

# AM

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**NEW ARCH CONCEPT? / P6**

JLR reins in dealer network  
investment demands

**HYUNDAI RALLYING / P28**

Best-ever market share though  
sales have hit a slight downturn

**SPOTLIGHT ON PROPERTY / P33**

Eight-page guide looks at how to  
make the most of your property

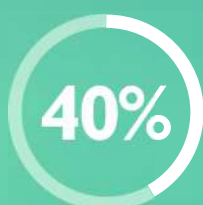


# I'VE ALWAYS SLEPT AT NIGHT

EDEN'S ETHOS IS TO WEATHER THE BAD DAYS, SAYS CEO GRAEME POTTS /  
P20



# Don't miss out on service plan sales



of online quotes are generated outside of business hours (peak is 8pm)



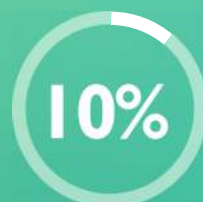
of online quotes are generated at the weekend



of visits to the self-serve plan page result in a quote



of online bookings click through to self-serve plans



of online quotes convert to a plan sale with paperless direct debit



of site visits result in a confirmed plan



of plans created online are 18% higher in value than those created in dealership



of online quotes are configured on a mobile device

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# EDITOR'S LETTER

**Y**ou may have heard recent criticism of dealers and aftersales by Alain Visser, the head of Geely's forward-thinking car brand Lynk & Co. Visser believes the automotive industry has been less than ethical with consumers.

The big problem, he reckons, is that there is not enough money in selling cars, so the industry demands customers return to dealers for lucrative servicing – and going back to the dealers is the bit the consumers “hate” most.

This from an executive who, prior to joining Lynk, spent some 30 years in senior sales and marketing roles at global giants Ford and General Motors. And who never changed the business model. And those carmakers continued to earn millions globally from the sale of parts at these “hated” annual services. And they required their dealer networks to jump through numerous CSI and franchise standards hoops, whether or not they actually made the experience more valuable for the customer.

But Lynk & Co won't encourage customers back to dealers. It won't have any dealers. Visser thinks this is the future – a carmaker dealing directly with consumers online.

Meanwhile, thousands of dealer staff will continue to work damn hard ensuring aftersales certainly is ethical, does add value and is as painless an experience for the motorist as possible. Credit is due to all of them, I say.



## MEET THE TEAM



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## WHATCAR?



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JLR's CI



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# JLR DUAL ARCH NETWORK UPGRADES SCALED BACK

Retailers push back against 'dual brands under one roof' strategy given the high sums involved

**J**aguar Land Rover (JLR) is scaling back its Dual Arch dealer network upgrades after pushback from retailers over the level of investment required.

Multiple sources have told *AM* that franchisees in certain locations were unable to justify the sums needed to facilitate JLR's ambitious plan to re-shape its network with both brands under one roof.

The planned network-wide investment of £1bn started in 2016 and was billed at the time as "quickest total network re-think carried out by any manufacturer".

Back in March, however, JLR managing director Rawdon Glover told *AM* the project was just 60% complete despite hopes that an "aggressive" original schedule would deliver changes to almost every showroom by the end of 2018.

Now Glover has confirmed that the

previous requirement for a 7x9 showroom (space for seven Jaguars and nine Land Rovers) has halved to 4x4, citing pressure on dealer margins and the potential changes to retail dynamics for the changed terms.

While some dealers will applaud a more pragmatic approach, the move has sparked ire from others that have already invested at a significantly higher level.

"They are business people and they recognise the world changes," said Glover.

"You can't continue down a particular path if you know you need to adjust your plans. I think those dealers would have done the same if they were in the same position."

But one dealer, who preferred not to be named, said he was "annoyed" after taking the threat of termination if they didn't go through with the upgrades at face value, only to see others "let off".

"How can it be fair for those that have completed the works on time to then be competing against those that haven't had to make the same investments?" he asked.

"We took the franchise standards seriously and it feels like we have been punished as a result."

Another dealer told *AM* that Dual Arch locations are too big for the current market.

He said: "To make Dual Arch work you have to be selling 80 to 90 used cars a month and at the moment there is no coherent used car strategy in place."

"There isn't the stock available and we need controls in place to get them back in the network. JLR has not communicated a coherent used car strategy to us."

All dealers still have to invest in the CI, with margin reduction penalties if they don't, *AM* understands.

But, there is little recourse for early investors. One retailer said:

"We can moan to JLR about this, but other than that there's not much else you can do once you've spent the money and the build is done."

News of JLR's reduced CI demands come with Jaguar's new car registrations up 9% YTD (22,263) and Land Rover up 2% (46,245).

Glover said Dual Arch dealerships had experienced increased sales and service hours.

He said the new facilities offered greater capacity and added the JLR-approved used car programme was being modified to accommodate vehicles more than five years old to open up a further growth opportunity for retailers.

He said: "We need to make sure our retailers' businesses are sustainable and not reliant on just new car sales."

Glover said JLR had been in discussions with the network for the past six months on scaling back in locations that aren't major metropolitan areas.





The opportunity in a given area will be taken into consideration when considering dealer upgrade requirements, he said, adding: "Some that are looking at redevelopment will stick to the same footprint."

To date, 69 Arch Concept showrooms have completed and 13 are currently in-build.

JLR's plan is to deliver around 120 points in total – 70 Dual Arch and 40 Single Arch Land Rover – down from 210 before the brands were combined.

Glover is expecting 98 to be complete by 2021, with others running into 2022.

Sarah Nelme, JLR's previous network development developer who was central to the roll-out of the Arch Concept, has moved on to a global role within JLR and Andrew Woolliscroft is now the point of contact for UK dealers.

Mark Frostick, Rapley's senior associate roadside and automotive,

said land prices in the south-east of up to £3m per acre had made Dual Arch "financially impossible" for some JLR franchisees.

Large retailers like Sytner, Pendragon, Lookers, Marshall and Cambria have all invested heavily, however.

Daksh Gupta, Marshall chief executive, said that from his group's perspective the £67m investment in Dual Arch had been worth it.

He said: "JLR is a key brand partner and represents 20% of group turnover."

"We make commitments for the long term and the growth from the brands over recent years has been phenomenal. When you make these investments you're not looking at a year one turnaround."

"We are seeing increased value. Our used car space has gone up significantly and the volume of sales has gone up."

Three of Cambria Automobiles'



**“WE NEED TO MAKE SURE OUR RETAILERS' BUSINESSES ARE SUSTAINABLE AND NOT RELIANT ON JUST NEW CAR SALES**

**RAWDON GLOVER, JLR**

four JLR locations are Dual Arch and it is currently in discussions with JLR on how it can continue ahead with a "boutique" location in Woodford, north-east London.

Chief executive Mark Lavery said the Dual Arch facilities are "spectacular" and suggested the developments had made the business "step its game up".

He added: "These are big investments and in times like these that can hurt when you're in a downturn but we know it's going to right itself and JLR's future product will see to that."

Peter Smyth, Swansway Group director, applauded JLR for working with the network on an alternative way forward in locations that have become cost prohibitive after his business invested in Single Arch redevelopment in Crewe and Stafford.

He said: "We were early adopters on CI and I know they say pioneers get arrows in their backs, but we're very happy with the returns we're seeing. The Arch Concept works."

More about CI and property on page 28.

## MAKING TAX DIGITAL SURVEY

Car retailers should brace themselves for further investment in their accounting systems ahead of the full roll-out of Making Tax Digital (MTD) for VAT in 2020.

An AM survey to discover how retailers had fared in their shift to the new HMRC system as the first of the deadlines for registration arrived in July revealed that 51.4% had been able to stick with existing software to accommodate the change.

But BDO tax director, Martyn Pearson, said: "Many retailers have gone for bridging software to get them through 2019."

"In 2020 they will have to digitally link-back by formula rather than just cut and paste into the system and this could require a far greater investment from some businesses."

Pearson said that many retailers' implementation of "bridging software" during the HMRC's "soft landing" period to launch MTD could be credited for the 31.4% of respondents to the survey – run online from July 27 to August 9 – who said they had found the move 'easy'. The same amount found it 'fairly straightforward'.

But she added: "I anticipate further investment in new software and a degree of upheaval as we get closer to April 2020."

More than three-quarters (77.1%) of respondents said they would meet

their MTD registration deadline, with 14.3% given until October to comply under the HMRC's 'complex business' classification. Just 4.3% believed they would not meet their deadline.

Despite 71.4% believing that the HMRC had delivered "sufficient advice and guidance to make the transition straightforward", 17.1% found it 'difficult'.

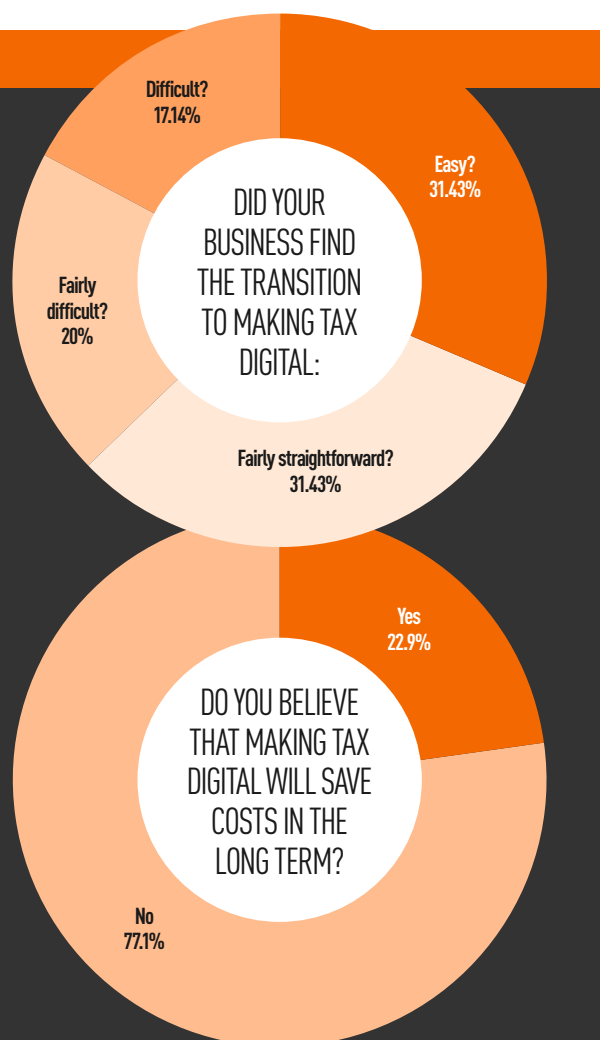
The benefit of MTD to businesses remains a point of contention.

Phil Munn, VAT partner at RSM, said: "Despite Government forecasts predicting that taxpayers will save millions by complying with Making Tax Digital, an astonishing 77% of respondents don't expect to make any savings at all from the changes."

Munn acknowledged that "retailers face some very complex VAT reporting requirements as a result of these changes", adding that "respondents' comments suggest that many organisations will continue to face challenges complying with the more difficult aspects of the VAT regime, especially the margin scheme rules".

One respondent said: "None of the main accounting packages available have a simple method of accounting for the margin VAT scheme."

"In all cases you have to import the VAT figures in from another source which seems to defeat the object of MTD."



## ADVERTISING FEATURE

# Give customers a seamless 'clicks to bricks' experience

By Carol Fairchild, commercial director, CitNOW



The combined attraction of the physical dealership and undertaking part and, for some, all of the car purchase online means digital transactions need to be on retailers' radars – CitNOW's latest research found a third (32%) of car buyers would be comfortable purchasing a vehicle entirely online.

Undoubtedly, most car buyers expect to move seamlessly between online and in-store.

The findings in CitNOW's Evolution of the Car Buyer 2019 report underlined the importance of high-quality digital assets such as images and video, which will gain even more in importance for online car purchases. Two thirds (66%) of drivers feel it's important to see high-quality interior and exterior imagery of their purchase, while 35% feel it's important to see a video.

Not surprisingly, 43% of those aged 35-44 are most likely to consider buying online, the research found. Least likely (26%) are 18- to 24-year-olds and over-55s, perhaps reflecting the negotiation and buying confidence of the younger generation and digital confidence in the older age group.

Mobile devices, currently second behind laptops as the preferred platform for motorists searching for their next vehicle, will increase, particularly as 18-24-year-olds age – three quarters of this group use a smartphone for their research.

Retailers need to focus on delivering genuine end-to-end internet car sales, together with a mobile-first strategy and a digital experience incorporating high-quality images and video, which also allows customers to weave seamlessly between the virtual and the physical.

■ To read the Evolution of the Car Buyer Report June 2019, go to: [www.citnow.com/resources/evolution-car-buyer-2019/](http://www.citnow.com/resources/evolution-car-buyer-2019/)



# THIS MONTH'S NEWS HIGH

JUL

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## QUARTER OF NEW CAR SALES ONLINE BY 2025

Mercedes-Benz said 25% of its new car sales will be completed online by 2025 as it develops a "single log-in" digital strategy offering lifestyle, mobility and shopping solutions. At a 'Future of Retail' conference in The Hague, the brand said a growing online influence would create data-rich leads for retailers.

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## SINCLAIR ADDS JAGUAR

Sinclair Group followed the acquisition of Walters Group's Hay-on-Wye Land Rover franchise, in December, with the addition of its first Jaguar franchise. Sinclair Group managing director Andy Sinclair said the acquisition of Pendragon's Stratstone Jaguar Land Rover Swansea businesses "fitted perfectly" with its expansion plans.



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## INCHCAPE LETS FIVE VW FRANCHISES GO

Inchcape disposed of five Volkswagen car and van franchises – in Chelmsford, Colchester, Romford and Southend – to Group 1 while Motorline trebled its Audi representation in Kent with the acquisition of a further two dealership sites from the group. Inchcape Retail chief executive James Brearley denied suggestions the group planned to close 20% of its UK sites.



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## PSA OPERATING MARGIN GROWS TO A RECORD 8.7%

PSA Group reported record H1 profitability as Aston Martin suffered a share price slump, Daimler revealed Q2 losses and Nissan announced 12,500 global job cuts in the space of just two days. PSA's revenues hit €38.3bn (£34.2bn) as its operating margin grew to a record 8.7% to June 30.

27

## TRIBUTES TO SIR MICHAEL

Tributes were paid to "true gent" Sir Michael Marshall following his death at the age of 87. Marshall Motor Holdings chief executive, Daksh Gupta, said of Marshall Group's honorary life president: "It was a privilege to work with him, words cannot describe my affection for him."







AUG

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## BLUEWATER EXIT

Motorline handed the running of the Hyundai Bluewater Store back to HMUK after 16 months, stating it does "not believe the mid- to long-term viability" of the concept. Motorline assumed

responsibility for both Hyundai Motor UK's car store sites – in Bluewater and Westfield shopping centres – in March 2018, but Endeavour Automotive took on the franchise Westfield Stratford City store in March.

## PENTAGON TO GROW IN VAUXHALL AND PEUGEOT



Pentagon Motor Group announced its intention to grow its Vauxhall representation to 13 franchised sites with the acquisition of CSM (Basingstoke) Ltd's Archie Moss Vauxhall business on Belton Road, Loughborough.

It has also announced plans to double its Peugeot representation with new franchises in Barnsley and Lincoln.

## CARWOW GAINS £25M FUNDING

Carwow attracted £25m in investment as part of a strategic round of funding led by Mercedes-Benz parent company Daimler. Daimler AG's Axel Harries, vice-president sales functions Mercedes-Benz Cars and product management Mercedes-Benz passenger cars, will take a seat on Carwow's board of directors.



## BRAYLEYS DOUBLE UP IN HONDA REPRESENTATION

Brayleys Cars more than doubled its Honda representation with the acquisition of Thames Honda's franchises in Ruislip, Ewell, Leatherhead and Thames Ditton. It marks the first growth for Brayleys

since the Hertfordshire-based AM100 retail group welcomed Dubai's AW Rostamani Group as a majority shareholder at the end of 2018.

## LOOKERS INVESTS £10M IN SALES PROCESS

Lookers announced H1 results revealing a 2.7% increase in turnover to £2.64bn and 39.7% PBT decline to £24.9m. It will invest £10m over the next two years to deliver a "gold-plated" sales process ahead of the launch of an official investigation of the business by the Financial Conduct Authority (FCA).

