



AUTOMOTIVE MANAGEMENT

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CONFIDENCE IS KEY / P6

Consumer confidence will determine reopening success, says exclusive survey

'NO WOLF OF WALL STREET' / P16

At Hills Garages there is no clamour for short-term, cut-throat business

EVs & EMISSIONS / P41

Dealerships are becoming crucial in a charge towards electricity



HOW DEALERS HAVE ADAPTED TO SURVIVE

LOCKDOWN LESSONS / P23

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EDITOR'S LETTER

would imagine you were as pleased as I was to see Boris Johnson set a roadmap out of lockdown. Less than a month from now – provided infection rates continue to drop – vehicle showrooms will be allowed to reopen, plus we'll be able to have a cuppa outside with a pal or relation after work.

The past 12 months have made me appreciate technology more than ever. Since *AM* shifted to working at home last March, our video meetings, webinars and phone calls have helped Tom and I keep abreast of how you're overcoming the challenges – adapting to survive, as our cover illustrates.

Whereas in normal times we would have been on site, being noseey and asking questions in someone's dealership or an OEM's office, every single month.

I've missed those visits. I'm sick of the sight of Peterborough, to be honest.

So, I'll finish with two toasts: Here's to WiFi, our saviour in lockdowns. And here's to face-to-face meetings (no matter whether dealer-customer or AM-dealer) in the spring sunshine.



OUR WRITING TEAM



Tim Rose
Editor



Tom Sharpe
News and
features editor

Are you losing one in four customers?



At Startline, we're able to offer motor finance to around one in four potential car buyers who have been turned down by prime lenders.

Some applicants are excellent credit risks but don't quite fit normal lending conventions. The fast-moving pace of recent events mean that there are more of these individuals than ever before - and our belief is that they deserve products, service standards and terms comparable to any leading motor finance provider.

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MOTOR FINANCE

CONTENTS



16

Hill Garages
(Woodford)

UP FRONT

- 06 News insight
- 08 News digest
- 10 Market intelligence
- 15 Opinion

TALENT

- 59 People on the move
- 62 Eight questions to...
Allan Hines, sales
executive at HR Owen
Lamborghini, London

SHOWROOM

- 52 At-a-glance guide
to new EVs for 2021

INSIGHT

- 16 Face to face: Hill
Garages (Woodford)
Husband and wife team
head up the aftersales and
sales departments of this
long-established business
within the M25
- 22 5 minutes with...
Matt Wigginton, BEN
The fund-raising director of
the BEN speaks to us about
rebuilding the charity's
finances after the challenges
posed by the pandemic
- 55 Success with
service plans
Innovative service plan
suppliers are coming up
with solutions to arrest the
decline prompted by the
drop in new car sales

SPOTLIGHT: LOCKDOWN LESSONS

- 24 Dealers and
their OEMs
A look at which OEMs
offered tangible help to
dealers throughout the
COVID-19 crisis
- 27 Lockdown costs
vs benefits
The pandemic has obliged
dealers to pay out vast
sums. Now it's time to reap
the benefits
- 29 Lockdown
positives
Four senior executives
on how they feel their
dealerships coped during
the three lockdowns

SPOTLIGHT: EVs & EMISSIONS

- 42 CAFE regulations
Manufacturers are looking at model
rationalisations, reduced trims and increased
co-operations to comply with clean air targets
- 48 Alternative fuel vehicles
To successfully adapt to the growing interest
in AFVs, dealers must ensure their sales
advisers have all the right answers

CONSUMER CONFIDENCE HOLDS THE KEY IN REOPENING BATTLE

Survey shows it's a major concern for more than half of motor retail's senior executives

Consumer uncertainty is the main hurdle to the car retail sector's revival after showroom doors reopen on April 12, according to industry leaders.

An exclusive *AM* survey of the sector's chairmen and directors, carried out in partnership with JudgeService YourPoll, showed dealers should be marketing the appeal of buying a new car now as Lockdown 3 nears its end.

Asked what is the most significant barrier to new car sales, 53.9% of respondents – a mix of chief executives, directors and other 'C-suite' leaders – said it is consumer confidence, and 50% felt the same regarding used car sales.

And 57.7% said it was the main driver in reduced aftersales throughput, despite Government allowing servicing and maintenance work to continue.

Publicity of COVID-19 safety measures in dealerships will likely help the market revival, reassuring potential customers that showrooms are safe trading environments.

INJECT 'FEEL-GOOD FACTOR'

But Cambria chief executive, Mark Lavery, told *AM* that retailers should be emphasising the "feel-good factor" a new vehicle brings.

"There isn't much out there right now that is going to compare with the feel-good factor of buying a new car," said Lavery.

"Television is littered with adverts for foreign holidays but, honestly, not many people will be keen on going abroad in 2021. With the Bank of England (BoE) telling us that people have managed to save money during the crisis, all we can do is encourage them to come and buy a car, and why not? It's just what a lot of people need to cheer themselves up."

The BoE said in February that private savings accounts were up £125bn in 2020, but warned that consumers may not be keen to spend the UK economy back to health due to economic uncertainty and news of redundancies. It suggested 70% of consumers will hold on to the savings they accrued.

Yet buyer confidence may be boosted by the UK's trade deal with the EU, the extension of Government's Coronavirus Job Retention Scheme (CJRS) to September and the vaccination programme running ahead of schedule.

As evidence of this, the UK's monthly GfK Consumer Confidence Index already rose five points to -23 in February. The score was the highest since March last year, and included improvements in four key sub-indexes: personal finances over the next 12 months (4 vs 2 in January); economic situation over the past 12

months (-64 vs -67); economic situation over the next 12 months (-30 vs -44); and big purchases climate (-19 vs -24).

Auto Trader's online leads data also indicates rising interest from more car buyers. The UK's biggest car marketplace had 58.8 million visits in February – a year-on-year increase of 3.6% – and average daily users grew 6.8% to 1.4 million.

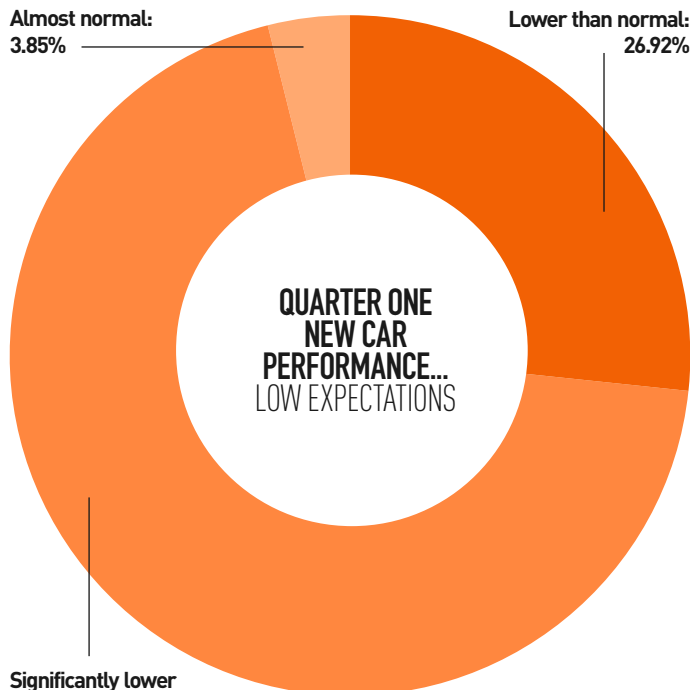
To boost their profile ahead of lockdown's end, major AM100 dealers have seemingly turned to television and sports events – two of the few feel-good pastimes available to 'stay at home' consumers.

Marshall Motor Holdings has been advertising around televised football matches, England's Six Nations rugby matches, England cricket matches and sponsoring darts players.

Vertu Motors has advertised on TV and sponsored Channel 4's F1 coverage, plus online retailers Cazoo

Almost normal:
3.85%

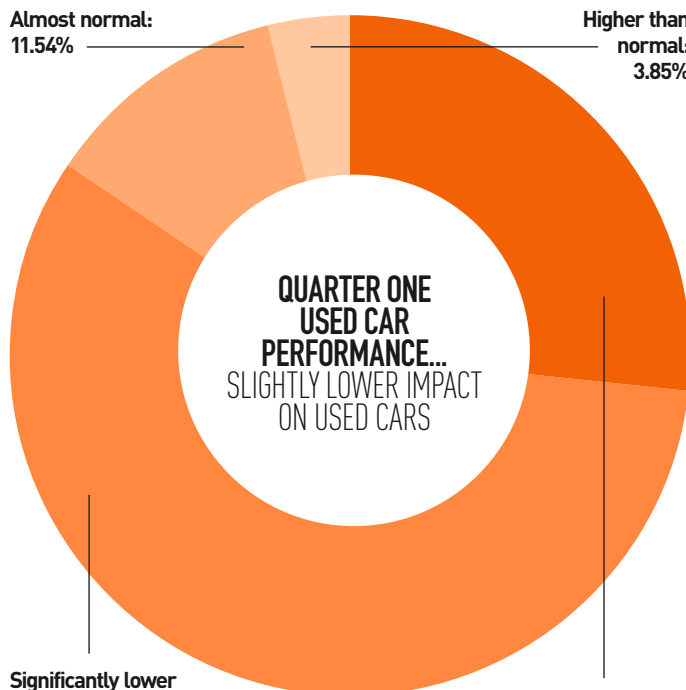
Lower than normal:
26.92%



Significantly lower than normal (more than 10%): 69.23%

Almost normal:
11.54%

Higher than normal:
3.85%



Significantly lower than normal (more than 10%): 57.69%

Lower than normal:
26.92%



and cinch are getting brand exposure in sports sponsorship deals.

Marshall's chief executive, Daksh Gupta, said: "We started planning this marketing activity 18 months ago, but it has clearly paid dividends in lockdown. Together, it's seen 100 million live viewers exposed to our brand on TV."

'DISMAL NEW PLATE MONTH'

Dealers indicate a market resurgence is clearly desired. Society of Motor Manufacturers and Traders (SMMT) chief executive Mike Hawes warned March will be "a third, successive dismal new plate month" (see also page 12). The SMMT and National Franchised Dealers Association (NFDA) have lobbied for early reopening of showrooms.

Yet survey respondents placed the restriction behind consumer confidence in their list of major obstacles. Just 7.69% felt showrooms being shut was a 'major obstacle' to new car sales, and 15.4% felt the same regarding used car volumes.

Many more, 26.9%, said lockdown had been a major obstacle to after-sales, likely reflecting low car usage and a lack of annual service demand this spring due to the Lockdown 1 collapse in new car sales.

Data gathered by Cox Automotive showed orders for new '21' number plate cars in March were down by as much as 30%. In the AM survey, barely 8% of respondents felt March would generate a 'normal' new car order take; 69.2% said orders would be 'significantly down'.

Views were no more positive for used cars, where only 15.4% of the sector's senior figures felt retailers would achieve 'normal' volumes for the time of year.

In all, 46.2% said used car sales activity would be 'lower than normal', while 34.6% said that it would be 'significantly down'.

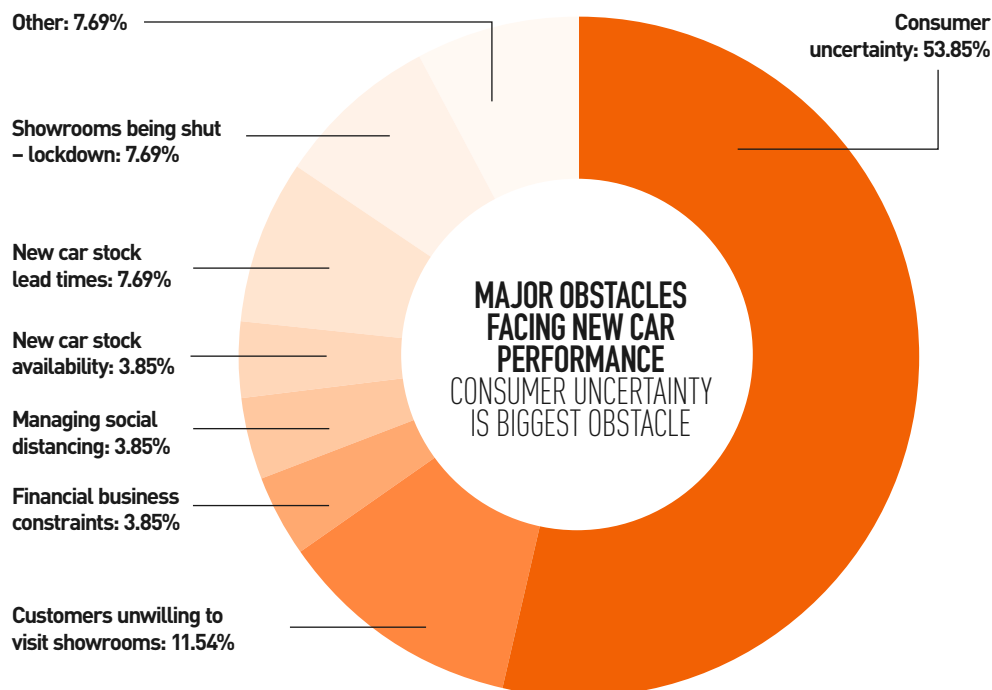
Just 3.9% felt that aftersales would be 'significantly down', however. While 53.9% said they felt activity would be 'lower than normal', 38.5% felt levels would be 'about normal'.

Gupta and Cox Automotive insight and strategy director, Philip Nothard, both hoped March's usual high sales would switch to April and beyond.

Nothard said: "April and May could see a surge in new car sales, coinciding with the recent release of the new '21' number plate."

SUPPLY CONCERNS

But there are concerns that new and used car supply issues could cause



the sector's resurgence to stumble.

While 56.7% of respondents to the survey suggested that Brexit had, ultimately, had no effect on their new car business and 53.85% agreed to some extent it had not impacted parts supply, issues at UK ports and with the provision of semiconductors to EV-producing OEMs are ongoing.

A total of 15.4% 'totally disagreed' with the statement that Brexit had played no impact in their new car and parts business, however.

At AM Live in January, Deloitte

director of automotive, Sarah Noble, suggested the supply of vehicles and parts could be impacted by Brexit and COVID for some time to come.

Gupta agreed it is a risk, but pointed out there are tailwinds as well as headwinds in 2021.

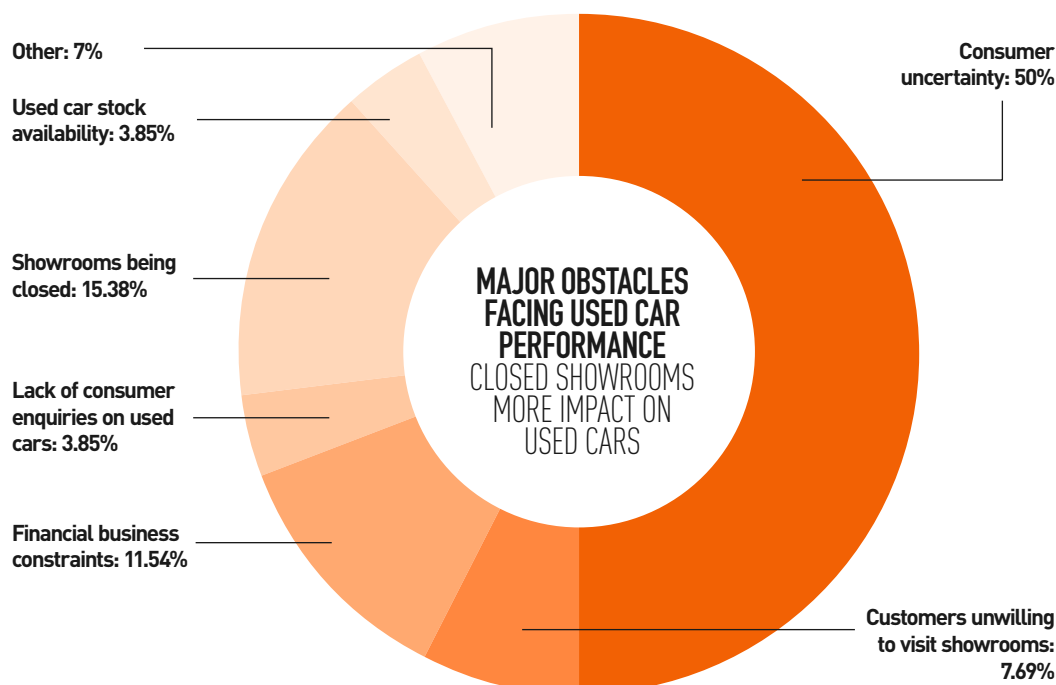
He said: "As far as the supply issue goes, many OEMs brought extra stock to the UK in late 2020 in anticipation of a hard Brexit, so we are better placed than we might have been."

Gupta told AM he hoped to see a

bounce back when England's showrooms reopen in April, but he felt it would not be as significant as that after Lockdown 1, when all vehicle sales, effectively, stopped for weeks.

"It's unlikely we'll see such a surge in pent-up demand because the sector has managed to adapt and deliver sales despite lockdown this time around," he told AM. "Year-to-date, [sales] are down 38.1% and clearly that's not as far as the 97.3% dip seen during the first lockdown."

TOM SHARPE



ADVERTISING FEATURE

BCA taking applications for Graduate Development Programme 2021/2022

BCA is pleased to announce that applications for the 2021/2022 Graduate Development Programme are now open.

Graduates can gain real in-depth experience across different functions of BCA through the in-house programme, with a selection of placements operating on a rotational basis over a 12-month period.

BCA provides tailored training, mentoring and support throughout, helping students to unlock their maximum potential. There is also the opportunity to study for a nationally-recognised qualification alongside the programme to help students build their skills and capabilities.

BCA is committed to building effectiveness and efficiency across the business through training and development. Our highly successful Graduate Development Programme is now in its seventh year and BCA has provided places for 65 graduates in that time, many who have stayed with BCA to progress their career.

The programme gives students the opportunity to experience a variety of business disciplines and automotive specialisations with BCA. We provide tailored training and mentoring support to help students unlock their potential with the prospect to study to build skills and capabilities with the right qualifications. The BCA Graduate Programme is building for future growth in the business.

BCA is developing a pool of the very best talent in our industry to become the business leaders of the future. The programme is building for growth in the business as BCA continues to develop as a service provider that touches every part of the automotive value chain.

For more information, please contact the graduate team: graduate@bca.com



THIS MONTH'S NEWS HIGH

FEB

12

SANDOWN EXTENDS ITS MERCEDES-BENZ REACH



Sandown Motors Group completed the acquisition of the Sytner Group's Mercedes-Benz car dealership in Newbury – extending its footprint into Berkshire. The Dorset-based AM100 car retail group adds the site to existing to Mercedes franchises in Basingstoke, Dorchester, Farnborough, Guildford, Hindhead, Poole and Salisbury.

15

JLR ANNOUNCES NEW STRATEGY, THEN JOB LOSSES

Jaguar Land Rover (JLR) announced its 'Reimagine' strategy to transform Jaguar into an EV-only brand by 2025 and 60% of new Land Rover sales zero-emissions-capable by 2030. CEO Thierry Bolloré (pictured) revealed the strategy, which will also see plans for the new flagship XJ EV scrapped. JLR will be axing 2,000 jobs in the coming year.



19

NEW PORSCHE FLAGSHIP IN READING

Work got underway on the UK's first flagship dealership utilising the new 'Destination Porsche' corporate identity in Reading for Porsche Retail Group. A fortnight later Inchcape revealed its plans to create another 'substantial' facility in Bournemouth.

22

CAZOO SAYS FLOATATION REPORT IS JUST 'SPECULATION'

Sky News reports that Cazoo is preparing for £6bn stock market floatation were branded as "speculation" by the London-based online car retailer. Cazoo has sold almost 20,000 cars since its December 2019 launch.



23

BUYERS CAN COMPLETE PURCHASE IN SCOTTISH SHOWROOMS

The National Franchised Dealers Association (NFDA) received confirmation that Scotland's car buyers could complete purchases inside a showroom as part of a scheduled click-and-collect handover. It came as Lawgistics legal advisor, Nona Bowkis, told AM that the decision over whether to offer test drives in England has been rendered "purely moral" during Lockdown 3 after clarification of the law.



INCHCAPE LISTING RECLASSIFIED
Inchcape confirmed that its London Stock Exchange listing had been reclassified to remove reference to retail after it disposed of 13 UK dealerships as part of a renewed focus on distribution. The development was revealed in 2020 financial results which showed a 25% decline in turnover, to £6.34bn (2019: £9.38bn), and pre-tax profits down 131.8% to a statutory loss of £128m (2019: £402m profit).

25

PEUGEOT'S NEW LOOK

Peugeot set out its intention to continue a "journey upmarket" with the introduction of a new logo, marketing campaign and corporate identity (CI). Unveiling the new look, the French brand's new chief executive, Linda Jackson, said the market shift had begun with the launch of the latest 508 and 3008 SUV.



26

VOLVO EVs WILL SELL ONLINE ONLY

Volvo Car UK's plan to sell all new EVs online is set to make 100% of its sales digital as it shifts to a pure electric model range by 2030. MD Kristian Elfors said that UK franchisees were already working on parallel traditional and agency model sales contracts to facilitate the change.



2

CDK REBRANDS AS KEYLOOP

CDK Global International marked its rebrand as Keyloop with the acquisition of both RAPID RTC and enquiryMAX following its takeover by investment firm Francisco Partners (FP). Days later the supplier consolidation continued in automotive retail with Cox Automotive's acquisition of Codeweavers.



2

MARSHALLS CONSIDERS REPAYING FURLOUGH CASH

Marshall Motor Holdings chief executive Daksh Gupta said the AM100 PLC would consider repaying Government furlough payments "if we have the opportunity". His comment followed publication of 2020 financial results which showed Marshall had outperformed the market with revenues down 5.3% to £2.15bn and pre-tax profits up 3.7% to £20.4m.

9

CAN YOU HELP MOTOR RETAILERS?

Then advertise here

AM magazine goes out to more than

11,000* READERS

each month in print and digital form. It is the ideal place to promote products and services that help motor retailers run their businesses more effectively.

Your advert could be here, driving growth to your business. Call the AM commercial team on **01733 366474** or **01733 366364** to find out more.

* Latest July 2019-June 2020 ABC audited circulation: 11,031

MARKET REPORT FEB 2021

MARKET AT ITS LOWEST FOR MORE THAN HALF A CENTURY

Kia, Volvo, MG and Porsche enjoy relative success, but JLR market share is well down

The overall market was down by 35.5% in February and an almost identical 38.2% year-to-date (YTD). The February figure was the lowest since 1959, which does not bode well for the rest of the year. In fact, the Society for Motor Manufacturers and Traders (SMMT) has reduced its 2021 full year forecast to 1.83 million, which would be the same registration total as 1985.

At a manufacturer level, the top five places were pretty much as expected. Ford (9.8%) is maintaining its lead over VW (8.8%), although it will be concerned that the Fiesta, the UK's best-seller for more than a decade, has lost segment leadership to the new Vauxhall Corsa.

