issues in the future. Several questions surrounding data currently remain unanswered, such as ‘does the data belong to the customers, or is it the OEM’s?’ and ‘could both parties work together as joint data controllers?’, according to Gerardo Montoya, managing director of automotive at Experian UK&I.

Montoya, though, raised other questions around GDPR. Separately, connected vehicles generate data such as reports on technical issues and vehicle upgrades which could be argued to be outside of GDPR because they don’t fall under personal information. This will ultimately be dependent on how the data is processed. The industry also must come to an understanding on who owns the data when a car is sold on. Data retention is a key principle in GDPR and the wider availability of connected cars in the future is something OEMs will need to grapple with.

“Overall, the solution can only be focused on transparency and permissions. A lot can be learned from how the mobile phone industry has educated consumers over time and how that’s developed. Ultimately, consumer consent has to be king.”

HOW DO DEALERS FIT IN?

With such complexities at play, Gairns believes the real battleground will be around resources to ensure compliance and ultimately, this will rest with the OEMs. Despite this, Gairns predicts dealers will be reluctant to give up ‘ownership’ of the customer.

He said: “I think it is part of a bigger issue happening at the moment; there are lots of brands such as Vauxhall and Volvo which have renegotiated their contracts with their dealers saying that the customer no longer belongs to the dealer but belongs to the brand. I think a lot of dealers and dealer groups are already fighting back.”

“It is part of the emerging value surrounding connectivity, electrification and autonomous vehicles which they will not share with the dealers and, as we know, all those powerful aspects will soon be monetised.”

Patterson also sees the OEMs undertaking a direct selling role with retailers falling behind, although the picture is far more complex with aggregators such as Auto Trader and carwow, whose strength is in their data, as well as finance providers alongside the dealer and the manufacturer all claiming the single customer as their own.

However, should such a battle ensue over the ownership of the customer, Gairns warned customers could be left confused if they receive conflicting or duplicate information from various sources.

While Turner acknowledged the manufacturers’ advantage with the connected car, he balanced this with the personal relationship forged by the dealer with the customer and the need to provide ongoing SMR requirements.

But he added: ‘As vehicle sales profits continue to recede and the impact of EVs on aftersales revenues is felt, an ability to access data and communicate directly with customers will become an increasingly crucial part of any OEM’s balance sheet, and a likely area of confrontation with their dealer networks.”

“What OEMs might own the customer of the future or at least the asset (vehicle) of the future, they will likely require a robust support network to facilitate the current and new opportunities to arise from connectivity. Dealers – although potentially not as we currently know them – will arguably be a critical component of that ecosystem.”

ADDED VALUE

Whatever the outcome, the debate needs to place customers at the centre as car buyers will not simply allow access to their data with nothing in return. In the first instance, Patterson identified added value around software updates such as sat-navs with OEM customer portals providing access to a number of services and subscriptions, together with the ability to turn them off and on.

With electrification and the need for customers to have a different energy account, a wide number of benefits and offers can be made.

Gairns said: “The question won’t be how do we navigate around the consent but how can we ensure we get the consent. It will be about finding incentives to ensure the customer agrees to share their data.”

“This is what the OEMs will need to understand very quickly, that we are no longer living in a world where people will give their data freely, they will want something in return and it’s an area that OEMs will start monetising.”

Data from the connected car, how it’s stored, shared, accessed and consent obtained, will be on the agenda when the EU Block Exemption Regulations (BER) are updated.

Rules governing sales will be updated in 2022 followed by the aftermarket in 2023 and it is unlikely manufacturers will operate by different rules in the UK, despite having exited the EU. Lawyer Miles Trower will explore the implications at AM’s Automotive Retail Congress on May 21 at the British Motor Museum.
SF has recently launched a new product which allows customers to pay for their repairs online, without having to involve the manual and time-consuming process of dealerships ringing to chase customers for approval and payment. ASF’s new product allows aftersales to become truly digital:

1. New customers to ASF can now search for a local dealership, apply for 0% finance and book a service. Since launch, it has resulted in thousands of dealership searches every month.

2. Existing customers can re-apply for finance in just two clicks. At their six- and 12-month anniversary, existing customers will receive reminders by SMS and email to re-apply at the same dealership for 0% finance. This means dealerships retain more profitable customers (the average returning vehicle is seven years old with a bill of £439).

3. Via integrations with video, dealer management system (DMS) and vehicle health check (VHC) platforms customers can pay in full or apply for 0% finance the minute they receive their VHC report. Meaning customers can now pay for their repairs remotely on their mobile in the comfort of their own home, reducing the workload of service advisors.

4. ASF is already integrated with a number of leading third parties and by the end of Q2 2020, hopes to be integrated with every major video, DMS and VHC in the UK.

Outside of aftersales the e-commerce offering of ASF will further penetrate other areas of the automotive industry. Drivers will be able to transact for all services and products remotely such as online service booking, the purchase of parts and accessories, and (as electric vehicles become more popular) the funding of home charging points.

ASF is one of the fastest growing FinTech businesses in the UK. It provides interest-free finance for aftersales at dealerships. Drivers use ASF to spread the cost of car repairs over one-nine monthly payments completely interest free. ASF is available in more than 2,000 UK dealerships and is endorsed by major brands, such as VW Group, Ford, Vauxhall, FCA, Nissan and PSA.

- 2,000 DEALERSHIPS
- £50M LENT
- 75,000 TRANSACTIONS
Dealerships who provide ASF’s flexible payment solutions benefit from converting more of the work that would have otherwise remained unsold. ASF has been proven to reduce overall approval times, meaning work can be sold while the car is still on the ramp. This improves the productivity of aftersales teams, with less time wasted chasing customers and more efficient use of workshop time.

THE CHALLENGE
One in five UK drivers admits to driving unsafe cars because they can’t afford the repair bills.

ASF solves this problem by allowing customers to spread the cost over interest-free monthly instalments. For the aftersales industry to evolve successfully it must ensure that customer convenience, trust and transparency, peace of mind and value for money are at the forefront. ASF recently ran a survey of 17,000 customers and discovered that nearly 58% of them found getting their car repaired stressful, but more than 50% said their stress levels reduced when using ASF. These same customers (64%) would prefer to pay for their car repairs and services remotely rather than in the dealership or over the phone. As collect and delivery services become more prominent – including key drop-off kiosks – the industry will become more digital and allow aftersales to operate 24 hours a day, just like any other digital retail business. By offering ASF, dealerships will meet the digital demands of the 24-hour customer which will help to increase satisfaction and retention.

For more information. Tel: 0800 6120946
Email: customercare@autoservicefinance.com
Update your processes to make the most of customer data

Gaining consent is king if dealers wish to retarget potential customers and stay within GDPR rules

Since the introduction of the General Data Protection Regulation (GDPR) on May 25, 2018, capture rates for both email and SMS have remained relatively stable among UK car dealers.

In fact, the email capture rate has actually grown slightly since then, from 88% in Q1 2018 (before GDPR) to 91% in the final quarter of 2019. The SMS capture rate has also remained broadly level, and is at 80% – exactly where it was two years ago.

However, capture rates only ever tell half of the story. Customer consent rates for both email and SMS saw instant declines following the introduction of the legislation. Email consent dropped from 80% and has since stabilised at around 70%. SMS consent fell even further, from 73% to 54%.

In this new environment consent is king, regardless of how many emails or phone numbers a dealer captures. For example, imagine you have a customer on your books who enquired about a new car three years ago, but didn’t buy. A dealer can’t claim they have a legitimate interest in marketing to that same customer if they try to retarget them today.

Dealers must gain marketing consent from prospective customers if they are to meet long-term marketing objectives and legal obligations. And capturing consent means that retailer can capitalise on any growth in recorded enquiries.

Utilise enquiry management for increased consent rates
Where dealers have invested time in improving their enquiry management processes and trained sales staff on those processes, they often see growth in recorded enquiry volumes.

In fact, Marketing Delivery’s network of UK car retailers saw a combined 26% increase in recorded enquiries year-on-year between 2018 and 2019. Even where footfall has declined, dealers have significant potential to generate online leads. And those dealers adopting a process that encourages prospects to give consent to future marketing are the ones enjoying the most success.

Dealers can use an eCRM system to generate and record large numbers of enquiries and improve processes.

“Dealers can use an eCRM system to generate and record large numbers of enquiries and improve processes”

Marketing Delivery’s eCRM system helps dealers engage with customers and prospects via mobile-responsive email, SMS and social media messages. Dealers can use eCRM to nurture enquiries, increase sales conversions and even enhance aftersales retention. In addition, the company’s SocialStock social media marketing platform helps dealers and groups target relevant prospects with tailored stock remarketing and social media advertising tools, as well as automated lead capture for Facebook.