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## ADVERTISING FEATURE

# Be careful what you tell your salespeople

Model the questions you want them to ask their customers, says Simon Bowkett of Symco Training



This month I want you to think about the words you ask your salespeople to go out and say to a customer.

Here's an example. One of the questions we tell our salespeople never to ask a customer directly is: "When are you looking to buy?" Of

course, we need to know the answer to this question, but we need to ask it in a different way, such as: "How do you normally change your car? Do you keep it for a certain amount of miles, or a certain amount of time?"

Let's say the customer says mileage. "What sort of mileage do you normally keep it to?" When they reply it's normally, say, 50,000 miles, the salesperson can look at their trade-in and if it's got 49,000 miles on it then we know they are looking to change right now.

On the other hand, if it's only got 30,000 miles or so, the salesperson can ask: "So you're changing a bit earlier than usual this time? Why is that?"

Yet all too often, when a salesperson goes to the sales manager's office, the manager asks them, "So when are they looking to buy?" and the salesperson simply regurgitates that same question word-for-word to the customer.

So word it the right way to your salespeople. "How do they normally change their car? Certain amount of mileage, or certain amount of time?" Don't say, "When are they looking to buy?"

## Practical guidance online

In fact, throughout the whole sales process, whenever you ask a salesperson a question, ask them in same way as you want them to ask the customer.

Some of the biggest problems I see in this regard include trial close questions, part-exchange values and bolt-on sales. Watch my new sales training video on the AM website this month ([www.am-online.com/symcotraining](http://www.am-online.com/symcotraining), or at [www.symcotraining.co.uk](http://www.symcotraining.co.uk)) for some practical guidance on how to handle these areas.

## Manage by walking around

Manage by walking around as well. Don't just sit in your office all the time, hiding behind your computer. Listen to what your salespeople are saying and then you'll be able to 'load their lips' with the words that you want them to use.

## Visit our website for a free training trial

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# LOWEST JULY REGISTRATIONS FOR SEVEN YEARS

Car market continues its slow decline though BEVs rise sharply to achieve 1% of overall market

**T**he UK car market is continuing its slow, but steady, decline. Year-to-date (YTD) sales were down 3.5% after the lowest July since 2012. The only people to feel moderately cheerful were suppliers of battery electric vehicles (BEVs), whose registrations YTD were up 70.6%, to take a nice, round 1.0% of the overall market.

At the manufacturer level, Ford is still having a poor year with YTD registrations down by 10.4%, although a better July enabled it to slightly extend its lead over VW in second place.

However, the Golf is now on run-out, so Ford is going to face a renewed attack from VW next year.

In third place, Mercedes-Benz has only just overtaken Vauxhall (there are fewer than 100 units separating the two). The main reason for the growth of Mercedes has been the new A-Class, which is now snapping at the heels of the Focus and the Golf in the C-segment. YTD, the A-Class is just 4,000 units behind the Golf, but 11,000 ahead of the fourth-placed BMW 1 Series.

BMW is in fifth place, with sales down by 3.1% YTD – better than the overall market, but not as good as Mercedes. In fact, all the decline has come from the model changeover to the new G20-generation 3 Series, so there is likely to be an improvement over the next six-12 months. BMW is also increasing its lead over Audi, which is having real problems recovering from the lack of WLTP-approved

engines that has been affecting it since last autumn.

After Audi, there is a big gap to Toyota, Kia and Nissan, who are all bunched between 4.5% and 4.1% market share. The new Toyota Corolla has got off to a good start. It was the fourth best-selling hatchback in the lower medium segment in the admittedly small month of July. Nissan is counting the days until the new Juke arrives, while Kia is just trying to make hay while the sun shines – it is most unlikely to stay ahead of Nissan once the Juke, and then the new Qashqai, arrive.

As well as looking at manufacturer figures, it is worth examining the registration figures at a group level, given how many models are based on the same family platforms. It is the scale of platforms, rather than the sales of individual models, that really determine company success.

The clear market leader is VW Group on 22.1%, thanks to all of its four major brands (VW, Audi, Škoda and Seat) having significant market shares in their own right. The group has four of the top 15 brands in the UK. In second place is PSA on 13.4%, which, on the face of it, seems like quite a good result. However, 15 years ago, Vauxhall had more than 13% by itself while Peugeot had 7% and Citroën had 4%, so PSA with three major brands (plus the limping DS), is about where Vauxhall used to be by itself.

In third place is Ford on 10.1%, mainly because Ford disposed of its European brands on the

grounds that they were an unprofitable distraction (more on that shortly).

Only just behind Ford in fourth is BMW. It is not inconceivable that Mini could once again be part of a group that outsells Ford in the UK – for the first time since Ford overtook British Leyland in 1977.

Behind BMW is a French-dominated group that has almost as poor a performance as PSA. The Renault-Nissan Alliance now controls four brands (including Dacia and Mitsubishi) – or perhaps that should be “currently controls”, as the Renault-Nissan relationship seems about as cordial as that between Westminster and Brussels. Given Renault had 7% of the UK market in 2004, and Nissan had 6% of the UK market as recently as 2017, an overall share of 8.7% is a poor result, even ignoring the 2.0% that Dacia and Mitsubishi contribute.

Behind the five largest groups comes Hyundai-Kia, with a creditable 7.8% from just two brands.

It is no coincidence the Koreans have risen as the French have fallen: customers of Peugeots, Renaults and Citroëns have been among the best targets for Hyundai and Kia.

In the next two places are Mercedes and Toyota, which have one thing in common: both developed ambitious sub-brands which have failed in the UK market. Mercedes has effectively given up on Smart as a European car brand, and is going to try and revive it as a Chinese-manufactured electric car, with joint ownership being given to Geely, while



## SPONSOR'S COMMENT



**By Richard Jones,  
managing director,  
Black Horse**

Now we are more than half-way through the year, I wanted to take a moment to reflect on the turbulent

journey used car prices have taken over the past 18 months and where we may expect them to go during the rest of this year.

In H2 2018, used car prices started to grow against a seasonal expectation following the introduction of the latest emissions testing standards (WLTP). Any vehicles that did not meet standards were withdrawn, resulting in a shortage of new vehicles and increased demand for used cars. In H1 2019, the bubble created through H2 2018 disappeared and prices are coming back in line with expectations. But monthly used car price movements continued to be below expectations in Q2 due to a number of factors:

■ Demand for new vehicles has slowed down more than the 3% recorded fall in registrations would at first suggest, with growing levels of pre-registrations, particularly after the March plate change, resulting in growing numbers of nearly new stock being advertised, which has driven their prices down with a consequent impact on the prices of older used vehicles.

■ A further factor is that 2016 saw the peak of the UK car market for new vehicle registrations, with most of these vehicles expected to return into the used market in 2019 at the end of their three-year leases or when consumers choose to move out of their four-year finance agreements early.

■ Demand for used cars alongside other major purchases has eased, on the back of declining consumer confidence.

For the remainder of the year, the most significant impact on the market is the continued economic uncertainty over Brexit, with many consumers holding off from making big purchases entirely. In the motor industry, customer confusion over fuel choice also has a part to play, with some awaiting clarity over the Government's tax plans.

Lenders and intermediaries have a key role to demystify the car and finance purchase journeys for customers, including helping customers to consider the fuel options and finance products available to them. We can support the return of confidence to the market and in doing so, we can ensure that our customers are well served.

the French Smart factory is being converted to Mercedes car production.

Toyota has not fared much better with Lexus. After getting off to a stellar start with the original LS 400 in 1989, the brand has stalled in Europe despite huge investments. Originally people thought that Lexus had a great future in Europe, as its quality standards were so far ahead of German rivals, and it just needed to add a bit of European design flair.

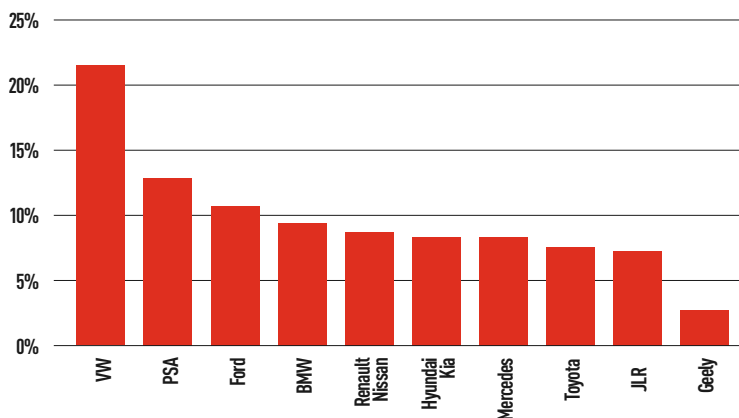
To general surprise, the German brands turned out to be much better at transforming their quality than Lexus were at understanding European design. At a time when Kia was showing how well it understood us, it is a mystery that Lexus's corporate culture could not understand even the basics of European

tastes: the supposedly European-focused CT was about as cross-cultural as a British tourist in Spain loudly demanding fish and chips.

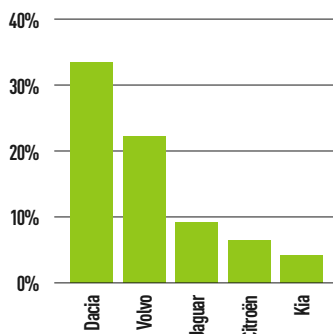
In ninth and tenth position are JLR and Geely (Volvo). The two companies have not followed exactly the same trajectory: JLR did brilliantly until a couple of years ago, when problems in China and a misconceived Discovery 5 started to cause issues, while Volvo took a few years to get going under Geely, but is now doing extremely well.

However, they have both grown strongly since leaving Ford: indeed if Ford still owned them, it would have 17.3% of the UK market plus three brands valued north of £20 billion, rather than the paltry £3 billion it received. **DAVID FRANCIS**

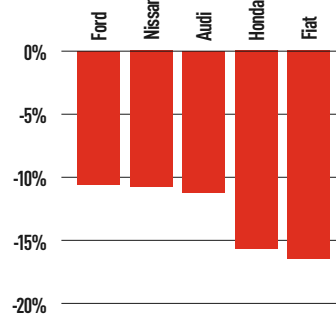
## MARKET SHARE BY GROUP 2019



## FASTEST GROWING MAJOR BRANDS\* YTD JULY



## FASTEST FALLING MAJOR BRANDS\* YTD JULY



\* Major brands are those with more than 1.0% market share

## NEW CAR REGISTRATIONS

# EV sales expected to surge ahead next year

Electric vehicles' market share could double in 2020 after sales almost tripled amid a 4.1% market-wide decline in July.

As the month's registrations total fell to its lowest level since 2012 (157,198) – leaving the market down 3.48% at 1.43 million registrations YTD – EV sales rose 158.1% to 2,271.

With a 1.4% market share EVs still command just 0.5% of the market, but the SMMT believes that the tide is now turning and predicts "51,000 registrations in 2020".

Uncertainty and confusion over future Government policy on different fuel types continues to knock consumer and business confidence.

Diesel registrations fell for the 28th month, down by 22.1%, while 2,646 more petrol vehicles were registered than in July 2018.

Hybrid registrations increased by 34.2% (to 7,758) as plug-in hybrids were down by 49.6%.

## 1 TOYOTA

Registrations were up by 22.65% to 8,134 as the return of the Corolla to UK dealerships immediately paid dividends. Corolla sales totalled 1,891, 55.9% up on the Auris' 1,213 in the same month a year earlier.



## 2 JAGUAR

Sales of all Jaguar's SUVs grew during July with 318 sales of the I-Pace (up on the 26 sold in July 2018) representing the biggest incremental gain as the brand's registrations rose 12.6% to 2,515.

## 3 AUDI

Audi was the month's biggest volume loser, with 3,138 fewer vehicle sales leaving it down 23.1% in July (10,322) and 11% down (91,451) YTD. Its SUVs fared worst, with only the A4, A6 and TT registering volume gains.



Marque	July					Year-to-date				
	2019	% market share	2018	% market share	% change	2019	% market share	2018	% market share	% change
Ford	17,049	10.85	16,028	9.78	6.37	144,838	10.15	161,569	10.93	-10.36
Volkswagen	15,183	9.66	16,761	10.23	-9.41	126,074	8.84	130,147	8.81	-3.13
Mercedes-Benz	12,056	7.67	11,395	6.95	5.80	105,046	7.36	102,737	6.95	2.25
Vauxhall	10,398	6.61	11,781	7.19	-11.74	104,962	7.36	109,731	7.42	-4.35
3 Audi	10,322	6.57	13,460	8.21	-23.31	91,451	6.41	102,723	6.95	-10.97
1 BMW	9,198	5.85	9,978	6.09	-7.82	99,219	6.96	102,374	6.93	-3.08
Toyota	8,134	5.17	6,632	4.05	22.65	64,818	4.54	63,031	4.26	2.84
Kia	7,115	4.53	7,369	4.50	-3.45	60,347	4.23	58,875	3.98	2.50
Nissan	6,191	3.94	6,312	3.85	-1.92	58,934	4.13	65,893	4.46	-10.56
Peugeot	5,666	3.60	5,561	3.39	1.89	50,010	3.51	50,550	3.42	-1.07
Hyundai	5,649	3.59	5,966	3.64	-5.31	51,565	3.61	57,007	3.86	-9.55
Seat	5,391	3.43	5,689	3.47	-5.24	43,169	3.03	41,585	2.81	3.81
Škoda	5,302	3.37	5,546	3.38	-4.40	46,566	3.26	47,943	3.24	-2.87
Citroën	4,435	2.82	3,431	2.09	29.26	33,857	2.37	31,678	2.14	6.88
Volvo	4,288	2.73	4,381	2.67	-2.12	34,277	2.40	27,986	1.89	22.48
Land Rover	4,153	2.64	3,843	2.34	8.07	46,245	3.24	45,275	3.06	2.14
Suzuki	3,490	2.22	4,519	2.76	-22.77	23,827	1.67	24,983	1.69	-4.63
Mini	2,983	1.90	3,351	2.04	-10.98	36,233	2.54	37,476	2.54	-3.32
Honda	2,970	1.89	3,636	2.22	-18.32	28,049	1.97	33,293	2.25	-15.75
Mazda	2,772	1.76	2,522	1.54	9.91	24,215	1.70	24,403	1.65	-0.77
2 Jaguar	2,515	1.60	2,234	1.36	12.58	22,263	1.56	20,386	1.38	9.21
Renault	2,187	1.39	3,196	1.95	-31.57	34,300	2.40	37,832	2.56	-9.34
Fiat	1,475	0.94	2,286	1.39	-35.48	19,224	1.35	22,232	1.50	-13.53
Dacia	1,445	0.92	1,366	0.83	5.78	20,013	1.40	14,983	1.01	33.57
Lexus	1,118	0.71	784	0.48	42.60	8,550	0.60	7,692	0.52	11.15
MG	1,040	0.66	813	0.50	27.92	7,326	0.51	5,099	0.35	43.68
Mitsubishi	1,005	0.64	1,513	0.92	-33.58	10,789	0.76	11,644	0.79	-7.34
Porsche	777	0.49	758	0.46	2.51	7,562	0.53	9,632	0.65	-21.49
Jeep	451	0.29	299	0.18	50.84	3,688	0.26	3,800	0.26	-2.95
smart	388	0.25	535	0.33	-27.48	3,530	0.25	4,366	0.30	-19.15
DS	268	0.17	216	0.13	24.07	2,099	0.15	4,112	0.28	-48.95
Alfa Romeo	235	0.15	261	0.16	-9.96	2,097	0.15	2,798	0.19	-25.05
Abarth	221	0.14	305	0.19	-27.54	2,108	0.15	3,344	0.23	-36.96
Bentley	154	0.10	246	0.15	-37.40	966	0.07	1,079	0.07	-10.47
Subaru	103	0.07	112	0.07	-8.04	1,466	0.10	1,739	0.12	-15.70
SsangYong	82	0.05	132	0.08	-37.88	1,171	0.08	1,757	0.12	-33.35
Maserati	77	0.05	117	0.07	-34.19	611	0.04	847	0.06	-27.86
Infiniti	38	0.02	28	0.02	35.71	241	0.02	579	0.04	-58.38
Alpine	29	0.02	11	0.01	163.64	114	0.01	11	0.00	936.36
Lotus	12	0.01	13	0.01	-7.69	143	0.01	145	0.01	-1.38
Chevrolet	2	0.00	0	0.00	0.00	23	0.00	28	0.00	-17.86
Other British	199	0.13	240	0.15	-17.08	1,653	0.12	1,707	0.12	-3.16
Other Imports	632	0.40	272	0.17	132.35	2,804	0.20	2,821	0.19	-0.60
Total	157,198		163,898		-4.09	1,426,443		1,477,892		-3.48



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## FINANCE OFFERS

# Finance gets more expensive as sales slide

**U**K new car retail offers have become more expensive for the second quarter in a row in Q3, according to the latest data compiled by AM.