In third place, BMW (7.7%) is slightly ahead of Mercedes-Benz (7.3%) while, as expected, Audi is rapidly closing the gap (also 7.3%, but with 100 fewer registrations).

However, the manufacturer in sixth is more of a surprise. Kia has a number of reasons to be feeling more positive than almost anyone else at present after overtaking Vauxhall and taking leadership of a mainstream segment for the first time (the Picanto is the UK's best-selling city car YTD), and the e-Niro becoming the UK's best-selling battery electric vehicle (BEV).

Most of the other mainstream manufacturers have declined broadly in line with the overall market, with a few notable exceptions. Volvo has fallen by only 15.9%, and has a market share of 3.5% – double what it was a decade ago.

MG has got off to another flying start, with market share of 1.6%. It is now ahead of Honda,

and fewer than 100 units behind Renault.

The only sizeable manufacturer to see an absolute increase in registrations was Porsche (up 21.2%) mostly thanks to the new Taycan plus a rise in sales of the Macan. In case you were wondering if Porsche really counts as a sizeable brand, it has a market share of 0.8%, just behind Mazda and ahead of Suzuki. Of course, if you measure in terms of share of sales revenue rather than share of sales volume, Porsche is a very big brand indeed these days – certainly more than 2% of the total value of UK car sales.

A mention should also be made of Polestar, which only launched last year as a premium electric brand. It is already running at 0.41% market share, only just behind Tesla on 0.45%. Given that Tesla had a huge head-start and is currently the most high-profile car manufacturer on the planet, that is quite an achievement for Scandinavian understatement against Silicon Valley hype.

At the opposite extreme, Jaguar is down by 60.7% to a market share of just 0.9%. The announcement of a new JLR strategic plan (which looks a lot more like a Land Rover strategic plan with a few niche electric Jaguars), reflects the collapse in sales. Only the F-Pace and I-Pace are selling in anything remotely like decent numbers.

Meanwhile, the Italians seem to have missed the fact that the UK has negotiated a free-trade agreement with the EU. Fiat is down 69.5% to a market share of just 0.7%. It is hard to say when Fiat's share was last at that level, as most records don't go that far back, but it would certainly be more than 50 years ago. Alfa Romeo is down by 63.7% to less than 0.1%. It is now selling about

the same as sister-brand Lancia did in 1991, just before Lancia abandoned the UK market.

At a segment level, the market is becoming ever-more polarised between large, growing segments and small, shrinking ones.

The C-segment (small family cars like the Golf or Qashqai) is taking a record 42.1% of the total market. That represents a massive change on the pattern from 2000 to 2015, when the C-segment was between 25% and 30%, and traded places with the B-segment (superminis such as the Fiesta) on an almost annual basis.

The B-segment itself is running at 27.0%, almost exactly where it has been for decades. The reason why the C-segment has surged is that crossovers like the Qashqai and Kuga now do the role once played by large family hatchbacks such as the Mondeo.

The third major segment is, of course, premium/large SUVs, which is up to 18.0% – needless to say, another record.

That means the three top segments now account for 87.0%. It is somewhat ironic that the industry has offered consumers more and more choice over the past 20 years, and consumers have responded by choosing ever-more similar products. It is rather like the scene from the "Life of Brian" where Brian tells the crowd that they are all different, and crowd responds in unison, "yes, we are all different".

Of the remaining segments, the largest is now compact executive models such as the BMW 3 Series, with a share of 4.9%. However, that segment has become more polarised as well. 77% of sales come from Audi, BMW and



SPONSOR'S COMMENT



By Richard Jones,
managing director,
Black Horse

As we all wait impatiently for lockdowns to end and become distant memories, it's really important to

acknowledge how the industry has built resilience into its sales model over the past 12 months.

The rapid development of digital journeys and introduction of forward-looking pricing concepts, all point to greater transparency and have seen sales that dropped to floor in March 2020 now clocking at around 70% of normal levels in latest lockdowns.

This industry has been working hard during COVID and will emerge with some impressive muscle memory.

We all, of course, hope that customers will return to the market in numbers as restrictions lift, but are also very much aware that confidence will be the key to recovery. People need to feel safe and protected as normality begins to return, when they step back into making major purchases.

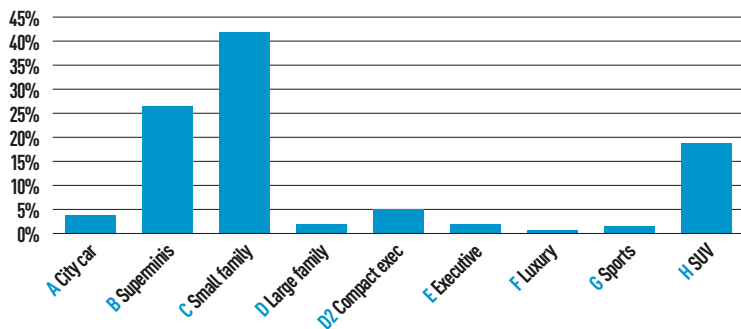
And there couldn't be a better time to focus on the strength and security that motor finance products give our customers.

Hire purchase and PCP give all customers protection on the quality of the cars they buy and termination clauses should things not go as planned. A PCP gives customers affordable payments and protection against depreciation as they mull over future fuel choices.

At Black Horse we are thinking about what we have learned about keeping customers financially safe. Payment holiday options in contracts to help with unforeseen events perhaps? There is a lot to think about, but what a great opportunity to bring all we have done together and make motor point of sale finance the customers' first choice.

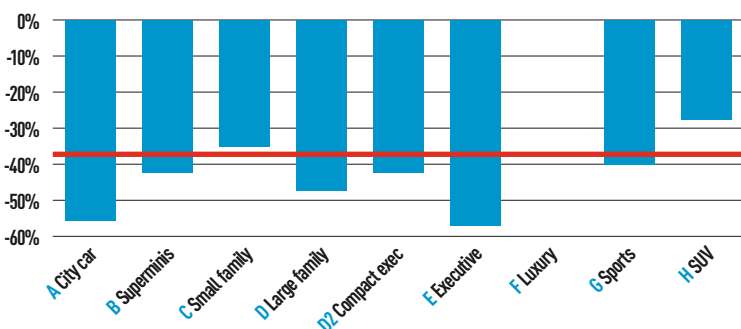
MARKET SHARE YTD FEB 2021

SEGMENT



YTD DECLINE BY SEGMENT FEB 2021

MARKET SEGMENT



Mercedes, with almost all the remainder from the Tesla and Polestar BEVs.

There is virtually nothing left for Alfa Romeo, Jaguar and Volvo, while Lexus has dropped the IS. The two segments that have fallen the most are executive saloons/estates like BMW's 5 Series (down 57.1%) and city cars (down 54.9%). Executive models are suffering as more buyers move into premium SUVs, and city cars are declining as manufacturers are generally pulling out of a segment with wafer-thin margins and very unfavourable CO₂ figures.

It might sound odd to say that small cars have a problem with CO₂ figures, but each manufacturer has a CO₂ target based on the average weight of their vehicles. The heavier the vehicle, the higher the CO₂ target, and light city cars mean a lower target (the 2020 CO₂ target varied by manufacturer from 93g/km of CO₂ for Fiat to 108 g/CO₂ for Volvo).

The idea of tighter CO₂ rules encouraging larger cars seems counter-intuitive. However, all rules are subject to the law of unintended consequences – and automotive regulations should be so. **DAVID FRANCIS**



IS AROUND THE CORNER.

blackhorse.co.uk/abetterway

NEW CAR REGISTRATIONS

SMMT warns new plate month will be 'dismal' – again

As last month's UK new car market dropped 35.5% versus February 2019, car dealers should be braced for "a third, successive dismal new plate month" in March, warned Society of Motor Manufacturers and Traders (SMMT) chief executive Mike Hawes.

With England's showrooms to remain closed until April 12, and restrictions in other UK nations continuing, the SMMT wants permission to reopen "as soon as possible" to get new vehicle sales back on track.

It acknowledged online sales had provided a "lifeline" during lockdown, but still reforecast 2021's new car market down to 1.83 million units, from its 1.89m January forecast. February's retail new car registrations, down 37% year-on-year, totalled 21,364 units. This equates to an average of five sales per UK franchised dealership.

1 FORD

Still market leader, its Kuga SUV (960 units) overtook Focus (945 units) in February to be its second best seller (Fiesta's still way ahead with 1,645 registrations).



2 KIA

Fortune favours the brave, and Kia is gaining market share – two months into 2021 it has overtaken Vauxhall (Kia 6.46% YTD, Vauxhall 6.33%). Its growth is all thanks to the fleet and leasing market, however, led by the electrified Niro. Kia's retail sales were down 35% in February.



Marque	February					Year-to-date				
	2021	% market share	2020	% market share	% change	2021	% market share	2020	% market share	% change
1 Ford	5,129	10.00	8,462	10.63	-39.39	13,835	9.77	24,839	10.85	-44.30
Volkswagen	4,952	9.65	8,948	11.24	-44.66	12,521	8.84	22,145	9.68	-43.46
BMW	3,939	7.68	6,654	8.36	-40.80	10,941	7.73	16,732	7.31	-34.61
Mercedes-Benz	3,787	7.38	5,745	7.22	-34.08	10,387	7.34	16,875	7.37	-38.45
Audi	3,715	7.24	4,485	5.63	-17.17	10,298	7.27	14,245	6.22	-27.71
Vauxhall	3,359	6.55	5,132	6.45	-34.55	8,958	6.33	14,368	6.28	-37.65
2 Kia	2,873	5.60	3,054	3.84	-5.93	9,144	6.46	9,338	4.08	-2.08
Toyota	2,358	4.60	3,740	4.70	-36.95	6,872	4.85	11,643	5.09	-40.98
Nissan	2,275	4.43	2,788	3.50	-18.40	6,908	4.88	11,039	4.82	-37.42
Škoda	2,243	4.37	3,192	4.01	-29.73	5,331	3.77	8,158	3.56	-34.65
Peugeot	1,950	3.80	2,939	3.69	-33.65	4,881	3.45	8,068	3.53	-39.50
Land Rover	1,837	3.58	2,081	2.61	-11.73	5,465	3.86	7,694	3.36	-28.97
Volvo	1,788	3.48	1,802	2.26	-0.78	4,968	3.51	5,909	2.58	-15.92
Mini	1,557	3.03	2,046	2.57	-23.90	3,227	2.28	4,278	1.87	-24.57
Seat	1,524	2.97	2,696	3.39	-43.47	3,978	2.81	7,897	3.45	-49.63
Hyundai	1,258	2.45	2,469	3.10	-49.05	4,357	3.08	6,474	2.83	-32.70
Citroën	1,099	2.14	2,152	2.70	-48.93	2,578	1.82	5,202	2.27	-50.44
MG	831	1.62	883	1.11	-5.89	2,205	1.56	2,729	1.19	-19.20
Renault	698	1.36	1,320	1.66	-47.12	2,279	1.61	4,224	1.85	-46.05
Suzuki	511	1.00	1,021	1.28	-49.95	971	0.69	2,815	1.23	-65.51
Mazda	496	0.97	948	1.19	-47.68	1,244	0.88	2,973	1.30	-58.16
Honda	495	0.96	1,799	2.26	-72.48	1,465	1.03	4,989	2.18	-70.64
Fiat	425	0.83	1,097	1.38	-61.26	837	0.59	2,808	1.23	-70.19
Jaguar	334	0.65	848	1.07	-60.61	1,248	0.88	3,173	1.39	-60.67
Dacia	293	0.57	823	1.03	-64.40	1,127	0.80	2,045	0.89	-44.89
Polestar	261	0.51	0	0.00	0.00	587	0.41	0	0.00	0.00
Mitsubishi	210	0.41	397	0.50	-47.10	572	0.40	1,810	0.79	-68.40
Porsche	193	0.38	278	0.35	-30.58	1,112	0.79	917	0.40	21.26
Lexus	192	0.37	422	0.53	-54.50	818	0.58	1,876	0.82	-56.40
Jeep	120	0.23	155	0.19	-22.58	285	0.20	627	0.27	-54.55
Cupra	78	0.15	0	0.00	0.00	291	0.21	0	0.00	0.00
DS	73	0.14	140	0.18	-47.86	182	0.13	425	0.19	-57.18
Abarth	65	0.13	130	0.16	-50.00	126	0.09	350	0.15	-64.00
smart	59	0.11	80	0.10	-26.25	143	0.10	105	0.05	36.19
Alfa Romeo	30	0.06	112	0.14	-73.21	114	0.08	314	0.14	-63.69
Bentley	28	0.05	42	0.05	-33.33	117	0.08	220	0.10	-46.82
Subaru	22	0.04	24	0.03	-8.33	52	0.04	73	0.03	-28.77
SsangYong	17	0.03	80	0.10	-78.75	64	0.05	183	0.08	-65.03
Maserati	12	0.02	24	0.03	-50.00	62	0.04	95	0.04	-34.74
Alpine	0	0.00	1	0.00	0.00	5	0.00	11	0.00	-54.55
Other British	67	0.13	83	0.10	-19.28	224	0.16	309	0.14	-27.51
Other Imports	159	0.31	502	0.63	-68.33	782	0.55	898	0.39	-12.92
Total	51,312		79,594		-35.53	141,561		228,873		-38.15



Whatever's next, let's do it together

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FINANCE OFFERS

Finance scores easing upwards in latest DAS

Manufacturer finance programmes have become more competitive and offered better earnings potential over the past 12 months, according to the latest Dealer Attitude Survey (DAS).

Average scores out of 10 went from 5.9 (competitiveness) and 6.7 (earnings potential) to 6.1 and 6.9 respectively. This is a positive sign for trading over the difficult winter period, with confidence in finance offers still remaining high, with 14 of 30 OEMs rated at the average or at a higher level for how competitive their offers are.

The research for the latest survey had an overall response rate of 59.5% on average, representing a network size of 4,346 retailers across the UK.

The National Franchised Dealers Association's (NFDA) Winter 2020/21 DAS results show a continued strong showing from Lexus and Toyota, with both maintaining near perfect scores of 9.1 and 9 out of 10 for how retailers rated them on how their offers compete against rivals in the market.

While Kia was rated third in the previous winter survey, this time we have a tie for that position with the Korean manufacturer, plus Ford and Mini.

German-owned brands like Mini and Mercedes-Benz have also been strongly rated for earnings potential. Mercedes was rated 8.8 out of 10 by retailers for how much income they can generate from finance and Mini came in second at 8.4.

There was a consistent theme at the other end of the spectrum. Stellantis franchises like Alfa, Jeep and Abarth rated as offering the lowest earning potential and having the least competitive offers. Subaru was also included in the bottom three for the competitiveness of its retail offers, all well below 6.1 and 6.9 averages.

Looking at Mercedes-Benz's offers in focus for Q1, there is a strong mix of offers that are targeting different parts of the market.

Entry models to the brand like the A-Class, C-Class and B-Class are priced at £250, £280 and £313 a month. These are all below the average monthly payment of £354 for Q1, when looking at AM's combined representative example data.

Mercedes has 0% offers to help support more expensive luxury models like the EQC and S-Class, while nearly half of the offers AM has collected for Q1 have an APR below 3%.

Mercedes is also advertising some big deposit contributions for March on the offers section of its website, with as much as £7,900 off selected C-Class models, as well as £2,000 and £4,500 off the A-Class hatchback and saloon variants.

For another luxury brand, Lexus also has an accessible range of offers under that £354 average monthly price point. Again, nearly half of the offers AM looked at for Lexus were priced before that average monthly level, with the entry model

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Mercedes-Benz							
EQC 400 4MATIC AMG Line	PCP	£11,832.52	48	£546.51	£29,550	0.00%	31/03/2021
A250e AMG Line	PCP	£5,438.24	48	£249.69	£16,050	2.90%	31/03/2021
E300 SE Saloon	PCP	£7,480.31	48	£353.81	£19,700	1.30%	31/03/2021
GLC300e 4MATIC AMG Line	PCP	£8,082.77	48	£406.34	£21,200	2.20%	31/03/2021
GLC300 4MATIC AMG Line Coupe	PCP	£8,768.56	48	£455.76	£22,250	2.20%	31/03/2021
CLA 250e Coupe	PCP	£6,637.82	48	£354.20	£17,575	3.40%	31/03/2021
GLA 250e Exclusive Edition	PCP	£6,631.92	48	£328.62	£20,125	4.60%	31/03/2021
C300e AMG Line Edition Estate	PCP	£6,983.13	48	£407.17	£16,025	2.70%	31/03/2021
B250e AMG Line	PCP	£6,007.17	48	£313.14	£16,775	3.90%	31/03/2021
GLE300d 4MATIC AMG Line 7-seat	PCP	£8,780.10	48	£503.73	£25,000	5.90%	31/03/2021
C200 Sport Edition Saloon	PCP	£4,531.57	48	£280	£11,825	5.90%	31/03/2021
C200 Sport Edition Saloon Estate	PCP	£4,997.20	48	£322.51	£12,300	6%	31/03/2021
C200 AMG Line Cabriolet	PCP	£6,062.72	48	£386.59	£15,175	5.90%	31/03/2021
S350d L AMG	PCP	£10,723.07	48	£572.41	£23,075	0.00%	31/03/2021
Lexus							
UX300e	PCP	£7,427	48	£429	£19,305	4.90%	31/03/2021
UX F Sport with Takumi Pack	PCP	£12,843	48	£299	£18,042	3.90%	31/03/2021
CT with Premium Pack	PCP	£5,992	48	£229	£10,665	2.90%	31/03/2021
IS with Comfort Pack	PCP	£7,899	48	£299	£13,567.50	1.90%	31/03/2021
NX Premium Sport Edition	PCP	£8,768	48	£329	£17,836	3.90%	31/03/2021
ES with Premium Edition	PCP	£7,745	48	£329	£14,670	3.90%	31/03/2021
RC F Sport	PCP	£13,464	42	£389	£17,730	5.90%	31/03/2021
RX F Sport with Takumi Pack	PCP	£12,741	42	£539	£27,945	1.90%	31/03/2021
RX L Takumi	PCP	£14,095	42	£549	£28,819	1.90%	31/03/2021
LC 500 with Sport Pack	PCP	£28,488	42	£799	£33,772.50	5.90%	31/03/2021
LC 500 with Sport+ Pack	PCP	£31,036	42	£899	£39,960	5.90%	31/03/2021
Mini							
Mini 3-door hatch Cooper Classic	PCP	£2,000	48	£220	£6,704.40	4%	31/03/2021
Mini 5-door Hatch One Classic	PCP	£2,000	48	£205	£6,603.58	3.90%	31/03/2021
Mini Clubman Cooper Classic	PCP	£2,000	48	£281.11	£8,325.93	3.90%	31/03/2021
Mini Countryman Countryman Cooper Classic	PCP	£2,000	48	£313	£9,445.18	3.90%	31/03/2021
Mini Countryman Countryman Cooper S E Classic	PCP	£2,000	48	£432.65	£13,489.74	3.90%	31/03/2021
Clubman John Cooper Works 306HP	PCP	£2,000	48	£452.01	£14,242.69	3.90%	31/03/2021
Mini Cooper Countryman Plug-in Hybrid Exclusive	PCP	£2,000	48	£456.18	£14,392.54	3.90%	31/03/2021
Kia							
Picanto 3 1.0 Petrol Manual (4-seat)	PCP	£1,199.50	37	£186.76	£5,267	4.90%	31/03/2021
Rio 3 1.0 Turbocharged Petrol 48V Mild Hybrid Manual	PCP	£1,714.50	37	£289.23	£6,663.90	4.90%	31/03/2021
Niro Self-Charging Hybrid 3 1.6 Petrol Self-Charging Hybrid Auto DCT	PCP	£2,485.00	37	£374.81	£11,381.30	4.90%	31/03/2021
Niro Phev 2 1.6 Plug-in Hybrid Automatic DCT	PCP	£3,051.50	37	£374.98	£12,068.30	4.90%	31/03/2021
e-Niro 3 Long Range EV Automatic	PCP	£3,710.00	37	£462.85	£17,266.60	4.90%	31/03/2021
All-New Soul EV First Edition Long Range EV Automatic	PCP	£3,754.50	37	£417.90	£16,808.40	2.90%	31/03/2021
Stonic 'GT-Line' 1.0 Turbocharged Petrol 48V Mild Hybrid Auto DCT	PCP	£1,949.50	37	£292.21	£8,999.70	4.90%	31/03/2021
Sportage 'GT-Line' 1.6 Diesel 48V Mild Hybrid Automatic DCT	PCP	£2,940.50	37	£379.81	£13,041	4.90%	31/03/2021
All-New Sorento 3 1.6 Turbocharged Petrol Self-Charging Hybrid Automatic All Wheel Drive 7-seat	PCP	£4,274.50	37	£528.99	£22,327.50	4.90%	31/03/2021

CT the most affordable option at £229 a month.

The IS, which is being withdrawn from the UK along with the CT, is at 1.9% APR and there is also strong support on deposit contributions with £2,000 off most models.

Mini's offers shine in particular when looking at how affordable they still are with lower deposit levels. In AM's examples, with a £2,000 deposit, more than half are priced well below the Q1 average.

Kia, likewise, has some more accessible deposit levels and affordable monthly payments across its

range, although the majority of its offers are pushing a higher APR of nearly 5%.

Finance will continue to play a key supporting role in the market recovery once showroom doors are back open on April 12 and it will be interesting to see what strategy is put in place for Q2 to keep up the momentum. **TOM SEYMOUR**



SEARCH FOR FINANCE OFFERS

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



VIEWPOINT



AGENCY MODEL MAY NOT SUIT AGENCIES – DAKSH AND TOM AT AM LIVE

PROFESSOR JIM SAKER is director of the Centre for Automotive Management at Loughborough University's Business School, Institute of the Motor Industry (IMI) president and an AM Awards judge



Personally, one of the most interesting talks at January's AM Live Online was

the interview between AM's Tom Sharpe and Marshall's CEO Daksh Gupta. Gupta's insight on what he saw as the 'positive evolution' of the retail automotive sector away from a traditional franchised system towards an agency model was one of the most informed and balanced views on the subject I have heard.

One of the first classes I ran at Loughborough had a mixture of manufacturers and dealers in the room. I moved from being a lecturer to being a referee trying keep the warring sides apart. Over the years in most franchises the situation has improved and it has, in Gupta's words, become a 'symbiotic' relationship.

A transition towards an agency model, as Daksh admits, will give greater power to the manufacturer particularly in the area of product supply and marketing discounts. But will also give a dealer group a more healthy balance sheet, lower interest payments and a regulated profit.

With the swing towards electric and other powertrains there is the opportunity for manufacturers to make a move towards an agency model. The question that has yet to be answered is the appetite that they have for this model and the speed that it could be introduced.

From my perspective, the move towards an agency model runs parallel with the move of some

manufacturers to look at not only the lifetime value of the customer but also the lifetime value of the vehicles they make.