To find out more about how Marketing Delivery’s eCRM systems could improve your capture and consent rates, contact Marketing Delivery on 01892 599 917 or get.in.touch@marketingdelivery.com
Car dealer tools to understand customers better

The quality of data can sometimes be questionable – but there is now a range of ways to guarantee it’s useful.

Thanks to the latest advances in technology, car dealerships and manufacturers can now get a far greater insight into what their customers want than ever before. Among the biggest disruptors driving this evolution are connectivity and digitalisation, presenting a host of opportunities and risks for OEMs and retailers across the board.

One of the most useful tools to help a dealer understand their customer better is their own website. Having a well-designed and highly-functional website enables them to capture a consumer’s personal information and identify what they are looking for.

Martin Dew, Autoweb Design’s digital solutions director, said dealers need to use analytics to determine the factors that make consumers enquire about a vehicle in the first place. The other challenge, he said, was to capture potential leads who have been directed to their website from another source, such as social media.

“Dealers want to understand the journey a consumer took to making a purchase to allow them to optimise their digital marketing activity for future sales,” said Dew. “They also need to capture these ‘unknown audiences’ coming to their website and market to them in an appropriate fashion.”

But Russell Borrie, Arnold Clark’s group franchise director, warned that dealers need to be careful about how they use a consumer’s data, in compliance with the General Data Protection Regulation. To ensure this, he said his company collects only the minimum personal details required, including for part exchange valuations.

The fastest growing area of customer engagement is dealer apps and aftermarket telematics to gather data – for example on how a customer uses their car; when their next service is due and if they have had a breakdown or been in a crash. But because of greater awareness of data privacy, many consumers are wary about using them.

Mark Rose, MD of Tracker, said his Tracker Connect device can be used by the dealer for a host of applications, foremost tracking mileage. By being aware of the mileage a customer has done, he said that dealers can alert them if they are likely to exceed the terms of their warranty or personal contract purchase and offer them an alternative, or let them know when a service is due.

“It’s a complex area with considerations around who owns the data, access and sharing,” said Mike Walters, managing consultant at Elevenci. “But ultimately it offers massive opportunities including automatically identifying potential repairs and future servicing needs, routing drivers into preferred networks, sophisticated integration models in the event of breakdown or incidents, and sophisticated retention and renewal interactions.”

The rise of social media, driven primarily by the millennial generation, has also enabled dealers to better understand the likelihood of a consumer buying a vehicle, and then retarget them.
using cookies and widgets such as the Facebook pixel, they can track the consumer’s activity and then promote offers on other platforms they visit through targeted marketing.

Jeremy Evans, Marketing Delivery’s MD, said the Facebook pixel allows dealers to retarget consumers who have already been to their website but haven’t yet made an enquiry. Once they have been persuaded to do so, he said they then have their details and can contact them directly via email.

“We know the people who have gone onto the website and made an enquiry, but there’s a far bigger audience that have been on there and haven’t,” said Evans. “The Facebook pixel enables dealers to see where those consumers are on the website and then appropriately remarket to them through Facebook advertising, whether for used or new cars, or servicing.”

But despite declining showroom footfall, perhaps the most overlooked method of customer interaction is face-to-face at events and pop-up stores in shopping centres or supermarkets. Buying a car is still a personal process and the best chance for dealers to learn more about the consumer, particularly those with a limited number of dealerships, such as Tesla.

Mobile technology, such as the Contact Advantage Central Lead app and iPad-based customer relationship management software, also makes it easier for dealers to collect a consumer’s details securely, said Steven Torrance, national sales manager at Reynolds and Reynolds. But he added he was sceptical about the quality of data and leads. Despite the relatively low cost.

Julia Saini, associate partner, mobility, at Frost & Sullivan, said that the personal information gathered in this fashion needs to be used as part of an omni-channel approach to build a better consumer profile for the next time they go online or walk into a dealership. That can include, for example, social media use, asking questions in a forum, browsing car magazines or using an online configurator, she said.

In many ways, however, the manufacturer has greater access to consumer data than the dealer. One such channel is the online configurator, which enables the carmaker to capture the consumer’s personal details to stay in touch and see what options they want.

Having an online configurator will also improve supply chain efficiency and lead times, according to Torrance. Another key benefit, he said, is bringing marketing and sales and factory systems closer together.

“Many vehicle manufacturers offer pre-configurations to help less car-savvy customers online, and we increasingly see the use of customer data, gained among others from social media insights, to personalise the online configuration experience,” said Saini. “Manufacturers can understand customer preferences and habits and adapt model line-ups accordingly, and dealers can avoid the current online-offline anti-climax, where the online customer journey is often lost.”

Connected cars are also set to transform the quality of data by monitoring closely how the customer uses their vehicle. For example, electric vehicles such as Nissan Leaf can track mileage of average journeys, when and how often they are charged, and how frequently they are serviced.

The MercedesMe connect system includes three connectivity services which allow the driver to call for 24-hour roadside assistance in the event of a breakdown, emergency services call-out in case of an accident, and artificial intelligence-based support, for example, for routes and locations. The second feature is mandatory for all cars and vans sold in the EU, and tracks a vehicle’s whereabouts.

Lexus has also undertaken a new project which enables customers to see the saving and fuel efficiency of driving a self-charging hybrid Lexus UX. Each test drive is monitored with telematics showing how much of the journey was completed using only electric driving, which on average is 53%.

“OEMs will want to monitor how batteries are performing as they assess their potential risk under warranty,” said Torrance. “Having your car connected to the OEM for data gathering and from a servicing perspective is hugely appealing.”

Another rich source for data collection is owner platforms such as My Volkswagen, which enable car owners to register in order to receive offers, rewards and benefits, such as checking fuel levels and tyre pressures, and locking/unlocking the vehicle with a smartphone, in return for the manufacturer keeping in contact with them. Kia is rolling out its MyKia app, which provides customers with a host of benefits including service bookings, updates, information and advice.

The development of apps linked to the car that can control features such as charging, audio and pre-programming of navigation, has also enabled them to better understand customer behaviour. An example of this is uploading a destination from the app to the vehicle which can then schedule recommended charging locations along the route.

ALEX WRIGHT
Welcome to the AM commercial section, What’s New. Over the next 10 pages, you can learn the latest developments and innovations from suppliers in specialist sectors ranging from finance through lead analysis and IT systems and on to remarketing. Franchised dealers face considerable changes in the car market and to their business model in general and it’s clear that suppliers such as these are keen to fine-tune their offerings, expand their expertise and spot new opportunities as they continue to support their dealer clients.
Finally, part-ex made easy

Talk to eVA

Upgrade your online part-ex experience with market-leading valuation accuracy and consistent appraisals.

manheim.co.uk/eVA
The evolution of part-exchange

For dealers to make a success of the growing online retail market, they need a way to integrate part-exchange into the process, says Paul Humphreys, managing director of Car Buying & Mobility at Cox Automotive UK.

What key trends are emerging for part-exchange?
Part-exchanges continue to be a core source of income for dealers, whether that be via the margin on the trade-in or in the deal it allows the dealer to stack. The historic model of giving a ballpark valuation on sight of the part-ex vehicle and building the deal from there is fast becoming out-dated.

As more consumers now look to start the buying process online, they want a valuation they can trust before they set foot in a dealership. And, increasingly, they want the option to complete the deal entirely online.

What challenges exist around online part-exchange?
Trust and transparency are key for consumers. Typically, 33% of all part-ex deals fail due to disagreement on the vehicle’s value, so accurate valuations are vital.

Accuracy is the outcome of two things: the quantity of high-quality data driving the valuation and the appraisal process.

An acute challenge for dealers today is they need to be able to confidently value a potential part-ex vehicle without physically seeing it and ensure a consistent appraisal process across their dealerships and staff.

What are you doing to address the situation?
We’ve launched eVA, a new valuations and appraisals platform.

eVA combines the UK’s most accurate vehicle valuation database with a white-label, consumer-friendly and dealer-friendly appraisal tool that connects the online and in-store consumer journey. The appraisal tool can be embedded in the dealer’s website and used to conduct physical appraisals in the dealership.