According to AM's analysis of 281 manufacturer representative example retail offers from their websites, the average monthly payment was £358.63, a 4.8% increase quarter-on-quarter.

There was also a 4% increase in the average monthly payment from Q1 to Q2.

Just 31% of offers were priced at or below that average £358.63 level in Q3. This shows that price increases have been far more widespread across the board as nearly two-thirds of the market was priced at or below the industry average last quarter.

The trend for price increases continues in Q3 with average deposits up quarter-on-quarter by 2.6% to £6,250.24, compared with £6,092 in Q2.

Average Q3 balloon payments and APR rates remained static at £12,929 and 4.23% respectively.

There was a bit of positive news for consumers looking for a deal before the end of September as there was a marginal increase in the number of 0% offers compared with Q2, at 53, an increase of two.

The figures don't show an industry aggressively pursuing customers ahead of the plate change month in September and shows manufacturers are looking to squeeze out more profit from those that are in the market to buy, despite the continued decline in the new car market.

Dacia maintains the lowest priced offer again in Q3 with its Sandero at £99 a month, but this is up from £79 in Q2, demonstrating the price increases in the UK market.

The MG 3 Excite 1.5 DOHC VTI-tech takes joint first place at £99 a month, with the Hyundai i10 SE 1.0 67PS Petrol 2WD Manual close behind at £105.05 a month.

The Volkswagen Up! beats 1.0 60PS S/S 3-door has the lowest priced monthly offer at 0%. Mitsubishi's Outlander Design Petrol Auto 4WD also sticks out in second place as it's the only larger SUV model priced at that level and at 0%.

## Q3 2019 AVERAGES FROM AM'S RETAIL OFFER DATA

- Average deposit £6,250.24
- Average term 44 months
- Average monthly payment £358.63
- Average optional final payment £12,891.92
- Average APR 4.23%
- 281 offers in total
- 53 0% offers
- 87 offers priced at the average monthly level or below

## TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Top 10 most affordable by monthly payment							
Dacia Sandero Access Sce 75	PCP	£322	48	£99	£2,974	6.90%	30/09/2019
MG 3 Excite 1.5 DOHC VTI-tech	PCP	£3,105.96	48	£99	£3,562	5.90%	30/09/2019
Hyundai i10 SE 1.0 67PS Petrol 2WD Manual	PCP	£2,700	36	£105.05	£3,780	5.40%	30/09/2019
Citroën C1 Feel 1.0 VTI 72hp 3 door	PCP	£3,460.50	48	£109	£3,278	4.90%	30/09/2019
Volkswagen Up! beats 1.0 60PS S/S 3-door	PCP	£3,422.10	36	£109	£4,302.90	0.00%	30/09/2019
Mitsubishi Outlander Design Petrol Auto 4WD	PCP	£11,234	24	£113.50	£14,127	0.00%	27/09/2019
Dacia Logan MCV Access Sce 75	PCP	£953	48	£119	£3,012	6.90%	30/09/2019
Peugeot 108 Active 1.0L 72 3dr	PCP	£3,679	48	£119	£3,185	2.90%	30/09/2019
Suzuki Celerio SZ3 Dualjet 5dr	PCP	£1,338.05	48	£119	£3,495	6.90%	30/09/2019
Dacia Duster Access Sce 115 4x2	PCP	£606	48	£129	£5,213	6.90%	30/09/2019
Top 10 most affordable by 0% offer and lowest monthly payment							
Volkswagen Up! beats 1.0 60PS S/S 3-door	PCP	£3,422.10	36	£109	£4,302.90	0.00%	30/09/2019
Mitsubishi Outlander Design Petrol Auto 4WD	PCP	£11,234	24	£113.50	£14,127	0.00%	27/09/2019
Citroën C3 Feel 1.2 PureTech 68hp	PCP	£3,269.15	48	£146.55	£5,753	0.00%	30/09/2019
Peugeot 208 Active 1.2L PureTech 82 S&S	PCP	£3,706	48	£149	£4,316	0.00%	30/09/2019
Suzuki Swift 1.0 Boosterjet SZ-T	PCP	£2,097	48	£149	£5,260	0.00%	30/09/2019
Fiat 500X Urban 1.6 E-torQ 110hp	PCP	£4,075	37	£155	£7,355	0.00%	30/09/2019
Fiat 500L 1.4 95hp Urban	PCP	£3,399	37	£155	£6,637	0.00%	30/09/2019
Nissan Micra N-Sport IG-T 100	PCP	£3,572.89	48	£169	£5,815.11	0.00%	30/09/2019
Fiat Tipo HB Mirror 1.4 95hp	PCP	£3,231	37	£179	£5,730	0.00%	30/09/2019
Fiat 500X 1.0 Firefly Turbo S-Design 120hp	PCP	£4,777	37	£185	£8,763	0.00%	30/09/2019
Top 10 highest APR rates							
Citroën SpaceTourer Flair 2.0 BlueHDi M 150hp	PCP	£16,412	48	£412.30	£12,549	9.90%	30/09/2019
Citroën C4 Cactus Hatch	PCP	£3,741.88	48	£259	£6,579	7.90%	30/09/2019
Dacia Logan MCV Stepway Comfort TCe 90	PCP	£1,288	48	£189	£4,225	6.90%	30/09/2019
Suzuki S-Cross 1.0 Boosterjet SZ4	PCP	£2,755.84	48	£189	£6,307	6.90%	30/09/2019
Suzuki Swift Sport 1.4 Boosterjet 5DR	PCP	£2,784.74	48	£229	£6,689	6.90%	30/09/2019
Subaru Impreza 1.6i SE Lineartronic	PCP	£5,171.50	48	£279	£8,447	6.90%	30/09/2019
Audi TT Coupe S line 40 TFSI 197 PS S tronic	PCP	£6,323.84	48	£299	£14,827.60	6.90%	30/09/2019
Subaru BRZ SE Lux 6MT	PCP	£4,428.75	48	£299	£11,917	6.90%	30/09/2019
Subaru Outback 2.5i SE Lineartronic CVT	PCP	£4,968.50	48	£349	£12,317	6.90%	30/09/2019
Subaru Forester 2.0i XE Lineartronic CVT	PCP	£5,499.75	48	£349	£11,626	6.90%	30/09/2019
Top 10 pure EV models on offer in Q3							
Renault Zoe Dynamique Nav R110	PCP	£2,855.00	48	£199.00	£5,275.00	4.90%	30/09/2019
Smart EQ Fortwo coupé prime 82hp (60kw), optional 22kW charger, single speed	PCP	£2,471.81	36	£239.00	£7,225	5.70%	30/09/2019
Volkswagen e-Golf BEV 5 door	PCP	£8,213.70	48	£245.00	£9,861.30	0.00%	30/09/2019
Smart EQ Forfour prime 82hp (60kw), optional 22kW charger, single speed	PCP	£2,472.25	36	£249.00	£7,100	5.70%	30/09/2019
BMW i3	PCP	£5,019.00	48	£349.00	£11,330.65	4.90%	30/09/2019
Nissan Leaf Acenta	PCP	5,07.82	36	£349.00	12,765.09	5.90%	30/09/2019
Hyundai IONIQ Plug in Premium 1.6 Petrol 141PS	PCP	£7,100.00	36	£356.34	£10,530.00	5.40%	30/09/2019
Kia e-Niro First Edition 64 kWh lithium-ion battery Auto	PCP	£3,299.50	36	£530.84	£14,535.00	5.90%	30/09/2019
Jaguar I-PACE EV400 SE	PCP	12,800.00	48	£599.00	£40,519.00	5.90%	30/09/2019
Audi e-tron 55 quattro 408 PS	PCP	9,130.72	48	£719.00	£36,991.10	5.90%	30/09/2019

Mercedes-Benz takes the prize for most expensive monthly payment at £1,249 for its S-Class Cabriolet 560 AMG Line. The other end of the table is made up of premium and niche products, but again Kia sits alongside Audi, Volvo, Lexus, BMW, Jaguar and Mercedes-Benz, the premium players in the UK, with products like the Sorento GT Line, Stinger GT-Line and e-Niro at £486.32, £529.30 and £530.84 a month respectively.

Citroën has the highest APR rate in Q3, the same title it had in Q2. This time it's 9.9% on the Space-

Tourer Flair 2.0 BlueHDi M 150hp. The C4 Cactus has the second highest rate of APR at 7.9%. Not all models in Citroën's range attract this high level of interest as the C3 is at 0% and others in the range are set at either 4.9% or 5.9%.

EVs still only represent 0.5% of the UK new car market, but it's worth noting that seven vehicles out of the lowest priced top 10 are below the average monthly price of £358.63. Making EVs more accessible through finance is going to be a focus for manufacturers over the next 12 months. **TOM SEYMOUR**

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# INDUSTRY BIG GUNS OUT IN FORCE FOR AUTOMOTIVE MANAGEMENT LIVE

NFDA will co-host again and IMI will run sessions on EV work obligations and ADAS challenges

**T**wo leading industry bodies are backing the 2019 Automotive Management Live (AML) show this November at Birmingham NEC.

The National Franchised Dealers Association (NFDA) returns as event co-host, on hand to inform dealers about its activities concerning the regulatory environment and electric vehicle uptake, while the Institute of the Motor Industry (IMI) will be running the People Theatre, ensuring skills and workforce development remains on the agenda.

The IMI wants dealers to ensure they meet their legal obligations when employees work with electric vehicles (EVs) and address the growing calibration issue created by the growth of advanced driver assistance systems (ADAS).

Steve Nash, IMI chief executive, will set out the legal framework of working with EVs, hybrids and plug-ins under the Electricity at Work Regulations and announce details of a new ADAS code of conduct when he takes to the stage at the IMI People Theatre.

The electrified vehicles' and ADAS standards form part of the IMI's new TechSafe campaign to provide the industry with appropriate skills for new technology which will also include connected and autonomous vehicles.

The IMI has created its electrified vehicle qualification and wants to see a publicly accessible professional licensing scheme or register in place.

Nash highlights varying standards across the industry and the issue of dealers who are unaware of the rules: "In the main, the franchised dealers are in the right place, but they still need to be aware of the regulations and understand what the implications are and what good looks like from the point of view of the enforcers, the Health



**“BRANDS LIKE TOYOTA AND BMW HAVE INVESTED A LOT OF MONEY IN TRAINING THEIR NETWORK**

**STEVE NASH, IMI CHIEF EXECUTIVE**

and Safety Executive. Brands like Toyota and BMW have invested a lot of money in training their network, but not every network has."

However, there is no legislative framework for ADAS even though by 2020 it is estimated that 40% of new vehicles will have at least two ADAS features fuelling the demand for calibration services post repairs, hence the need for a code of practice to set out minimum requirements.

Nash added: "It's definitely a big issue in the accident repair sector and it's a challenge for the multi-brand repairers. But the franchised sector also needs the right processes in place to show the car was signed off by a certifiable expert when it leaves the workshop."

The NFDA, the driver behind industry initiatives such as the Drive



**“NEW CAR SALES HAVE BEEN AFFECTED BY THE CONTINUED POLITICAL UNCERTAINTY**

**SUE ROBINSON, NFDA DIRECTOR**

My Career recruitment platform and the Electric Vehicle Accredited scheme, is also continuing its work to influence the Financial Conduct Authority's looming changes to motor finance rules. Separately, AML will also host a dedicated motor finance session.

NFDA director Sue Robinson said: "It has been a busy first half of the year. New car sales have been affected by the continued political

uncertainty. The confusion surrounding emissions has also had a detrimental affect on the market.

"Aftersales and used cars continue to remain key areas of focus for franchised retailers. NFDA has been calling on the Government to secure a Brexit deal and provide clarity to businesses and consumers as soon as possible."

The Real Driving Emissions (RDE) regulation is due to be implemented on September 1, 2019.

Robinson said that following NFDA lobbying, the Department for Transport (DfT) granted a derogation for non-RDE compliant vehicles on run-out manufactured at least three months before the implementation deadline which will be valid for 12 months after the regulation comes into force.

The NFDA has become a founder member of the Alliance of European Car Dealers and Repairers (AECDR) which launched this summer and has already formulated a collective response to the consultation by the European Commission aimed at evaluating Block Exemption Regulation.

Drive My Career, the NFDA's employment initiative aimed at promoting the sector as a career choice for young people, now has more than 1,100 dealerships on the dealer-finder interactive map, according to the NFDA, and directs thousands of jobseekers to its members' career pages every month.

**DEBBIE KIRLEW**

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# VIEWPOINT



## PUTTING CUSTOMERS FIRST IS ASPIRATION MORE THAN REALITY

**PROFESSOR JIM SAKER** is director of the Centre for Automotive Management at Loughborough University's Business School and an AM Awards judge. He has been involved in the automotive industry for more than 20 years



'Good food sold here' – looking at the sign outside the seaside café, I was left pondering what other adjectives were possible.

'Average' or 'bad' as descriptors were unlikely to be appropriate options for a business selling food. 'Fresh' or 'home-made' (whatever that is) may have given some positive perspective on what was being sold.

As I stood outside the café, it did not stretch the bounds of possibility that food would be available – why then was it necessary to state something so obvious?

When I visit car retailers and manufacturers, I hear and see a different, but equally obvious mantra. We have a new phraseology in the sector based on phrases such as "we put the customer at the heart of our business"; "We are customer-focused"; "We are customer-centric"; or "We put the customer first".

There are many such slogans that greet customers on arrival, and I am sure it is reassuring to hear and read such kind words. But most visitors already assume that they will be regarded with some benevolence. One would not expect the opposite, i.e. "We aren't really bothered about you or your preferences, what in fact matters is what we need to sell to stay in business".

Being focused on what a customer needs/wants is fundamental to most business transactions. It is a fundamental truth that it is easier to sell a customer

something they want than something they are not too keen on.

The challenge comes when there are supply chain issues. It is very difficult to argue that an organisation is customer-centric when there is a shortage of vehicles. Pressure then comes from the manufacturer and the dealership management to 'get the customer into something you have in stock'. The disconnect between the philosophy and the practicalities of making sales is an underlying tension that suggests 'customer first' is an aspiration rather than a reality.

One of the problems is that many manufacturers do not make allowances for stock shortages. Although it is difficult to forecast trends in a complex and dynamic market, the shortages are not created by the retail network – the blame has to be with the manufacturer or the national sales company. It results in whatever good intentions the retailer had of being customer-centric being thrown out in the attempt to hit targets that are unattainable due to supply issues.

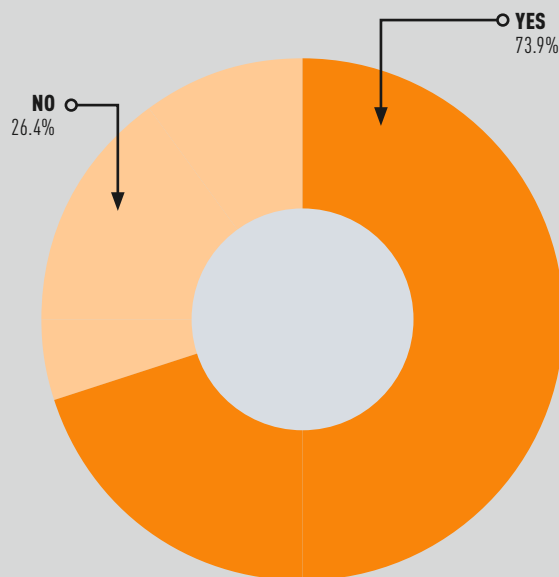
The one thing that my seaside café did offer was the ability to walk in and decide whether the food was good or not.

With many car retailers, that appraisal may happen sometime in the future, or, if the customer walks away, it may never take place. In some circumstances, being customer-focused is based not around selling a product, but selling patience as a virtue.