Announcements from a number of makers that they want to become 'mobility companies' implies they will be looking to control not only new car sales but maybe two or three subsequent sales cycles of the same vehicle.

By doing this they have the potential to keep the long-term profitability within the manufacturer and dealer relationship.

One interesting aside in Daksh's interview was his reference to sector intermediaries. A manufacturer-controlled, agency world would have the potential to make irrelevant many of the agencies and independents who work in the new and used car space.

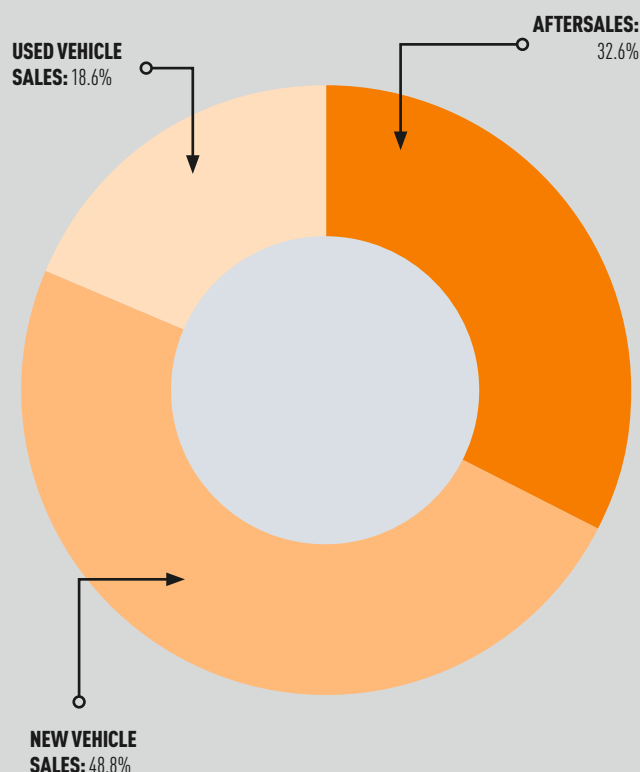
Manufacturers will want to impose their prescribed data management systems as this would be needed to make the agency system work. By doing this they have the capability of keeping vehicles within their branded network, limiting the supply to anyone outside.

With agency-based standardised pricing the role of price point intermediaries would become less important and the search for used vehicles could potentially be done predominantly through manufacturer sites. An agency model looks good for those inside it, but may present a challenge for those outside. Ironically, an agency model may not be good news for agencies.

"AN AGENCY MODEL LOOKS GOOD FOR THOSE INSIDE IT, BUT MAY PRESENT A CHALLENGE FOR THOSE OUTSIDE"

AMPOLL

WHICH ASPECT OF YOUR BUSINESS WILL REQUIRE MOST FOCUS IN 2021?



Although motor retailers made a strong comeback in used car sales after the first lockdown of 2020, pre-owned vehicles look set to get less focus in 2021.

New vehicle sales will take priority for roughly one-in-two dealerships, our AM-online poll found, while one-in-three said they need to rebuild their aftersales performance after 2020's interventions allowed many consumers to put off MOT tests and services while their cars were parked up for long periods.

One dealer, who voted for aftersales, said he will be driving online and on-the-job training of technicians to update and learn new skills in 2021, so his business has the capability to deal with the latest automotive technology.

Carmakers may be behind many dealers' focus on new cars, of course. "Now we know that some customers will buy without coming to the showroom, our manufacturer is pushing us to achieve a good result in Q1 as it had stocked up in case of Brexit barriers," said one dealer boss.

NEXT MONTH: HOW HAS THE COVID-19 PANDEMIC AFFECTED YOUR ATTITUDE OR MENTAL HEALTH?

VOTE NOW AT [AM-ONLINE.COM/POLLS](https://am-online.com/polls)

Husband and wife team John and Nahide Crisp head the aftersales and sales teams at Hills Garages



FACE TO FACE: HILLS GARAGES (WOODFORD)

'NO WOLF OF WALL STREET'

Staff at Hills Garages 'don't clamour for short term, cut-throat business. Customer service has to be at the front of mind for all'. **Tim Rose** reports

With the UK on a pathway to zero emission new cars and London set to expand its ultra-low emission zone this year, Hills Garages looks well placed to continue notching up successes.

Trading from two showrooms inside the M25 at Woodford, Essex, the small dealer group is a long-serving, well reputed partner of Toyota and Lexus, who've had hybrid cars on the market since the late 1990s.

Hills is one of the strongest performing Toyota and Lexus partners in the UK, solidly profitable, and in 2019 its revenues reached £62.9m from its single showrooms for each brand – which are uniquely separated by just a pub, The Horse & Well, which serves as a reminder of the neighbourhood farriers business the Hill family started with in 1905.

Aftersales director John Crisp says the motor retailer is well positioned within the M25, and because it has been in the same spot for years it has a strong reputation in the area. "The Toyota and Lexus brands are so good to be with and, because of the breadth of stock we have, there'll always be an ideal car whether a customer is new to new cars or buying another ready to retire," he says.

"We're not restrained by model choice, so we do keep people coming back."

Sales director Nahide Crisp, John's wife, credits the hard-working team which ensures it keeps a good profile. In normal times the company regularly holds customer events and works closely with local schools, business organisations and charitable causes.

"If there's anything needed in the local community we always want to help. We're part of Woodford Green. This is us. We've been here a very long time," she says.

Extensive use of social media channels, prospecting the database for repeat business and finance renewals, and

rewarding customers with £50 for referrals to friends and family are among the tactics helping to keep buyers coming in.

She adds: "We like to sell them a car, keep them for servicing, and eventually bring them back to see if they'll upgrade it."

London is a great market for hybrids. Competition is becoming more fierce, however, with AM100 retailers such as Glyn Hopkin, Mercedes-Benz Retail Group, Gates and Cambria Automobiles all operating in the locality and many more franchises now focusing on lower emission cars.

Nahide says of course customers have choice, but she's confident Hills team's consultative approach can win the business they need. "Provided they're dealt with properly and the car suits there's no reason why they wouldn't buy from us."

Hills has customers who've been buying there for two decades and who ask for staff by name.

She believes some people are happy to transact online, and the group does have buyers it delivers cars to after interacting through calls and emails, but most want to make more of the experience of buying a Lexus or Toyota from Hills.

"Ultimately, we find out how the customer wants to be dealt with and do it their

way," she says. "No one size fits all."

She says converting the sale is "the easy part" once they've enticed prospective buyers in. Test drives are critical, she says, to get the customer to feel good driving the car, and particularly to feel comfortable given the amount of time London motorists spend in slow-moving traffic.

With hybrid demonstrators, staff members make a point of showing customers how little fuel they've used on their test-drive.

"Once you have the customer service, we work with good products so the car is going to sell itself," she says. "We can spend all the money of advertising we want, but if we're not getting customer recommendations that's no good."

Nahide recalls seeing the sign 'if we please you, tell others. If not, tell us' in her mum's hairdressers 20+ years ago and applies that mantra to motor retail today. Hills seeks feedback from customers, and encourages them to leave Google Reviews. "Today it's about having customers as massive advocates rather than the old-fashioned advert in the newspaper."

Those Google Reviews are more evidence the business does things right – scored out of five, an average 4.2 from 886 reviews for Hills of Woodford Toyota and 4.5 for Lexus Woodford from 318 reviews.

Underpinning that customer service are talented, hard-working staff with diverse backgrounds and cultures, she says.

"All the staff are hand-picked by us, they go through a good selection process with the line managers and then with us, so we get the right personalities that will work well within the teams."

Empathy and decent education are two of the pre-requisites, says Nahide, who has a law degree.

She says Hills is no 'Wolf Of Wall Street' environment clamouring for short-term, cut-throat business, and staff need to see past the sale – customer service has to be front of mind for all. And if someone is

“IT'S ABOUT HAVING CUSTOMERS AS MASSIVE ADVOCATES RATHER THAN THE OLD-FASHIONED ADVERT IN THE NEWSPAPER

NAHIDE CRISP, HILLS GARAGES (WOODFORD)

Cnew to the team they'll only get to sell when she knows they're trained and ready to uphold the reputation.

A similar message comes from John, who has been with the business since 2004 when he joined as an apprentice service advisor. Although he, Nahide, managing director Ashley Humphries and financial director Ross Dignam head the operation, John says the Hill family still takes an interest in its motor retail business and consults the directors regularly.

As a family-owned business, Hills' culture clearly reflects the importance of relationships, of fostering a collaborative team spirit in its 140-strong workforce, and encourages the notion that happy staff will work hard to satisfy both customers and the business.

John adds that its sales and service staff work together well and appreciate one another, incidental to the fact that their sales and service directors are married.

John says his and Nahide's own relationship is a real strength for the business, and naturally work discussions creep into their home life, but they help to demonstrate that the business is one team.

"It is our life, really. We look after it as if it were our own, everything around here is what we would do. And we both have each other's back at all times, I want to support sales and Nahide wants the same for us in aftersales. It certainly isn't 'us versus them'."

Transparency and honesty are the two most critical things in retailing, says John. No one should make promises they can't deliver. He, Nahide and Ashley ensure they are accessible for staff and can support them in anything they need to do. During the lockdowns, when some staff were on

I WANT TO SUPPORT SALES AND NAHIDE WANTS THE SAME FOR US IN AFTERSALES. IT ISN'T 'US VERSUS THEM'

JOHN CRISP, HILLS GARAGES

furlough, and the directors helped keep the business going, including handling enquiries, taking sales and service bookings.

Nahide adds: "Everything we expect our staff to do, we could do ourselves."

She believes having good leaders at the front inspires the team to follow, plus the leaders should be known to customers and able to hear feedback first hand.

Nahide sees the importance of encouraging more women into the motor industry, showing that anyone can progress their careers and businesses can be flexible – some staff at Hills are in job-sharing roles to help them balance family commitments with their work.

Last September, when children first restarted school in social distanced conditions after the COVID-19 turmoil, she told staff who, like her, were parents to prioritise getting their kids settled and confident and come in to work after.

In aftersales, Hills' key partner is eDynamix across software for EVHC, service plans and MOT bookings, plus it has introduced the Autopoint service lockers for customers who want a contactless service or need to pick up their car after service reception

closes. John says the Autopoint system can be used for parts collection too, which has been useful for Hills' sales to local businesses.

He sees such technology will be part of the future, but Crisp doesn't expect COVID-19 will put an end to all customers' desire to deal with a human being. Service advisors still want to see customers and maintain those service levels the business is known for.

Since the pandemic Hills has adapted its business to COVID-secure practices, so its showrooms look different to customers, but the staff ethos is still the same.

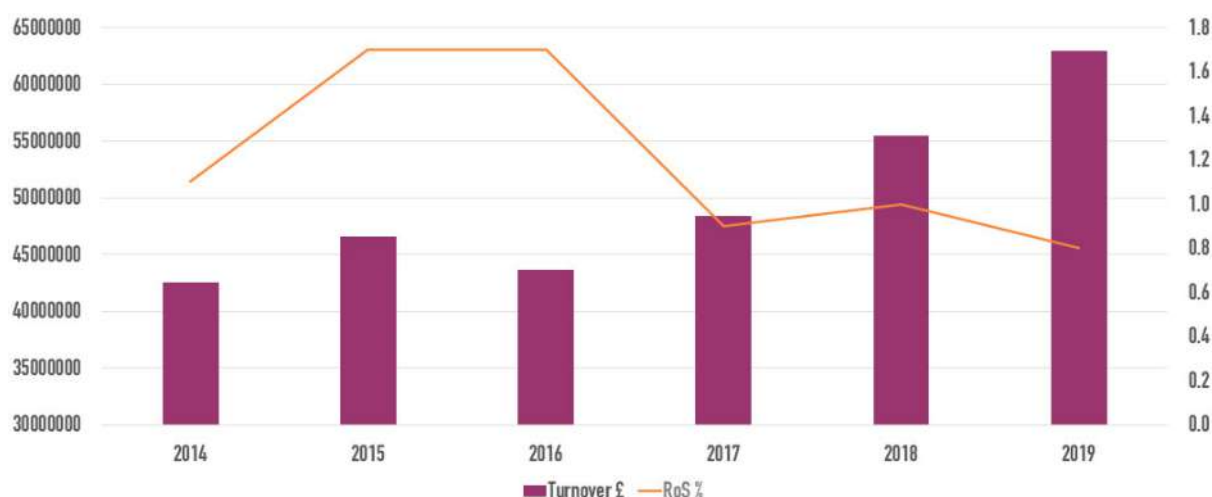
The business is excited about the prospects ahead. Lexus has the pure electric UX about to launch, and Toyota has a pure electric version of its popular SUV, the Rav4, adding to the range.

John says: "We're both quite young, and very enthusiastic about what we feel we can achieve with this business, and we've bought into the future as well. We'll always look out for new projects, technology we can pilot etc. We can be quite agile, as soon as something comes up we can go out and try it."

Does much growth feature in Hills' plans? John says the electric vehicle (EV) opportunity for dealerships in Greater London is "pretty massive" and, being in an affluent area, there's a ready market. The directors have an ambition to expand the business, but only provided the right opportunities come along. Nahide is quick to warn that if they couldn't remain hands-on in the business some of Hills' foundations might start to crumble.

"We don't want to be the biggest, but the best," she adds.

THE FINANCIAL PICTURE (SOURCE: COMPANIES HOUSE)



Hills is a consistently profitable business and turnover has been on an upward curve thanks largely to higher sales of Toyota and Lexus hybrids



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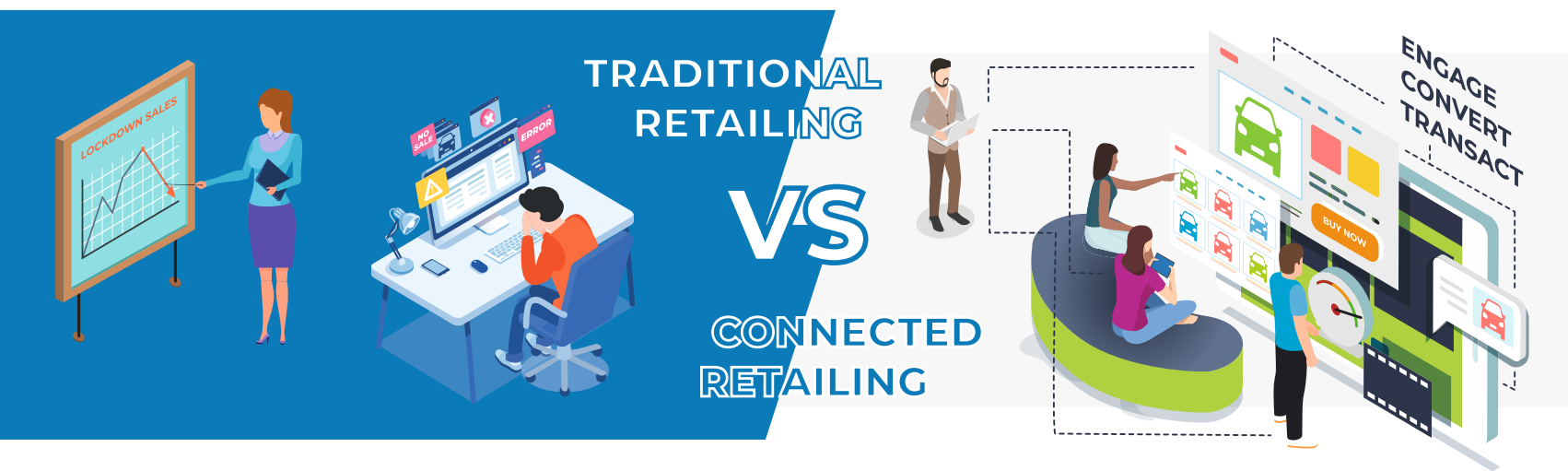
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How lockdown is testing dealer technology

Repeated lockdowns, and the online-click-and-collect trading models they bring, have meant that dealers are making demands on their technology in an unprecedented manner.

However, as many have worked hard to improve their digital customer journey during the pandemic, they have also found that the solutions they are using just don't deliver the sales processes they'd really like to offer.

James Tew, CEO at iVendi, explained: "Many online motor retail processes are very prescriptive. Customers enter the online journey at one end, go through a series of defined steps, and hopefully pop out of the other end with a car."

"That's great if the process is the one that the

customer needs and that the dealer wants to offer. What is very often lacking though, is any kind of flexibility. If it's not the right path, there is no option for change. The technology is definitely limiting the sales potential."

James said that this created a situation where dealers often became passive, unable to attempt to move sales forward in the same way they would in a showroom situation.

"To us, it is unacceptable that dealers become bystanders in their own online sales processes.

What iVendi has done with the new products that we have introduced over the last year – **ENGAGE**, **CONVERT** and **TRANSACT** – is empower them to be proactive.

"These solutions place retailers in the driving seat of the sales process in exactly the same manner as in the showroom, providing the tools needed to create processes that work at maximum effectiveness for them and for their customers."

James Tew, CEO, iVendi



The eight keys to digitisation

01	02	03	04	05	06	07	08
Dealers can improve the visibility of their stock using the marketing tools included in iVendi ENGAGE , including defining automatically completed search terms for users based on sales and marketing objectives, and linking results to marketing campaigns.	Reserve and Collect within CONVERT lets consumers reserve their vehicle online and collect from the showroom while enabling dealers to maintain control over key parameters such as the reservation amount and length of time.	Finance calculators, eligibility checking and the ability to apply online within CONVERT all make digital sales much easier and therefore more likely. It's arguable that you simply can't sell online without these tools.	Dealers can define their online motor finance offering through iVendi technology contained in CONVERT and TRANSACT , choosing the finance providers, products and rates available on their web site.	Also with regards to finance, multi-lender quoting and submission within TRANSACT provides dealers with the option to re-propose to multiple lenders, meaning less manual work.	iVendi's innovative Digital Deals within TRANSACT allow a proposition to be created including part exchange valuation, finance and value added products, then sent to any potential buyer as the basis for an online negotiation that replicates an in-person dialogue.	Retailers can use TRANSACT'S Digital Deals to send proposals to anyone - not just from iVendi products. Any leads received from portals or through e-mail and telephone enquiries can also be followed-up digitally.	The ability to include value added products like warranties in a Digital Deal allows proactive upselling for TRANSACT users and the opportunity to engage customers in products that increase profitability at an early stage in the buying process.

Founded in 2009, iVendi is the market leader in online motor retail technology both in the UK and internationally. With a modular product range which engages consumers, converts buyers and manages transactions, iVendi technology interacts with around five million consumers every month and thousands of motor retailers, manufacturers and finance providers. The company is based in Colwyn Bay.



MINUTES WITH...

Matt Wigginton, fund
raising director at BEN



How would you sum up your charity's activities?

We help people who work, or have worked, in the automotive sector navigate life's challenges. Ben was founded in 1905 to help tyre workers who'd fallen on hard times. Today's clients could work for finance houses, dealerships, suppliers or global manufacturers.

What services do you provide?

We support people with their health and wellbeing. Much of our work focuses on the here and now. Dealing with immediate issues, often around health, finance and job security. Mental health issues can impact anyone at any level, and we don't want anyone from our industry to face life's toughest challenges alone. We also provide ongoing and flexible support at our residential care homes, day centre and retirement village.

What are your biggest challenges?

Recognising that everyone is different, that support must always be tailored to the individual and understanding that deeper and more serious issues often lie behind a seemingly simple inquiry.

What was the immediate impact of COVID?

It made us invisible. Not to just the people we were so eager to reach, but right across the industry. We could no longer make people directly aware of our services, and the fund-raising events which do so much to raise our profile and boost our finances were cancelled.

We expected an immediate influx of calls, but it seemed the Job Retention Scheme eased the initial pressure for people with concerns about income.

What happened during lockdown?

Calls increased dramatically. Overall by 28%, but inquiries about mental health were up more than 50%. Many callers also had much more complex, critical and urgent challenges than would be

typical. The number involving people thinking about suicide or self-harm went up relentlessly week after week. Inevitably, although our staff are tremendously experienced and committed, the steadily rising caseload increased the pressure on them.

What happened when the retail sector went into furlough?

We rely heavily on employers to share information, but inquiries dipped because they were finding it harder to reach their people and understand how they were feeling. Initially, calls were split between money and mental health, although relatively low level issues such as stress, anxiety, sleep deprivation and depression.

What happened when Covid restrictions were tightened?

There was a marked shift. People who contacted us were often suffering more severely, and their thoughts were very much around suicide and self-harm.

Typically, these issues weren't new, but the callers had bottled their feelings up until they became overwhelming and they felt they had nowhere else to go.

How did you respond?

We took time to reflect on what we did and how we did it. We overhauled our approach, particularly with regard to mental health.

We also adopted new services, notably around life coaching. Our industry has always been male-dominated and it's certainly not one for navel-gazing. If someone rings, our staff can't just start talking about mindfulness as the caller will likely not have heard of the concept.

What has been the impact of the latest lockdown?

Winter months always see an increase in calls. Christmas and New Year, in particular, are times when people suffer from loneliness and isolation.

We had the expected spike, but again,

thoughts of suicide and self-harm were an ongoing theme. Suicide is the biggest killer of men under the age of 50, and we can't say often enough that it really is 'good to talk'.

Our resources were really stretched, so we increased the digitalisation of our services and launched fast-track access to our Silver Cloud platform, allowing people to manage their own mental health and wellbeing online.

Inevitably, our care homes have faced the same immense challenges as the healthcare sector.

They're an important element of our operations, so it's great everyone there has been vaccinated, and more than two-thirds of the staff have also had the jab.

Are callers from all niches within the industry?

Historically, Ben has been well known among manufacturers and in the retail space, but we've also seen a steady increase in calls from the aftermarket, finance sector, auction houses and insurers – it's a trend which isn't slowing.

Are you managing to rebuild finances?

We launched the 'Rallying Cry' campaign to highlight the £1m shortfall we were facing and there was an amazing response. As of this week, donations have passed £550,000.

If we raised another £200,000 that would be tremendous, but to be honest, we're all delighted at the amount which has already been promised.

How will your model change?

Initially, we were worried about how our head office staff would manage working from home, but, as other sectors found, it went very smoothly and we're likely to make that permanent. We're also seeing how much more work can move to a digital format, without diluting the personal contact, empathy and one-to-one support which underpins everything we do. **IAN HALSTED**

SPOTLIGHT:

LOCKDOWN LESSONS



It's been a pain of a pandemic and many dealerships have had to make quick adjustments, but some lessons learned look like being long lasting



THE DEALER/OEM DYNAMIC
SOME OEMs ARE EMERGING FROM
THE LOCKDOWNS WITH FLYING
COLOURS, BUT NOT ALL OF THEM

PAGES 24-25

COSTS V BENEFITS
AFTER LAYING OUT VAST SUMS ON NEW
(MAINLY SAFETY) EQUIPMENT, IT'S TIME
TO REAP THE BENEFITS

PAGES 27-28

LOCKDOWN POSITIVES
WE SPEAK TO FOUR SENIOR
EXECUTIVES TO ASK HOW THEY FEEL
THEIR COMPANIES HAVE COPEd

PAGES 29-30

Dealer relationships with OEMs under the spotlight

Some manufacturers eased up on targets while continuing to pay bonuses, but not every carmaker is offering same levels of help

It's fair to say the past 12 months have been challenging. The first lockdown in March 2020 meant retailers were not able to trade for a full month during what is usually the busiest time of year and, while the end is potentially in sight, showrooms won't be open for the spring plate-change this year either.