This means consumers can self-serve an accurate valuation for their existing vehicle on the dealer’s website, build the part-exchange into the deal and then finalise at the dealership. The platform synchronises the customer journey, meaning all data is carried over so the conversation can pick up where the online process ended.

eVA has added benefits for the dealer too, such as custom rule building to allow flexibility in the part-exchange valuation. We’ll also underwrite every valuation so the dealer can choose to sell any unwanted part-exchanged vehicle directly to us.

What makes eVA so accurate?
In simple terms, the more high-quality data available to review, the more accurate the valuation. That’s why we utilise Auto Trader’s valuation data, which, combined with Manheim’s trade disposal data, means we have visibility of more than 1.9 million vehicle movements a day, making it the largest and most comprehensive data set available in the UK. But that isn’t enough by itself. Our valuations team adjusts prices daily by monitoring thousands of wholesale vehicles a week. This allows us to work within 1% accuracy.

There are several valuation and appraisal services. What makes eVA unique?
Existing services don’t have the required accuracy for online use. Historically, valuations have been within a broad range and often that range is wide enough to make a deal positive or negative. eVA allows deals to be built with confidence, knowing the valuation is accurate.

We’ve also made our software consumer-friendly and available online to unlock this growing market and enable early lead generation.

With eVA, the consumer receives the same service whether they build their deal online, in-store, or mixture of the two. It’s a seamless experience that benefits both the dealer and the consumer.

Ultimately, it’s about unlocking the growing e-commerce market and eVA is the only tool that makes this possible.
EMaC Lifetime Warranty.

Combining the benefits of a Warranty, Service Plan and Breakdown Assistance in one bundle

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EMaC Lifetime Warranty: make a major quality statement

The ability to offer a comprehensive warranty increases the peace of mind for the pre-owned car purchaser and has many dealer benefits

Offering your consumers a lifetime warranty makes a major quality statement about your vehicle stock and the processes you believe in. EMaC Lifetime Warranty closes the gap and offers a comprehensive solution which is proven to increase retention.

Consumers want peace of mind
Our focus group feedback demonstrates that consumers are anxious about potential future repair bills when buying a pre-owned vehicle. Consumers want peace of mind that they are not going to face future jeopardy for their latest significant purchase. Short-term warranty solutions offer a re-assurance but, with many vehicles being bought with at least a three-year ownership in mind, consumers want more.

EMaC Lifetime Warranty – a competitive advantage in a challenging market
Combining Breakdown Assistance, Service Plan and Warranty, EMaC Lifetime Warranty offers consumers a full package through one single monthly payment, throughout their ownership of the vehicle. Consumers enter a comprehensive relationship with their dealer through the tangible and ongoing benefits of the Lifetime Warranty and, if the worst should happen, they are covered. All taken care of.

How does it work?
The dealer is able to offer a Lifetime Warranty because they are regularly inspecting and servicing the vehicle. In exchange for the consumer receiving such comprehensive peace of mind, the dealer is in control of the process. Through having a long-term relationship with the consumer and the vehicle, the variables are reduced and the dealer is able to stand by their stamp of quality.

The benefits
EMaC Lifetime Warranty is proven to:
• Increase service income
• Increase warranty/breakdown repair income
• Increase add-on sales income
• Increase repeat car sales
• Improve retention for the following keeper of the vehicle (given the Lifetime Warranty is transferable)

All taken care of
As well as handling everything from marketing to fulfilment, repair process to fund management, EMaC will also deliver our industry-renowned training so dealers can truly maximise consumer retention and revenue potential from EMaC Lifetime Warranty. All of our dealers receive their choice of e-learning and on-site launch training, as well as on-going programme development covering everything from sales performance management to product knowledge coaching and objection handling.

EMaC has been trusted by major manufacturers to make a difference to their consumer aftersales offering for 16-plus years. Today we work with more than 500 dealer groups and receive 15 OEM endorsements, helping them maximise consumer retention in unpredictable times. As the leading aftersales partner to the UK automotive industry we drive an aggregated £250m of aftersales revenue into the UK network, annually, through our range of solutions.

Web: www.emac.co.uk Tel: 0330 099 686
Email: support@emac.co.uk
SecretService™ is out of beta stage after pilot tests

SecretService™ has achieved more than 300% ROI through driving conquest aftersales customers and increasing retention rates for 23 franchised groups across 248 sites

One of the challenges facing franchised dealers in 2020 and beyond is how to make their workshops fully utilised and profitable in the face of falling new car sales and competition from independents and fast-fits.

Typically, SecretService™, launched last year by BookMyGarage.com, attracts 80% conquest customers. These customers, who would not normally have considered going to a franchised dealer in the first place, are driving older vehicles. This results in increased tyre and parts sales and higher average final invoices values than normally achieved (see graph).

SecretService™ also increases retention rates, by directing customers back into the franchise at the point they are at risk of migrating and bringing back lapsed customers. This is non-disruptive to the franchise’s own call centre/marketing efforts.

What is SecretService™?
SecretService™ uses the same model as five-star hotels who offer secret, last-minute deals on unsold rooms without damaging their normal pricing. The rooms are typically basic standard rooms sold with breakfast and other options being charged as extras.

In the same way, SecretService™ enables franchised dealers to compete with local independents and fast-fits by offering the same service schedules used as standard by more than 9,000 independent and franchise garages, which has resulted in nearly three million happy customers obtaining instant prices to book an MOT, service or repair work.

This levels the playing field for franchised dealers. The franchised site and name are not revealed until after a booking is made, protecting its normal service pricing and brand values.

For a fixed monthly fee (protected by a minimum 200% guarantee), SecretService™ fights back against disruptors and fast-fits whose adverts state that franchised servicing is expensive. It attracts customers who are already searching outside the franchised sector on Google, Facebook and BookMyGarage.com.

High CSI/review scores
Capturing excellent review scores reflects the gratitude of motorists who didn’t think they could have their car serviced by a franchised dealer, and are more confident to authorise repairs. Especially where – for instance – CitNow Video is utilised, as video health checks achieve higher conversion rates of amber/red advisory work.

SecretService™ is guaranteed to work
“The platform is helping our partners to improve workshop utilisation and profitability, and this is being achieved with no financial risk, thanks to the minimum 200% guaranteed ROI,” said Karen Rotberg, co-founder of BookMyGarage.com.

Some specific ROIs achieved by manufacturers are: Ford 331%; Mercedes-Benz 586%; Volkswagen 632%; BMW 784%.

Real-time reporting
The programming team has developed real-time, unique and interactive reporting dashboards which enable high-level aggregated group reporting.

These give real-time ROI, as well as site performance analysis including key booking conversion rates, parts sales, final invoice values and more. This can also work with or without the dealers’ DMS. Those sites which are under-achieving on KPI can be given further training by SecretService™ to gain the highest possible ROI. League tables highlight which sites should be rewarded. Rotberg added that beta testing is now complete, with the first major groups, such as Vertu, bringing all sites into the SecretService™ partnership.

To book a demonstration visit personalised to your franchised group, please contact Jack Beacher; jackb@bookmygarage.com mobile: 07983 323696
Vertu Motors goes live with SecretService™ after 25 site pilot

Vertu Motors PLC, one of the UK’s largest automotive retail brands, constantly reviews opportunities to further grow workshop utilisation and profitability.

As part of this strategic thinking, conversations started with BookMyGarage to see how the franchised group could increase its share of out of warranty servicing work, for cars aged over three years. Following a successful 25 site pilot with SecretService™, Vertu has gone live with the whole group.

Following a presentation to Vertu’s Divisional Aftersales Directors, SecretService™ was piloted across 25 sites from June to October 2019. The results achieved on the pilot level 1 were:

- Just under **2,000 additional customers**
- Of which **63% were new customers vs 37% retained**
- This equated to a **380% ROI**

David Crane, Chief Operations Officer of Vertu Motors plc, said: “Implementing SecretService™ enabled us to reach out to customers with older cars who traditionally would be looking at independents and fast fits for their servicing, MOTs and repair work.

“However, by showing them we could compete on price, for the same basic services, meant we were able to win back and retain existing customers and welcome new ones to our centres.”

“As a result, we rolled out SecretService™ across our network of 116 sites in November and we’re already exceeding targets for the whole group. This allowed us to advance to SecretService™ level 2, with increased volumes and returns.” - David Crane

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**SHHHHH...**

Guaranteed to...

- Gain conquest customers
- Increase customer retention and
- Win back lost customers

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Join over 3,500 franchise dealers getting better quality leads. Make the move.

search hey car
When it comes to buying a used car, heycar has it sussed. They get that consumers can find the car-buying process uncertain and confusing, so heycar was launched to make everything quick, easy and totally transparent.

heycar is a new online marketplace where all the best quality used cars from franchise dealers are brought together in one place.