**"SHORTAGES ARE NOT CREATED BY THE RETAIL NETWORK – THE BLAME HAS TO BE WITH THE MANUFACTURER OR NSC"**

# AMPOLL

## SHOULD MORE CARMAKERS ALLOW OR EVEN ENCOURAGE MULTI-FRANCHISED DEALER LOCATIONS?



Is the multi-franchised dealership set to become a common sight in modern motor retailing? Almost three out of four AM-online readers believe it should be, citing the operating costs most franchised dealers now face and the competition they face from leasing companies, online retailers and brokers.

Manufacturers have often argued that multi-franchising can leave some brands without due management focus, or suggested that shared costs might be weighted unfairly towards one brand. But AM voters suggested the dealer's need to have a strong business should outweigh such concerns.

"Rising costs and lower returns will, I believe, inevitably lead to this being essential for the retail model to continue," said one voter. Another referenced likely growth in 'motor parks' such as Marshall of Cambridge, home to multiple dealerships within a few seconds' walk of each other, all operated by the same group. But he noted the challenge of finding a large enough parcel of land.

Some said physical retailing has lagged badly behind while the consumer can browse all brands from their PC. "When it is so easy to lose a deal to a competitor, I think it can only enhance a customer experience to have the flexibility to demonstrate more brands' vehicles on site," said one dealer.

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A collage of three photographs showing people at an event. The top left photo shows two men in suits talking. The top right photo shows a man in a white shirt and tie. The bottom right photo shows a large group of people seated in an audience.

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Steven Torrance, Reynolds & Reynolds

For us, AM Live is one of the highlights of the year. It is a well situated, well organised and well attended event where we know we will meet many existing and potential customers, including key decision makers and influencers, and be able to talk to them about the latest developments in the iVendi proposition. When we draw up our marketing calendar every year, it is one of the few must-attend events, which is an indication of our confidence.

Phil Harding, Head of partnerships, iVendi

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“ I WANT EVERYBODY AT EDEN TO REALISE THAT THE PRIMARY JOB IS TO SUPPORT OUR PEOPLE WHO ARE DEALING WITH CUSTOMERS TO SELL CARS, PARTS AND HOURS



## FACE TO FACE: EDEN MOTOR GROUP

# 'WE DON'T CUT PEOPLE WHEN WE HAVE A BAD MONTH'

Recent profitability falls will not deter chief executive Graeme Potts from his belief in leadership, loyalty and strong working relationships, he tells **Tim Rose**

**T**he past couple of years have been tougher for Eden Motor Group than its chief executive, Graeme Potts, would have liked.

A combination of the new car market downturn, a takeover of Eden's main brand partner, Vauxhall, and acquired dealerships still needing to improve has led to the end of a five-year run of returns exceeding 2%.

But group profitability is still consistently above the industry's 1% average – keeping Eden in the AM100's top quartile for return on sales. And AM's discussions with industry executives in recent years show there is much respect for Potts and how Eden does business.

So how does Eden do business? In a straightforward, consistent and very focused fashion, it seems. It seeks to look after customers for the long term, be very competitively priced and earn profit "little and often".

First impressions count at Eden. Potts wants his dealerships to be hives of activity, with an atmosphere of business being done. It was noticeable when AM arrived to see him at Vauxhall Reading on a Monday morning in July. By 11am, there were at least three customers being helped by sales staff, two more with service reception and a couple more relaxing in the customer lounge.

Potts said busy dealerships pose potential frustrations to customers, but dealer groups can always mitigate these. Eden's larger sites have car park hosts to greet customers and ensure they can find a space; sites receiving more than 1,000 calls weekly have two people on reception, so if one has taken a call the other can welcome arrivals. And everyone from the car park host to the general manager has branded work wear, because Potts believes there is nothing worse than for customers to enter a retail environment and find no

one to talk to: "If the customer is looking for help, they can see an Eden team person, whether it be someone from an accounting and support function or a sales executive. They may not know the answer to a customer's question, but they know the person who does."

"The point is, there are more people visible to help customers than in most businesses."

Toughened trading conditions have not changed that attitude. Potts is the sole shareholder in Eden, having bought out founding partner Vauxhall Motors Holdings at the end of 2017, and he is happy for Eden to carry extra cost if it's outweighed by the benefit to customers.

Take those two receptionists, for example. He said the cost of that is probably an additional £15,000-18,000 a year. "If I was being really, really hard-nosed, I could make people wait another four or five seconds before the phone gets answered and save that money. But I'd make the job very stressful for the individual, and it wouldn't provide the quality of service we want to give. And that's the Eden difference. Our stance is that we want people to work hard, but not be back-broken. The more important demand is about the way we do things. It's about being happy to speak to customers, being communicative, friendly, team-orientated," he said.

Potts bases himself at Eden Vauxhall Reading, together with his group financial controller. Finance director Nicola Hadley described by Potts as a "brilliant, incredibly professional" colleague who ensures Eden has the resources to "always say yes" when investment is required. He also has an office at Reading, as well as at several other locations. Potts said that is the extent of 'centralisation' at Eden – the heads of HR, systems development, logistics, training and development are all based around the other sites.

"I want everybody at Eden, including our heads of support functions, to realise that the primary job is to support our people who are dealing with customers to sell cars, parts and hours. As long as I'm in the chair, we will not have a separate headquarters. That's just not my way."

Potts said it has not become an issue even as Eden has grown into a group with dealerships from Devon to Warwickshire. Success depends on the use of technology, keenness to invest in the tools needed to succeed, and the senior team's willingness to travel, he said.

Potts talks about 'Eden people' as those who accept that the business is about interfacing with other people, and enjoy doing so. Recruitment and selection starts with trying to discern from behaviours, attitudes and aptitudes, whether candidates enjoy engaging with other people.

"As a retail business, we interact digitally, telephonically and physically with thousands of people over the course of a week. Therefore the vast majority of our people need not to just see that as a part of the job, it is the job."

Building contiguous territories has been part of Eden's strategy for a number of years, as illustrated by its concentration of sites in the Thames Valley region. That is unlikely to change, said Potts.

"We have an affection and appreciation of the importance of geographic concentration, both from an Eden brand marketing point of view and from a colleague development point of view. Recruitment is easier when you've got a name in the territory for having 10-12 dealerships. Lines of communication, vehicle distribution, and storage are all made easier if there's a geographic concentration."

Recent expansion has taken the Eden name to Banbury, Taunton, Bicester, High Wycombe, Fleet and Stratford-Upon-Avon. All were "justifiable in their



“proximity to other Eden dealerships”, said Potts. The implication is that he has little ambition to make huge leaps to the north as yet.

Potts emphasised that Eden is “out-and-out an automotive company” – some privately-owned dealer groups diversify with property, construction or agriculture companies – but it has broadened as it has gained scale. It has created its own logistics division, with an eight-acre compound in Berkshire and a three-acre compound in Devon, served by a fleet of vehicle transporters.

The transporters deliver stock “little and often”. Potts said Eden has a “decongestion agenda”, which is to have a minimal effective amount of stock on dealership sites, to give customers choice, but not clog up the dealerships with physical stock.

Eden also owns an applications development business, which works on customer-facing apps and web-based systems for the group, and two years ago Eden bought an IT support company in Reading, Razoom IT, which now primarily serves Eden, but also has other external clients.

The group’s contact centre in Branksome has grown significantly in recent years too, and now employs about 35 staff. It has a digital commerce hub as well as telephony services, and will shortly launch a central customer helpline.

Potts said all three subsidiaries are likely to develop services for third-party businesses as well.

He said Eden “fundamentally believes” that the future model will be “physical franchised retail outlets working in tandem

with a very progressive digital commerce offering” and to future-proof that, Eden is looking to increase the throughput of its dealerships through multi-franchising where possible.

Last year, it redeveloped a section of a solus Peugeot dealership in Wokingham to add a five-car Hyundai showroom, and Potts said there are several projects under way to accelerate the multi-franchising strategy. Eden is adding the MG franchise into one of the two showrooms at its large Swindon Vauxhall location, and a second MG franchise at Newton Abbot, which is currently one of its three standalone used car centres.

The arrival of two new brands to Eden – the MG businesses and Suzuki at Stratford-Upon-Avon – are evidence of Potts’s stated desire to bring “complementary, hopefully nascent brands” into the portfolio, where Eden can help to drive their growth.

He said Eden’s expansion from one to four Hyundai sites within two years, and its expansion with Peugeot and Vauxhall – most recently rescuing Swindon Vauxhall from the collapsed Now Motor Retailing group last year – illustrates the group’s desire to gain scale with core strategic partnerships.

Potts founded Eden in 2008 with the Vauxhall franchise, in partnership with Vauxhall’s Motors Holdings operation. While expanding with more Vauxhall sites, it also began adding other brands in 2012. About 60% of Eden Group’s revenues are currently generated by the Vauxhall businesses, said Potts. He doesn’t expect the



Vauxhall operation’s contribution to diminish as Eden grows in the longer term.

Expansion with the other brands was well timed. Potts said the past few years have been challenging for the Vauxhall franchise. He said there was a lack of investment from General Motors for at least 12 months before its sale of Vauxhall to PSA Group in 2017, and then a hiatus while the new management team and strategy bedded in.

“National brand marketing was not where it should have been for two years, and that had quite a severe impact on the retailers.”

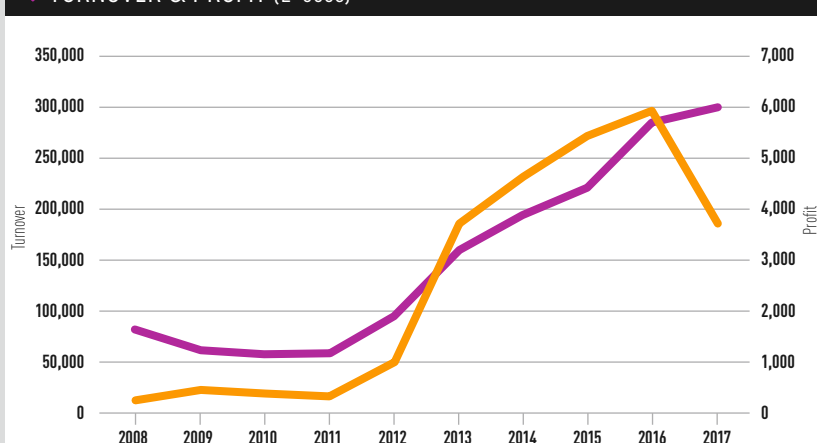
But Potts and his team now have a real sense that Vauxhall has a clear strategy, feels excited by the product pipeline for the next few years and has competitive offers, he said. He believed Eden is certainly not hindered by its heavy representation of Vauxhall.

Eden’s focus on being busy and competitive is reflected in its KPIs – the target is for 80% of offers to be converted into sales, for example. Potts believes it is the senior management’s responsibility to make sure Eden has sufficient margins to remain profitable, but it is everyone’s responsibility to ensure the company is busy and its teams are working hard.

“We believe the catalyst for high morale and high motivation is for people to realise they’re part of a team that’s busy and growing the business,” he said.

Potts said he has high standards, and is “super-fussy”. But while motor retail is a hard activity, it doesn’t have to be harsh, he said. Everybody at Eden works a five-day week in a six-day work cycle. If staff have important family events during the working day, such as a child’s school leavers’

## TURNOVER & PROFIT (£'000s)



Eden has expanded rapidly since 2012, with acquisitions of Vauxhall sites and other brands, such as Peugeot and Hyundai. Profits remain strong, although they have suffered from the turmoil surrounding Vauxhall’s sale to PSA Group in 2017 and the general market downturn since 2016

## FACTFILE

**NAME** Eden Motor Group

**AM100 RANK** 54

**TURNOVER** £297.7m (2018, unaudited)

**FRANCHISES** Fiat (1), Hyundai (4), Mazda (2), MG (2), Peugeot (2), Suzuki (1), Vauxhall (12), Honda (service only), Alfa Romeo (service only)

**STAFF** 830



Vauxhall accounts for 60% of Eden's revenues



assembly, Potts wants them to feel able to go. "Eden people, no matter what they do, don't miss those kind of events," he said.

While he believes physical retailing doesn't lend itself to completely flexible working, because many staff must be there when the doors are open, it can be supportive. Eden allows all staff up to two 'Pottsy-days' a year, in bite-sized chunks, for the small things in life that would normally require them to sacrifice holiday or lose pay, such as dentist or hospital appointments, or school sports days.

It simply requires the business to plan in advance. Potts said it is in Eden staff's nature to be happy to cover colleagues for such things, because they know it could be them next month. "It's a bit informal, but that flexibility and team support is phenomenal. It's fantastic, it's how it should work."

Potts said Eden doesn't simply slash its cost

base when trading gets tough. "We want secure employment to be very much a characteristic of Eden Motor Group for our colleagues, so we don't cut people when we have a bad month. By definition, you can't sustain an unsustainable cost base, but you can weather bad days."

Supporting the team ethic are a common ethos and culture, and, most importantly, harmonised processes, he said. Developing these has not been easy, said Potts, but it is crucial to enable people to work well with each other.

Potts said some of the dealerships Eden has acquired have been underperforming and lacked investment. Having decades of acquisition experience in his time at Reg Vardy and Inchcape, he knows that although Eden's branding, workwear and IT systems will be in place within 48 hours, changing the

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## “LEADERSHIP MAKES A SUCCESSFUL BUSINESS... IF YOU HAVE INCAPABLE PEOPLE, THAT’S DOWN TO A LEADERSHIP ISSUE, BECAUSE YOU’VE RECRUITED THE WRONG PEOPLE

GRAEME POTTS, EDEN MOTOR GROUP

Practices and culture of a business can take two to three years, as staff cling to their old ways of working. But the past decade is evidence that Eden’s approach works. Sticking to defined processes keeps the business focused and consistent. Keeping prices competitive and clear – Eden customers pay no additional charges for courtesy cars or environmental disposal – creates trust and allows the business to earn that little bit from a lot of sales. Potts recounted how a manager of a business Eden acquired from administration queried this approach, as it had previously earned £50,000 a year in courtesy car charges. In response, Potts quickly pointed out that the business had gone bust.

“We know we could probably make more money in the short term, because a lot of customers would probably swallow hard and pay it. But it’s not the Eden culture.

“I’m not being holier than thou. I’m saying I’ve always slept at night, and always will, because how we achieve what we achieve is as important as the numbers themselves, and that’s shared by our team. We’re commercially acute, very competitive, we try very hard to sell, but at the end of the day we need to sleep at night.

“Leadership makes a successful business and leadership can drag a business down. If you have incapable people, that’s down to a leadership issue because you’ve recruited the wrong people.”

He describes Eden’s leadership approach as being effusive with praise when things are done well. Successes, such as hitting targets without pre-registering, for example, are celebrated by deliveries of Krispy Kreme doughnuts for all 830 staff. In addition, the company presents quarterly ‘Good to Great’ acco-



lades to individuals, its best dealership of the year wins funds to buy something for the staff, and everyone and their partners gather for a free Christmas party. Potts is a Christian and sends all staff home with a fresh turkey at Christmas and a chocolate egg at Easter.

His focus on leadership, loyalty and strong working relationships applies to Eden’s suppliers too. He said he’s not in the business of “holding beauty parades”

of suppliers annually. On his relationships with manufacturers, Potts described himself as “a critical friend”. Sometimes there are minor falling-outs, but never break-ups, he said.

“I think our overall company performance and depth is respected. I say being 36 years in, and with my own earned wealth all invested in this company and industry, possibly gives me a right to express an opinion.”

### USED CAR RETAILING THE EDEN WAY

Eden sells at least two used cars for every one new car, a practice recognised in this industry as a crucial driver of profitability. Potts believes the better a dealer is at selling used cars, across buying, marketing and retailing, the stronger its position in the new car market.

Stock sources include part-exchanges, manufacturer and rental sales, and auctions or online trade platforms.

Stock prices are reviewed weekly. Potts once told an AM conference that he would rather give a customer the deal of a lifetime than trade out an over-age car from stock. That ethos remains today. Eden does not auction off retail-ready cars. He

describes that as “the economics of the madhouse”. By that point, Eden has invested in vehicle preparation and had it on a forecourt for a couple of months while its value declines, so to then sell it at auction only allows another dealer the opportunity to win their buyer, he said.

Eden has three standalone used car sites – Eden Prestige and Performance Cars in Fleet, Hampshire, plus two Eden Approved sites in Bicester and Newton Abbot. All three are in medium-sized sites and target a local marketplace – Potts has no appetite for huge car supermarkets and believes few people will travel a large distance to buy a car.



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# MINUTES WITH...