Whenever *AM* speaks with carmakers, there is, inevitably, always the mention of how they want to work in partnership with their retailers and COVID-19 has been the ultimate stress test.

Mike Jones, ASE chairman, has been speaking with many retailer clients during this most recent lockdown and he has seen original equipment manufacturers (OEMs) react in different ways, particularly as it became evident that showrooms were not going to be able to open until April, missing the key March registration month.

Jones tells *AM*: "This produces pressure on the sales companies, who clearly still have volume to shift and internal targets to hit. The best have been taking a co-operative, medium-term view, being flexible on targets, bonuses and standards. "Others, not so much, with some brands trying to encourage demo fleet changes despite the fact that the vehicles are idle with retailers not able to offer demonstrators to customers."

While socially distanced, click-and-collect has been in full swing, non-essential retail, including showrooms, will need to wait until April 12 to open their doors.

Jones adds: "Brands have to accept the bar will need to be lowered for 2021, even if I am expecting a fast start once the doors are able to open again."

One dealer, who preferred not to be named, told *AM* that some larger OEMs with high overheads and great volume are in a difficult position

because they need to try to keep cars selling as best they can for obvious financial reasons.

The dealer says: "I have found that the smaller OEMs are more concerned with helping their retailers, but it has been a really mixed bag overall."

Sue Robinson, National Franchised Dealers Association (NFDA) chief executive, says it is vital for manufacturers to maintain a flexible approach with their dealer networks to be able to adapt to the fast-changing business environment.

She says OEMs must appreciate how retailers have stepped up to the sudden challenges presented by the pandemic by improving their online offering and adapting quickly to conduct their businesses in a COVID-safe manner.

She says: "Current restrictions mean it cannot be yet 'business as usual' and this must be reflected by OEM expectations and communications with retailers."

"Feedback from retailers suggests that, while a large proportion of manufacturers have been supportive through the pandemic and during the latest lockdowns, a number of dealer networks were disappointed with the assistance received from their OEMs."

The NFDA is due to publish its Dealer Attitude Survey in the next few weeks to give a clearer picture of progress from Winter 2020, but the previous results from summer showed Lexus, Toyota and Kia taking the top three places for COVID-19 support.

Kia tells *AM* it recognises the pandemic has been an incredibly difficult time for all its dealer partners and their people.

Two-way communication has been even more vital than ever during the past 12 months.

A Kia spokesperson says: "We would like to thank our retailers for their dedication and for the ways in which they have responded and adjusted to the changing situations we have all faced."

"As a manufacturer partner, we have looked to support dealers throughout, working in partnership with Kia Finance for funding and cashflow management, and taking a pragmatic approach towards targets and all margin-related programmes."

One large dealer group *AM* spoke with says it has seen nothing but support from all its manufacturer partners throughout the pandemic.

Guaranteed targets, which mean dealer groups



will get quarterly bonuses regardless of volumes sold, have been put in place by some.

Its CEO says: "Having guaranteed targets really has taken some of the pressure off because you're not then forced to give away margin or get involved with tactical registrations. There will always be dealers that ask for more, but we have nothing bad to say from our perspective."

A spokesperson for Toyota & Lexus told *AM* they have worked together with the network to support cashflow and keep the correct level of customer-facing staff in work to deal with enquiries.

The spokesperson says: "The network has also been very flexible and forward-thinking in its approach with the focus on building a future order bank and forward-booking appointments for when showrooms can re-open, while accommodating remote sales on a one-by-one basis

**“WE ARE
FEELING REALLY
POSITIVE ABOUT
THE REMAINDER OF 2021**

AM DEALER



As a result those Suzuki retailers that are “digital ready” have gone from 20% at the start of the pandemic to 80% during the third lockdown.

Wyatt says: “The measures we have put in place have set up the network for the future and we wanted to provide certainty over income.

“The cash position for a lot of our network is positive and it hasn’t been as big of a problem as we thought it might be.”

Hyundai was one of the franchises that was rated poorly in the last DAS, sitting at the bottom of the table for COVID-19 support.

A Hyundai spokesperson tells *AM*: “We have been working closely with our dealer partners through our franchise board to improve and enhance our ways of working – ensuring greater collaboration and clear and regular lines of communication.

“We have also launched a range of initiatives to address their challenges at this time in order to lay the foundations for a fast recovery and a stronger future.”

Hyundai says it is focussed on acting quickly, responsibly and flexibly to support cashflow through the extension of stocking terms and capital deferment (working with Hyundai Finance) alongside “many other measures”.

This includes investing in greater levels of digitisation to support online training and online sales, and providing additional sales, marketing and aftersales support where required.

The spokesperson says the OEM couldn’t share further specifics, as they form part of Hyundai’s commercial strategy.

CRUNCH POINTS AFTER MARCH

Dealerships have been in this position before. They will already be prepared to spring into action on April 12 and make the most of all the purchases that may have been put on hold during the lockdown.

But there is the question of a difficult April and May for aftersales in particular, with generally no MOT or services coming in a year ago, dealers may struggle to get customers in, leaving a big gap until the summer.

Kia is working with its network “to ensure cars that had delayed services last year are brought

back in-line with their original service schedule as far as possible”.

It says: “This is important not only to help business continuity, but also to ensure customer safety. For example, time-sensitive fluids and components should be replaced at the correct time during a car’s life, thereby preserving reliability and the full integrity of Kia’s industry-leading seven year/100,000 mile warranty.”

Suzuki is putting together an appropriately-priced vehicle health check campaign that targets vehicles that have done lower mileages during lockdown.

Wyatt described the idea as “a vehicle health check that also gets your service book stamped”.

Toyota & Lexus says it will also assist retailers with national campaigns to support the relative potential workshop gap in activity to help address the shortfall from service and MOT deferrals.

WHAT HAPPENS NEXT?

Robinson says although retailers have shown their resilience and have repeatedly adapted to provide their customers with the best possible experience via their online and click-&-collect services, this cannot fully replace the traditional buying process.

She says: “There continues to be a proportion of consumers holding off buying while they wait for showrooms to reopen, especially for new cars.

“Currently, this is the main challenge, combined with the difficulty to plan long-term due to the uncertainty regarding the current restrictions.

“The industry may also face short-term logistical challenges as businesses adapt to a number of new procedures required by Brexit, however, these will ease as we get used to the new processes.”

Toyota & Lexus foresees the immediate challenge being the ability to support the anticipated increased level of volume of customer interactions and part exchanges once lockdown lifts.

The Toyota & Lexus spokesperson adds: “The final challenge is one the network itself will need to manage carefully and this is to do with staff wellbeing as many of our network colleagues have been working incredibly hard with fewer resources available. An anticipated incredibly busy Q2 will mean our partners will need to be mindful of staff burnout.”

Another dealer *AM* spoke to was positive about future trading from April. He says: “This won’t be like the last lockdown lift. There may be some pent-up demand, but it probably won’t be as strong as the bounce back last year.

“But we are in a good position. OEMs have plenty of stock due to preparations for a no-deal Brexit at the end of 2020.

“We have also got even better at digital retailing and you can see that from the January performance. The market may have been down 39.5% in January, but that’s a very different story from the 97% drop in April last year. We’re feeling really positive about the remainder of 2021.”

TOM SEYMOUR

where the customer feels happy to proceed.”

Toyota & Lexus sales targets have been issued as normal, although they have been “re-seasonalised” to reflect the current trading limitations and the opportunity from April 12 onwards.

Volume-related bonuses have been guaranteed, as have operating standards margins during this period, so there has been no requirement to maximise sales to achieve full bonus earnings “and, therefore, no need to pressurise customers”.

The spokesperson adds: “We are providing cashflow support for both sales and aftersales programmes and, utilising this, we have encouraged retailers to retain staff to proactively communicate with customers.”

Dale Wyatt, Suzuki GB director, says: “Due to the nature of the retailers we work with, there is a natural interdependence between us.

“We have a lot of owner-drivers and being close to their business is important. We got out early with support from the first lockdown and that’s been maintained ever since.”

This support included scrapping targets, pulling forward bonus payments, fixing margins and pausing on corporate identity standards. Suzuki also put together a £1 million support package that funded around £10,000 per dealer to get them “digital ready”.

This included a 13-point plan to get them better equipped for things like click-and-collect, as well as introducing live chat and digital reservations for vehicle sales.

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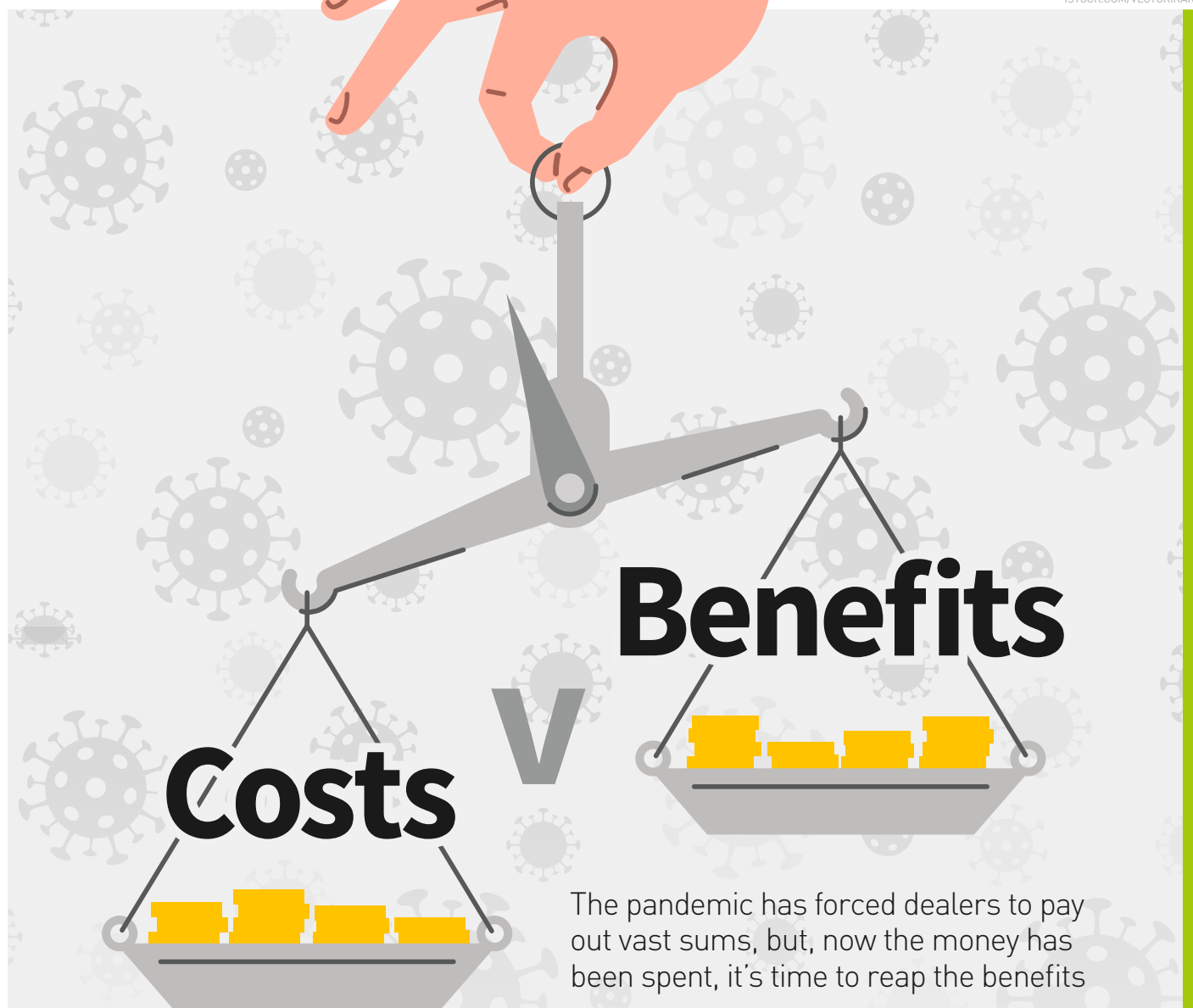
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The pandemic has forced dealers to pay out vast sums, but, now the money has been spent, it's time to reap the benefits

COSTS

The COVID-19 pandemic has taken its toll on automotive retailers across the board.

Dealerships have had to pay out thousands of pounds on essential personal protective equipment (PPE) for staff and customers and for the sanitisation of their facilities and vehicles.

They have also spent vast sums on implementing new digital platforms to sell their vehicles, as well as incurring the expense of providing more 'click and collect/deliver' services.

Another 'hidden' cost has been the effect of the pandemic on staff morale and mental wellbeing.

To make their premises COVID-safe, dealers have had to buy in everything from face masks, screens, hand sanitisers and disinfectant to steering wheel and seat

covers. They have also had to invest heavily in employee safety training.

"We have spent north of £500,000 on PPE," says Stuart Foulds, president and chief executive of TrustFord. "We have also had to completely rearrange our showrooms and reception areas for social distancing."

John Clark Motor Group has also spent more than £350,000 on PPE, not including signage, for both NHS worker vehicles and its own use. That has included seat covers, floor mats, hand cleansing gels and alcohol wipes and sprays from multiple sources.

The group has also provided all its delivery drivers with safety packs detailing protocols for full sanitisation of vehicles at collection and delivery. In addition, it has invested in 20,000 Tunap air-con sanitisation bombs, which it has put into every vehicle handled.

"We have gone to great lengths to consider every possible angle," says group managing

director Chris Clark. "That included every single touchpoint and customer interaction, to ensure we were 100% COVID safe."

Cambria Automobiles has gone one step further, implementing voluntary lateral flow testing for staff. And it is seeing the benefits.

"Although it came at a significant cost, it has been a huge benefit in stopping the spread of the virus," says chief executive Mark Lavery. "It also demonstrates that we are COVID secure."

Marshall Motor Holdings spent in excess of a "five-figure sum" on PPE in the first half of 2020 alone, according to chief executive Daksh Gupta. He added that the group has also invested significantly in a reactivation plan covering its key safety protocols, which all employees are required to learn and score a pass mark of 100%.

"That has sent out a powerful message that the health and safety of

SPOTLIGHT:

LOCKDOWN LESSONS

“Customers and colleagues is our No 1 priority,” says Gupta. “We have matched that e-learning with investment in PPE, screens and the like.”

Foreseeing the switch to online, Marshalls also spent big on promoting its digital offering. It has backed this up with a substantial investment in its communication platforms too.

Working remotely or being furloughed has put an added strain on employees also. The main challenge has been to try and keep staff motivated and protect their mental wellbeing.

“It has undoubtedly taken a mental toll,” says Peter Smyth, director at Swansway. “It is hard to quantify, but it has certainly affected people in a negative way.”

BENEFITS

Despite all the downsides of the pandemic, some invaluable lessons have been learned and many dealerships have come out of it leaner and stronger as a result.

The biggest savings made by dealers were through the Government’s business rates holiday and the furlough scheme.

They have also received some discounts from suppliers, most notably Auto Trader, which offered free classified advertising during lockdown.

Other benefits have included reduced travel expenses for meetings and site visits, while CEOs and boards of directors have also had more time to plan and strategise.

Using video conferencing on platforms such as Zoom or Microsoft Teams has enabled dealers to cut down on travel costs and the time employees spend on the road. That has enabled them to focus more on their core role.

“As well as saving time spent in the vehicle, it has also saved on fuel and wear and tear,” says Lavery. “All of that has made us more efficient both from a sales and technical perspective.”

Rather than monthly operations board meetings, Marshalls now holds them every week on Teams. The executive committee

also meets for three hours in video conference every Tuesday.

Swansway’s board has also started daily Zoom meetings and intends to continue them after the pandemic. In addition, it will reduce its weekly meetings at head office to one a month when fully reopened.

In terms of the relaxation of business rates, Swansway has saved more than £1 million per year. It has also benefitted from putting 800 of its 1,100 staff on furlough at one stage last year.

“Another significant cost is the amount we spend on tea, coffee and biscuits for customers, but due to the pandemic we weren’t able to offer them,” says Smyth. “So that was a big saving for us.”

“It has also afforded us more time to just sit down and strategise, thinking about our business model moving forward. That would never have happened before because we were so focused on our day-to-day operations.”

Cambria Automobiles has also benefited from the business rates holiday, saving £300,000 per month. Another significant saving came from furloughing 83% of its employees in the first lockdown.

“Credit to the Government for bringing in the furlough scheme,” says Gupta, who had to furlough more than 90% of Marshall’s staff. “It has saved hundreds of thousands of jobs.”

Some landlords have also put rents on hold, which has greatly benefitted large dealers such as TrustFord. Additionally, many businesses have been assisted by the Government’s bounce-back loans and grant schemes.

Despite suffering financially, some suppliers have been able to offer discounts or more favourable terms. Manufacturers have also helped by reducing targets and guaranteeing sales bonuses.

John Clark Motor Group was able to negotiate deferred payments with suppliers, who include Dealerweb, enquiryMAX and Pinnacle. The group also benefited from concessions offered by Auto Trader during the lockdowns. **ALEX WRIGHT**

STAFF TESTED POSITIVE

John Clark Motor Group’s Pentland Land Rover site in Perth had to be shut after two of its staff tested positive for COVID-19.

The service valeters, who were supplied by a third party, showed symptoms after two hours of working at the site.

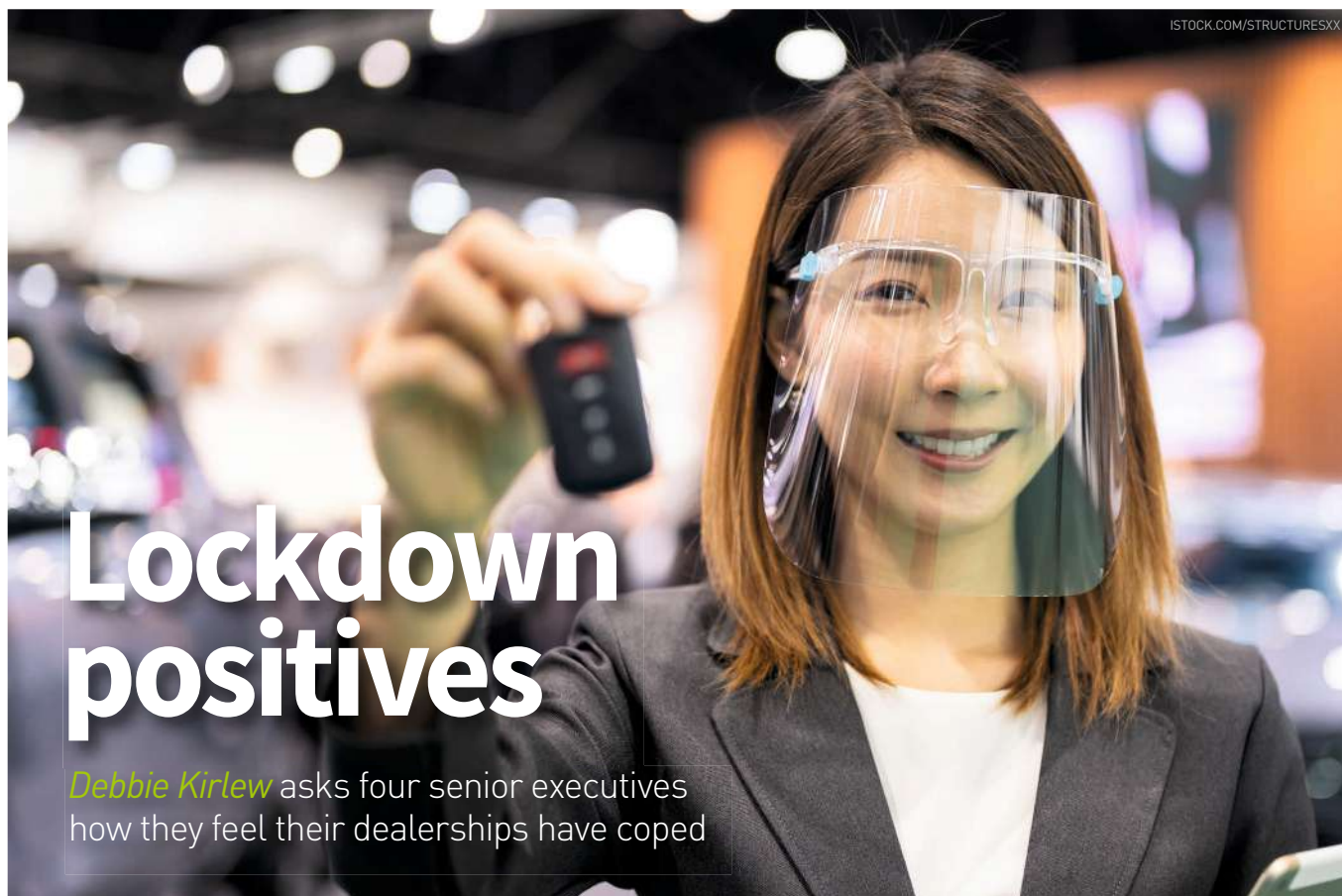
After sending the pair for a test, senior management carried out tracing to identify who they had come into contact with and the areas they had worked in.

Having identified three employees who had been affected, they were also sent home and asked to book a test, which returned positive results for two of them. They then pulled the remaining staff together to inform them what had happened and completely sanitised all areas where the valeters had been.

Next they offered all employees the opportunity to get tested and closed the business for a day, fogging the whole site overnight. They also notified the local NHS Trust’s COVID lead, who looked at the action they had taken and provided them with advice on what they needed to do before reopening.

“It was a challenging two or three days, but ultimately reassuring for the COVID lead to confirm that we had taken the necessary steps and done everything we possibly could,” says group managing director Chris Clark. “We communicated everything that had happened to our customers and reassured them that we were now completely safe.”





Lockdown positives

Debbie Kirlew asks four senior executives how they feel their dealerships have coped

Forced by the pandemic to adapt to changing restrictions including showroom closures and shifting sales online, most dealers have unlocked new ways of working, many of which will be here to stay.

AM spoke to four senior directors in the sector – Daksh Gupta, CEO at Marshall Motor Group; Paul Hendy, CEO of Hendy Group; Nathan Tomlinson, dealer principal at Devonshire Motors; and Graeme Potts, CEO at Eden Motor Group – to understand some of the positive outcomes the three lockdowns have inspired.