Backed by motoring heavyweights Volkswagen Financial Services and Daimler Mobility AG, heycar originated in Germany and is aimed at helping dealers sell more cars by generating quality leads, while giving motorists the confidence to choose the right car for them.

Solution-driven, heycar delivers innovative and unique support to both dealers and motorists bringing them together through a seamless online experience without cutting out the human touch.

All stock featured on heycar.co.uk comes with a warranty, full history checks, is under eight years old and has less than 100,000 miles.

This quality assurance gives consumers confidence that heycar only stocks the best used cars from the most trusted UK franchise dealers.

With millions of used cars out there for drivers to choose from, what will make your stock stand out?

Signed-up dealers are welcomed into the heycar family – with a partnership that works both ways.

Dealerships from across the UK are regularly encouraged by heycar to share feedback and make sure that the platform is continuously improved, driving value to their businesses.

heycar understands and shares dealers’ growth ambitions. They even offer bespoke marketing campaigns tailored to specific dealer groups, and share marketing tips and tricks.

What’s more, dealers can sign up with heycar through a quick, simple process. There are no listing fees and dealers benefit from quality leads, plus all the information needed to convert these into sales.

heycar is more than just an online partner. They also support dealer events and offers at ‘real world’ forecourts. The team can share advice and support your marketing efforts to reach more potential customers who are ready to buy. Oh, and they also serve the finest coffee courtesy of the heycar baristas and bring some branded goodies too!

“heycar has a great vision and a can-do approach”

Rob Keenan, Drive Vauxhall

Who better to tell you about the value heycar can bring to your business than other dealers?

Robert Forrester, CEO Vertu Motors PLC, comments: “The emphasis of high-quality franchised dealers is a USP that we’re fully on-board with.”

JCB Volkswagen Medway Group say they were ‘desperate’ for an alternative to other competitors.

Group Operations Director for Drive Vauxhall, Rob Keenan says: “heycar has a great vision and a can-do approach.”

Sound like your way of doing business? For more information about signing your dealership up visit: www.heycar.co.uk/join

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Carbon Shield Technology™
British car-buying habits have changed, make no mistake

Uncertainty over the future of PCP commissions means sales teams should turn the spotlight on the upselling of accessories

Today, more than 80% of new cars bought privately are acquired via personal contract purchase (PCP), which is, essentially, a form of leasing dressed up as a more flexible alternative to hire purchase.

Those affordable monthly payments are perfect for getting bums on seats and also for buyer retention, as it means customers will be back across your threshold by the time their PCP agreement expires. Indeed, this can often happen sooner if customer trends continue as they are. Almost half of all PCPs now end before their full term as customers come back looking for a deal on the latest and most up-to-date models.

In a car market that’s, at best, challenging, this is good news. But new regulations due to be introduced by the Financial Conduct Authority (FCA) following a review in October 2019 look set to ban dealerships from receiving external commission on certain types of finance to prevent them acting “against customers’ interest”.

That is, of course, an ethical and wholly understandable approach, but also one that will potentially impact on the motor trade. Sales staff will lose incentives that may previously have formed part of their day-to-day income and what that means is that car sales are likely to return to more traditional ways of doing business.

By that we mean the traditional upsell – once you’ve got the customer to try the car for size, that’s where the real art of selling begins. Upselling specification is great – it will help increase the margin on the car – but it is accessories, such as paint protection and service plans that will be the real sweeteners in the sales executive’s pocket. All can be sold at source and with a clear and transparent way of tracing the return on investment.

It’s in the customer’s best interests, too. Add-ons such as floor mats, mud flaps and, of course, Autoglym LifeShine are investments into the car’s residual value as much as they are an extra cost for the customer. They can often be balanced against margin to help enhance the deal.

And, by protecting their cars from the minute they leave the showroom, customers are helping themselves when it comes to avoiding punitive return charges at the end of the PCP.

After all, in a PCP, the customer doesn’t own the car unless, of course, they make a balloon payment at the end. Only 20% do.

When pared down, for the majority, it’s a form of car rental, and if the car comes back with scuffs, scrapes, worn carpets or paint damage it often falls to the customer to pick up the tab.

In the days of decent commission paid out on finance packages, some dealers may have taken a laissez-faire approach to return standards so as not to sting the customer who was about to pay for their next meal ticket by changing to a new car. But this is something that’s going to change and will do so very quickly.

Never has there been a better time to encourage your customers to protect what they’ve got.

For more information about Autoglym LifeShine, call 01462 677766 or visit: www.lifeshine.com

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LifeShine
Professional Use Only
One accurate measurement is worth 1,000 expert opinions

Grace Murray Hopper, one of the pioneers of computer science once said “one accurate measurement is worth 1,000 expert opinions” and using data to understand the performance of your forecourt and market trends has never been more important.

Since Auto Trader first became an online platform way back in 1996, just like you, we’ve been trying to understand what’s important and develop metrics to help improve the profitability and performance of our retailers. Over the years we’ve had click through rate, lead ratios and ‘vs similar’, all of which were relevant and right at the time.

In recent years however, we’ve recruited a full team of data scientists and data analysts to dig deep into the vast quantities of data analysing the 5.5 million vehicles moving through our market each year, interactions of over 51 million monthly visits to our platforms looking at nearly 240 million classified adverts. Last year alone, 6 billion minutes were spent on Auto Trader and,

as the industry becomes ever more complex and challenging, it’s important we find new ways to surface that data to our customers to help them make even better decisions in what they buy, what they pay, how they price and how they turn the metal back into money as quickly as possible.

In April, we launch AT Analytics, our new suite of reporting tools designed to help retailers achieve and exceed their targets in an increasingly competitive and ever-changing landscape. All Auto Trader customers will have access to near real time data from two new tools, with a third following later in the year.

It’s time to stop guessing and start knowing
Don’t guess: know your market with AT Analytics.

AT Performance Analytics
This will use our new ‘Performance Rating’ to direct you to the vehicles that need your attention straight away. This uses machine learning to score your adverts performance against an expected response with unparalleled accuracy. The higher the score, the more quickly the vehicle is likely to sell.

You’ll be able to explore how your advert is performing through the buying journey: How many times are you being found in search? How well are you generating clicks onto your adverts? And are you getting the expected amount of leads and connections?

AT Market Insight
This is our new marketplace analysis tool. Enabling you to look at the balance of supply of vehicles and consumer demand in your region and nationally, plus national pricing and predicted speed of sale trends.

Market data will help you optimise your existing forecourt of in stock vehicles but will also become an invaluable tool for spotting emerging trends that might affect your future stock mix.

Should you have more electric vehicles and less diesels? More Golfs and fewer Polos? SUVs or superminis... check the Market Health report which is fully customisable for make/model/body type/fuel type and age. Understanding the market has always been a dark art. Is it something I’m doing? Or is everyone experiencing what I am?

AT Sales Analytics
Launching later in the year, AT Sales Analytics will help retailers understand more about their sales and where their buyers are coming from. What’s more, they’ll understand how consumers are engaging with their adverts, as well as those similar to their own on the path to purchase.

These new tools are designed to complement our existing Vehicle Analytics tools – Retail Check and Retail Accelerator. Here, our Retail Rating gives you a score out of 100 for that specific vehicle, down to trim level indicating the predicted days to sell based on live supply and demand.

With Market Insight and Performance Analytics joining our existing suite of Vehicle Analytics tools it’s time to stop guessing and start knowing.

Intelligent tools + Powerful insight = More power to you
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Trustpilot
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Optimising profits from paint and fabric protection

Upselling paint and fabric protection products can add a lucrative revenue stream for dealers. Craig Thomas shares some best practice tips from suppliers

Craig Hepworth, national sales manager for Supagard, said: “We recommend that it’s actually introduced as a hook in the part-exchange appraisal process. When you’re evaluating the car, you ask if it has paint and fabric protection. If the answer is yes, then you say, ‘Oh, that’s really good news. Obviously it will help with the value of your car’. If it’s no, ‘Okay, not to worry. I’ll explain later on exactly what that means, if you’re not familiar with it.’

“So you introduce the idea of paint and fabric protection at an early stage. You need for someone to be at least willing to listen, so that hook on the part-exchange is a good way of doing it.”

This is supported by Chris Benham, head of corporate sales, southern region for Autoprotect, who added: “When appraising a customer’s part-exchange, it’s always a talking point. The customers are at their most relaxed at that point in the sales process normally, or should be. It’s a good opportunity to introduce the concept of paint protection, but without going into a whole presentation.”