James Tew,  
chief executive, iVendi



## Can you give us an idea of your current size and scale?

We have four million unique consumers in any given month, and we process more than 100 billion quotations a month.

As there are only eight million or so vehicles purchased a year, the numbers suggest that many people who are looking to buy cars take a great deal of time before making their purchase.

The level of engagement we have acquired with consumers looking to buy cars, or to take on finance, is extremely useful for manufacturers, dealers, motor finance companies, and other suppliers to the industry.

## How has your e-commerce platform for dealers been received?

It has been very well received, and we are constantly upgrading it. However, online retailing is exceptionally complex, and a lot of manufacturers have models that I don't think are working, and so they're not selling enough units.

We are talking to manufacturers and dealer groups about a model we call Generation 11 – we are in Generation 1 at the moment.

One factor influencing online sales is the disparity between recommended retail price and actual price. Manufacturers put cars into showrooms, but you may have discounts of up to 25% or 30%, with various bonuses and incentives, and you also have the trade-in factor.

## Has your new support and client services department had the expected impact?

Yes, it has been really appreciated by dealers. We constantly monitor their systems, and if issues crop up, an alert is sent immediately to the client.

## “ONLINE RETAILING IS EXCEPTIONALLY COMPLEX, AND A LOT OF MANUFACTURERS HAVE MODELS THAT I DON'T THINK ARE WORKING”

If, for instance, there were errors on a finance application, the team would call the dealer and help them through any technical issues.

Sometimes, the dealer will have the customer with them when the system flags an issue, and we're able to assist them in virtually real time.

We get fantastic responses from dealers to this service, and it's not about the money. We are providing account managers, and they are paying maybe £50 a month.

**In 2016, iVendi described the quality of applications from consumers as “good and improving”. Then, 39% of applicants were approved by prime lenders, against the industry average for showroom visitors of around 50% from a dealer's principal lender.**

You will still find that highest quality is when a customer walks into a dealership, and the lowest is when it's online, but the overall figures don't vary much.

Saying that, we're talking to one manufacturer about their acceptance rate for new car finance. It's running at 98%, and yet they were looking for ways we could help them reach 100%.

When we're talking to people in the used car market – where acceptance

levels are usually lower and consumers are more likely to apply online – we see approval rates of between 20% and 30%, but that varies between brands, age of the vehicle, and types of vehicle.

You get a higher approval rate on more expensive vehicles because of demographic issues, and it's also interesting that when dealers have some form of engagement with the consumer – which doesn't have to be in person, it could be on the phone or via email – then the online approval rate shoots up to 54%.

## Are you seeing more applications for premium or non-premium brands?

There's still an element of uncertainty about buying new cars, as we can see from the monthly sales figures, making it crucial to obtain clarity and insights about consumers.

At the moment, we are discussing ways to identify different conversion rates for online sales, based on the vehicle's value. In essence, we want to discover if consumers are able to spot a good price, and then to see if the conversion rate is greater for those vehicles.

For instance, if a vehicle is out there at (say) 100% CAP retail, would there be a higher conversion rate than if the same vehicle were priced at 105% CAP retail? Can consumers spot that difference, and if so, how should that influence pricing decisions by dealers?

## Is the percentage of inquiries from mobile devices continuing to rise?

I think we're getting to a saturation point now, with about 75% on mobile devices. We saw the demise of the desktop, and now we're seeing a fall-off from tablets too. **IAN HALSTEAD**

## FACT FILE

**COMPANY:**  
IVENDI

**OFFICES:**  
COLWYN BAY AND  
MANCHESTER

**EMPLOYEES:**  
83

**CONNECTED  
DEALERSHIPS:**  
7,000

**MONTHLY FINANCE  
QUOTATIONS:**  
£100BN



# HYUNDAI

Hyundai has seen a slight downturn in sales, but still delivered its best-ever market share. The drop was strategic, reports **Tom Sharpe**

**H**yundai Motor UK managing director Ashley Andrew stepped out of the Korean brand's 289PS i20 rally car onto the heavily rutted dusty gravel tracks of a quarry in Oxfordshire with a broad smile on his face.

Just like the motoring journalists who went before him – who had travelled to a rural location to drive the brand's range of road cars – he'd just enjoyed an unexpected and unavoidably adrenaline-filled passenger ride with current British Rally Championship leader Tom Cave.

At an event designed to showcase the sheer breadth of the Korean brand's passenger car offering, it was all the proof many needed that Hyundai remains capable of delivering genuine surprises.

"It's a great brand to find myself at," Andrew told *AM*. "Hyundai is at the forefront of so many technologies and has proved itself to be so agile in the past, it's a really exciting place to be."

But, after beating the market in 2018 – albeit with a 3.7% decline in registrations to 89,925 (2017: 93,403) – a 10% decline in sales during the first half of 2019 and ques-

tion marks over the viability of the brand's car store concept following Motorline's recent departure from the Bluewater shopping centre in Kent, Andrew might not have things all his own way.

Andrew was promoted to managing director a year after joining as sales director. Previously he has been MD of FCA UK and, before that, head of marketing at Škoda UK.

Despite his experience in the sector, which also includes spells at BMW, Ford and Rolls-Royce, Andrew said his year working under predecessor Tony Whitehorn had helped prepare him for the challenge ahead.

"I learned about the brand from the guy who had been running it in the UK for 13 years," he said.

"He had a great relationship with the network and had worked through all the step-changes in innovation. He brought in the scrappage scheme, digital stores, click to buy. It was great to see where the business had been agile and taken the initiative under him.

"Often when you move into a new role you haven't had that time to learn and plan with the people that have done it before you."

Just what scope remains for Andrew to innovate in the current market remains to be seen, but it is clear the brand will still seek to broaden its horizons in a bid to drive further improvement.

The driving day event included mild hybrids, hybrids, plug-in hybrids, electric cars and the recently-launched Nexo fuel cell electric vehicle (FCEV) alongside conventional internal combustion engine-vehicles and a new range of 'N' performance cars.

And just days before *AM*'s meeting with Andrew the manufacturer announced a \$90m (£72.5m) investment in electric hypercar maker Rimac as it embarks on a collaboration to create "two high-performance electric vehicles by 2020".

Tyrone Johnson, Ford's former chief engineer who became Hyundai's head of vehicle testing in April this year, tells *AM*: "There is a clear train of thought that whatever comes next from the N brand has to be special, it has to be different.

"There are problems with energy storage at the moment that make it difficult for a performance EV to do a fast lap of the Nurburgring. It will be the Rimacs of this world that solve those problems."

## Sibling rivalry

One, perhaps unwanted, surprise for Hyundai and its retail network in recent times has been the ability of its Kia sister brand to outsell it in the UK.

A gap of just 181 sales in 2017 (93,403 for Kia versus 93,222 for Hyundai) grew to 5,839 in 2018 (95,764 versus 89,925) – ending a nine-year run of growth.

In H1 2019 Kia registrations rose 3.35% to 53,232 (H1 2018: 51,506) while Hyundai declined 10% to 45,916 sales (H1 2018: 51,041). The bulk of Hyundai H1 losses came from private registrations, where sales dipped 13.15% to 18,011 (H1 2018: 20,737).

According to the SMMT 60.77% of Hyundai's registrations in H1 were fleet – down 7.92% YTD.

When he spoke to *AM* ahead of the H1 results Andrew said: "In 2018 we sold almost 90,000 cars and we were down 3.8% but delivered our best-ever market share (up 0.12pppts at 3.8%)

"The drop was strategic because one of the things we are doing as a brand is re-shaping our business model.

"The market is changing with the growth of SUVs and alternative fuel vehicles (AFVs) and we have to be prepared for growth in those strategic sectors. We call it 'smart growth' and it's a sustainable model in respect of the UK.

Ashley Andrew with current British Rally Championship leader Tom Cave



## KEY PRODUCTS



### i10

Despite the popularity of the larger i20 and i30 hatchbacks appearing to falter, the i10 city car's low cost appeal (from £9,900) delivered 10,659 sales in H1 2019 – a decline of 13.4% on H1 2018.



### i20

Hyundai's answer to the Fiesta and Corsa showed signs of struggling to attract consumer attention in the stalling hatchback sector during H1 2019. Sales were down 19.1% to 4,380 (2018: 5,420).



Endeavour Hyundai, Watford



Rockar Hyundai, Bluewater

"We don't expect to grow again this year in volume terms."

Andrew said he sees Hyundai increasing its fleet volumes, however.

In December, the brand appointed former Vauxhall fleet sales manager Tim White as its national fleet sales manager and Andrew said the plan to boost fleet would help retailers, with 80% of its volume being channelled through the network.

Speaking ahead of the Government's announcement that company car drivers choosing an electric vehicle (EV) will pay no benefit-in-kind (BIK) tax in 2020/21, Andrew



**HYUNDAI IS AT THE FOREFRONT OF SO MANY TECHNOLOGIES AND HAS PROVED ITSELF SO AGILE IN THE PAST**  
**ASHLEY ANDREW, HYUNDAI MOTOR UK MANAGING DIRECTOR**

said: "We have reached a stage with fleet where operators are actively seeking us out because of the range of product we have with various low emission drivetrain solutions. Our retailers are really well-placed to take advantage of that."

Despite its recent falter, Andrew said Hyundai's growth in volumes over the past decade – since the pre-scrappage scheme 28,036 of 2008 – had also seen retailers benefit from a larger five-year car parc now feeding aftersales business into workshops primed for AFV product as part of the Hyundai Global Dealership Space Identity (HGDSI) programme. Efficiency driven by eDynamix eVHC and online service booking systems have further helped boost efficiency without burdening service teams with extra admin, he said.

#### New product

In-line with the motorsport-inspired activity at Hyundai's range driving day, its launches in 2019 have been as much focused on the more dynamic models which follow in the tyre tracks of the i30 N performance hatchback as its AFVs.

So far this year the brand has launched the £29,995, 275PS i30 Fastback N and an

accompanying N-Line trim for the i30 hatchback and Tucson SUV, which also gained the option of a 48V mild hybrid drivetrain.

To compliment this and raise its profile the new performance brand hosted a series of free track day driving events for i30 N hot hatch customers at Bedfordshire's Millbrook Proving Ground throughout August.

Other new product launches have brought an updated Ioniq and the introduction of limited edition i10 and i20 Play trim lines.

It is becoming increasingly apparent that Hyundai's more conventional hatchbacks are struggling, however.

In H1, as the Tucson rode the wave of SUV popularity to be the brand's only model to record a rise in registrations (up 7.5%) as the brand's best seller, the i20 fell 19.1% to 4,380 (2018: 5,420) and the i30 lost almost two-thirds of its volume, falling 62% to 1,982 (2018: 5,225).

The biggest winner has been Ioniq, however, with fleet operators swinging towards the tax-efficient AFV. Year-to-date, the only car on the market to offer a choice of hybrid, plug-in hybrid or EV drivetrains generated a 17.6% rise in registrations to 5,216 (2018: 4,437) ahead of the release of a facelifted version. Just



#### Ioniq

Still the only vehicle available with a choice of hybrid, plug-in hybrid or EV drivetrains, the Ioniq achieved growth in sales during H1 2019. Its sales rose 17.6% to 5,216.

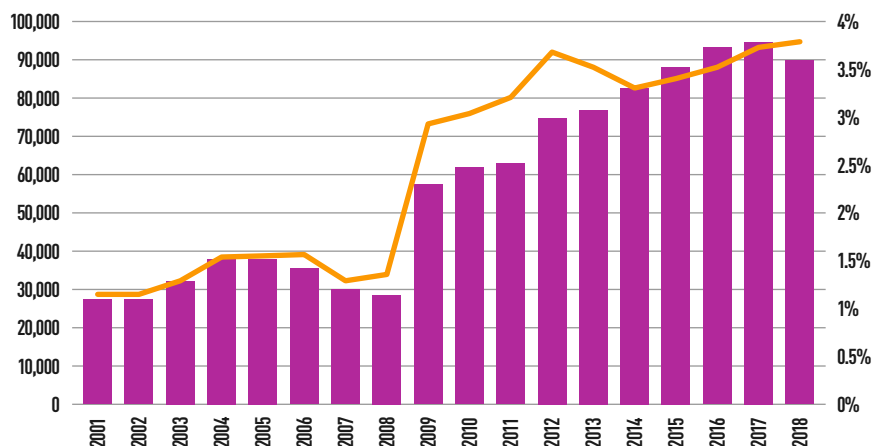


#### Tucson

The family SUV has become the brand's best seller in the UK. During the first half of 2019 the vehicle, which starts at £22,060, racked-up 16,402 registrations – up 7.55% year-on-year.



## HYUNDAI TOTAL SALES / MARKET SHARE %



1,204 of those sales were to private customers.

The Ioniq's success could be related to a lack of supply of the Kona EV, which grabbed headlines with a WLTP-tested range of 279 miles in £30,750 64kWh guise.

While the hydrogen fuel cell Nexso, launched earlier this year, offers an even more futuristic fuel type to Hyundai customers, and can be sold by the entire network according to Andrew, it is the Kona EV that has captured the imagination of car buyers.

Andrew said Hyundai has begun offering customers awaiting delivery of its Kona EV access to preferential terms on the short-term lease of an Ioniq hybrid in a bid to mitigate the effects of long Kona lead times.

While he said the brand was in "a nice position" as demand for the 279-mile-capable Kona EV had generated more than 2,000 pre-orders and an uplift in dealership footfall, he conceded the situation – along with an estimated lead time "in excess of 12 months" – had created issues.

The suggestion of a lease solution to ease pressure from keen AFV customers was, ultimately, the idea of one of the Hyundai's "entrepreneurial UK retailers".

"It was actually a suggestion from Adrian (Wallington) at Endeavour Automotive that we might be able to offer some kind of short-term mobility solution to customers who have placed a deposit for a Kona EV," said Andrew.

Andrew said he is always keen to hear suggestions from his retail network, adding: "That is one of the benefits of having a very entrepreneurial retail network."

Despite demand far outstripping supply for the Kona EV, interest generated by the model has drawn a higher volume of customers into Hyundai's showrooms.

Endeavour's Wallington said: "The instant impact of the Kona EV launch on interest in the Hyundai brand has been really quite amazing. In November last year, when the car was launched, we looked at two weeks

of inbound calls to the dealerships and found that 30% of the enquiries we received were about that car."

### Omni channel retail

Perhaps the biggest drivers of footfall for Hyundai could face an uncertain future.

Questions were raised about the "mid-and long-term viability" of the stores at Westfield and Bluewater shopping centres – initially opened in partnership with Rockar in 2015 – when Motorline announced it was walking away from the Bluewater franchise, after 16 months, on July 31.

Motorline had taken over the operation of both stores in March 2018 before Endeavour Automotive took on the Westfield Stratford City store in March this year in what Andrew claimed was a realignment of the operations in-line with their closest franchisee.

Andrew said: "I think it was just natural to get the regional groups set up as partner operations in their own territories.

"It just makes them far more agile because they have more demonstrators at their sites if they need a particular vehicle and they have service operations in the proximity."

Wallington said: "It's a hard concept to ignore. They had 10,000 people through the door in January alone."

About 250,000 people visit Hyundai's stores each year and each facility generates about 750 vehicle sales annually, according to the brand.

In a statement issued on August 1, Motorline chairman Glen Obee, said: "The current economic climate and pressure to maintain an acceptable level of income from our wider group activities has resulted in our decision to make a limited number of amendments to our representation model.

"This is where we do not believe the mid-to long-term viability of the activity is sufficient to meet our requirements going forward and, regrettably, the Hyundai Bluewater Store falls within this category for us and we have reached agreement with Hyundai UK to hand the store back to HMUK on July 31, 2019."

Hyundai stores played a leading part in the launch of the OEM's Buy Online new car sales platform which launched in January 2017.

Andrew also said the Buy Online platform had proved a valuable tool for dealers who not only benefit from its lead generation but use it as a marketing tool when at events away from the dealership – enabling them to sell vehicles from any location.

Investment in the HGDSI means many retailers will be keen to use their new showroom spaces, though.

Motorline is one of the latest investors in the CI. Its announcement about its Bluewater exit coincided with its move to a new £3m HGDSI showroom in a former Jaguar Land Rover (JLR) dealership on the Ashford Orbital Motor Park, Kent.

Last November, Ancaster opened the largest Hyundai showroom in UK in the form of an 1,800 sqm fully-refurbished premises on Purley Way, South Croydon.

The five-fold increase in space enabled the number of new and used cars Ancaster can display to grow from 21 to a total of 79.