HOW HAS THE SCALING UP OF DIGITAL CHANGED THE WAY YOU WORK?

Daksh Gupta: If you had said to me in January last year when our business was flying, everything you sell would be done without people coming into your showroom, I would have said 'you're joking'. We sold almost 7,000 cars in January this year which is just incredible. Our industry has proved that it can be adaptable, entrepreneurial and innovative.

Paul Hendy: The whole industry has moved 10 years in 10 months. If you could not sell online before, you have had to now, the

whole industry has had to adapt at speed but we have done so brilliantly. Sales executives realised they still have an important role to play. Digital complements what they are doing.

Nathan Tomlinson: The lessons we've learned from shifting vehicle sales activity away from the showroom and into people's homes, via a combination of digital and the traditional, is by far the best learning experience we've had as a result of the pandemic. Equally, it's been the most rewarding and something that we now have ingrained in our business DNA. For example, we use a clever product called KwikCast to stream live video to a customer's phone.

Graeme Potts: It has definitely challenged our thinking and accelerated our development of the integration between the online and the physical world. Some of the people now working in our digital channels are demonstrably the top performers in our company. I am not sure that would have come about so quickly had it not been for the lockdown situation.

HAS THE DESIRE FOR THE PHYSICAL DEALERSHIP DIMINISHED OR GROWN?

DG: I don't think we have fully appreciated the comfort people from the viewing,

touching and feeling a car, it's not like buying something off Amazon. While there have been market entrants who have portrayed themselves as being online only, they have realised they can't do that very easily without a physical presence. As both sides evolve, they will move much closer to each other because that's what customers want and that's what they need.

PH: The endgame will be a blend of the physical and online, we are missing that physical experience and so are some of our customers. Some people will want to deal online and we can now do that. Many will do both and some want to undertake the entire process in person in the showroom. There is still a requirement for that brand experience which needs to take place in the physical space.

NT: Almost every enquiry would abort at some stage in a fully digital process. Almost all our customers want or need some form or personal interaction at some stage in their online journey, but it's rarely the same point. There is no single solution. So, the solution is to make everything available.

GP: The retail car industry will have a physical channel which will be the majority choice for a long time to come. The lockdown and the restrictions have illustrated (the importance of the physical dealership) by the increased volume of



SPOTLIGHT:

LOCKDOWN LESSONS

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“HAD YOU SAID A YEAR AGO THAT 90% OF OUR WORKFORCE WOULD BE WORKING FROM HOME AND IT WOULD BE OK, NOBODY WOULD HAVE BELIEVED YOU”

PAUL HENDY, HENDY GROUP

C activity as we have gone through lockdown one, two and now three, but also the huge number of customers who are in their normal cycle of change who are telling us 'yes, we will be in when we can come in and visit you?'.
PH: Had you said a year ago that 90% of our workforce would be working from home and it would be ok, nobody would have believed you. I think employees mixing working at home and the workplace has become much more acceptable.

IS HOMEWORKING HERE TO STAY?

DG: This has shown us you can effectively work from home. I don't think you can replace offices or workplaces completely because of the power of human interaction. Many people found that, all of a sudden, when they couldn't go into work, they missed it and realised what a significant part of your life work is. So, I don't ever see that we will choose solely to work from home, but I think there will be a blend.

PH: Had you said a year ago that 90% of our workforce would be working from home and it would be ok, nobody would have believed you. I think employees mixing working at home and the workplace has become much more acceptable.

NT: Homeworking is a real mixed bag. Some individuals, specifically those that are digitally fluent, are extremely productive. Others function productively but create a lot of digital noise in the process. Some just don't work well at all as they rely on more traditional P2P skills and communication.

GP: We are not enforcing homeworking but if they want to come into work and it is safe

to do so, we give them the choice. We will have more flexibility to work from home going forward but we will give people the choice, the most frequent comment that's made to me at all levels is how much people miss working with their colleagues.

WILL THE TRADITIONAL MEETING BE CONFINED TO THE HISTORY BOOKS?

DG: We switched to weekly virtual meetings of two hours which has proved far more efficient. Previously, we held three conferences a year which typically involved around 500 members of staff. Now, monthly management meetings are held virtually with the last one attracting 388 log-ins with many tuning in together. They have been very powerful.

PH: It will be about delivering that blended approach, we don't need to drive all over the country to see each other. We have all got hours back into our days. Some of those meetings you may have done every month, you may do once a quarter.

NT: Zoom and Teams meetings have been a huge benefit, but we still have to beware of meetings for meetings sake. Communication has to be balanced and efficient, nobody enjoys a 45-minute video call when a five-minute phone call or a short email would have been more appropriate.

GP: Most of our groups, but particularly our

senior executive committee, are having more frequent, but shorter, meetings facilitated by Zoom and that has been a great benefit. We have become much more collegiate in our approach. You would have a monthly review which lasts a day whereas now it's no more than two hours on Zoom.

ANY FINAL THOUGHTS?

DG: If you went in strong, you came out strong. I think we will also have a bounce back, not as big as the first one, but we will see some sort of recovery. I'm very upbeat about 2021.

PH: The real positive has been the sheer resilience and positive attitude, the care and passion of my team to be there every day and digging in, it has been unbelievably humbling.

NT: We're currently focused on growth for 2021 and beyond, on-boarding one new brand partner as we speak and hoping to be able to announce another one very soon. Devonshire Motors will emerge from the pandemic looking quite good.

GP: I think vehicle retailing will benefit from pent up demand once the lockdown is lifted. There is a percentage of customers who need a car for the first time or an extra car because of a reluctance to return to public transport and Britons have saved £140bn that would have been spent in the economy over the past 13 months. We will receive a dividend out of those unlocked savings.

LESSONS LEARNED



Suppliers share the lessons they learned during coronavirus lockdowns to help AM readers with the '21 plate campaign

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When a manufacturer places retailers at the heart of its business

Dealers offered encouragement to speed up digital adoption

Alex, one of our retailer customers, like others within the industry, has faced significant challenges during COVID-19. His showroom was forced to shut, limiting his company's ability to engage with existing and prospective customers. When the restrictions were lifted, the priority was to keep both employees and customers safe in the store.

With 60% of staff furloughed, the retailer had to respond quickly to the challenging situation and find alternative solutions to keep selling cars.

The business's online presence wasn't established enough to offer customers a contactless buying experience, enabling them to buy their next vehicle online.

Vicky, head of marketing at Hendy Group, shared the challenges Alex faced during COVID.

"As our showrooms have been forced to close to the public, our business model has had to evolve and we have adapted to the new ways of staying in touch with our customers and prospects," she said.

COVID-19 accelerated trends that were already underway. Some stakeholders within automotive benefited from this acceleration as they had already started down the road towards digitalisation. However, several of them had to react and adapt to the New Normal, which we spoke about in our earlier article (<https://tinyurl.com/4pea46jv>).

"Our teams are finding new and innovative ways to facilitate virtual vehicle tours, fulfil personalised videos and conduct video appointments, and this has been well received," Vicky added. "In these times, the credibility that comes from Hendy trading for more than 160 years is particularly important, and our customers value this when transacting remotely."

Although the physical retailer remains an essential part of the customer journey, the digital offering helped it interact with



customers and offer a seamless experience.

Alex is glad to have a digital showroom that is open every day, at any time.

Alex also knows that his customers feel more comfortable and confident in starting their journey online, buying the way they want, and deciding whether to finish the purchase at home or in the showroom.

Like Alex, we have seen several success stories and initiatives we are proud to share.

During this period, manufacturers have helped their retailer networks with different initiatives.

For example, a remarkable approach was made by Suzuki, who decided to invest not only to keep businesses afloat, but to provide the tools to help them stay ahead of the market by giving a bonus of up to £10,000 for the digitalisation of the traditional sales journey.

Suzuki aimed to 'reward proactivity', helping to improve and enhance its retailers' digital presence. With ongoing lockdown restrictions and a change in customer buying behaviour, it wants to support retailers in driving online sales

and engaging with customers digitally.

This approach is extremely helpful during this challenging time and will continue to provide value to retailers by giving them the tools needed to meet customers' expectations.

"When Suzuki announced its aspiration to enable customers to buy online across their dealer network, we were thrilled. Customer centricity really is at the heart of our business, and this initiative recognised the importance of enabling the customer to engage however they are most comfortable, completing some, or all, of the journey online if they wish; it was designed with the customer in mind.

"This perfectly complemented the seven-day return policy promoted by Suzuki, giving customers the confidence to complete more of their transaction online."

The support from Suzuki has not only helped many retailers to stay open and continue to operate throughout the current pandemic but, more importantly, has made a real impact on many individuals, like Alex.

**REAL PEOPLE. REAL BUSINESSES.
REAL CHANGE.**

Connected is key as we move into the Experience Age

Better understanding can only enhance the customer experience

The Information Age began with the internet in the 1980s. It was called this because it provided instant access to knowledge that would have been previously difficult or impossible to find.

The automotive industry has been slowly meandering through the Information Age, using many disparate systems to solve problems in and around dealerships. This has hindered any attempts to bring a true digital revolution to the automotive sector in the past 40 years, meaning that a customer's journey with a dealership has remained very linear and rigid for a long time.

However, with the COVID-19 pandemic making businesses sit up and take stock, we have seen more innovation in the past 12 months than in any time since the early 1980s. Through this innovation one thing has become abundantly clear, connected is key!

Our vision at eDynamix has always been to reduce the number of systems used in dealerships and in July 2020 we released exsto, a realisation of that vision.

Through our exsto platform we have connected the disconnected systems through our own platform and more than 130 integrations with third parties, including write back into DMS systems such as CDK. By doing so we can help dealerships advance quickly through the Information Age and beyond.

Over the past 12 months we have seen OEMs and dealer groups of all sizes looking to get their business truly online, with an "omni-channel customer experience" being the buzz term.

Through exsto we have seen a 253% increase in customers making a booking online and a 218% increase in those wanting to use an AutoPoint digital locker to drop off and collect their keys. In addition, 177% more customers checked in their vehicle online prior to their visit in the last quarter of 2020 than the first,



which also included a 132% increase in upsold work at point of check in.

We have seen a fourfold increase in customers moving their buying journey online in Web Master, our dealer website solution, whether that be for a vehicle or a service plan purchase.

Two-way communication is now expected at every stage of the sales and aftersales journey with traffic increasing by more than 300% during 2020. The uptake of videos with embedded augmented reality to highlight concerns and prices on screen has increased by more than 160%.

We are now transitioning out of the

Information Age and into the Experience Age thanks to mobile screens and internet everywhere. In this age businesses must not only make information more accessible to customers, but they must give them control to manage their relationship in a way that suits them.

The move towards the Experience Age within the automotive industry has been accelerated due to COVID-19, but it isn't just about creating experiences, it's about better understanding your customers and what they want so that those experiences are engaging. However, to achieve this, connected is key!

llink Trade Buyer launched by epyx after extensive trial during lockdown

September and October were the biggest months ever for trade volumes

Epyx has launched a completely redesigned and renamed version of its trade car and van platform, already used by around 3,500 dealers to buy high quality ex-fleet and rental stock.

llink Trade Buyer supersedes the long-established llink Disposal Network (which continues in a fleet-only role) and has been developed based on the availability of new technology and an extensive research programme into the needs of both existing and potential users, explained commercial director Debbie Fox.

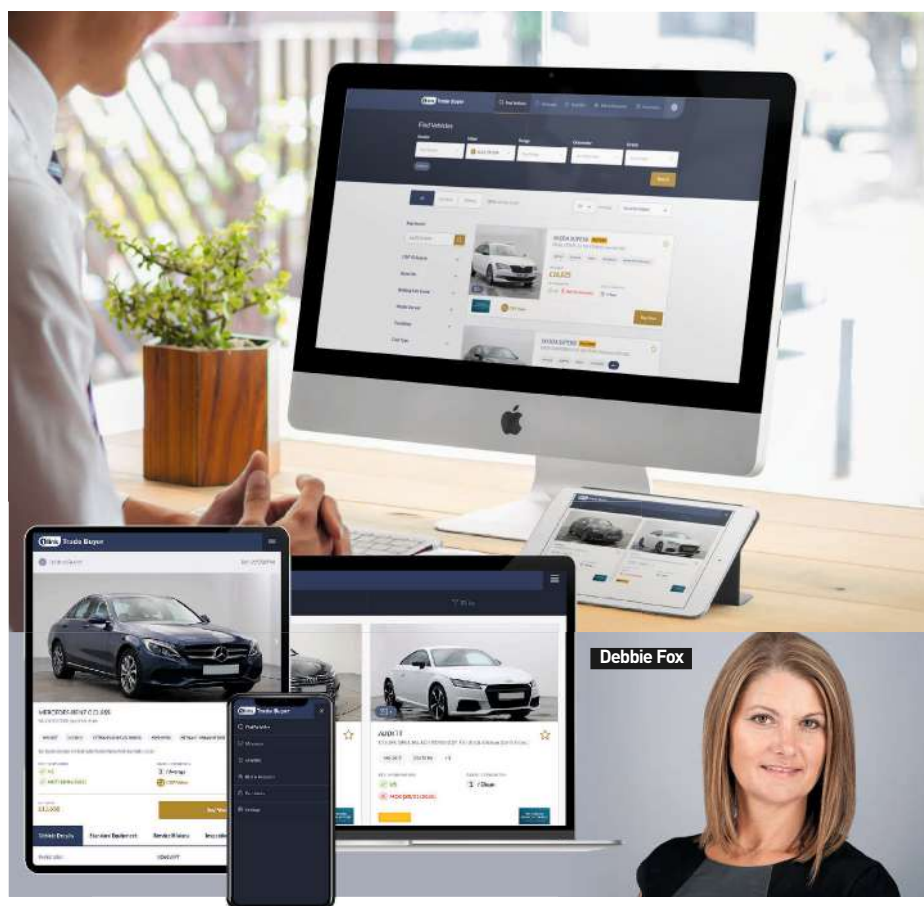
"llink Trade Buyer has been re-engineered from the ground up with a very sharp focus on one core objective – to enable dealers to identify and acquire the stock they want as quickly and as easily possible, whatever device they are using," she said.

"The pandemic has meant that dealers have conducted more and more of their business online and that has not just meant vehicle sales, but stock acquisition, too. That is a trend we believe will continue once the wave of lockdowns ends.

"The trading conditions of 2021 mean used car and van operations need, more than ever, to offer the right vehicles in the right condition to potential buyers in order to realise the potential of online sales. The changes we have made make it easier to get those vehicles."

Enhancements in llink Trade Buyer include: advanced vehicle filtering with multi-pick selections and dynamic counts, updated vehicle summary and vehicle cards with more detailed service history and clearer data presentation, full screen imagery, key information indicators, downloadable stock lists and image packs as well as a fully mobile-friendly buying experience.

Debbie said: "We were originally aiming for a phased launch of llink Trade Buyer early last year. Of course, this was



affected by the pandemic. But gave us time to refine the product still further and create all kinds of useful, incremental improvements.

"Over the past few months, we have gradually switched more and more trade buyers from the old platform to the new, and have been able to make changes based on their feedback.

"The results have been impressive. September and October 2020 were our biggest months ever in terms of trade volumes and we are also able to see higher levels of general engagement, including from previously-dormant users.

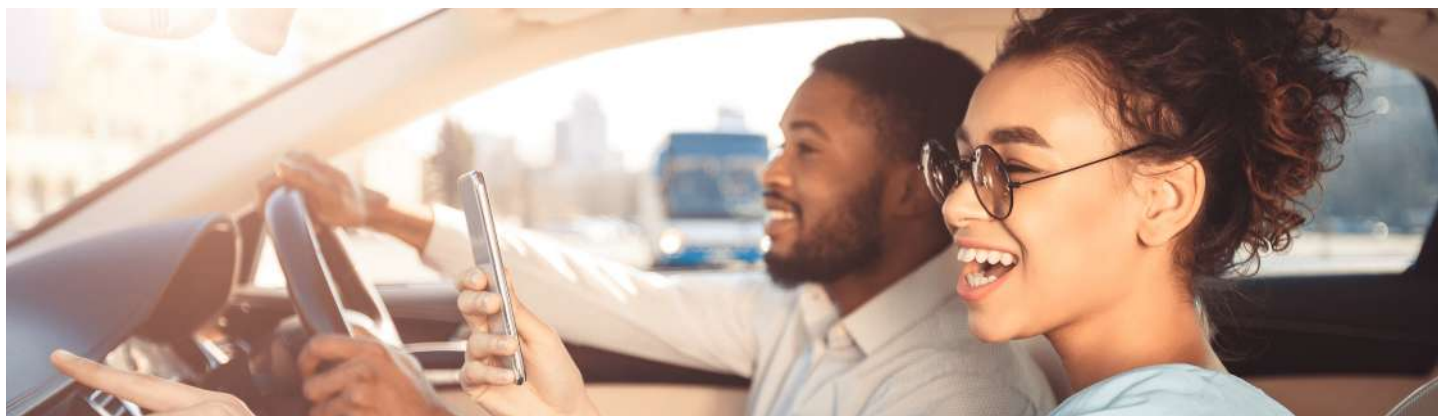
"Once the latest lockdown comes to an end and trading conditions improve as

customers return to showrooms during spring and summer, we expect the product to play an important part in helping dealers maximise profitability."

Debbie added that, for almost 20 years, epyx had used the llink Disposal Network brand for both of its remarketing platforms, whether they faced towards the dealers who were buying stock or fleet vendors selling vehicles.

"With the new investment and enhancements we have made to the dealer platform, now seemed like the perfect time to create two clear and separate identities with the launch of llink Trade Buyer while continuing with llink Disposal Network for fleets."

Driven to lead: how heycar helped dealers through lockdown



heycar launched less than two years ago with a commitment to support dealers by driving high quality leads your way.

The arrival of the first nationwide lockdown in March 2020 put that commitment to the test.

How would we live up to that promise amid the most challenging trading conditions in recent memory?

It meant bringing our A-game - by experimenting, by pushing ourselves and by listening to what dealers and customers were telling us.

The result saw us launch a string of initiatives and new measures that allowed us to continue to cultivate quality leads while forecourts were forced to shut.

As soon as the lockdown measures were introduced last March, we embarked on an ambitious programme of product development driven by data gathered from our website visitors.

It saw us increase prominence for listings with videos and launch a 'Register Interest' option at the same time as giving customers the power to 'favourite' cars that catch their eye and want to look at again later on.

Later in the year, as the nation faced a second lockdown, we strengthened our efforts to support our dealers with higher quality leads by pivoting away from the 'Register interest' option to provide customers the ability to arrange collection or delivery. We quickly saw demand

increasing and launched a free delivery scheme.

The initiative saw dealers that fulfilled a delivery request for a customer have their expenses reimbursed by heycar - **saving car-buyers up to £499.**



It's proved an immensely popular scheme with the distance heycar deliveries have covered totalling nearly 90,000 miles - enough to circle the globe almost four times.

Over the past twelve months we've also maintained our determination to drive consumer brand awareness.

It saw us launch a £5million multi-channel marketing campaign last summer. More recently, we followed that up with a deal to sponsor BT Sport's FA Cup coverage.

With more people staying at home as a result of lockdown restrictions, this has helped us drive that greater brand awareness and get more people to consider us over our competitors.

At the same time - by identifying the

effect lockdown has had on the nation's car-buying habits - we've been able to provide dealers with really valuable insight as we head out of lockdown.

This is exemplified by the growing demand for diesels. Amid the increasing conversation around the benefits of EVs, between January and December we saw a 23% surge in searches for diesels. This was accompanied by a similar increase in car-buyers looking for a petrol vehicle.

Karen Hilton, Chief Commercial Officer at heycar, says: "The last 12 months have provided the steepest of learning curves for both car dealers and ourselves at heycar.

"There have been immense challenges along the way, but I'm proud of the way that as a business, we rolled our sleeves up and supported the industry through this extraordinary period.

“Whether through product innovation, special offers and continued significant marketing spend - we're proud of all the ways we've helped.

"The government's roadmap suggests normal life should return by summer.

"But it won't be business as usual for us - we'll continue to listen, to support and adapt to ensure we remain a trusted and valuable partner for the industry."

Think digital and Max out this March

Research underlines need to keep in meaningful contact with prospects



In a 'normal' March, plate-changes would provide a welcome increase in sales with customers lusting after the latest models. There was nothing normal about March 2020 and this one is no different. With showrooms remaining closed during this critical month, dealers will need to adapt once more to maximise sales opportunities in a surprisingly buoyant market.

Sales enquiries have remained strong throughout lockdown and recent consumer research from Marketing Delivery found that 33% are now seriously considering buying a car due to increased disposable income as a result of the pandemic. As most dealers continue to operate with furloughed staff, keeping customers engaged with meaningful, personalised interactions will be a challenge familiar to sales teams across the country.

In the same survey, 65% of buyers said that, due to COVID-19 and the challenges of physically visiting a dealer, they would expect a dealer to respond more quickly to emails. These figures highlight how customers are more willing than ever to engage digitally with dealers. However, expectations about the quality and frequency of response are also increasing.

The motor industry is resilient and, if the past year has provided any learnings, it is how quickly we can adapt when required. It has been widely reported that the lockdown has accelerated the widespread adoption of digital tools among retail businesses by five years.

PROGRAMMED, BUT STILL PERSONAL

Programmatic email campaigns, both for sales and aftersales, can ensure personalised, timely and well-targeted contact with customers and prospects. This doesn't mean abandoning the personalised service and customer relationship-building that has served car retailers so well for so long. But it means adopting flexible, programmatic tools that help engage customers automatically.

Marketing Delivery research revealed that 51% of buyers would shop elsewhere if a dealer failed to respond to their enquiry. The same research also found that two-thirds (59%) are more likely to remain engaged with a dealer that emails them with details of stock that matches their initial enquiry. These findings underline the value of keeping prospective customers within the sales

pipeline, and of using automated tools to facilitate outbound communications tailored to each recipient.

This increase in both demand and customer expectation would have previously caused an admin headache for most dealers, even with a full complement of staff. Luckily, Marketing Delivery has proven digital tools to overcome this hurdle and bridge the gap between expectant customer and closed showroom. The Car Alerts system matches customer preference to current stock, and will automatically send an email when the right vehicle arrives or when prices change on existing stock.

And, thanks to the inbuilt notification system, staff are alerted when a customer clicks on the email and can step in to give the personal touch and convert the sale.

With Marketing Delivery providing enhanced virtual-showroom capabilities, personalised emails and stock updates, potential buyers can be kept informed and engaged.

Even when showrooms reopen, the public will likely remain cautious, so implementing proven digital strategies now will pay dividends in the future.



COVID leaves legacy of innovation for Northridge Finance

Times of crisis often drive innovation. COVID-19 accelerated Northridge Finance's platform development, enabling seamless communications and continuity when doing business face-to-face wasn't possible.

Retail partners now enjoy enhanced services to support sales. Every stage of the purchasing process can be carried out remotely without the need for showroom visits or personal contact.