Those product benefits are clearly important, as they can mean the product almost selling itself. As Lance Boseley, marketing director for Jewellultra, said: “It’s all about explaining properly the features and benefits of the product. A lot of people think these products are smoke and mirrors. I tell salesmen, just explain the features and the benefits of the product, then leave the customer to make the decision. Don’t oversell it.”

There are plenty of ways in which suppliers can support dealers with tools that will enable the customer to see what paint and fabric protection products can do to make their ownership of the vehicle easier. One of the most common is to treat a showroom vehicle with a paint protector – ideally, using a method such as coating half of a bonnet with the protector, leaving the other half untreated – or coating half a car seat or fabric sample with fabric protector, then pouring water on to show the different reactions.

But in a digital world, there are other, more high-tech methods of demonstrating the benefits of products to consumers. Supagard, for example, has an app that works on a sales process normally, or should be.

Chris Benham, Autoprotect

“When appraising a customer’s part-exchange, it’s always a talking point. The customers are at their most relaxed at that point in the sales process normally, or should be.”
executive’s desktop, PC or tablet, which does just that. Jewelultra has a video featuring a magician. Gtechniq has a two-pronged approach. The first is a new website optimised for mobile devices. Head of marketing Dom Berry said: “The dynamic of the site is that it helps display the information. It tells customers up-front what a ceramic coating is. It doesn’t try and tell them a story about prolonging the value of the car. It actually explains what the technology is and how it’s going to make their lives easier by maintaining the car more easily.”

At the same time, the company supplies dealers with digital picture frames with a preloaded video that uses CGI to show what the paint protection product does, so the sales executive can watch it with the buyer, answering any questions.

Fundamentally, however, effective sales rely on an effective sales executive, who also has effective leadership. Hepworth said: “What it really involves is that the managers need to manage and the sales execs need to offer it to every customer, every time.”

“Managers then need to ensure that process is followed within the business. Everyone knows what should be done: it’s a case of does it get done every time? And does it get done consistently?”

Financial incentives will ensure the focus of staff on the showroom floor.

Hepworth added: “Pay plans are important. The sales executives are rewarded for the sale of the product – and rewarded to a level that makes it worth their while to demonstrate it and do everything else in the process of selling it.”

And there’s certainly plenty of money to go around, with dealers able to make a tidy profit.

As Bosley said: “The kit can cost them anything from £20 to £70. In terms of what they sell it for, it’s generally between £199 and £499. On average, they should be able to clear about £200 net, around £150-£200 on average. Obviously, if they’re selling it for £199 and they’re buying the kit for £70, they’re only going to be making about £100. If they’re buying it for £30 and selling it for £349, they’re going to be making £200-£250.”

Benham added: “If you’re looking at a return of around £250 per product or per case of paint protection sold, then you’re doing a pretty good job. In terms of the industry standardised or average pricing, it hasn’t shifted a huge amount in the past 10 or 12 years.

“But you can only command a higher price if you’re really looking at selling those benefits back to the customer; in terms of the financial benefit or gain they could have, rather than just, ‘look, your car’s going to be protected from fading and oxidation and chemical stuff.’”

At the premium end of the market, potential profits are even higher. For a prestige car selling at around £100,000, upselling a £1,000 paint protection product is not a huge leap.

The key is to understand the product’s value. Berry said: “If the dealers want to achieve a good level of profit for the product, they need to make sure that they sell these coatings rather than instinctively throwing in a paint-protection coating, just to sweeten the deal. If they’re giving it away for free, they’re obviously losing the profit out of it. And there’s good profit to be made out of them. They do hold good margins. That’s the key piece of advice I would offer: sell the coating.”

Using all these best practice tips means dealers can achieve a significant level of success. Hepworth explained just what success can look like. “We set a benchmark penetration level on new cars and 50% is achievable. On used cars, we ask dealers to aim at 40%. We’ve got dealers in the premium brand world at 60% and above.

“So the way to earn more money is to increase your penetration levels. On average, if we were to take all the brands we deal with, the average car penetration level is near new 35%, the used car level, near 25%.”

At a time of tight margins in car retailing, this success can be a welcome additional income – if selling these products is approached in the right way.
Supagard is the UK’s No 1 for protecting your customer’s cars, but now it has recently developed a new kind of protection for your customers, too!

With the news dominated by the rapid spread of coronavirus around the world, everyone is concerned about maintaining maximum cleanliness in their home and workplace – but what about in their car?

Did you know that vehicle interiors hold millions of particles and pathogen agents carried by the air, people and animals?

When it comes to catching or spreading a virus, this is a major concern, but you can help protect customers with the Supagard Sanitisation System – a device so powerful that it renders viruses inactive by killing more than 99% of germs and bacteria.

How clean is that car?
Studies show the average vehicle interior has 283 different types of bacteria every square centimetre. In fact, the average steering wheel is four times dirtier than a public toilet seat! Protection starts with thorough cleansing of the surfaces we touch and the air we breathe. The Supagard Sanitisation System is proven to be far superior to liquid cleaners as it uses ozone to deep clean any vehicle. For viruses, germs or bacteria – it’s bad news!

So what is ozone?
We’ve all heard of the hole in the ozone layer, but few of us know that ozone is a natural gas formed in the stratosphere and its presence in greater concentrations in the mountains gives us the perception of freshness and purer air.

Ozone is regarded as a ‘safe agent’ and a natural solution for the sterilisation of environments contaminated by viruses, bacteria, spores, etc.

Its high oxidative power makes it the most effective disinfectant in nature – it’s not flammable, abrasive or explosive, it doesn’t damage people, animals or the environment and it doesn’t cause irritation to skin.

How does it work?
When activated in a vehicle, the Supagard Sanitisation System sterilises the interior to ‘medical grade’ levels by converting the oxygen in the cabin to ozone, generated by the device’s advanced scientific technology.

This ozone penetrates every part of the interior and renders viruses inactive by killing more than 99% of germs and bacteria in the cabin and air conditioning system, making the car a safer and healthier place for the driver and passengers. It also purifies the air by removing unpleasant smells, leaving a regenerated and deodorised environment.

An average car can be fully sanitised in around 20 minutes and after treatment, any remaining ozone is converted back to oxygen by the device.

It doesn’t stain, leave residues or damage the materials used in the interior, so it’s the ideal answer to sterilising and deodorising any vehicle to the highest possible standards.

Sanitisation treatment is a real benefit that can be offered to your customers as part of a service or as a standalone option, giving them protection and peace of mind, so ask about the Supagard Sanitisation System today and spread the word – not the virus!
The eighth-generation Golf bears a close resemblance to its predecessor from the outside.
It’s difficult to predict who might walk into a Volkswagen dealership looking to buy a Golf in 2020. So unique is the model’s ability to appeal to the masses, there are few cars that have such a broad customer base.

From the entry-level models to the range-topping Golf R, there’s seemingly a Golf to suit all needs and all tastes. Easy to drive, easy to live with and, importantly, easy to sell, the Golf has become a universally loved model in its 45-year lifespan.

Now in its eighth generation, the latest Golf has a strong focus on technology. It introduces the latest connectivity and driver assistance systems, while benefiting from updated and more efficient powertrains.

The new car’s dimensions and looks remain closely aligned with those of its predecessor, albeit with a sleeker new nose to aid aerodynamics.

Inside, the biggest revelation is the fully digital and buttonless cockpit. A digital instrument cluster is fitted across the range, alongside a 10-inch touchscreen infotainment system. It’s unlike anything else in the segment and gives the Golf a significant advantage over rival models.

Touch-sensitive panels provide easy access to the most important features, such as the temperature controls, light switches and audio volume. A digital assistant enables hands-free voice control of the car’s functions too. “Hello Volkswagen, I’m cold” is all that is needed to ramp up the heating, for example.

The connected services include live traffic information, internet radio and in-car WiFi. Owners can also use the We Connect app to lock or unlock, find and even pre-heat their vehicle.

For the first time, hardware permitting, VW will also allow additional features, that weren’t fitted from the factory, to be bought and downloaded to the car.

While it was never designed to be an all-out driver’s car, the Golf has always balanced handling and comfort in a way that suits the majority of drivers. The new car is available with a re-designed adaptive suspension system that allows effective customisation of the ride and handling; from the bone-crushing Sport to the svelte Comfort, drivers can fine-tune their desired setting using a sliding scale.