In July the AM100's 99th-placed retail group opened a second, smaller Hyundai dealership in Welling, Kent.

### Dealer network

The latest investment in new Hyundai dealerships comes as respondents from Hyundai's 162-site retail network to the Winter 2018/19 NFDA dealer Attitude Survey placed the brand a mid-table 14th out of 30 in their overall rating of the brand, with a score of six-out-of-10 (average: 5.8) – up 0.4 on the previous year.

The survey delivered a 21.6 positive swing in points across all questions for the brand as another score of six (average: 5.3) saw it finish 10th with a further score of six on the prospect of future profitability.

With 162 sites in the Hyundai network and sales split roughly 30% between large regional groups and PLCs, 30% mid-sized regional and 30% owners drivers, Andrew described the mix of business types represented as "a real strength."

However, when asked about Hyundai's used car programme, retailers scored it 5.6 against a survey average of 6.4.

"We are working on the customer used car proposition, which is called H Promise," said Andrew.





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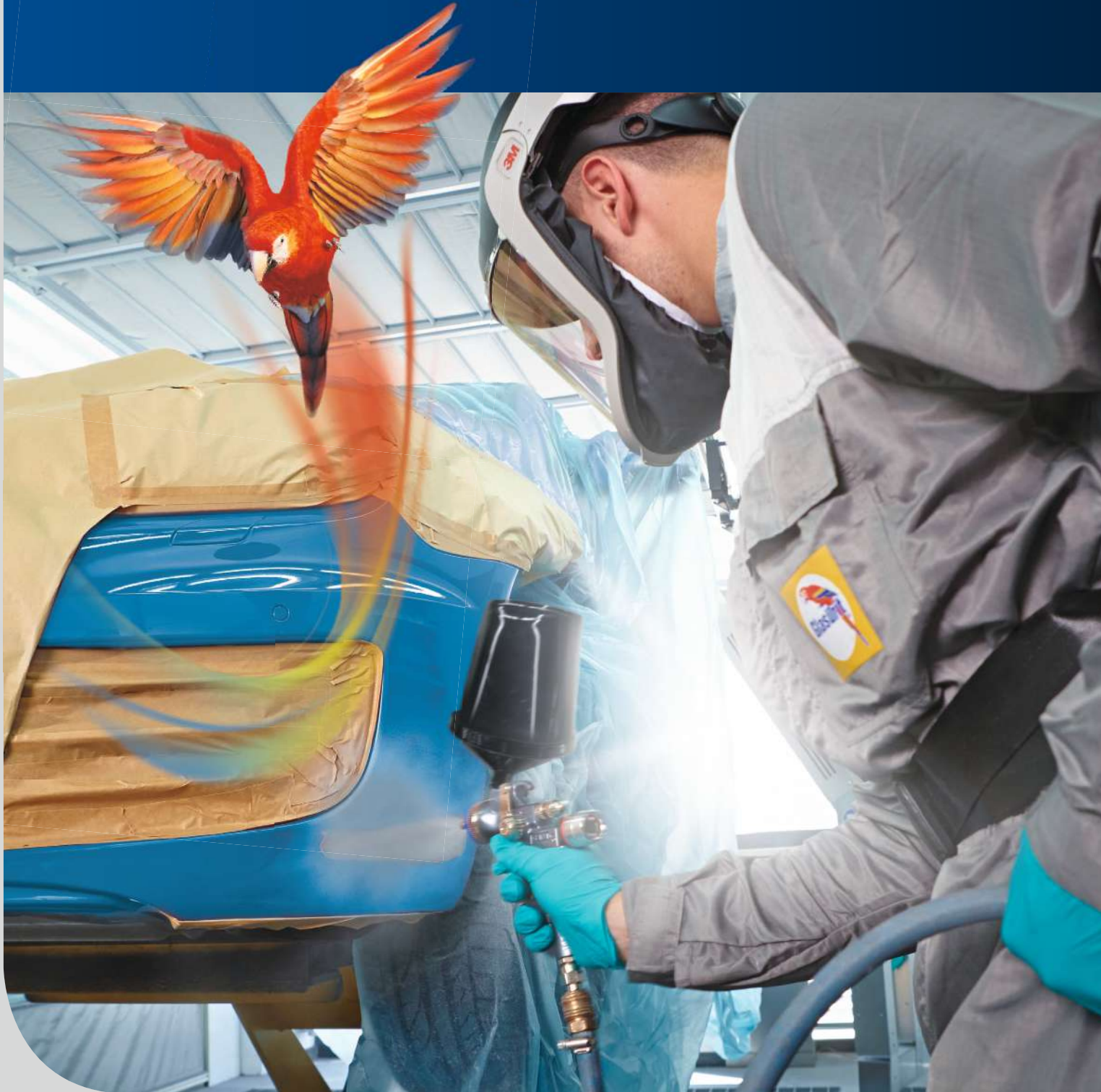


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# SPOTLIGHT:

## PROPERTY



# Investing in your property

How do dealers achieve the best returns from their showroom investment? Which is best, single- or multi-brand franchises?



### IDENTITY CRISIS?

MANUFACTURERS ARE KEEN TO SEE THEIR BRANDS PROPERLY PRESENTED, BUT THE PROCESS CAN BE EXPENSIVE

PAGES 34-35

### END OF ONE-BRAND DEALERSHIPS?

ECONOMIES OF SCALE OFFERED BY DITCHING THE SINGLE BRAND SITE HAVE INCREASING APPEAL WHEN THE GOING GETS TOUGH ON SALES

PAGES 36-38

### FUNDING THE NEXT SHOWROOM

PROPERTY IS A CRUCIAL PART OF THE MOTOR RETAILER'S PORTFOLIO, BUT HOW DO DEALERS PAY FOR IT?

PAGES 41, 43



# Identity crisis?

Manufacturers are keen to see their brands properly presented, but the process can be expensive for franchises aiming to comply

**F**alling registrations, squeezed margins, consumer caution and Brexit uncertainty mean manufacturer corporate identity (CI) standards can prove costly at a time when dealers seek savings.

However, automotive property consultant Robert Stephens & Co has observed a contraction in the size and scale of manufacturer property CI ambitions over the past five years attributable to declining returns and the recognition the industry needs to focus on other retail sales channels.

Stephens said: "But there is no one-size fits all solution and some initiatives – notably the Volvo VRE (Volvo Retail Experience) concept – are appropriate to the brand's direction of travel and supported by its retail network. In contrast, Jaguar Land Rover's Arch Concept has reportedly provoked a backlash from retailers for the timing, cost and scale of the programme."

Marshall's Motor Group operates 106 franchises partnering 23 brands, including 16 JLR and eight Volvo franchises investing £65 million over four or five years in Arch relocations.

CEO Daksh Gupta said: "There's no doubt that for many years the Jaguar Land Rover network has been under-invested. If you look at the phenomenal growth the brand has experienced in the past decade or so, a lot of facilities were not capable of meeting demand for maximising the opportunity.

"Volvo is a brand that has also seen growth and it has been raising its standards for its customers with the VRE investment. We are more than halfway through those.

"We tend to see CI upgrades going in cycles dependent on how brands are doing. I see this as a cost of running a franchise."

Gupta reports 'a sensible, pragmatic approach' from most, but not all, manufacturers although for electric vehicles (EVs) it's mixed, with some brands imposing stringent standards and others more relaxed. Overall, he would like more flexibility and a minimum choice of three suppliers.

**“WE TEND TO SEE CI UPGRADES GOING IN CYCLES DEPENDENT ON HOW BRANDS ARE DOING. I SEE THIS AS A COST OF RUNNING A FRANCHISE”**



**DAKSH GUPTA, CEO, MARSHALL MOTOR GROUP**

He said: "Manufacturers shouldn't mandate who you use as a supplier because that can put significant cost into the brand. If you have got a sole supplier, they have the opportunity to write their own cheque in some cases."

The new Mercedes-Benz MAR2020 corporate image was announced after LSH Auto Ltd designed its new facility in Stockport. But the company adjusted its plans to meet the new standards, pushing the project programme out by some six months.

Martyn Webb, LSH managing director, said: "Unfortunately the Mercedes-Benz new corporate architecture is only just starting to be rolled out at a time when the business is extremely challenging. There have been no

**Peugeot's Blue Box upgrades were completed before conditions tightened**



**Mercedes announced its CI after LSH Auto had designed its new facility in Stockport**

concessions from the brand at this stage. However, we understand the brand appreciates the market conditions and is working with all retailers to investigate how investment could be minimised by reducing the size of refurbishments rather than the standard.

"The investment cost levied on adhering to manufacturers' corporate image is not realistic in my view. We have looked at providing a very similar level of look and feel and this could be achieved at a much-reduced cost. Discussions have been underway for some time. The manufacturer has agreed to limit spending on key areas however the investment costs are still significant."

Following 'limited manufacturer guidance', the business instigated a series of working groups to plan its EV infrastructure with Stockport incorporating a 2MVA substation and more than 30 vehicle charging points.

## MG'S EXPECTATIONS

In advance of its ZS EV arriving in September, MG Motor UK rolled out new EV standards, giving its network nine months to implement with completions due by August 20. With further models launching in 2020 and 2021 including a plug-in hybrid next year, MG expects electric and hybrid vehicles to account for 20% of its UK sales volume by 2021.

Harvey France, MG head of aftersales and parts, describes the standards as 'not onerous', requiring an investment of around £5,000-£7,000 incorporating technician training to the IMI's level 3 standard, online training for parts and service advisors, a 7.2kw charger in the workshop and a 22kw charger on the forecourt, although many dealers have chosen to





install more. MG recommends suppliers and equipment, but dealers have the freedom to choose their own.

Challenges have emerged over power supply issues leading to additional cabling costs for some dealers and France has adopted a flexible approach where problems have been experienced.

"It's been a very positive uptake," he said. "We are a brand that's driving electric volume forward. The dealers can see our EV investment and how the market is moving."

Other manufacturers including Peugeot, carried out CI upgrades before market conditions tightened. Its Blue Box CI was completed at the end of 2017 with all, bar seven dealers who decided to leave the franchise, meeting the 18-month deadline of January 1, 2018. There were a few exceptions where relocation was necessary.

After committing to an electrified version of the entire model range by 2023, starting in 2020, the network is required to implement a minimum electric charging infrastructure by November 30, 2019.

Peugeot UK managing director David Peel said: "The number one priority of the Peugeot brand is dealer profitability. We are working closely with each investor to right size their business to ensure they achieve a 1.5% return on sales. As part of this collaborative working relationship, we have accepted, where possible, multi-franchise opportunities to assist the cost base of the Peugeot site."

Currently, Suzuki's CI is supplied at the brand's expense. Some older sites need refreshing which is on-going. Robin Luscombe, managing director of Luscombe



Motors in Leeds, believes the Suzuki approach is the right one.

He said: "For Suzuki we have not had to implement any stringent CI changes for a long time. It's very relaxed as long as the showroom is of a good standard; it's clean and tidy and has the right level of lighting."

It means Luscombe can invest money where it matters most such as in new technology and employees: "The difference between a good and a bad business is not determined by the building or CI, it's the people who are employed there, they are the most important investment."

Nathan Tomlinson, managing director of Devonshire Motors, is part of the Mitsubishi Visual Identity working group and wants to be among the first to upgrade. All dealers are required to be compliant by 2022, but the UK network development team is working with dealers to deliver a 'palatable' solution given the current uncertainty.

He said: "So far the approach has been

collaborative and our feedback has been very carefully considered. With that said, there are still a lot of challenges to overcome in terms of how the manufacturer understands retailing and how they blend that with their brand requirements."

The upgrade includes changes to accommodate alternative fuel technology in display areas, charging facilities and EV workshop bays. Requiring more space, EV bays impact the return per square metre on property investment alongside the loss of revenue from oil, parts and labour sales if EV replaces the internal combustion engine (ICE) on a one-for-one basis. However, Tomlinson reports a willingness by Mitsubishi to discuss future scale and affordability returns.

Such CI concessions, though, could be largely academic if Stephens is right in his belief that high fixed overheads faced by retailers will impede their ability to adapt to changing demands driven by e-commerce, emergent technology and new intermediaries/disruptors.

Long term, according to Stephens, a business model that's more innovative and, consequently, more viable will be required. His new consultancy, devised to help manufacturers and motor groups create and develop migration strategies, is already advising on two new retail concepts.

They are for Axiom, a retail and leisure destination at J32 of the M62 in Yorkshire, which has outline planning consent, and a large multi-brand automotive destination on the A4 Chiswick High Road – The Fourth Mile – where the application for planning permission will be submitted in September.

DEBBIE KIRLEW

**Suzuki's approach to CI standards is the right one, said Luscombe Motors MD Robin Luscombe**



# Days of the one brand dealership may be numbered

Economies of scale offered by ditching the single brand site have increasing appeal when the going gets tough on sales

**T**he time to get into multi-brand car retail sites has, arguably, never been better. With car registrations significantly down and manufacturers relaxing their stance on sharing showroom space with competitors, not to mention the increase in brand part-

nerships and acquisitions, many dealers are turning to the multi-brand model.

Honda recently announced plans to shut 55 locations over the next three years, allowing retailers to propose other brands to share their site with, while Citroën, DS, Peugeot and Vauxhall sales teams already operate alongside each other at various premises.

In February, Hendy Group opened a multi-brand site in Eastleigh closely followed by Vospers, which consolidated its three sites selling Ford, Mazda, Alfa Romeo, Jeep and

Fiat into one location. Others such as Marshall Motor Group's purpose-built multi-franchise operation in Cambridge and Jacksons' Motor Mall on the Isle of Man are already well-established.

And the electric revolution is getting in on the act, too. Back in July 2017 the UK's first multi-brand electric vehicle showroom was launched in Milton Keynes Centre:MK stocking BMW i, Kia, Mitsubishi, Nissan, Renault and Volkswagen.

But, setting up and running a multi-brand site is fraught with challenges. Not least, trying to keep all of the manufacturers happy and maintain profit.

It's also harder to maintain the same level of knowledge and passion selling multiple brands compared with just one. Indeed, many manufacturers will level the criticism of dealers' distraction by other brands if they don't feel that they are getting the due level of attention and sales numbers.

"The biggest challenge with the multi-brand site is trying to drive upper quartile performance for several brands rather than just one," said Karl Davis, managing director of Coachworks Consulting. "If you have the skills and resources to take on multiple brands on your site and you can maintain that high level of performance, all well and good, but if you haven't, then forget it."

While some brands are quite lenient about what they allow a dealer to do with their retail space, trying to please everyone is a tough





ask, said Davis. Even the smallest detail such as a floor tile shade or where their totem is located outside a dealership can cause an issue with some brands, he said.

The next problem is trying to keep pace with the sheer number of systems and standards required for each brand, added Davis. It also increases the complexity level and room for error, such as misquoting or mis-selling.

"At one operation I worked with one service advisor had 14 different screens open on their desktop at any one time," he said. "They were struggling just to keep all of them active without timing out, let alone trying to do their day job."

Darren Ardron, managing director at Perrys Motor Sales, which operates 11 multi-brand sites selling a variety of combinations including Kia, Mazda, Peugeot, Seat and Vauxhall, said that the biggest issue is just keeping up with the latest manufacturer requirements. That can extend to commercial policy, rebate and volume bonus scheme standards, he said.

"The chief problem is that every manufacturer does things differently, just adding to the complexity," he added. "If you run a single-brand site that brand is your sole focus but with multi-brand sites you are dealing with multiple manufacturers, all of whom have different demands."

Securing approval from manufacturers and meeting corporate identity require-

ments (see page 28) can be another headache for dealers, but according to Mark Lambird, managing director at Eastbourne Motoring Centre, which runs Suzuki and Vauxhall franchises on its 2.5-acre site, some have been softening their stance because of the economic conditions. And he also believes that despite having to accommodate other franchises, multi-brand sites receive no less support from manufacturers than single ones.

"With corporate identity, particularly for aftersales, at the time manufacturers jump up and down saying they want this and that, but once it's in place it becomes less of a priority," he said. "Everyone's worrying too much about new car market share at the moment to be preoccupied with corporate identity."

Going one step further, Lambird believes manufacturers empathise with the current plight of dealers. And, in some cases, he said they even welcome the introduction of other brands if it can benefit all parties.