The motor finance provider made a significant investment in technology and software design, based on the needs of staff, retailers and consumers.

Northridge also continued to support customers through payment breaks and ensuring mutual customers were looked after quickly. "Our intermediaries appreciated our fast response and were confident that customer care takes priority," says James McGee, Managing Director.

"We've learned a lot this past year about working smarter and being agile. By adapting quickly to possibly permanent changes in how people work, and helping dealerships benefit from improved convenience and functionality, we have an excellent springboard for the future."

CONTACTLESS BUSINESS

Processes which allow buyers to view and select vehicles, new or used, secure financing and complete the sale all remotely have become fundamental. Northridge moved quickly, adapting its seamless in-store proposition.

Be it pure distance E-sign, end-to-end distance sale or click and collect, Northridge has ensured that partners can facilitate contactless finance fulfilment.

McGee reports usage of its distance signing facility has dramatically increased 10 fold year on year. "Because Northridge now works within a truly omni-channel sales process, we offer maximum flexibility."

Whether a customer chooses to complete entirely online or in combination with dealership visits, options reduce trips to the showroom and streamline the purchasing and approval process.

"For over 12 years, Northridge have been an excellent addition to the growth of F&I within Perrys. What put Northridge a step ahead recently is their embrace of remote signing technologies for customers. Their process is really simple to follow, timesaving for customers and colleagues, and fits in perfectly with the 'click to buy' current approach of the motor industry."

David Johnson.

Finance and Insurance Director, Perrys Motor Sales

SAFEGUARDING STAFF & STANDARDS

Innovation is also helping Northridge Finance maintain its renowned service standards, while considering the wellbeing of employees working from home.

"Our goal was to ensure 100% continuity for customers and to do it efficiently. It was important to redeploy both our internal and external teams to where we needed them most. This required huge flex and upskilling across all roles through carefully considered crisis management plans and we're now delighted to be able to offer all of our services from within the office and remotely," McGee explains

A crisis can be a time for learning and growth, and Northridge aims to emerge a more responsive, resilient company.

"Our Covid response exemplifies our ethos of being there for people, no matter what, and shaping solutions around them. These innovations set the stage for stronger customer connections in the future."

For further information, contact our dealer support team: dealersupport@northridgeuk.com

Northridge

FINANCE

northridgefinance.com

How UK lockdown(s) have sped-up digital transformation within auto

Successive lockdowns have disrupted and transformed British businesses in untold ways, and the automotive industry has been no exception.

Twelve months on from the Prime Minister's lockdown announcement on a fateful day in March 2020, Reputation outlines some of the key lessons learned during lockdown for the automotive industry. It explains what these lessons mean for automotive brands in 2021 and beyond:

CONTACTLESS CUSTOMER EXPERIENCE

With their doors closed to the public, car dealers have overhauled operations, making them contactless through 'click and collect' and door-to-door delivery services.

Crucially, customers value dealerships' efforts to provide socially distanced services. Reputation's recent car-buyer experience analysis reveals that 'customer service', 'valet' and 'cleanliness' were among the main drivers for positive customer ratings in the UK.

Reputation's data science team revealed that from May 2020-October 2020, 'Valet / Door-to-Door Service' increased star ratings by 0.5 stars compared with pre-pandemic levels.

PRICING PROBLEMS

While ratings around contactless services saw an upward trend during lockdowns, price-related complaints rose, causing the overall industry rating to decline by 0.11 stars.

According to Reputation's data science team, consumers continue to place enormous emphasis on pricing as this category received the highest volume of mentions during the 2020 lockdowns.

In contrast, COVID-19 mentions ranked a lowly eighth.



DIGITAL FIRST

The disruption wreaked by lockdowns has cemented the importance of automotive brands' digital front doors and dealerships' abilities to provide customers with the in-dealership experience digitally.

According to Think With Google, car buyers want virtual test-drives and online configurators in lieu of informative conversations with car salespeople at brick and mortar dealerships. Also, Google's data shows that 19% of lockdown car shoppers would be quicker to make a car purchase where dealers offer online options.

SEARCH TRENDS

Dealerships with the ability to effectively and efficiently manage their online presence, particularly through Google My Business (GMB) listings, were better able to maintain continuity and visibility for customers during the lockdowns.

At the best of times, properly managed, Google My Business listings receive x10 the traffic as a website. More than 51% of searches are now 'zero clicks', meaning that the majority of searches go no further than your GMB listings.

During times of disruption, ensuring up-to-date, accurate information on

Google My Business listings is essential if your automotive brand is to be seen by customers.

THE ROAD AHEAD

It is often said that it takes 60 days to form a habit. Thus, after almost 365 days under some form of lockdown and counting, the buying patterns and preferences adopted by your brands' customers are here to stay.

So, what can you do to accelerate revenue and overtake competitors in 2021? You can set the wheels in motion by:

- Continuing to pay attention to customer sentiment around contactless services and vehicle pricing and responding accordingly.
- Providing a first-rate digital experience complete with virtual test drives and car configurators.
- Maintaining your GMB listings across all your locations with accurate, up-to-date information.

Need some help with navigating the road ahead for your automotive brand? Get in touch with Reputation via **contact-uk@reputation.com** or **0800 066 4781**, and it will be happy to steer you in the right direction.

Take your digital transformation to the next level

Progress, of necessity, has been rapid, but now is not the time to ease up

In 2020 the automotive industry went through 10 years of digital transformation in just about 10 months. Franchised dealers have embraced digital selling and the tools required to work remotely. Some will complete the whole sales process online soon. Once this is done, what is the next step? Perhaps this transition was forced upon us, but now we need to make it a strategic imperative.

ALL THINGS DIGITAL

Before the pandemic, one of the greatest data challenges facing dealerships was bringing all the information together in one place to aid decision-making. Data in the DMS, in your budgets, and third-party applications such as showroom, CRM and VHC needed to be brought together to create a coherent picture to improve operations.

Throw the new online data into the mix and the job has become more complex. To complete the digital transformation, dealerships will need to address this problem. As more of the pipeline is online, the sales team needs to collate the pipeline into one place to maximise sales performance.

Additionally, online spend on marketing has accelerated, but few dealerships

Are you confident your teams are booking back most deferred 'amber' work from services? Please leave a comment.

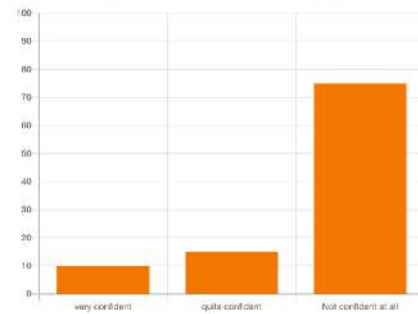


Figure 1 (Source: AM Online <https://www.am-online.com/polls/>)

have control of it. You would have thought once all the information is in a digital format then it would be easy to measure performance. Dealers need to get on top of this to adjust promotions as the month unfolds to maximise sales.

Now, let's look at one example of how a business intelligence (BI) solution can help solve a problem with an operations challenge. In an AM Online survey, dealerships were asked if they were confident they were getting a return on their VHC system investment (Figure 1). Three-quarters weren't confident at all.

With a well implemented BI solution, this concern can be easily managed with

a view such as the one in Figure 2. This high-level view is backed up by a report that is automatically sent to each of the workshops daily for actioning.

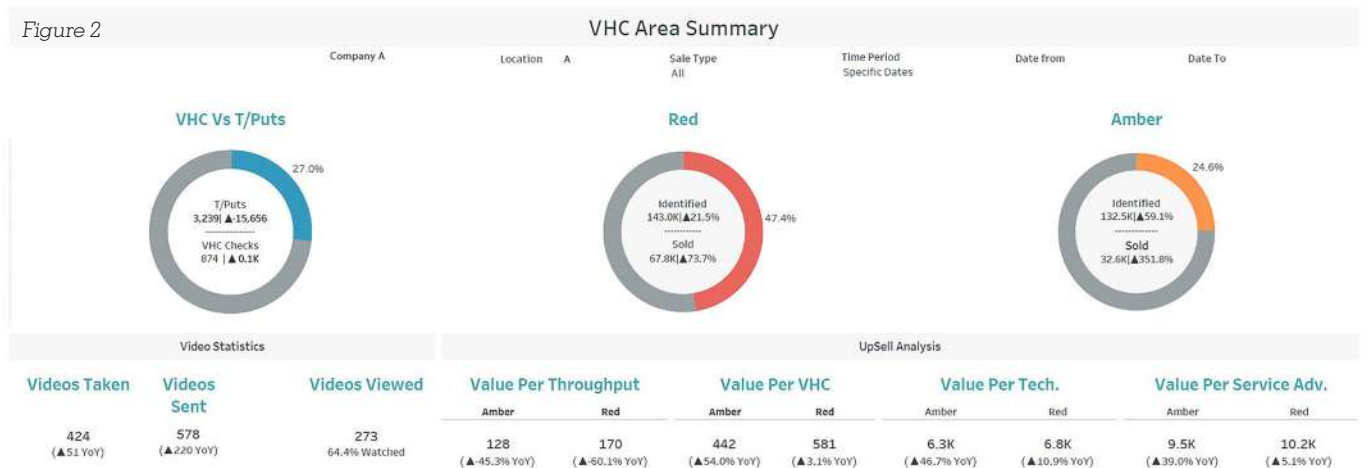
Finance teams have had a roller-coaster year. Although Government schemes have been helpful, turning the P&L cost and vehicle stockholding tap on and off has required considerable skills.

Management information is critical to making these decisions on cost reduction and for predicting vehicle demand. This includes everything from actively reporting on sales and service teams against benchmarks to figuring out how many to bring back from furlough.

Measuring no-shows is important for assessing optimum staffing levels. Good management information should drive all decisions, whether it is ages and price points that are working or having the right stock in the right place.

As we move past the pandemic, return on capital employed will become the most important KPI – for leading dealers it already is. The balancing act between selling new vehicles and their adoption will make or break a dealer when demand is low. Balancing the sales price of used a vehicle and the time it is in stock will do the same. Get all this right and the future will be bright.

Figure 2





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- > Targeted sale and stock marketing.
- > Regularly lead vendor league tables.
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- > A professional and friendly team.



APPRAISE

List your vehicles with our appraisal app direct from your own forecourt



MANAGE

Manage your stock via our online dashboard



SELL

Sell your stock direct to our buyers on our online channels

Or let it go into our network of six technology-led auction centres across the UK



www.astonbarclay.net/sell



SPOTLIGHT:

EVs & EMISSIONS

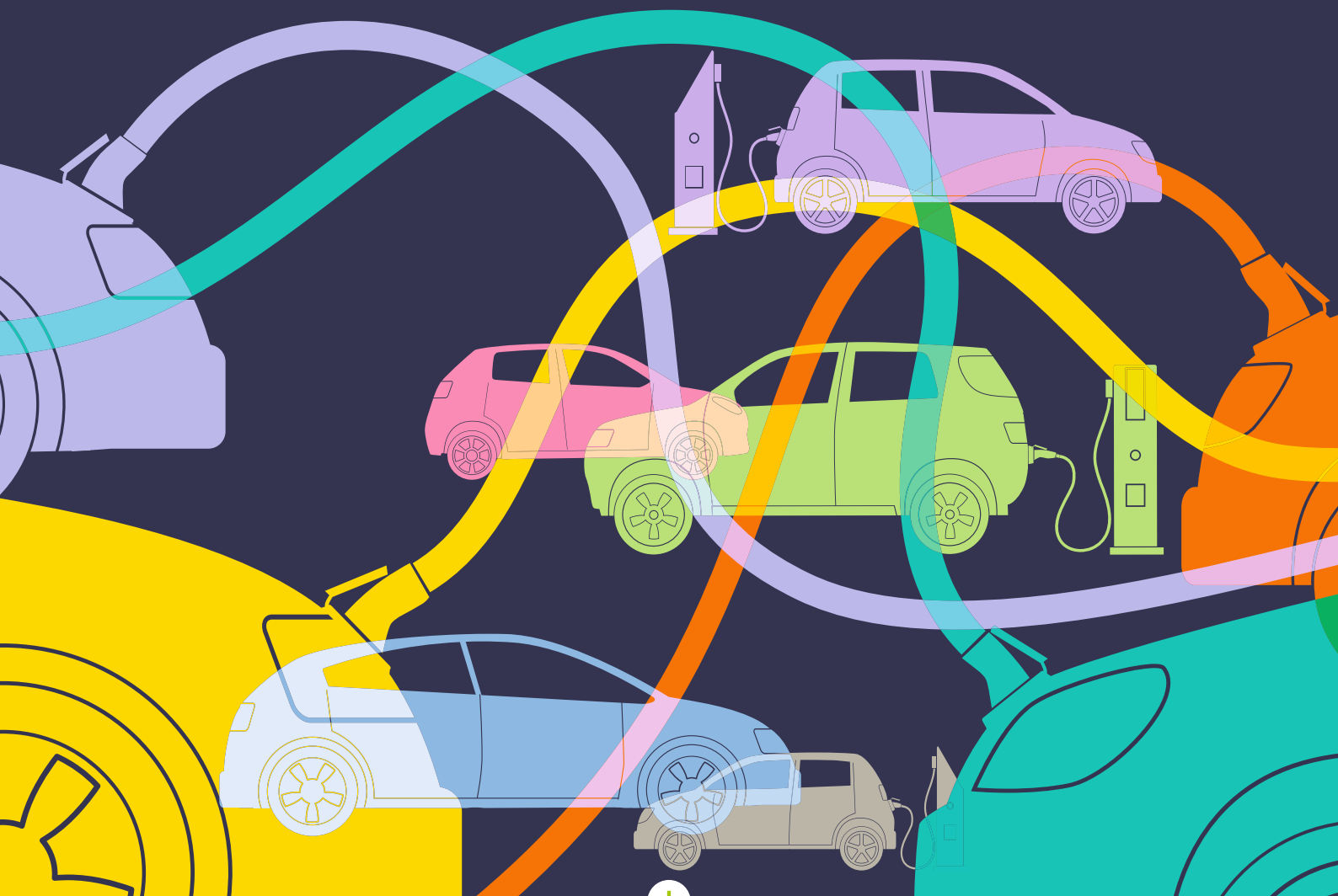
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By the end of the decade the sale of new ICE vehicles will cease. There's little doubt dealerships are fast becoming involved in a...

Charge towards electricity



THE OUTLOOK IS FINES

MANUFACTURERS LOOKING AT MODEL RATIONALISATIONS AS THEY BID TO COMPLY WITH NEW CAFE REGULATIONS

PAGES 42, 44

SWITCH TO AFVs IS COMING

DEALERS SHOULD BE ACTING NOW TO ENSURE THEIR SALES PEOPLE HAVE ALL THE ALTERNATIVE FUEL VEHICLE ANSWERS

PAGES 48, 50

Outlook is fines as CAFE regulations start to bite

Manufacturers are looking at model rationalisations, reduced trims and increased co-operations in a bid to comply with clear air targets. *Tom Seymour* reports...

Retailers can expect further rationalisation of model ranges, variants, trims and engines this year as carmakers look to meet the challenge of emissions regulations.

The Clean Air For Europe (CAFE) programme was phased in from last year, where 95% of a vehicle manufacturer's fleet needed to emit below 95g/km CO₂.

From 2021, the average emissions of all newly registered cars of a manufacturer now have to be below that target.

OEMs breaching the limit will be fined €95 (£84) per car sale, per gram of CO₂ over the limit, with companies like Volkswagen Group facing as much as €4.5 billion (£4bn) in fines, based on predictions by PA Consulting (see graph overleaf).

Total fines across all OEMs could be as much as €14.6bn (£13bn). So, while there are deadlines from individual governments, like the UK's 2030 ban on the sales of new petrol and diesel vehicles, the threat of heavy CAFE fines is also driving changes in the way OEMs are structuring their model ranges.

Importantly, as the UK is no longer in the EU, OEMs will not be able to meet their average UK CO₂ targets using sales in the EU.

The UK fleet is much more focused on larger SUVs and crossovers compared with smaller city cars favoured in the EU, so, therefore, moving from the EU fleet average to a UK-specific value would immediately make regulatory targets more demanding for all manufacturers.

This could make it more difficult for OEMs to justify having higher polluting models on sale in the UK compared with the EU, which would drive further model reductions.

Michael Schweikl, former automotive specialist at PA Consulting and now head of international business management services at retail consultancy KPS, says: "Toyota is still in the lead on CO₂ but it doesn't really have a battery electric vehicle (BEV) strategy."

"It will be interesting to see if it is still in a leadership position on CO₂ over the next few years."



Schweikl was the author of PA Consulting's CO₂ report and said that, while Tesla is still one of the top players for BEV, it is focused on the premium sector with no truly mass market model.

He says: "Other OEMs are bringing products to market that will compete for BEV dominance."

Manufacturers that are better positioned with their CO₂ average can earn "super-credits" for each vehicle they sell that has CO₂ emissions below 50g/km.

These credits can then be sold to the highest bidding rival manufacturers to redeem against their own CO₂ average.

SUPER-CREDIT REDUCTIONS

However, the Department for Transport (DfT) will be reducing the amount manufacturers may benefit from the use of super-credits by 50% this year and next.

The exchange of credits is a short term fix while carmakers can't comply on a standalone basis – given the time it takes to launch a model range with lower emissions and to drive demand from within their customer bases to switch to electric vehicles (EVs).

More and more plug-in vehicle products

have been introduced over the past 12 months, but this alone won't be enough for some manufacturers.

There will also be a reduction in complexity with model ranges with the number of variants, engines, options and trims reduced to help meet targets.

David Bailey, professor of business economics at the University of Birmingham's Business School and senior fellow at the UK in a Changing Europe programme, told AM: "The tough new regulations will add to a 'big squeeze' taking place in the industry."

"With cashflows hit by COVID, auto firms are now having to invest huge amounts on a raft of new technologies. So much so that scale is seen as increasingly important for car firms."

"We'll see much more in terms of industry mergers, joint ventures and rationalisation as carmakers look to cut costs to invest in the new technology needed to meet emissions targets."

Lee Swinerd, KPMG managing director, business advisory, says there are also other factors influencing rationalisation, including an over-capacity in the market and COVID-19-related capacity issues.

He says: "These have each contributed



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➔ to manufacturers reshaping their model offerings, and many OEMs now see the benefit of rationalising ranges to improve profitability."

FURTHER RATIONALISATIONS

Most OEMs have rationalised model ranges over the past 12-18 months, with diesel engines in smaller vehicles being removed as an option (like the ever-popular Ford Fiesta), as well as larger engines being dropped for SUVs like the C5 Aircross, Peugeot 3008 and DS 7 Crossback.

Some manufacturers have gone on record to prepare retailers for further product culls.

Mercedes-Benz parent company Daimler has already announced back in October 2020 that it is aiming to cut 20% of its operational costs by 2025 by reducing its model range and pushing towards EVs.

Renault confirmed its own rationalisation plans in its "Renaultution" programme in January of more than a 20% cut in production capacity, down to 3.1 million cars from more than four million cars worldwide.

Renault's platforms will be reduced from six to three with 80% of group volumes based on three Alliance platforms. Powertrains will be cut in half from eight to four.

Ian Plummer, Auto Trader commercial director, says: "The rebalance of supply and demand means some brands can focus on keeping a better balance of low CO2 sales as well as higher sales of more profitable models instead of a push to register sales units irrespective of the above."

"As for the rest of their ranges, provided a given right hand drive model has been developed and the costs have been 'sunk', it can be sold in small, but profitable, volumes without the same need for volume 'push'."

It's unlikely higher CO2 niche models will totally disappear this year at least, so long as they are sold in small volumes. This also means there is no incentive to reduce the price for these models to drive demand.



AUTO FIRMS ARE NOW HAVING TO INVEST HUGE AMOUNTS ON A RAFT OF NEW TECHNOLOGIES. SO MUCH SO THAT SCALE IS SEEN AS INCREASINGLY IMPORTANT FOR CAR FIRMS

DAVID BAILEY, UNIVERSITY OF BIRMINGHAM

Schweikl says: "There will be further reductions in variants produced so, instead of a coupe, a saloon and cabriolet, OEMs will focus on the strongest selling variant."

"If you're selling below 10-15,000 units of a particular variant, they will have to go. We'll continue to see niche models in the sports and premium segments, but the quirkiest products for the volume players will disappear."

FINES AND FUNDING

Schweikl says the EU will likely publish the latest CO2 figures for each OEM by "early Q2".

It will be later in the year when there is a clearer picture of the level of fines each manufacturer will have to pay.

There is still no official policy on what happens with the money from those fines. It has not yet been decided whether funds will go to each country's government or to Brussels.

According to Schweikl, the money from fines has also not yet been specifically earmarked to be spent on improving air quality or on CO2 reduction.

He adds: "Our expectation before COVID, was most OEMs, particularly in the premium segment, would continue selling large vehicles and bigger engines, while slowly adapting to a hybrid model for those segments."

"However, the pandemic has made it more difficult to predict the very latest CO2 numbers because we really don't know how sales are going to develop this year."

He said strategic moves like the FCA, PSA and Vauxhall merger to create Stellantis would see its position improve this year. This is due to

a stronger small car line-up across the brands and its EV strategy.

EVS WILL BRING MODEL CUTS ELSEWHERE

Plummer says: "Many brands are bringing alternative fuel variants of existing models to market, which instantly increases the complexity of their range and requires them to rationalise elsewhere."

"It almost certainly leads to fewer options that those brands can realistically afford to sell across that same variant, as well as the need to reduce the range by removing whole models that won't provide this same boost of low CO2 variants."

Plummer said that, given the strong decline of diesel sales overall (down 55% in the UK last year), where models were previously dependent on diesel variants for a large proportion of their sales, it will make economic sense for brands to pull models from sale earlier than planned.

He said: "As well as this broader decline in consumer appetite for diesel, the overall drop in company car sales and the strong incentivisation towards EVs, we can expect the decline of the traditional 'motorway cruisers', usually C-segment saloons, will only accelerate."