There is no revolution in the powertrain department. In fact, you could accuse VW of taking a backwards step as the fully electric e-Golf will be phased out to make way for the ID 3 that is due to arrive in showrooms later this year.

There is still a plug-in hybrid GTE version, which gets a power boost to 245PS and a larger battery. It can cover up to 37 miles on a charge.

VW says the bulk of sales will be split between a 1.0-litre three-cylinder petrol, a 1.5-litre four-cylinder petrol and a 2.0-litre diesel.

The entry-level 1.0 TSI won’t be introduced until later in the year, but it’s likely to have the same 115PS output as the existing car. The most popular model is expected to be the 130PS 1.5. It uses Active Cylinder Management (ACT), enabling two of the four cylinders to be switched off, minimising both fuel consumption and emissions. A more powerful version is also available with 150PS and there will be a third option, known as the eTSI, that utilises 48v mild-hybrid technology.

The lower-powered version is less vocal and provides a more familiar

**KEY RIVALS**

<table>
<thead>
<tr>
<th>Model</th>
<th>Driveability, Price</th>
<th>Dated Infotainment</th>
<th>Premium Finish, Performance</th>
<th>Expensive Options</th>
<th>Low Emissions, Build Quality</th>
<th>CVT Gearbox, Pricey</th>
</tr>
</thead>
<tbody>
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<td>✔</td>
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**REVIEW RATINGS**

**AUTO EXPRESS**

**AUTOCAR**

**PARKERS**
The new Golf exhibits a familiar balance of handling and comfort.

Driving experience than the eTSI. While it uses clever fuel-saving technology, the engine doesn’t feel as smooth when you push it hard. It also lacks a sharpness to the brake pedal, due to the regeneration system that activates before the actual brakes to capture energy that would otherwise be lost.

One engine not carried over on the new model is the 1.6 TDI diesel. Instead it’s replaced by a 2.0-litre version, offering 15PS or 150PS. Improvements to the diesel make it our pick of the bunch. With 150PS it feels potent and in most scenarios, barely audible. During our test route, and including some more spirited driving, the car was still returning 50mpg.

The Golf retains its fluid driving experience in the latest generation. It’s not the best-in-class for engagement, but we expect the hotter versions will tick those boxes.

Performance Golfs come in a variety of flavours, including GTI, GTD, R and track-focused GTI TCR – all packing more power than their predecessors, although prices for these versions are yet to be announced.

The trim line up for the new Golf marks a departure from VW’s familiar S, SE and SE L line up. Instead we get Golf, Life, Style and R Line to mirror the European market.

Golf comes well-equipped with LED headlights, keyless entry, climate control and the aforementioned infotainment system.

Life adds parking sensors, lumbar support and wireless smartphone charging.

**Q&A**

**DALE PIPER, PRODUCT MANAGER GOLF AT VOLKSWAGEN UK**

Given the growth of the SUV segments, with cars like the T-Cross and T-Roc and the upcoming launch of the ID 3, how important is Golf 8 to the brand and what are the sales expectations for the new model versus its predecessor?

We expect the new Golf to follow the same pattern of success as the seventh generation. Of course, some customers may opt for an SUV in line with the industry trend, but the Golf has succeeded for 45 years so far in the face of many newcomers and alternatives, so it has a great track-record of having perennial appeal. Thanks to its range of advanced engines – including mild hybrids and plug-in hybrids – Golf could also be a stepping stone to the ID 3 for some customers who are not quite ready to go fully-electric, and, in addition, it remains the benchmark in its hatchback segment. This is why we are optimistic that it will maintain its position as the best-seller in its class.

When can dealers expect the full model range of Golf 8 to be available for ordering, and why is there a delay on some versions being available? The top-selling Golf trims are already on sale, and will satisfy the greatest number of customers with their universal appeal and expected Volkswagen quality. It has always been the way that the many variants of the Golf range are launched gradually as opposed to in one go. For example, the performance-oriented GTI, GTD, GTE and R – which are especially popular in the UK market – will follow later this year.

Which engine/trim do you expect to be the most popular when the full line-up is available, and will that differ for fleet/retail customers?

We expect retail customers to favour the Golf Life 1.5 TSI 130 PS six-speed manual in particular, and fleet customers the Golf Life 2.0 TDI 115 PS six-speed manual.

What new technology features are available on the car and how will you ensure dealers are capable of explaining and upselling them to buyers?

We have just completed the UK’s ‘Brand Experience’, in which our sales executives were taken to Wolfsburg – the home of the Golf – to experience the Golf 8’s new technologies, including WeConnect, the Innovation Cockpit and more. Through this first-hand, hands-on experience, we could help them to demonstrate to customers just how comprehensively the new Golf meets the needs of today’s driver.

What features can be added to the car post-sale via download and what is expectation for uptake of that service?

UK customers are in a good position, as most of the equipment offered via download in some other markets is standard-fit for the UK, including Voice Activation, Adaptive Cruise Control and Satellite Navigation. However, demand is expected to grow over time as specifications evolve and new features are introduced and offered via download.

Prices for the full range are yet to be announced but the new car will start at around £20,500, putting it broadly in line with its key rival the Ford Focus.

When the full line-up is available later in the year, buyers should be hard-pressed to find a reason not to buy one. MATT DE PREZ

**IT HAS SUCCEEDED FOR 45 YEARS IN THE FACE OF NEWCOMERS**

**DALE PIPER, VOLKSWAGEN UK**

Style is fitted with a massage function for the driver’s seat, adaptive cruise control with lane-keeping system, a 32-colour ambient lighting system and matrix LED headlights.

The R Line offers a sportier persona with different bumpers, larger wheels and sports seats.
Because not all car buyers are the same

In recent years, Startline has brought the concept of near prime motor finance into fashion, approving many used car buyers who have been rejected by principal lenders while offering comparable terms.

Our Finishline product takes this a step further.

Designed for people who don’t quite fit the conventions of our core hire purchase product, it satisfies a neglected need for mid-market motor finance that is below prime but a long way from the punishing rates and conditions of sub-prime.

Finishline means we can say yes to more used car buyers – and are already doing so for some of the largest, most forward looking dealers in the UK.

It embodies the whole Startline approach – more flexible motor finance, competitively priced, with excellent service standards. Why not get in touch to find out how our products could look just right for many of your customers?

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Build a rapport with customers

Finding out what’s important to the customer is key, says Simon Bowkett of Symco Training

When a salesperson is dealing with a customer, one of the first things I like to ask at the first review stage is “tell me a couple of interesting things about your customer.”

What I’m looking to establish here is whether the salesperson has qualified the customer and not just qualified the deal. It’s the subject of my new sales training video on the AM website (www.am-online.com/symcotraining, or at www.symcotraining.co.uk) this month.

Customer or deal qualification?

Let’s say for example the salesperson tells me, “they’ve had their car for four years and now they are looking at a Focus.” This is deal qualification, not customer qualification. Deal qualification is important, but we need to qualify the customer too.

Why? Because it helps to build that all-important rapport. It could be something as simple as asking them what they do for a living, or finding out about their hobbies and interests.

Building rapport with the customer

If the customer comes in on a Tuesday, is it their day off, are they on holiday, or is it some other reason? If there are child seats in the car, is it a boy or a girl, and how old are they? If there’s a Center Parcs sticker in the corner of the windscreen, when was the last time they went? People often put football stickers on the back of their car. Ask them how their team is getting on.

If they’ve got a towbar, what do they use it to tow? A horsebox? Or something else?

All of these things will tell you what’s important to the customer. They can help to start a conversation and build rapport. And yet, often when I’m visiting a dealership and I see a towbar on a customer’s car, the salesperson hasn’t got a clue what it’s for when I ask him or her about it!

Make it a rule!

So, make it a rule to ask your salespeople — every time — to tell you a couple of interesting things about the customer when you do the first review. Soon they will get into the habit of doing it.

Visit our website for free training trial

To find out how our low-cost, IMI-Approved online training programme can help train your team, visit www.symcotraining.co.uk/freetrial and get your FREE trial started today.

VOLVO XC60 T8 R-DESIGN PRO

THE T8 HAS SO MANY FEATURES IT’S DIFFICULT TO KNOW WHERE TO START

The technology available to new car buyers today is astounding. Premium brands are leading the way with levels of occupant comfort and safety that were unimaginable when I was a car-mad student 25 years ago.

We’ve just taken delivery of a Volvo XC60 T8 plug-in hybrid, which we’ll review over the next six months. In R-Design Pro specification, this car potentially gives Volvo salespeople a dilemma, but in a good way. Explaining all the features and benefits would take considerable time, which is why the skill of qualifying the customer’s specific needs and their prior knowledge of the car becomes critical.