"When we first took on Suzuki in 2010 Vauxhall's development team was almost encouraging us to do so," he said. "It was a win-win situation for everyone: they got to keep a larger portion of the sale price for their vehicles because I now had someone else contributing towards my overheads."

Then there is the issue of the training levy required by each brand with sales and aftersales having to be registered with each

**IF YOU HAVE THE SKILLS AND RESOURCES TO TAKE ON MULTIPLE BRANDS AND CAN MAINTAIN THAT HIGH LEVEL OF PERFORMANCE, ALL WELL AND GOOD**



**KARL DAVIS, COACHWORKS CONSULTING**

particular learning management system. And management's time is also taken up by attending more brand meetings, meaning less time to spend focusing on their core role.

Dealers also need to have dedicated sales people for each brand, which means greater investment in hiring and training. Additional burdens of running a multi-brand site include increased pressure on parking and workshop spaces, particularly if the dealer is required to run more demonstrators or in the event of product recalls.

That said, there are also enormous benefits to running a multi-brand site. The most obvious of which is the cost efficiencies of operating on one site rather than multiple sites, meaning lower busi-

**Are the days of the sprawling single brand dealership site numbered?**







Mitchells gained an impressive 4% return at Ellesmere Port from a mix of Lexus, Mazda and Škoda sales

**C**ness rates and spreading the overheads.

"The main advantage is that you can achieve greater economies of scale, especially with back-of-house functions," said Ardron. "For example, if you run three franchises on one site it makes sense to have one admin department for all."

Mitchell Motor Group sells 2,500 Lexus, Mazda and Škoda cars on average every year from its five-acre site at Ellesmere Port. In 2018, it achieved an impressive 4% return on sales. Managing director Mark Mitchell said the benefits far outweigh the challenges. The key one, he said, is lower overheads such as staff and business rates compared with having multiple single-brand sites.

"We have one workshop, one finance team, one customer care team and one valeting and vehicle preparation team, and overheads of about £120,000 per month," he said. "If we operated over, say, three sites we would be spending nearer to a combined £180,000."

Having multiple brands also ensures that there's a greater throughput of vehicles for servicing and repair. And the aftersales team has a bigger pool of customers on its books.

There's no doubt the dual franchise approach can work. Citroën, DS, Peugeot and Vauxhall have proved to be a natural fit, while manufacturers with a smaller UK footprint such as Mini and Dacia have been

### WHAT'S HAPPENING TO EMPTY SHOWROOMS?

All of this dealer and manufacturer consolidation, not to mention the rise of online sales, has inevitably resulted in dealers closing or moving site, leaving a host of empty showrooms.

"The number of former dealerships coming to market has significantly increased over the past three years and we expect that trend to continue as franchises begin to consolidate and amalgamate," said Automotive Property Consultancy's managing director Bill Bexson. "Finance departments are also reining in their expenditure and are trying to achieve greater economies of scale."

But what does the future hold for these vacant sites?

Many of the prime sites in city or town centres, or retail parks are already being turned into other retail uses by the likes of discount supermarket chains. Others are being earmarked for housing, gyms and fast food outlets.

"These sites are very attractive for alternative uses," said David Manchester, managing director at Automotive Assets. "Retail stores such as Aldi and Lidl are particularly popular."

But, often it's hard to find a buyer or tenant because it may only be fit for one purpose or its usage can't be changed because of local planning regulations.

Regardless of these issues, however, Robert Stephens, a specialist retail property consultant, estimates that as much as one third of available stock could be turned over to alternative use. He believes this is part of a natural evolution as manufacturers and dealers move away from the traditional model.

"We are at a turning point in the market really," he said. "Increasingly it's becoming a manufacturer play where the car showroom with a big sales area is becoming a thing of the past and they are being replaced with more physical touchpoints for the customer."

successfully sold together with BMW and Renault at one location.

"I believe that we're going to see more of a multi-brand approach in the future as dealers try to sweat the assets of their buildings and single-brand sites become more unviable," said Ardron. "That's certainly the approach we're going to be taking."

Lambird added: "At the end of the day it's about appealing to a wider audience with a broader range of product. And, by having a dedicated sales team to look after each brand and a parts and workshop department that goes across, the customer and the dealer get the best of both worlds."

ALEX WRIGHT

# Make the most of now – build for the future

Get more from the plate-change with extended test drives and accident aftercare

**T**he plate-change months of March and September play a defining role for dealerships across the UK every year, usually seeing new registrations reach their annual high as thousands of buyers flock to the forecourts.

In a challenging year for the UK's automotive industry, the September plate change will be more pivotal than ever. Almost 500,000 cars were registered with the 19 plate in March – more than a third of the registrations during the first half of 2019.

While September's 69 plate presents another opportunity for sales executives across the UK, retailers who go the extra mile are increasingly likely to capitalise on the increased footfall. Offering extended test drives and recognising the longer-term benefits of delivering excellent aftercare could give you the edge.

## STAND OUT BY STEPPING ASIDE

With so much competition to make the most of the seasonal sales uplift, dealerships need to do more to stand out. It's tempting to simply add discounts or incentives, but by improving the customer journey itself, retailers can secure both sales and longer-term loyalty.

The demo fleet is often used more as a perk for dealer staff, and while we shouldn't deny employees a genuine benefit of working in automotive retail, this costly fleet of vehicles must be put to work as an effective tool for the business.

The idea of extended, unaccompanied test drives or real-time, customer-driven online booking systems has turned heads, but not always changed minds – a good idea, but not worth the risk.

Test drives are the ultimate platform to build interest, but are not always used to their potential. Gone are the days of offering customers brief, drive-along test drives. Customers expect more, and facilitating this is now much easier.

Platforms such as AX Manage will handle



the vehicle bookings at the dealership and online, performing all relevant checks to ensure the customer is properly insured without risking the dealership's motor trade policy, while allowing the retailer to use telematics to track and protect demo cars.

Today's car buyers are more likely to engage and take a test drive if they can book online, while offering extended or unaccompanied drives can help build a pressure-free customer journey that can increase sales. One dealer group reported that 60% of its customers who took an extended test drive converted to a sale.

With the right telematics supplier, the dealership can see how the vehicle was used during the loan, which gives insight into what is important to the customer's personal driving experience and needs.

## AFTER THE SALE

Plate-change months are not just short-term opportunities to deliver easy sales – they are also a chance to earn longer-term business and loyal returning customers.

It's no longer just about marketing new cars – getting a smart picture of a new car

in front of consumers is one thing, but the journey starts earlier than that, and, more importantly, goes far beyond the sale itself.

In a challenging year, accident aftercare can be a crucial part of a dealership's business, helping to bolster aftersales and providing another customer touchpoint.

Offering an accident aftercare service that keeps customers well cared for, not only helps build your service offering, but extends the relationship between buyer and dealer beyond the initial sale.

With the right accident aftercare service, if the unfortunate occurs, customers will be properly taken care of with a seamless extension to traditional dealer services. Dealerships can earn a satisfied customer, commission from any potential hire, bodyshop and parts revenue, and even a retained customer in the event of a write-off.

In a year that has been challenging for dealerships across the country, retailers that think outside the box – particularly as the new plate arrives in September – and stand out from competitors will make the most of their footfall, setting them up for longer-term success.

For more information, please get in touch with Vince Powell, managing director of AX Innovation, AX at [vpowell@ax-uk.com](mailto:vpowell@ax-uk.com) or on 0844 415 2400





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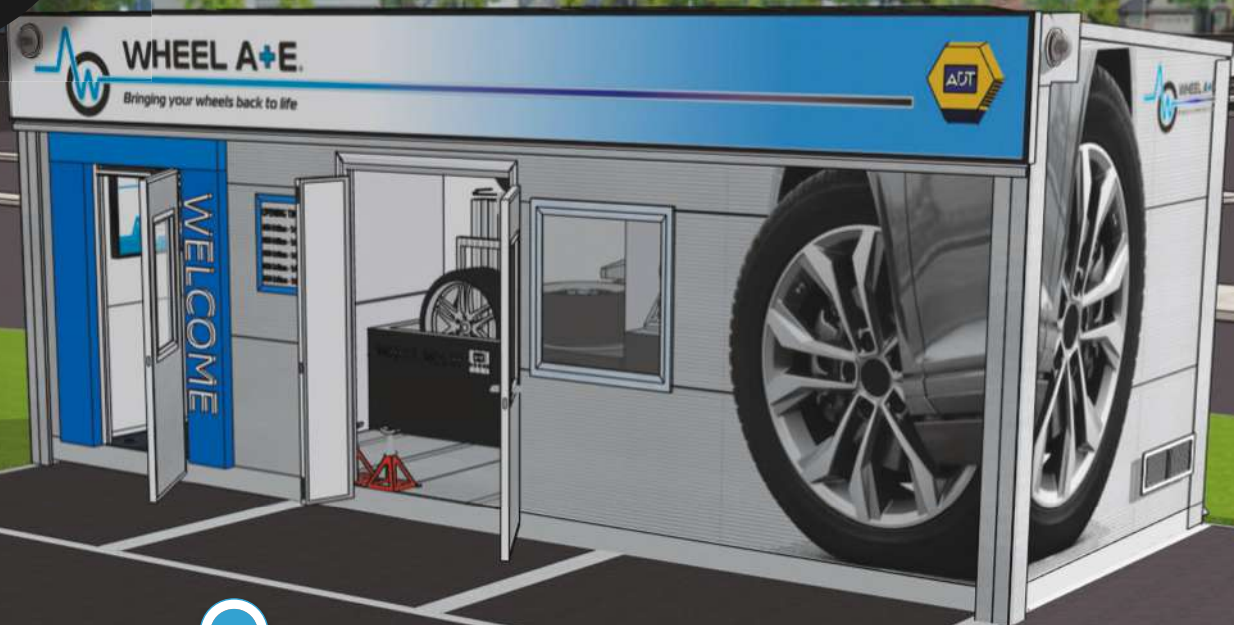
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# How to fund your next car showroom

Property is a crucial part of the motor retailer's portfolio, but how do dealers pay for it?



**M**any dealer groups are not just retail empires, they are property empires, too. Having a strategy to manage this area is essential for all motor retail businesses.

Retailers need to ensure they have the space they need to cater to changing franchise requirements, as well as factor in the flexibility needed for an automotive market that may look vastly different in 20-30 years.

AM has identified the major areas available to retailers to fund their property strategies – freehold, leasing, sale and leaseback and manufacturer lease.

## FREEHOLD VS LEASEHOLD

The UK's largest dealer groups are weighted towards freehold properties.

BDO's latest Motor 150 report, which aggregates the performance of the top 150 companies in the motor retail sector, shows that freehold buildings totalled £3.6 billion and leasehold properties totalled £1bn.

Steve Le Bas, BDO audit partner, said:

"Freehold property really is the crown jewel. Everyone would like to own freehold property. In many acquisitions, buyers will be specifically looking for freehold when considering what to buy."

Le Bas said the major benefit to freehold is "you're not on the hook to a landlord" – it gives dealers control of their own destiny and property will be there no matter what's going on with general trading.

He said: "Dealer group bosses will also be thinking about their future investments and they can always sell off the business, but keep the freehold property as a retirement fund, with regular payments coming in."

With current bank rates low, Le Bas said monthly mortgage and interest payments will be lower in

many cases than the rent charge on a lease, so not only is there a cash flow saving

and profit enhancement, but the dealer group will also benefit from property appreciation.

Tom Poynton, an automotive partner at property specialist Knight Frank, told AM about 75% of the automotive retail industry is freehold, while the rest is leasehold.

He said: "In terms of the number of buildings, freehold is very much the king for dealerships in the UK."

"However, in terms of actual value, that remaining 25% leasehold represents a lot of the big premium gin palaces that are in expensive locations and have large property footprints."

This is the opposite situation to markets such as the US, where the trend is much more towards leasing, with cash used on funding expansion and operations.

Poynton said: "The downside to freehold is that you have capital tied up in the property that could be put to use for the business."

LSH Automotive UK has Mercedes-Benz and Smart dealerships in Manchester and Birmingham. The company has a freehold property strategy.

Paul Franklin, LSH's property manager, said: "Freehold property gives us full control and flexibility. We can adjust what we are doing with the site for redevelopment or change of use if we need to in the future. That's very difficult to do on a lease where you're not in control."

LSH funds its property developments through a combination of debt, or traditional bank loans and shareholder backing.

LSH's parent company is in Hong Kong and Franklin said there is a financial stability there to back up the group's freehold-focused property strategy.

"We're in a lucky position to have that financial backing in Hong Kong. Other groups would probably have to look at leasing as an alternative."

## SALE AND LEASEBACK

To help free up cash flow to invest in other areas, dealerships can sell their properties and then lease them back, something large dealer groups, such as Pendragon, Lookers and Vertu Motors, have done.

Pendragon entered into a sale and leaseback deal in 2007 that generated £300 million to help reduce its debts.

The question for dealers is whether their money can generate a better return invested in property, or in the operational business.

Poynton said it can be an exceptional means of financing new developments (by committing to a lease on completion of the build) or to pursue corporate acquisitions without having to raise equity.

A buyer can simultaneously undertake a sale and leaseback on completion of a corporate acquisition. ➡



# SPOTLIGHT:

## PROPERTY

Le Bas said: "A cynic might say that sale and leasebacks occur when a group is in need of cash generation, so it can be seen as negative by some."

"However, it might also be a positive thing, allowing groups to expand and grow through the generation of funds."

Franklin said leasing passes over control of the property to the landlord.

He said: "The flexibility is gone. You can't knock down and rebuild. If you're tied down to a 25-year lease and the market turns, you're then stuck paying rent that is going to be higher than the mortgage on freehold."

"When the lease expires, that rent could also be increased to the point where it's cost-prohibitive to continue in that location."

### MANUFACTURER LEASE

New-build showrooms require millions of pounds of investment and car manufacturers themselves have been a source of finance to get projects off the ground.

This can help dealer groups in particularly expensive areas such as London. Mercedes-Benz Retail Group has multiple locations in the high cost area of Greater London. Kia also owns the lease at its flagship four-storey West London site, GWR Kia.

However, Les Bas said manufacturer leasing is not just limited to high-cost, city centre locations.

Le Bas said: "Manufacturers are potentially a good source of alternative



finance to fund acquisitions and they are very similar to banks, with their own finance houses capable of offering competitive finance rates.

"They both offer competitive packages and it is well worth groups considering both banks and vehicle manufacturer options and any levels of covenants asked for by both providers before making a final decision."

Covenants may stipulate that a business has to maintain a specific level of profitability to allow it to comfortably meet interest payments on a loan.

Le Bas said: "Some dealer groups like to balance the loan risk across banks as well as manufacturers, so their eggs are not all in the same basket with their property funding."

Poynton said even in situations where a manufacturer lease may not be so apparent for other dealer networks, there are some franchises that will still offer financial assistance to fund premises and this will be more "backroom financial help" that isn't as visible in the market.

While London is always highlighted as a problem area, Franklin said Birmingham and Manchester (where LSH Auto UK is concentrated) are also becoming cost-prohibitive for development.

Franklin is looking at the potential for mixed use for future developments (see our interview with Martyn Webb, LSH's managing director, in the August issue of AM) to help take the pressure off the automotive side of the business, without having to turn to leasing.

LSH is already doing this with initiatives in Australia, where automotive retail sites are shared with retail and residential properties as a result of increasing costs in city centre locations.

Franklin said: "As long as certain franchises state in their standards that the dealership has to be within a certain distance of the city centre, groups will have to look at ways to cover that cost and mixed use is a way to do that." **TOM SEYMOUR**

### LEASING AND IFRS 16

Property leasing is facing some big changes this year, as new rules came into play in January that mean property will be held on some retailers' balance sheet for the first time.

Smaller companies will report their accounts under the rules of the Generally Accepted Accounting Practice in the UK (GAAP), whereas large PLCs will be reporting through International Financial Reporting Standards (IFRS).

The new IFRS 16 standard will affect virtually all commonly used financial ratios and performance metrics such as gearing, earnings before interest, tax, depreciation and amortisation (EBITDA) and earnings before interest and taxes (EBIT).

Property leases will be recognised on the balance sheet as a right-to-use asset and corresponding lease liability.

The lease costs are split between depreciation and interest cost in the income statement, replacing the 'old' straight-lined lease expense.

Owen Edwards, an associate director at

Grant Thornton, said: "It remains unclear whether dealers are likely to change their property strategy due to this change."

"We will have a clearer view over the coming months, as dealers start disclosing their transition to the new standard in their interim and annual accounts."