Overall, Plummer thinks a greater degree of standardisation in specification could be a positive for both dealers and customers in the long run, making the buying process easier, efficient and more profitable as a result. **TOM SEYMOUR**

RANK	CAR MAKER	ACTUAL DATA (g CO ₂ /km)			FORECAST DATA			FORECAST 2021 PENALTY (IN MILLIONS OF EUROS)
		2018 ¹	2019 ²	2020 ³	2021 TARGET	2021 ⁴	DEVIATION ⁵	
1	Toyota	105.5	103.1	100.9	94.9	95.1	0.2	18
2	PSA	110.4	111.9	113.9	95.5	95.6	4.0	938
3	Renault-Nissan-Mitsubishi	111.2	111.7	108.2	92.9	97.8	4.9	1,057
4	Hyundai-Kia	124.7	121.5	118.9	93.4	101.1	7.7	797
5	Volkswagen	120.4	121.5	121.1	95.5	105.3	10.7	6,508
6	BMW	122.9	121.5	105.8	102.5	116.1	13.6	754
7	Ford	129	120.8	122.7	95.9	112.8	16.9	1,456
8	Daimler	125.3	127.0	120.4	102.1	114.1	12.0	997
9	Honda	126.5	127.2	126.8	94.9	119.2	24.3	822
10	Fiat-Chrysler (FCA)	129	119.9	125.4	92.8	119.9	27.1	2,461
11	Volvo	121.5	124.4	128.5	106.5	121	14.5	382
12	Mazda	127.7	130.8	131.8	94.9	123.6	28.7	877
13	Jaguar-Land-Rover	150	151.7	151.5	130.6	135	4.4	98

Figure 2. CO₂ emissions and fines forecast for leading car makers in Europe

¹ Based on 2021 forecast • ² Based on NEDC

³ Based on data from ICCT • ⁴ Based on data from EEA

⁵ Based on actual data until 2018 and PA forecast estimation

Source: ICCT, EEA, EEA, EEA

CAR MAKER	2018 ¹	2021 TARGET	2021 FORECAST ^{2,3}	2025 TARGET ⁴
PSA	113.9	91.6	95.6	77.4
Renault-Nissan-Mitsubishi	108.2	92.9	97.8	78.6
Fiat-Chrysler (FCA)	125.4	92.8	119.8	78.6
Hyundai-Kia	118.9	93.4	101.1	79.2
Mazda	134.8	94.9	123.6	79.1
Honda	125.8	94.0	119.2	79.8
Toyota	100.9	94.9	95.1	80.7
Ford	122.7	95.6	112.8	80.8
Volkswagen	121.1	96.6	109.3	82.4
BMW	123.6	102.5	110.1	86.1
Daimler	130.4	103.1	114.1	86.8
Volvo	129.5	108.5	121.0	94.3
Jaguar-Land-Rover	151.5	130.6	135.0	96.3

¹ Based on NEDC

² Based on data from ICCT

³ Based on data from EEA

⁴ Based on actual data from 2018 and PA forecast estimation

⁵ Based on 2018 numbers, without weight adjustment, NEDC values

EV peasy

We make researching EVs online easy

With over 61 million views* of our EV content, carwow is a clear choice for AFV car research. And with EV sales through carwow up by 97%** in 2020, we're selling more than ever.



Visit dealers.carwow.co.uk
and switch on EV sales.

carwow



*61,443,500 YouTube views Jan. 1st 2020 – Feb. 16th 2021 YouTube analytics.

**1st Jan–31st Dec 2019 v's 1st Jan – 31st Dec 2020, EV Sales data, carwow internal data



Electrifying accident aftercare: Why the industry must adapt and embrace electric vehicles

The very idea of offering EV replacement vehicles following an accident would have been absurd just a few years ago, yet it is gradually becoming a necessity for dealers who must cater for a rapidly growing pool of EV owners.

As the latest year-to-date SMMT results show a year-on-year increase of 185% in Battery Electric Vehicle (BEV) registrations, alongside a rising number of alternatively fuelled cars across the board, the concept of electric vehicles as a core part of a dealer's accident aftercare service must become a reality – EV owners have high expectations.

The rise of EVs is only going to accelerate, and AX research has shown that more than half (55%) of drivers are thinking of buying an EV as their next car purchase in the next two years. As the car parc continues to evolve and the number of electric cars on the roads rises – with many of them premium marques – it is rapidly becoming a requirement for retailers to provide a like-for-like replacement solution in the event a customer has an accident in their EV.

Introducing AX Electric

With this in mind, AX has launched AX Electric, the first comprehensive and tailored solution for the automotive credit hire sector. Dedicated to delivering on its EV-for-EV guarantee, with a current fleet capacity of 300 BEV's (Battery Electric Vehicles), the service is a first for retailers, leading the way in the EV revolution. The launch of AX Electric has also seen the firm invest in EV charging infrastructure to help it deliver the best customer experience for its dealer partners.

For most customers, choosing an EV will have been an entirely environmentally conscious decision, with AX's research showing that environmental benefits are the number one reason for purchasing an EV – 83% of consumers cite this as the main advantage. So, as drivers commit to EV ownership, they are also anticipating never needing to revert to an ICE vehicle. In accident aftercare, where consistency is key, the dealer aftersales experience must ensure that continuity.

Alongside this, many will be equipped to charge their vehicle from home, benefiting from the convenience and lower charging costs compared to refuelling a petrol or diesel car. With 70% of those adopting electric vehicles stating these lower costs as a major benefit, supplying a more polluting replacement vehicle, that is expensive to run, is unlikely to satisfy customers who have deliberately chosen a new path.



But why is it necessary to ensure like for like replacements with electric vehicles?

Drivers of electric vehicles will be as demanding as any other prestige vehicle owner; and so they should be. They are entitled to a like-for-like service, particularly following a stressful situation like being involved in an accident and Dealers are already reporting customers requesting fuel reimbursements when being placed into ICE courtesy vehicles

If anything, it is even more important than when dealing with traditional ICE vehicles. Not only must retailers consider the loyalty every brand holds among a proportion of its drivers but also the unique nature of each brand's charging network.

The AX Electric service is not just about the here and now, either. AX continues to Invest in an all-new fleet

of electric vehicles and will prioritise EV vehicles over Plug In Hybrid Vehicles where the product range of EV vehicles allows. AX have continued over the last 12 months to develop an innovative EV infrastructure that includes fast charging points at logistics hubs across the UK, AX Electric is future proofing their service offering.

As sales continue to grow ahead of the 2030 petrol and diesel ban, retailers that are already deploying an effective EV-for-EV accident aftercare service will be ahead of the game, maximising their sales opportunities while ensuring an outstanding customer experience and maintaining brand loyalty.

**To talk to us about AX Electric or
download our latest whitepaper visit
ax-uk.com/electric-vehicles**



AFV switch is inevitable, so ramp up for it now

Within the next decade the sale of new ICE vehicles will be banned. To successfully adapt, dealers must ensure that their sales advisers have all the right answers

The intentions of the Government in relation to the environment have certainly become a lot clearer. The UK is accelerating towards a 2030 future where every new car sold will be zero emissions-capable and retailers need to prepare for increasing customer enquiries.

Car-buying comparison site Carwow has already recorded higher levels of interest in alternative fuel vehicles (AFVs), with them accounting for a quarter of sales through its website in December 2020, as well as one-in-five car configurations in January this year.

John Veichmanis, Carwow chief operating officer, tells *AM*: "There have been some sizable shifts in activity with consumer appetite for AFVs ramping up, something which has been accelerated by the pandemic."

"The level of research intensifies when you're buying an electric vehicle (EV) or hybrid, particularly for the first time. However, there is no comparison to the level of expert AFV product knowledge customers can get from their retailer."

"So any aid dealers can offer during that research and inspiration stage is vital."

Nathan Tomlinson, Devonshire Motors dealer principal, agrees there is now a much clearer message from the Government on the AFV future.

He told *AM*: "We've been working with EVs since 2009, and were one of the pilot dealerships for the National Franchised Dealer Association's EV Approved scheme."

"The EV customer journey is usually much more protracted as they need time to test, evaluate and understand how new technology works with their daily routines."

"Ultimately, it's about as much time and product exposure as they need – in as many different circumstances as they need it."

Chorley Group represents Nissan, Hyundai, Kia and MG, all brands that have a broad range of AFVs.

Miles Roberts, Chorley Group innovation development manager and winner of *AM*'s 2020 Bright Spark Award, for his role as electric vehicle and hybrid specialist, says having an even more consultative approach when qualifying customers is key.

Roberts says that for the vast majority, EVs will probably be well suited to customers' daily mileage, particularly after the pandemic.

He says: "Customers have probably gone from doing 20 miles a day on average, to more like 20 miles a week during lockdown."

"It's really put things into perspective in terms of how good the range on the latest EVs are to the point that it's not as much of a concern any more."

Tomlinson says dealers should be prepared to handle a lot of questions, provide a lot of support and encourage different scenario testing to help allay any fears, uncertainty and doubt.

Roberts says: "I'd really encourage all of the sales team to live with an EV as their daily drive for at least a week or two."

"It's no good just having the sales manager try it, you have to live with the technology to get a real feel for it. So when customers then ask for advice about charging, or range, you can give them some real advice."

"Some EV buyers can be real enthusiasts about the technology so it's also pretty difficult to bluff your way through if you're not sure how to answer a question."

This includes being totally honest about the benefits and the kinds of range customers can expect in real-world driving.

ASSURANT'S INNOVATIVE 'EV ONE' IS UK FIRST IN ELECTRIC VEHICLE WARRANTIES



ASSURANT®

A ground-breaking automotive warranty is being described as **"the right product for now and for the future"** as the electric vehicle (EV) market continues to gain momentum.

EV One is the UK's only specialist warranty bespoke to all kinds of EVs and was launched last year by Assurant, who has a 50 year track record in delivering solutions in the automotive value-add product sector and protects nearly 50 million vehicles worldwide.

It can be applied to any EV that you plug in - meaning battery electric vehicles, plug-in hybrid electric vehicles and plug-in series hybrids - that are up to a maximum of eight years old with 80,000 miles on the clock at the time of purchase. Cover can be for a variety of durations up to 24 months and claims can be up to a limit of the vehicle purchase price.

Sean Kent, automotive director at Assurant, said: **"We continually look to innovate and make sure we adapt to changing market conditions and EV One is an excellent example of this.** There are other EV warranties on the market, but those products don't cover all variations of EV and hybrid technology."

"The new policy is very much designed to exceed expectations. We provide more comprehensive cover when it comes to components, vehicle eligibility and coverage for wear and tear, as well as providing a competitive labour rate that meets expectation across the franchise market."

"This is the right product for now and for the future, not only in terms of the government's 2030 electrification deadline but because EV adoption is really gaining momentum. They are now being offered not only by manufacturers - we've just signed our first OEM partner - but franchise dealers and independent retailers too."

"EV One is designed to deliver the peace of mind car buyers are seeking as they move away from petrol and diesel power. We believe that it could play a key part in building consumer confidence in EVs and hybrids

across the country. It provides a cornerstone for the sales propositions these vehicles need - and is backed up with the high-quality marketing, training and administrative support that you'd expect from Assurant."

EV One covers key components in the motor, charge and driveline systems alongside other electrical components, transmission and, for hybrids, the petrol or diesel engine. However, batteries are excluded because they are normally warrantied, and in some cases leased, by the manufacturer.

Kent explained: "While the battery is clearly an area of concern for car buyers, manufacturers almost uniformly include comprehensive battery warranties, on average 9 years and 100,000 miles above 70% capacity, so our product is designed around this existing cover."

EV ONE AT A GLANCE

Vehicles covered?	BEV, PHEV and plug-in series hybrid
Maximum vehicle age and mileage at the time of purchase?	8 years/80,000 miles
Plan duration?	Up to 24 months
Claim limit?	Unlimited up to vehicle purchase price
Carbonisation included?	Yes - on hybrids
Parts and labour included?	Yes
Diagnostics paid on valid claims?	Up to 1 hour or £90 including VAT (whichever is lower)
Car hire? (excluding fuel and insurance)	Maximum seven days at £50 per day including VAT
Cover within the European Union?	Up to 60 days
Transferable cover?*	Yes



To find out more, email
hello@assurant.com
or visit Assurant.co.uk



SPOTLIGHT:

EVs AND EMISSIONS

Sponsored by

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➡ Roberts says: "There's no point quoting the official mpg figures. Let them know what kind of mpg you have been getting out of a hybrid. AFVs are great, but you need to set the right expectations."

READY TO SUPPORT

Chorley Group has found social media to be a key way for interacting with AFV customers, as, generally, they are more tech focused and like to ask for advice and chat on Twitter, Facebook or dedicated forums.

Roberts also takes part in a weekly MG EVs owner's club podcast hosted on YouTube, where he chats with EV owners about tips and advice.

Post-purchase with an AFV is just as important as the lead up to a sale.

Tomlinson says the ownership experience for AFVs can be extremely nuanced so it's important to provide full-time aftercare.

He says: "Things like how to handle winter conditions and what happens when your PHEV doesn't use fuel for an extended period of time.

"We've found that booking a follow-up appointment a week or two post-handover works particularly well, plus we have an automated customer relationship management (CRM) process to ensure we have plenty of feedback loops available for customers to use."

The expectation from many customers is that servicing costs will be cheaper due to fewer moving parts.

Tomlinson says: "Overhead absorption isn't an issue due to the balance of sales right now, but, with pure EV, you are looking at a very significant reduction in labour and oil sales – the two commodities with the highest volume and gross profit – and, of course, the loss of parts revenue too."

He acknowledges it's a tricky proposition for the industry and dealers will have to start to recognise some of the opportunities that are already being lost.

Tomlinson says: "I have yet to see an ultra-efficient aftersales operation that doesn't waste some significant amount of time or sales opportunity.

"Equally we have to work harder with OEMs to ensure that, between us, we don't make the same mistakes as we made with the internal combustion engine (ICE), creating the independent market through actions of our own.

"EV/PHEV is a once-in-a-lifetime opportunity to start again, to work collaboratively to retain customers with value proposition and bespoke service levels."

READY TO CHARGE

Retailers are no longer expected by manufacturers to offer free for all use of their vehicle chargers for customers, but managing that charging infrastructure is getting increasingly important.

Chorley Group is in the middle of a charging



infrastructure review at the moment and Roberts says it's essential to plan for future volumes and the impact that can have on a showroom site.

He adds: "We started with one rapid charger, but it means you can only charge one vehicle at a time. Having a mix of rapid chargers and slow chargers means you always have a solution ready if you need to charge a vehicle quickly. Then, for the majority of time, you can use the slow chargers to top up what you need."

Installing a rapid charge point can cost up to £30,000, while it's possible to install seven to eight 7kw slow chargers for the same price.

Chorley's sales teams have to make sure customer vehicles are charged and ready for hand-over, as well as making sure its demonstrator fleet

is also charged and ready for test drives.

Chorley is putting double the number of chargers it needs in place to account for market growth over the next five years.

Roberts says: "You need to make the most of the electricity capacity you have on site.

"You can use load-managed charging so you can split the power between your rapid chargers and slow chargers as and when you need.

"That can avoid you having to invest in costly grid upgrades. But if you're digging up your car park for more chargers, make sure you have the right cabling, fuse box and fuse board capacity so you can add more in the future.

"Work with your provider for solutions."

TOM SEYMOUR

Advertising Feature

Last year carwow saw the shift to alternative fuel vehicles (AFVs) gain record momentum.

When the government announced that the sale of traditional fuelled vehicles would be banned from 2030, traffic to carwow's website and YouTube channel rocketed.

Potential AFV buyers are using websites like carwow to discover new models and learn more about new features and the latest innovations.

With more and more people going online to research, carwow increased their AFV online content significantly. The carwow YouTube channel, led by their very own Mat Watson, recorded a phenomenal 120% increase in traffic, with views of their AFV reviews growing by an impressive 75%* too. This increased interest paid off for their dealer partners who saw a fantastic 97% increase in EV sales year on year.**

It's clear that consumer interest in electric vehicles is growing quickly in the UK but if we look at data from carwow Germany, we can see just how quickly the market can pivot. In January this year, 29%*** of all the cars sold via carwow Germany were pure EV's compared to 5% in the UK.

1 in 5
cars configured on
carwow in January
this year was
an AFV***

+34%
increase in petrol
hybrid sales
YoY**

+147%
in petrol plug-in
hybrid sales
YoY**

The top 3 EVs sold in 2020

The Nissan Leaf, Renault Zoe and Hyundai Ioniq



So what's next?

This year carwow are dedicating even more time, energy and passion than ever before to educating customers on the benefits of buying and owning an AFV. From interactive tools to essential information, they've got it covered. So with an ever growing interest in online green content, they're able to deliver more people back to your dealership to buy.

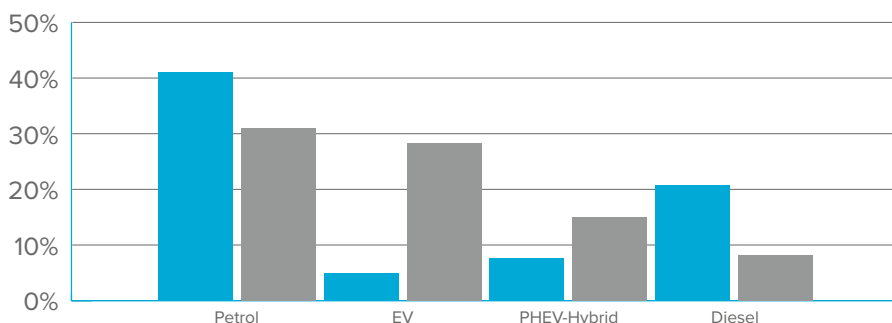
For further information visit dealers.carwow.co.uk

"AFVs represent a significant proportion of our sales and our partnership with carwow has been a key factor in driving this success. The importance of supporting customers as they transition from petrol or diesel to electric must not be underestimated, and with carwow as the number one digital partner in consumer EV education, we continue to help them make the switch with confidence."

Ish Hussain, General Manager,
Steven Eagell Toyota
Milton Keynes.
carwow 2020 Electric
Vehicle Specialist
Award winner



% of sales by fuel type - Jan 2021 ***



For further details please email wow@carwow.co.uk

* 1st Jan - 31st Dec 2019 - 1st Jan - 31st Dec 2020 carwow YouTube analytics

** 1st Jan - 31st Dec 2019 v's 1st Jan - 31st Dec 2020, carwow internal data

*** 1st Jan - 31st Jan carwow internal data for sales by fuel type sold via carwow platform UK and Germany.

ON THE EV OFFENSIVE

Matt de Prez looks at response from manufacturers to the growing demand for electrification

ALFA ROMEO

Tonale: Alfa is on the back foot when it comes to electrification. The Tonale compact SUV, due to launch this year, will be its first plug-in hybrid and is expected to use the same powertrain as the recently launched Jeep Renegade 4xe.



CITROËN

e-C4: It's not the first electric Citroën, but the e-C4 is the brand's first mainstream EV. Priced just shy of £30,000, the SUV-inspired hatch promises a 217-mile range and is fitted with a number of Citroën's Advanced Comfort features. By 2025, the brand will offer an electrified version of every car in its model range.

AUDI

Q4 e-tron: Joining the existing e-tron SUV, the new Q4 e-tron will be a smaller fully electric model with an expected range of up to 280 miles and prices from £40,000. Audi says it will launch 20 EVs and 10 new plug-in hybrids by 2025.



VW

ID4, Tiguan PHEV, Arteon PHEV: VW will expand its electric-only ID range in 2021 with the new ID4 SUV. Like the smaller ID3, it will be sold with a range of power outputs in rear- and four-wheel drive guises. The brand is also introducing plug-in hybrid engines for the Arteon and Tiguan.



BMW

545e, iX3, i4, iX: The first new electric model to join BMW's line-up in 2021 will be the X3-based iX3. The brand will also launch a new electric version of the 4 Series, known as the i4, as well as an X5-sized flagship EV called iX. In addition, the 5 Series range will gain a more potent six-cylinder 545e plug-in hybrid. By 2023, the group will offer no fewer than 25 electrified models.



SUZUKI

Across: Suzuki will expand into the plug-in hybrid market for the first time with its Toyota Rav4-based Across SUV. With 300PS, it's the most powerful production Suzuki and, at £45,599, it's also the most expensive.

TESLA

Model Y: The seven-seat Model Y is already on sale in America, with UK sales expected before 2022. It is likely to cost from £35,000 when it arrives on British roads and will have the ability to 'supercharge' 75 miles of range in five minutes.



CUPRA

El-Born, Formentor PHEV: Electrification is a key part of Seat's performance off-shoot brand, Cupra. The el-Born shares a platform with the VW ID3, promising a range of more than 300 miles and a strong focus on driver engagement. The new Formentor crossover will also launch with a plug-in hybrid.





FIAT
500: The iconic Fiat 500 is going fully-electric in 2021, with an all-new high-tech model. It offers two battery options with a range of up to 199 miles and is priced from £22,995.

FORD

Mustang Mach-E: Ford may have used a historic name for its new electric SUV, but the rest of the car is thoroughly modern. It will go on sale in 2021, priced from around £40,000. There will be two battery sizes available and rear- or all-wheel drive, giving a range from 260-370 miles.



JEEP

Compass 4xe: Jeep might not be the first brand that comes to mind when thinking about efficiency, but following its plug-in hybrid debut with Renegade, the brand will also introduce the powertrain on its Compass model.



JAGUAR

Jaguar has canned its plans for a fully-electric XJ saloon despite revealing a plan to go fully EV by 2030. This year, while there doesn't appear to be any plug-in hybrid versions of the current XE and XF on the horizon, Jaguar is bringing the technology to the E-Pace and F-Pace SUVs.



LEXUS

UX300e: Lexus is no stranger to the electric motor, but the UX300e is its first car not to pair one with a combustion engine. The £43,000 SUV offers a range of up to 196 miles and develops 204PS.



MAZDA

MX-30: It might look more like a concept car than a production model, but the MX-30 will shortly arrive in the UK, priced from around £30,000. The modest range of 130 miles will be boosted by the introduction of a range-extender version in about a year's time.



MERCEDES-BENZ

EQA (pictured), EQB, EQE and EQS: Mercedes-Benz is expanding its range of EQ electric vehicles with six new model additions to its range, the first of which are expected to arrive in dealerships this year. The EQS, a fully-electric version of the new S Class will be the first to launch. It will be followed by the EQE executive saloon plus a pair of related SUV models. An EQA compact SUV and larger EQB will also begin production this year.

VOLVO

XC40 Recharge: Volvo has already almost entirely electrified its model range, but the XC40 P8 Recharge is its first all-electric model. It serves up 400PS, with a 260-mile range, for just less than £60,000.



VAUXHALL

Mokka-e: Following the launch of the Corsa-e and Vivaro-e, the Mokka-e will be next all-electric Vauxhall to go on sale. It has a range of 201 miles and shares a platform with the recently-launched Peugeot e-2008.



TOYOTA

Rav4 PHEV - Expanding the already popular Rav4 line-up in 2021 will be a new plug-in hybrid version that promises an electric-only range of 46 miles and has a 300PS power output.



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Success with service plans

The pandemic-influenced drop in new car sales has had a knock-on effect in the sales of service plans. But innovative plan suppliers have been coming up with solutions to arrest the decline. *Debbie Kirlew* reports



With their predominance in new car retailing, service plan sales have been severely

hampered as a result of the pandemic. However, a focus on used cars provides a means to boost sales along with a host of other 'housekeeping' principles.

Currently hosting 1.2m service plans on behalf of dealers and manufacturers, eDynamix is in its 11th year and had enjoyed an average year-on-year growth of 25% but experienced a 37% decline in 2020 following the pandemic's effect on car sales since 70% of service plans are sold on vehicles aged zero-three years.