Ignoring the elementary stuff, our XC60 R-Design Pro has more than 60 items of specification as standard, before the option packs are added. I’ll go into more detail on its raft of features next issue, but, in summary, this SUV is a complete premium package as befits its near £66,000 price tag.

I’d suggest there’s a real opportunity for Volvo dealers to cement the relationship and impress purchasers of this car by making contact three or four weeks after handover with a “just checking you’ve remembered feature X and Y” enquiry. While many functions in this car are intuitive, there are a few that drivers might miss. My belief is that plug-ins should be plugged in, and charging the XC60 T8 daily is an easy task. Buyers even get a year of free electricity from Volvo. Yet I went a couple of weeks before recalling there’s a function to ‘hold’ the charge in the electric battery while on fast A-roads so I can use zero-emission power later when I’m back in an urban environment. TIM ROSE

GUESS THE CAR COMPETITION

THIS MONTH’S WINNER

Luke Burdett, sales executive at Motorvogue, correctly identified the Chrysler Crossfire Roadster in our last issue.
From valet bay to web is faster than ever……

By Michaela Gunney, Secure Valeting Group

SECURE ONLINE SYSTEM
With our investment in technology and development of the AUTO IMAGING APP, SECURE provides a streamlined process to prepare and market your vehicles faster than ever. Our SECURE ONLINE portal controls the movement of stock during the valet, preparation and imaging process and gives you total financial control of the operation. Real-time notifications show dealership staff when valeting is complete and vehicles are available to image.

TRUST IN YOUR VALETING SUPPLIER
SECURE has provided valeting and support services to top 100 dealer groups and large-scale auction/remarketing centres for more than 20 years. We are operational in every part of the UK and have the experience required to ensure that your business complies with current legislation relating to H&S, COSHH, Modern Slavery policies and the necessary insurance covers.

TOTAL SUPPLY SERVICE
Flexible labour, quality chemicals, equipment supply and the secure online booking system are all included, backed up by local support teams and senior regional management.

We are proud of the commitment and stability within our management teams – and of the technology we have developed to create transparent financial controls for our long-standing client base.

DIGITAL IMAGING, VIDEO & BACKDROPS
You can also choose from personal video, digital imaging, progress chaser portal and digital backdrops – all provided in conjunction with our sister company Auto Imaging. The Auto Imaging app is now first choice for many major dealer groups and manufacturers – you can now achieve valet bay preparation to the web faster than ever!

Call 01480 216700 or visit www.secureplc.com and www.autoimaging.co.uk
LACK OF FAMILY-FRIENDLY POLICIES COULD LEAD TO A ‘MUM DRAIN’

Greater flexibility need if dealers are not to miss out on returning new parents

Dealer groups are at risk of losing talented female staff who take time out to have children and then choose to resume their careers in other sectors. Research by recruitment firm Robert Walters of 4,500 female professionals has found that more than half of women feel at a disadvantage when they return to work from a career break, and 58% make the decision to move into an industry they perceive as more family-friendly at this point.

A quarter of working mothers did not return to the same employer after their maternity leave because they felt the company’s practices and culture did not now suit their needs. Respondents mostly sought the option to work from home or more flexibly, but only 39% of employers enabled it, and fewer than one in 10 employers offered mentoring to women returning to help them get up to speed.

Employment law requires companies to consider “in a reasonable manner” any worker’s statutory application for flexible working, but they are not compelled to agree to it, and can decline if they have “a good business reason for doing so”. Robert Walters revealed that 43% of mothers would like the opportunity to job-share, but only 12% of employers made this available. Other perks that appealed to returning mothers were personalised development plans, the ability to buy annual leave and flexi-hours.

Lucy Bisset, director of Robert Walters North West, said: “The UK has reached a record high in the number of working mums – with 75% of mothers in work, largely driven by the number of women taking on full-time roles.

“It would be a big loss to undo this trend simply because we aren’t listening to the needs of working parents. While part-time work is popular for mums, what this report highlights is that we could, in fact, encourage more women back into full-time work after a career break if we listen to their needs.”

The company highlighted the experience women often gained during a career break, making them attractive to potential new employers. These include further education, volunteering for charity, starting a business and freelancing.

Separately, YouGov published research on International Women’s Day which showed only 41% of women with children under the age of 18 felt they could progress in their careers while still spending time with their family, compared with 51% of men.

Almost 44% of both the female and male respondents said they wished they could spend a little more time focusing on their family. YouGov found 38% of women in the UK still feel that parenthood has negatively affected their careers. Only 14% of men felt similarly. Some 20% of mothers and 12% of fathers perceived they had experienced “outright discrimination” from their employer or colleagues because they are a parent.

Of those who said parenthood had been a career negative, having to work reduced hours was the most common reason for their perceived lack of progression (60% of mothers and 51% of fathers).

Having to decline job offers was also identified a barrier to their career aspirations, as stated by 55% of men and 52% of women.

Workers’ productivity was also suffering as a result of parenthood. Fathers who worked full time were more likely than mothers to say that demands at home have reduced their work performance (57% compared with 32%).

TIM ROSE
Dealer group JCT600 has promoted operations director Richard Hargraves to the post of managing director.

In his new role Hargraves will work closely with chief executive John Tordoff and support the operations board in managing the AM100 group’s 48 dealerships, which span Yorkshire and the North East, Derbyshire, Lincolnshire and Nottinghamshire.

Hargraves joined JCT600 as a used car buyer in 1999 and was promoted to sales manager within 18 months, before moving to the role of BMW general manager five years later at the age of 29. After a five-year spell as a dealer principal at Preston’s BMW, Hargraves returned to JCT600 as brand director.

In 2012, he was promoted to operations director, subsequently taking responsibility for all of the company’s brands.

Honda UK has named Jean-Marc Streng as its new managing director. He will move from his current role as general manager of Honda Motor Europe’s (HME) Automobile Division, on April 1, when current MD David Hodgetts is expected to retire.

Current head of automobile Phil Webb will move to HME as deputy general manager of HME Automobile Division to be replaced by current head of network development, Rebecca Stead.

Hyundai Motor UK has appointed Andrew Tracey as its new sales director.

He joins the brand as it begins a year of multiple product launches. Tracey, who has a history with the Volkswagen Group, joins the Korean brand from a position as marketing and brand strategy director for Alfa Romeo and Jeep.

At the same time, James Snowden steps into the newly created role of product and planning director.

Vauxhall retailer Drive Motor Retail Group has appointed James Godley as its new group aftersales director.

He joins the AM100 motor retailer from Pendragon, where he oversaw the aftersales operations of more than 100 Evans Halshaw sites.

Godley has already started work on plans for the next few years as Drive Motor Group looks to enhance its aftersales operations.

Stuart Harrison and Rob Keenan, joint managing directors at Drive Motor Retail Group, said: ‘We are delighted to have someone of James’ experience join the team. He has worked within the industry for many years and has an exceptional track record of delivering strong aftersales performance, as well as bringing new and innovative ideas to the forefront.’

STEPS IS YOUR DEALER’S NEW FRONT DOOR

Why Google is your dealership’s new front door

By Anthony Gaskell, managing director, EMEA, Reputation.com

Your reputation matters. In the world of automotive where consumers have a choice of where to buy their high-ticket item, how your dealership looks online counts for a huge amount.

Did you know that a Google My Business panel generates up to 10 times more traffic than your website and that 85% of people use social media to learn about a brand?

Your reputation is built from every interaction a person has with your brand – from search to service. It’s time dealership groups realise that their website is no longer their front door online; people are doing a Google search and, more often than not, finding what they’re looking for without going a single click further.

Towards the end of 2019 Google revealed that for the first time, more than 50% of all searches were ‘no-click’ searches, meaning a person doesn’t click off Google after their search.

So how can you drive traffic to your showroom and service centres? If you’re not proactively soliciting, consolidating, promoting and acting on feedback at every stage of the customer journey, buyers will take their business elsewhere.

This is especially true in the auto world, where competition is rife, cars are typically long-term investments and customers are doing their research before stepping into a dealership.

Over the coming weeks, Reputation.com will release its annual Automotive Reputation Report which will highlight the best performing manufacturers and dealerships in terms of Reputation Score, review volume, location rating, response rate and more. The report will also rank the top and bottom auto brands operating in Europe in terms of sales and service.

Keep an eye out for the full report and download our free copy when it’s released.