Steve Ure, strategic account manager at eDynamix says: "A lot of finance providers extended the lease terms on PCPs for another three, six or even nine months so

there are many cars out there ready to be changed. We will not get back all of our losses but we are confident of achieving 25% in line with our previous year-on-year growth. I think, by September, we will see a reversal of fortunes."

Chris Strong, national development manager at Car Care Plan, says: "There has been a reduction in service plans across most clients since March 2020. With fewer cars being sold, especially new vehicles, opportunities for additional product sales have, of course, been affected. We have seen penetration levels remain stable in recent months, but with dealerships lacking the ability to interact with car buyers on a face-to-face level, we have implemented many alternatives to aid with the sale of add-on products remotely and 'virtually', including service plans."

Follow a process

EMaC currently supports just fewer than two million service plans across a broad client base that includes 15 manufacturers and more than 80% of the AM100 with feedback showing a well-managed service plan programme breeds a recurring and predictable relationship with customers while fixed pricing continues to be a major draw.

John O'Donnell, EMaC managing director, says: "It stands to reason; when you nurture your consumer relationships with a good value product which keeps them engaged with your business, you are well placed to help them with their future needs."

Car Care Plan partners with manufacturer groups, and large dealer groups nationwide providing support to promote best practise and ensure opportunities are maximised including extensive

management information direct from its systems, with further innovations planned this year.

Strong also mandates following a process with a non-intrusive conversational style presentation while dealer groups that fully embrace its methods benefit most from increased sales.

He says: "We have found the most effective way to increase service plan sales across all areas of the business is to ensure all customers receive a quotation, and, wherever possible, provide customers with options, be that a term of a service plan to meet their requirements, or the option to include additional items, such as MOTs, or interim vehicle health checks."

Customer touchpoints

EMaC advises its dealers to talk about service plans at all customer touchpoints



Boost your digital aftercare sales with Car Care Plan

Online training gives retailers the tools to present products virtually



Online sales have become increasingly important for the automotive industry during the pandemic – as nationwide lockdowns closed dealerships and “click-and-collect” became, temporarily, the only way for consumers to buy new cars.

Greater focus on online sales has meant digital content is now more important than ever to attract, inform and, ultimately, sell to customers.

Web listings have long been a staple of dealership websites, of course, but, in place of visiting a dealership in person, customers are also now looking for videos of vehicles, interior overviews, walk-arounds, virtual reality (VR) test drives, as well as videoconferencing with the sales team.

This extends to aftercare sales also, as customers look to protect their vehicles with warranty, service plans, MOT cover, cosmetic and tyre insurance, and more.

Car Care Plan has been working closely with manufacturer and dealer partners to



adjust to this digital transformation accelerated by the pandemic.

Online training sessions with Car Care Plan's highly experienced and knowledgeable teams have provided retailers with the opportunity to develop their knowledge and learn new skills to present aftercare products to customers virtually.

New sales platforms have been developed and branded to retailers, so customers receive a tailored invitation to explore and purchase ways to protect their vehicle. And branded video introductions to Car Care Plan's aftercare products are

not only boosting retailers' digital sales but they are also being used successfully as part of the in-person sales process.

Car Care Plan has been a leading supplier of warranty and automotive add-on products in the UK for more than 40 years – and now registers in excess of 1.8 million products a year across 60 countries globally.

Having a well-established aftercare products partner has a myriad of benefits for retailers and their customers. Not only do they have access to the highest-quality products on the market, but they receive first-class support services, which has proven even more essential during this exceptionally difficult period.

In addition to the adaptations made during the pandemic, Car Care Plan has been supporting retailers through the entire aftersales journey for years with in-house marketing, compliance, customer services, IT and e-commerce, to name just a few service options.

Car Care Plan's products are also underwritten in-house, ensuring manufacturer and dealership partners have access to a highly flexible aftersales solution that can be tailored to each individual business. These products have all been developed to meet the highest industry standards, ensuring customers receive dependable automotive protection, boosting satisfaction and retention rates.

Car Care Plan takes a straight-forward, hassle-free approach to business, which has ensured efficient and lasting relationships since 1976.

Our expert, friendly account management teams are always on-hand to provide quick responses, further information or answer any questions. So, if your business is looking for a dependable aftersales partner, with support services that will help you get the most out of your dealer warranty and insurance products, then look no further.

Visit www.carcareplan.com for further information
or call 0344 573 8000



Car Care Plan

An AmTrust Financial Company



“EVs WILL CHANGE THE FACE OF SERVICING AND ALONG WITH IT, SERVICE PLANS, WHICH WILL NO LONGER BE A SAVING POT, BUT WILL MOVE TO A SUBSCRIPTION MODEL

STEVE URE, EDYNAMIX

are far more price conscious and come to the table with a fixed amount and once that's been used up, they are reluctant to spend more. So, introducing the service plan after the sale is not the best strategy.”

To generate interest among car buyers at the start of the research journey, eDynamix is working with some of its dealers to highlight the monthly cost of a service plan when a used car is advertised online. It is integrating service plans into the online purchase journey from the perspective of a total cost of ownership.

Subscription-style and EVs

The move to 'subscription' style services, particularly with the onset of wider electric vehicle (EV) ownership, sits well with the service plan concept.

Strong says: “The ‘subscription generation’ of buyers is becoming more and more prominent in all market places and the car industry is no different. If all customers are provided with budgeting options on the essential maintenance of their vehicles then the customer would be more inclined to opt for a service plan, given all the benefits of the product.”

O'Donnell says: “We are talking to many of our dealer customers about how they can adapt their service plans to cater for EVs. It's really important to evolve offerings in line with new technologies and, with service plans, we have a very malleable product.”

Ure adds: “We are already talking to OEMs about what's needed to facilitate EV servicing. EVs will change the face of servicing and along with it, service plans, which will no longer be a saving pot, but will move to a subscription model.

“The customer will have the relationship with the OEM via subscription services and the dealer will be the facilitator.”

Five simple steps

Karl Davis, managing director of aftersales consultancy Coachworks, outlined five ways to retain more customers through selling service plans more effectively by focusing on uptake, timing, opportunity, presentation and reward.

He says: “The number one reason why customers don't sign up for service plans is that they're not told about them. If a customer does not elect to take a service plan at point of handover, resolicit a couple of weeks later.”

Quick wins can be gained by highlighting service plans at vehicle handover or when a customer visits the workshop for a service.

Davis also thinks used cars are an ‘untapped opportunity’. But to maximise the potential, dealers need to measure by comparing the number of planned vehicle deliveries with service plans sold and allocate responsibility clearly to individual team members.

He said: “Some of the best performances we've supported are where the service department is introduced to the customer at point of handover and a pre-prepared service plan example is readied to present to the customer.”

Finally, reward is important. But Davis points out that the bonus money offered for selling a service plan will mean more to a member of the service team than the sales team while a premium should be paid for those selling a service plan with a used car.

He adds: “When the real opportunity to do business is known; multiply the bonus paid by the number of opportunities available and share this with your team.

“Even in smaller departments, this is likely to equal more than £100 per day in extra commission that could be shared across the team.”

➔ including when in contact via e-commerce channels, telephony, SMS and email.

O'Donnell says: “Dealers should always take the opportunity to engage on the subject. This is a product that consumers are happy with, it is an effective way for them to plan for future expenses – so the benefit is clear.”

With the ratio of customers retained in the business at 2:1 in favour of those with a service plan, according to eDynamix, dealers are also urged to highlight service plans to every eligible customer at point of vehicle sale and at every aftersales visit as well as on the dealer website with the ability to buy online.

Dealers should also follow up quotes, ensure existing customers renew, all staff have regular refresher training, measure and manage performance, and incentivise staff.

Ure says: “Service plans should be driven from the top and a positive culture created throughout the business, ensuring all staff appreciate the benefits and that this filters down to customers.”

Used cars

With service plans very much the preserve of new and nearly-new vehicle sales – cars aged zero-three years account for 70% of all service plans sold by eDynamix, used cars provides a massive opportunity for growth. Once a vehicle is aged six years-plus, just 11% have a service plan. While owners tend to migrate to independent garages when vehicles reach four years, aftersales retention figures show 87% of customers with a service plan return to the same dealership compared with 61% without.

Ure says: “Used car customers

Helping dealers strengthen consumer retention through service plans and beyond

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ALL TAKEN CARE OF

EMaC's 'fully managed programme' philosophy helps dealers to develop a robust retention solution while ensuring that all the important aspects are handled efficiently.

Alongside our innovative technology for



streamlining the Service Plan sales process and securing revenue, EMaC excels in offering comprehensive training for dealer sales, aftersales and accounts teams, both remotely and on-site.

Our experienced field team is on hand to support all aspects of the programme, including onboarding, training, coaching, performance reviews and best practice tips. But the depth and quality of the support we offer comes from all levels.

Our team of experienced professionals handle all consumer administration, including consumer direct debits, maintenance of consumer account records, service plan transfers, cancellations and refunds.

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TALENT ON THE MOVE



RICHARD GREEN, CHIEF EXECUTIVE, CARBASE

Used car dealer group Carbase has appointed former Porsche Retail Group and Pendragon executive Chris Caygill as strategy innovation director.

Richard Green, former president of Assurant (previously The Warranty Group) has also joined as chief executive.

Steve Winter, the founder of the six-site car supermarket chain in the south-west of England, says the duo's appointment marks "part of our new chapter" as Carbase continues after 20 years' trading on a drive to "provide the best customer experience at the heart of all used car purchases".

The company says Green brings

a wealth of knowledge and a track record of business development gained within the consumer and commercial financial services, insurance and automotive sectors.

Caygill headed Porsche Retail Group from 2001 to 2009 and ran Pendragon's Evans Halshaw Car Store used car retail division from 2018 to 2019 when it was restructured and 22 sites closed.

Winter said Green's experience in driving business growth, customer satisfaction and improved operating efficiency "will be invaluable as we continue our journey to be the leading used car retailer in the south-west".



KIRK O'CALLAGHAN, CHIEF EXECUTIVE, CARZAM

Kirk O'Callaghan has joined online car retail start-up Carzam as chief executive.

A former operations director of Sytner's Car Shop used car division, O'Callaghan is also joined by former Cox Automotive president and Mannheim chief financial officer Michael Buxton, as director, and former Renault Retail Group digital director Ashley Wade as digital marketing director.

Carzam was founded in 2020 by automotive veterans Peter Waddell, the chief executive of the Big Motoring World used car supermarket group, and John Bailey, former Cox Automotive president.

"Most of all I'm looking forward to working with a team of leading industry players who have a wealth of retail, wholesale and digital automotive experience," said O'Callaghan.



NICOLA DOBSON, MARKETING DIRECTOR, CITROËN UK

Nicola Dobson is the new marketing director for Citroën UK, replacing Souad Wrixen who will take up a new role within the Stellantis UK operation.

Dobson has worked within Groupe PSA for 20 years since joining its graduate programme in 2000.

She has held roles in supply and distribution, fleet and retail sales, most recently as head of product and pricing at Peugeot UK.

Dobson will now oversee the implementation of Citroën's electrification strategy in the UK, rolling out full electric or plug-in hybrid variants of all model lines by 2025. She will work closely with the Citroën UK team to implement the 'Advance UK' mid-term plan, which was introduced last year.



WILLIAM TEW, MANAGING DIRECTOR, THURLOW NUNN

Thurlow Nunn has promoted operations manager William Tew to be the Cambridgeshire-based dealer group's new managing director. And Ashleigh Lewis has joined from Moto Hospitality as its chief financial officer, following the retirement of Philip Addinall after 12 years.

Tew, who was an existing director at the dealer group, takes over from James Thurlow, who becomes non-executive chairman of the parent Thurlow Nunn Group of companies and managing director of agricultural equipment division, Thurlow Nunn Standen.

Thurlow had led the car retail division since the 2018 exit of long-serving MD Simon Bottomley to Hendy Group.

Thurlow said Tew had shown his passion for the business and for continuous improvement.

MOVERS IN BRIEF



JEFF McCARTNEY, GROUP OPERATIONS MANAGER, CHARLES HURST

Lookers has promoted Jeff McCartney to group

operations director of its Charles Hurst division in Northern Ireland. McCartney has been with the AM100 dealer group for 33 years.



WENDY WILLIAMSON, CHIEF EXECUTIVE, IAAF

Independent Automotive Aftermarket Federation (IAAF) chief executive

Wendy Williamson will retire in August after a seven-year tenure. Williamson had previously run the SMMT's aftermarket division.

PETER FLEET, RAA

The Retail Automotive Alliance (RAA) has appointed Peter Fleet as its new chairman as predecessor Paul Knight embarks on retirement. Fleet is a former group vice-president of Ford Motor Company.

PAUL VEN DER BURGH, LOOKERS

Former Toyota GB president and MD Paul Van der Burgh will join Lookers as a member of the Audit and Risk, Remuneration and Nominations Committees on April 1.

PAUL JORDAN, RAPID RTC

Former CitNOW director Paul Jordan has joined RAPID RTC as national accounts sales manager. Jordan has more than 40 years' experience in automotive.

ALISON JONES, STELLANTIS

Since the merger of Groupe PSA and FCA Automobiles into Stellantis, Groupe PSA UK managing director Alison Jones has been named Stellantis country manager.

≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



Michael Smith, parts manager at Macklin Motors Edinburgh, correctly identified the Chrysler Delta in AM's February Issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, April 2.



SUPPLIER SPOTLIGHT

In association with **Honeywell**

Systems to ensure safety and security

As the detection of 'traditional' criminal threats are increasingly joined by concerns surrounding cybercrime, Honeywell is creating an ecosystem of safety and security capable of future-proofing the car retail sector.

While Honeywell Commercial Security's business leader for Europe, Frédéric Haegeman, told *AM* that its technology's breadth of capabilities can be tailored to any retailer's individual needs, he was keen to highlight the flexibility and the sheer scope of its potential applications.

Laser sensors, motion sensors, loiter sensors, cameras that can detect smoke movement to identify fire hazards and now artificial intelligence (AI) and facial recognition which can track a customer's journey through a sprawling car showroom or offer assistance with COVID-19 social distancing, are all in its state-of-the-art toolkit.

"Of course, the priority is to create a security ecosystem that can protect a business and give staff a sense of safety when working at a site where the value of the stock is very high," said Haegeman.

"The intelligence of our systems gives that absolute assurance, with state-of-the-art AI



“THE QUALITY OF THE SYSTEMS AND THE USER EXPERIENCE IS OF THE UTMOST IMPORTANCE TO US

FRÉDÉRIC HAEGEMAN

technology and the creation of a single-view, cloud-based platform which can deliver alerts.

"We can even manage social distancing by determining how many people should be in a certain area at any given time, which way they travel through a showroom and if they are using the correct entrance

and exit routes.

"All of these things are now possible – and more – but our systems can be tailored to any business demands and upgraded as needed. That's why the site assessments and expertise of our trained installers is so important, you don't want to see a customer that has asked for a private jet getting an A380."

Already implemented by top AM100 car retail groups including Williams Group and Swansway, Honeywell's security and fire detection systems are installed by a network of more than 500 highly-qualified 'Honeywell Security Partners' across the UK.

While Haegeman insists that Honeywell's systems are "not the most expensive" in the sector, he said they have become popular with premium clients in the automotive and wider retail sector.

HONEYWELL ACADEMY TRAINING

He attributes this to the reassurance of quality delivered by a requirement for installation by professionals who have gained training from the Honeywell Academy, a classroom-based and remote learning resource which keeps installers up to date with the technical demands of its state-of-the-art offering.

Haegeman said: "You won't find our systems for sale on an e-commerce site or buy them off the shelf. Their capabilities mean they must be installed by trained professionals who can ensure they are working as they should and that our clients get the most from them.

"The quality of the systems and the user experience is of the utmost importance to us."

Honeywell's latest MAXPRO Cloud system harnesses the potential of its Industry Gold-standard Galaxy intrusion system via a cloud-based platform which negates the need for physical servers, extensive cabling or a dedicated PC on which to run the system or control access and fobs – significantly reducing costs.

To ensure the security of its cloud-based system, Honeywell employs the same encryption technology used to maintain the highest levels of data security for online banking.

Haegeman said that, while cybercrime is an ongoing threat, AI advances had been the biggest challenge for Honeywell's team of developers in recent years, but he said that the rewards are significant.

"As well as the uses that COVID has brought about, AI delivers data which can be used to analyse footfall or customer movements around a retail space to see how effective a certain display is, for example," he said.

"It can also be used to track certain movements and assist in finding new

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efficiencies in a workshop."

When Williams Group developed its new £42m, 14.5-acre Trafford City BMW/MINI and Jaguar Land Rover (JLR) dealership complex in 2019 it turned to Honeywell's systems to ensure its security and safety.

It was installed by Nu Fire and Security, which had previously installed Honeywell's ADPRO CCTV systems for Williams' dealerships and continues to manage the security for all the group's franchises across the north-west.

INTEGRATED SECURITY SOLUTION

Williams' system incorporates access control for the dealerships' various doors and barriers, CCTV and intruder detection systems, all controlled by Honeywell's MAXPRO Cloud solution, enabling the group to interrogate and control the system themselves, and to easily manage the addition or removal of authorised personnel from the system via the cloud.

Williams Group's IT manager, Stephen Ainscough, said: "Moving to an integrated cloud-based system has introduced a whole new level of efficiency to our operations.

"It's not only enhanced the way in which we manage security and access throughout

the site but is also improving the business intelligence we can leverage from deploying analytics within the system."

Swansway's demands for a cost-effective security solution delivering protection against both fire and intrusion, for its new vehicle storage facility in Crewe, were met by Honeywell's ADPRO FastTrace 2E system.

Also installed by Nu Fire and Security across Swansway's wider 24-site retail operation, the system can be accessed on employees' mobile phones.

When an intruder is identified, a high-quality Quad image is transmitted within seconds in a time-stamped data packet, displaying to a remote monitoring centre or mobile handset, allowing operators to see exactly what is happening and take the appropriate action.

The system uses infrared (IR) IP network high definition low-light cameras which allow lowlight working and is backed by an uninterruptible power supply (UPS) backup.

The ADPRO solution can also operate via 3G connection, which will allow for redundancy should the ADSL lines fail.

Swansway Group director, David Smyth, said: "ADPRO is exactly what we were looking for – a reliable, accredited, cost-effective multi-site security system that can be monitored remotely."

VISIT THE WEBSITE

Haegeman suggested the best first port of call for a car retail business looking to install a security system should be the Honeywell website where a local Honeywell Security Partner could be identified.

He said skilled installers would identify a business's specific needs and, hopefully, begin a relationship which might not only provide significant piece of mind from a safety and security point-of-view, but "open the door to new levels of efficiency and operational improvements" that Honeywell's systems could help leverage.



Williams



EIGHT QUESTIONS TO A...

SALES EXECUTIVE

Allan Hines of HR Owen
Lamborghini London



What are the main responsibilities of your role?

I look after all aspects of the 'sales journey' with the customer, from meet and greet through to handover and beyond. A large part of what we do is the events and lifestyle side of the business, the purchase of a Lamborghini is only the start of the ownership experience. We host factory visits, driving events, private dinners, product launches and parties for our customers, all of which really help to strengthen the relationship with the brand and with us as their preferred dealer. Clearly, much of this has shifted in recent months to more digital interaction, but the main difference between Lamborghini and a volume manufacturer is that we're able to afford our clients much more of our time. Where we might often fly them to the Italian factory in Sant'Agata to help them choose the perfect colour scheme for their vehicle, now we're using a lot of the digital tools at our disposal.

What are the most significant challenges ahead?

This market is competitive and challenging, even without a global pandemic. All supercar manufacturers offer excellent products nowadays, and a much wider range of models in their line-ups, which are all much more accessible than at any other time in the past due to more flexible funding options etc. One of our (and other brands') biggest challenges is in the area of electrification of models. A large part of the attraction towards cars like ours is the emotional connection the driver has and a lot of that comes from the incredible sound our V10s and V12s create. I think owners are concerned they will lose this connection in the future. It's our job to show them that they won't.

How might these challenges be overcome?

We know the need to adapt to the changing environment is inevitable and so do Lamborghini, who have taken the first steps into hybridisation – firstly showcasing the Asterion concept car at the Paris Motor Show back in 2014, and then more recently with the delivery of the first Sián FKP37s into the market (which utilises a Supercapacitor mated to the naturally aspirated V12 engine). Albeit the Sián is at the very top of the product range it nevertheless demonstrates that electrification is something we take seriously and are committed to developing for forthcoming models. We do not yet know specifics of how the hybrid/electric programme will be rolled out over the coming years, but we hope that even better vehicle dynamics and transcendent design will help to retain our loyal customer base, while also attracting and nurturing new customers.

What attracted you to this area of expertise and how did you get to your current role?

I think everyone in our industry who is passionate about what they do will have at one stage or another, dreamed about working with supercars. Initially, I sent CVs to at least 20 showrooms, but the response was always the same – 'you need to have experience', until I saw an advert for an open evening at Morden Volkswagen. I went along with some fresh CVs, in my smartest suit, and was surprised to see others wearing trainers! I must've made a good impression because I was offered an initial interview on the night and later offered a sales role. Seven years later my BM at Mercedes-Benz showed me a position at Lamborghini Sevenoaks that had become available, which I was fortunate enough to secure. With a foot in the door, I then moved over to my dream job with Lamborghini London, and here I am seven years later, still working for one of the world's most successful Lamborghini dealerships.

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

Be sincere. And, it's a cliché, but never judge a book by its cover. Never have I found this to be more poignant than while working for Lamborghini. Often, it's not the sharp looking gent with the £5,000 pinstripe suit and the Hublot Big Bang on his wrist that ends up being a serious buyer, but the unassuming chap that comes in wearing shorts and flip flops.

QUICK-FIRE QUESTIONS

What drives you?

Working hard for my family, my passion for the brand I work for and the satisfaction of having worked hard to accomplish something. It's not the same if it's been handed to you on a plate.

What's your favourite app?

Is it cheating to say WhatsApp? I'm the biggest technophobe you'll meet. However, WhatsApp is so useful for keeping in touch and doing business.

How do you relax?

The world is relentless in its demands from you, so I like to sit and watch something gripping on TV in the evening with my wife and a nice glass of wine and just switch my brain off for a bit.

AM

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THIS MONTH'S QUESTION TO THE AM TEAM:

Which pandemic practice will you be slowest to drop?

EDITORIAL

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► **Baking cakes and scones with my daughter**

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► **Regular walks. The kids are well used to covering four/five miles now**

PRODUCTION

Head of publishing Luke Neal

► **Early morning walks**

Production editor David Buckley

► **It may be a long time before I shake hands**

Senior designer Chris Stringer

► **Either wearing a mask or sanitising my hands**

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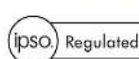
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MAY 18-19, 2021 A LIVE, VIRTUAL EVENT

WHAT IS IT?

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

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

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

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

Structured between top level

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

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