Email contact-uk@reputation.com or call 0800 066 4781.

reputation.com
TENSIONS RISE AS MARGINS FALL

No holding back at the latest AM Round Table discussion, where industry heavyweights made their feelings known

Relationships between franchised car retailers and their manufacturer partners show signs of strain due to shrinking margins, if conversations at the AM Awards 2020 round table meeting are anything to go by.

Franchised retailers expressed their concern about the profit return amid rising vehicle prices, falling margins and the expectation of supply constraints from key manufacturer partners, as they attempt to mitigate the effects of new CO₂-based CAFE regulations while rolling out new electric vehicle (EV) products.

John Clark Motor Group chairman, John Clark, was first to express what he saw as the erosion of the sector’s profitability since he started his business in 1977. “I’m looking for 2% on turnover and we’ve achieved that in certain years”, he said. “Some years we’ve been just 1% and I can’t accept that with the level of investment that’s required.”

Swansway Garages director Peter Smyth said of the Jaguar Land Rover Arch Concept: “When we did the budget for JLR Crewe we went to our main shareholder, our father. He’s an octogenarian and now operates two profitable business, he said. “He asked: ‘What good is investment for 10 years. He asked: ‘What good is that to me?’”

Fellow Swansway director David Smyth and Clark both insisted that their businesses made money out of the Land Rover franchise.

Other franchises have been less successful in recent times and some around the table suggested that the time had come for retailers to be more assertive.

Peter Smyth said: “Certain manufacturers that simply don’t make money are having to wake up and smell the coffee. “We are in the motor trade, but we are not emotional about cars, we’re not petrolheads. If we don’t see a return, we won’t do it.”

Speaking ahead of the news that Ford would close almost half of its 400 UK retailers by 2025, Peter Smyth endorsed the ‘pragmatic’ decision made by Honda to cut up to 55 of its 155 sites in a bid to boost profitability.

Swansway has halved its Honda representation and now operates two profitable business, he said. Clark cited reduction in the Volkswagen UK margin for franchised retailers as an indicator that things are getting tougher, stating: “The average VW dealer made 1.80% last year and they just took 1% off the top end.”

But Clark also sought to highlight the margin that some OEMs are “giving away” to leasing companies as an argument that retailers who invest heavily should be demanding a larger share.

“Look at the margin they are giving away. No more,” said Clark.

Clark alleged that one leasing provider secured a 34% discount with one OEM by signing a “contract to purchase” 5,000 vehicles, but ultimately retained that having only completed the purchase of 600.

John Smyth said: “We still store the vehicles, prepare the vehicles and deliver the customer experience for these companies, having made the investment in the staff and facilities.”

Kevin Mackie, the managing director of Mackie Motors, said European OEMs’ UK NSCs were also benefiting from a resurgent pound. He suggested that one European manufacturer had made £100m in a single year through currency dealings alone.

In February the Euro rose to 1.20 against the pound, its highest since 2015. “They’ll be making money in the same way now,” Mackie said.

EV adoption urgency

Franchisees’ preparation of facilities for the arrival of EVs has become more urgent since the Government announced in February it plans to bring forward the ban on the sale of all new petrol, diesel and hybrid vehicles to 2035.

But EU emissions regulations that will impose fines of €95 (£83) per gram of CO₂ emitted by each car sold over a 95g/km fleet average from 2020/21 will have a more immediate effect.

Clark suggested that manufacturers would limit supplies of certain models to reduce sales of higher emitting cars.
Click Dealer was thrilled to attend AM’s Roundtable event on what’s currently happening within the automotive industry. We gleaned some fantastic insights from the different guests in attendance and can’t wait to action these in our own dealer support tools.

He said: “One of the major brands we represent has said that it will be bringing fewer cars into the market this year than it ever has.

“Where does that leave me with my target and where will it leave us in terms of the model mix we can expect to receive?”

Clark feels there is “no chance” of Government achieving its Road To Zero CO2 emissions targets and suggested that the 2035 deadline to end the sale of new petrol, diesel and hybrid vehicles was not realistic.

He said he had written to Prime Minister Boris Johnson suggesting a scheme that issued a “voucher” to help motorists whose vehicles fail to pass a more stringent set of MOT emissions standards buy a cleaner new vehicle.

Simon McLaughlin, managing director of Citygate Automotive, said he felt that consumer understanding of EVs was growing.

Pointing out VW’s plan to bring 5,000 VW ID3 hatchbacks to the UK in 2020, followed by 20,000 in 2021, McLaughlin said: “The bubble is about to pop.”

McLaughlin added that he felt an agency-style margin structure would follow the advent of the EV proper, adding that this would eliminate many of the new online retail entrants to the market.

He asked: “If the car is the same price everywhere, then why go with them?”

**Disconcerted by disruptors**

Traditional dealers continue to question the long-term viability of platforms such as carwow and new online retailer Cazoo.

Gerry Moxham, the chief visionary officer at Click Dealer, said investors had backed such businesses in the anticipation of an explosion in online car retail which has yet to materialise.

Andy Oldham, chief executive of Dennis BuyACar, said that new entrants such as Cazoo and heycar were actually helping to drive the market in that direction.

He said: “[Cazoo founder] Alex Chesterman is going all out on marketing and that can only help make consumers aware of the option of buying online.

“That will feed business into alternative platforms like ours and other car retailers that are ready to embrace that opportunity.”

Moxham agreed.

“Cazoo is going to spend millions educating the consumer,” he said.

“Car retailers with the call centres and websites in place will be ready to sell to customers as they become aware they can transact in that way.”

Peter Smyth praised other retailers’ innovation with new digital technology.

He described a function of Arnold Clark’s app which allows customer to scan the numberplate of a car in the street to bring up the closest match in group stock as “absolutely brilliant”.

But he said he questioned the Cazoo model. He said: “Alex Chesterman has been extremely successful with Zoopla and Love Film, but he has never had to deal with stock.

“With the preparation, storage and delivery of the cars to take into account, and no aftersales, how is he making any profit?”

**TOM SHARPE**
HEAD OF SALES

Ben Fish, head of sales operations at Seat UK, says he finds himself in his dream job, but isn’t getting complacent.

What are the main responsibilities of your role?

I run a team of approximately 30 people working across the Seat dealer network, helping to deliver sustainable new and used sales volumes, develop sales programmes, drive network sustainability and engagement, with the aim of improving the customer experience and ultimately building a base of loyal customers as a result. I’m also excited to be working on Cupra during a really exciting period for the brand as business lead.

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

The industry is experiencing significant change in almost every area, and while this is incredibly exciting it also provides several new challenges that could prove particularly difficult for some, when you consider that the automotive sector really hasn’t had to change too much over the past few decades. The rise of online retailing and electrification is fundamentally transforming the industry, while consumer demands around transparency and service levels as well as their awareness and understanding of new technology and their own environmental impact, have grown significantly. Ensuring the performance of the business and sustainability of our retailer network through this constantly changing environment is the biggest challenge the industry faces at the moment.

How might these challenges be overcome?

Seat has undergone a radical transformation of its product line-up, and now has one of the most modern ranges in the industry, tailored to meet the demands of our audience with a family of SUVs and several electric and plug-in hybrid (PHEV) models on the way. While evolving as the industry continues to change.

What attracted you to this area of expertise?

I’ve applied a few times to go on Race Across the World – some of the scrapes I’ve been involved in during the BBC’s Race Across the World and Busted in Bangkok will only get more exciting with Cupra gaining momentum and the new electrified cars. While working towards a green retail culture both internally, with our colleagues in Barcelona, and with our retailer network. There is plenty more that we can do to improve that, but creating opportunities for an open dialogue through regular meetings and touchpoints, both physically and digitally, continues to be a really important.

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

The people are what makes this industry special and, as we move forward together, will make all the difference. Proper collaboration; people working towards a common goal and pulling in the same direction, is critical at all levels. What I enjoy most about working at Seat is that we have a truly collaborative culture both internally, with our colleagues in Barcelona, and with our retailer network. There is plenty more that we can do to improve that, but creating opportunities for an open dialogue through regular meetings and touchpoints, both physically and digitally, continues to be a really important.

What drives you?

I’ve always loved cars, so I have my dream job. It will only get more exciting with Cupra gaining momentum and the new electrified cars.

What’s your favourite app?

I consume a lot of data through spreadsheets and presentations so I use Audible to switch off.

How do you relax?

My wife and I have three amazing kids, who keep me grounded and remind me what’s important in life. And there’s always red wine, of course!

EIGHT QUESTIONS TO THE...

QUICK-FIRE QUESTIONS

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