Edwards said the change has limited or no impact to the net profit of the business, but will increase the EBITDA and EBIT of the business, as the lease expense is removed and replaced by depreciation and interest expense.

Edwards said lenders already take into consideration significant off-balance-sheet leases when reviewing covenants. Therefore, this new reporting standard is expected to make the potential liabilities more visible to lenders and will better enable comparison.

Le Bas said: "A higher EBITDA is not necessarily a bad thing. However, certainly in the first couple of years it will take more explanation as to the change of accounting and presentation."



**IT REMAINS UNCLEAR WHETHER DEALERS ARE LIKELY TO CHANGE THEIR PROPERTY STRATEGY DUE TO THIS CHANGE IN LEASE ACCOUNTING**  
**OWEN EDWARDS, GRANT THORNTON**

"IFRS 16 will focus people's minds a lot more. Previously, the operating lease expense would have been disclosed as a note to the financials, while going forward there could be a significant asset and liability front and centre on the balance sheet."

Le Bas issued a word of caution for those dealer groups that do not currently report their financials through IFRS, as UK GAAP does usually follow the IFRS rules.

He said: "We could see these rules being applied more widely over the next five years, so it's definitely something to keep an eye on."

He also said some dealer boss bonuses can be calculated based on EBITDA, so bonuses may increase as a result.

Le Bas said: "Dealer groups of that size will be sophisticated enough to know about that already and it would mean rewriting a contract through HR to take those new IFRS 16 rules into account on the bonus scheme."





# TOP **TIPS** *for* **RUNNING A** PROFESSIONAL DEALERSHIP

**Aftersales** Customer experience **Digital**  
Finance **Insurance** People **Sales** Stock

## AFTERSALES TIP: SERVICE PLANS

### SPONSOR'S COMMENT

By John O'Donnell, managing director, EMaC



EMaC believes the key to boosting the aftersales revenue stream through service plans is a robust follow-up strategy and re-engagement with consumers.

Dealers should seek to follow up with their consumers after their initial visit to the dealership, chasing up outstanding service plan quotes, either via their own dealership employees or enlisting the help of EMaC's outbound sales team to secure these extra sales.

Dealerships can also now encourage consumers to complete the purchase of their service plan outside of dealership hours, from the comfort of their own home, by using EMaC's new online self-serve facility.

Consumers are always keen to hear about ways they can save money on their servicing costs, so following up with a call or an email outlining the benefits of a service plan makes sense for everybody.

**EMaC.**



**AM says:** "Offer customers the ability to spread their service costs through a service plan that is aligned to the duration of their finance"

Web: [www.emac.co.uk](http://www.emac.co.uk) Tel: 0330 099 6826

## AFTERSALES TIP: AFTERSALES CREDIT FACILITIES

### SPONSOR'S COMMENT

By John O'Donnell, managing director, EMaC



Unexpected bills can often come as an unwelcome surprise to consumers, with many financing the required repairs using a credit card or dipping into savings.

Dealerships can now offer interest-free credit to help consumers pay these bills, including accessory and parts purchases, with EMaC's 'Drive Now, Pay Later+' facility.

This interest-free, monthly instalment plan allows consumers to pay for any dealership expenditure over a period of time – tailored to their individual budget.

By providing this flexible payment option, consumers benefit from greater choice and control over how they pay for their purchases. Dealer revenues are increased and consumer satisfaction is optimised.

'Drive Now, Pay Later+' allows dealers to boost their consumer offering and guarantee a positive experience. Speak to EMaC about Drive Now, Pay Later+ today.

**EMaC.**



**AM says:** "If the customer is facing significant repairs, have a finance partner available to help them cover the cost"

Web: [www.emac.co.uk](http://www.emac.co.uk) Tel: 0330 099 6826

## AFTERSALES TIP: KEY MANAGEMENT & SECURITY

### SPONSOR'S COMMENT

By Adderley Crutchley, product specialist, CCKeys



One of the most commonly overlooked issues in any car dealership is key management and key security. With replacement keys for a modern vehicle costing more than £200 plus re-coding, correct key management can minimise this unnecessary expense.

With multiple members of staff from different departments accessing keys throughout the day, a lot of time can be lost searching for keys. Not only is this an issue for internal staff, the implications can affect customers, who may also be inconvenienced.

An investment in a CCKEYS key management system could help reduce the number of lost keys and improve security and efficiency among staff. CCKEYS offers both a mechanical and electronic key management system tailored to the requirements of your individual dealership.

Please quote 'AM Top Tips' for a discount off your next order.

**CCKEYS**



**AM says:** "Consider key tracking to ensure customers' vehicles remain secure and to keep on top of wasteful vehicle movements"

Email : [sales@ckkeys.co.uk](mailto:sales@ckkeys.co.uk)

## AFTERSALES TIP: CONNECTED TECHNOLOGY



**AM says:** "Connectivity is a platform for the future of your dealership. Link systems, departments and locations and stay connected to your customers every step of the way"

### SPONSOR'S COMMENT

By Stuart Miles, UK managing director at CDK Global



Despite huge technological advancements within the industry, the consumer experience is often still incredibly disconnected. At CDK Global, we see gaps between technologies as an opportunity. The industry is changing fast – to keep pace, we must adapt and innovate.

Our dealership management system (DMS), Autoline Drive, is an integrated platform built for your dealer group's needs. It allows you to seamlessly connect with your customers to build long-term relationships. A dealer recently commented that it has helped to more than double sales leads.

When your systems work together, every team member can communicate more easily and quickly. Increase efficiencies, find new revenue and create experiences that enable growth for your business in an ever-changing automotive retail environment.

**CDKGlobal.**

To find out more, please call 01488 662 662, or visit [www.cdkglobal.co.uk](http://www.cdkglobal.co.uk)



## AFTERSALES TIP: ALLOY WHEEL REPAIRS

### SPONSOR'S COMMENT

By Steve Barrett, director, Diamond Cut Refinishing

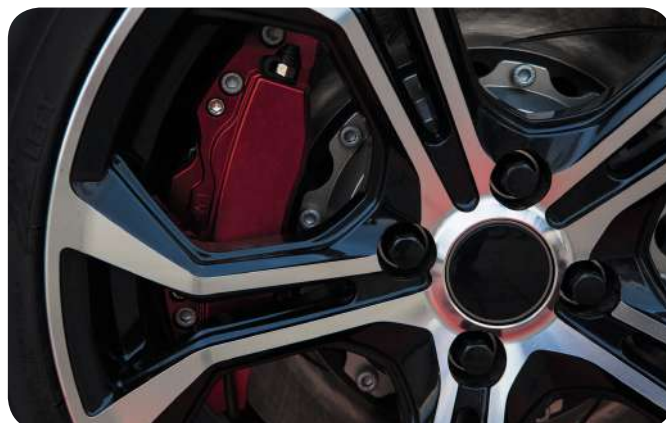


The all-new DC3 has arrived. Are you looking for a quality, manufacturer-level finish to give your customers? We have the solution.

The world's first fully mobile system, small enough to fit into a Peugeot Boxer L4H2 or anything similar, the DC3 can even be installed on a mezzanine floor. It has an easy-to-use touchscreen interface, fast probe system (under three minutes), single-phase plug-and-go system and software that enables you to produce detailed reports.

The DC3 will simplify and modernise your business presence. One of the key benefits of the machine is the ability to refinish a wheel with the tyre on, a real game-changer for speed, and unique in the market.

Our HSE-compliant mobile solution is fully equipped to carry out all types of refinishing for maximum productivity.



**AM says:** "Offering alloy wheel refurbishing can reduce your own stock preparation time and create a potential new upsell opportunity with service customers"

If you want to find out more, call 02392 983 702, email [hello@dc3.world](mailto:hello@dc3.world) or visit [www.dcr.world](http://www.dcr.world)

## CUSTOMER EXPERIENCE TIP: LIVE CHAT



**AM says:** "Extend the showroom's operating hours with online live chat and answer the prospective buyer's queries in real time"

### SPONSOR'S COMMENT

By Thom Coupar-Evans, sales director EMEA, LivePerson



In an ever more competitive retail space, it is vital that automotive dealers capture and fully utilise every opportunity that presents itself.

The most effective way to do this is to increase your availability and contact time with customers. Automotive customers are well informed and frequently conduct extensive research before contacting a dealership. This means they are often at advanced stages in the purchasing process and will not return to a dealership if their initial enquires are not acted upon.

Research shows that a significant amount of automotive research and purchasing takes place after 8pm, outside the "normal" opening hours of most dealerships. This represents a missed opportunity for customer engagement and a potential sale.

LivePerson Automotive's Managed Services solution allows automotive dealerships to offer an always-open service to customers.



[www.liveperson.com/solutions/automotive/](http://www.liveperson.com/solutions/automotive/) • email: [omccarthy@liveperson.com](mailto:omccarthy@liveperson.com) • Telephone: +44 (0) 333 666 5483

## DIGITAL TIP: ECOMMERCE

### SPONSOR'S COMMENT

By Paul Stokes, head of online retailing, GForces



Outside of automotive, consumers are already embracing ecommerce on a much larger scale. Our industry needs to catch up. We need to provide a platform and transactional model they recognise – completely end-to-end and purely retailer-based. Every part of the consumer journey needs to be accommodated within a retailer's native web environment.

Consumers should be provided a choice of buying options, on completely flexible terms they can tailor and control. They should also get an instant decision on finance.

The technological solution that delivers this is out there. NetDirector® Auto-e is the dedicated ecommerce platform from GForces. It enables end-to-end vehicle sales, including finance applications with an instant credit decision. It can also handle part-exchange valuations and complex queries, including existing finance. And, it offers consumers the flexibility and user journey they expect.

**G F O R C E S**



**AM says:** "About one in four consumers says they would buy a car online. Can you afford to ignore 25% of the market?"

[www.gforces.auto](http://www.gforces.auto) | 01622 391 943 | [info@gforces.auto](mailto:info@gforces.auto)

## DIGITAL TIP: ONLINE REPUTATION



**AM says:** "Encourage your customers to leave public reviews on independent websites and invite them to share testimonials for your own online presence"

### SPONSOR'S COMMENT


By Anthony Gaskell, managing director EMEA, Reputation.com



In today's digital-first world, asking your customer base for reviews has many benefits.

Some 90% of people search online for local dealerships, and 86% of people trust online reviews from strangers as much as a personal recommendation from a friend or family member. Reviews are so important for this reason, but they are also a key ranking factor used by Google's search algorithm, help you to look better to prospective customers and build an active, comprehensive online profile for your brand.

Online reviews make up a large piece of the 'feedback economy', where online feedback is the primary source of information for people researching a business, product or service. Online reviews provide people with information that is separate to the traditional marketing activity a brand is putting out. Build a presence on multiple, independent sites and you are setting yourself up for future success online.

 **reputation.com®**

[contact-uk@reputation.com](mailto:contact-uk@reputation.com), 0800 066 4781, Reputation.com, Liverpool Innovation Park, Edge Lane, Liverpool, L7 9NJ

**DIGITAL TIP: LIVE CHAT**



**AM says:** “Equip sales staff with a device that allows them to engage prospects and make appointments, but avoid the hard sell”

**SPONSOR'S COMMENT**

By Thom Coupar-Evans, sales director EMEA, LivePerson



When a consumer approaches a dealership for the first time, it is the start of a long-term relationship between the dealership and the consumer. Developing and maintaining this consumer life cycle should be a top priority for any dealership that wishes to nurture brand loyalty and ultimately repeat custom.

The LivePerson Automotive ecosystem allows dealerships to engage with consumers at every stage of the life cycle, from making enquires on a new model to booking servicing slots and finance options.

This means that the consumer can easily contact the dealership at any point on their own terms and via the platform of their choosing.

Ultimately, this gives dealerships the ability to reach out to consumers in a manner that lets the consumer maintain control and avoid any hard sell situations.



[www.liveperson.com/solutions/automotive/](http://www.liveperson.com/solutions/automotive/) • email: [omccarthy@liveperson.com](mailto:omccarthy@liveperson.com) • Telephone: +44 (0) 333 666 5483

**DIGITAL TIP: CUSTOMER INSIGHT**

**SPONSOR'S COMMENT**

By Tom Arnold, automotive industry expert, Acxiom



The way customers interact with dealerships is changing. Dealership visits prior to purchase are decreasing year-on-year as more research and consideration are done in the digital space. With the traditional purchase cycle of three to five years changing, automotive marketers need to use data to connect with customers. Dealerships need to better understand their customers to ensure that when that critical interaction happens, the message to the customer is relevant and personalised. Getting the right message to the customer at the right time is becoming even more critical.

Acxiom helps marketers to get the right online and offline data across all available data sources and puts that power into the hands of the salesperson. Only through visualising this data can you identify, understand and engage real people about their driving desires and needs, both in the moment and over time.



**AM says:** “Segment your customer base and target your marketing accordingly to greater effect”

To learn more, email [tom.arnold@acxiom.com](mailto:tom.arnold@acxiom.com), call 020 7526 5294 or visit [www.acxiom.co.uk/how-we-can-help/automotive](http://www.acxiom.co.uk/how-we-can-help/automotive)



## FINANCE TIP: ACCREDITATION AND EDUCATION



**AM says:** “A well trained, accredited F&I salesperson can garner customer trust and promote compliance”

### SPONSOR'S COMMENT

By Spencer Halil, managing director, ALPHERA Financial Services



Car dealers and finance brokers are facing unparalleled levels of scrutiny from the Financial Conduct Authority, and consumers, regarding the promotion and sale of vehicle finance. It is, therefore, particularly important that retailers have the skills and knowledge necessary to qualify properly a customer's needs, and deliver the facts about finance products in a clear, transparent manner. Every business should be enabling customers to make an informed decision about how they finance their car.

Education and accreditation of standards can help finance sellers to do this. Alphera has partnered with the Institute of the Motor Industry (IMI) to promote a new accreditation scheme for finance and insurance sales specialists, to improve sales standards and enhance transparency in the sale of car finance. A well trained, accredited salesperson won't just help to ensure regulatory compliance – but they can garner higher levels of customer trust, too.



To find out more about IMI accreditation, visit [alphera.co.uk/imi-partnership](http://alphera.co.uk/imi-partnership)

## INSURANCE TIP: GAP

### SPONSOR'S COMMENT

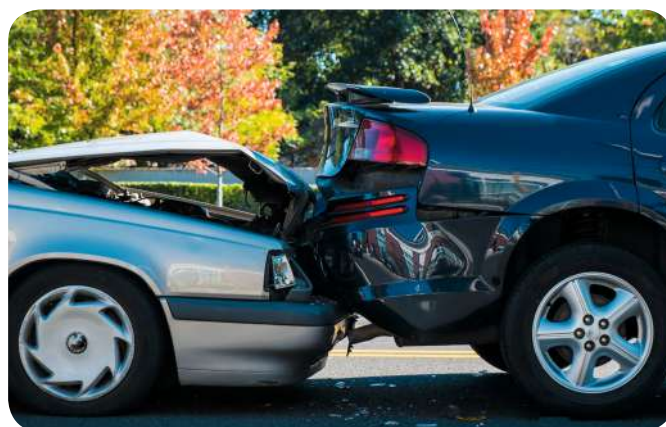
By Steve McCombe, head of corporate sales, north, AutoProtect



GAP or RTI insurance provides important peace of mind for customers should their car suffer from a total loss. How the vehicle was purchased is not of importance, as AutoProtect offers a combined finance and return to invoice (RTI) product. This is designed to protect the customer whether they are left financially exposed because the road risk insurer will not cover the full financial settlement or original invoice value of the vehicle.

With the emerging use of PCH, AutoProtect has developed a specific product that covers any shortfall between the insurer valuation and any outstanding payments – in addition, it offers three months' worth of deposit for a new lease car.

A tip for customers pointing to 'new for old' cover they may have on their car insurance – cover can be transferred to the replacement vehicle free of charge under the AutoProtect policy.



**AM says:** “Ensure sales staff are mindful of the deferred sale period and present GAP at the earliest opportunity”

Website: [www.autoprotect.co.uk/contact](http://www.autoprotect.co.uk/contact) • Telephone: 01279 456 600 • Steve: [smccombe@autoprotect.net](mailto:smccombe@autoprotect.net)

INSURANCE TIP: ALLOY WHEEL AND TYRE



**AM says:** “Buyers of cars with large alloy wheels on low-profile tyres are particularly vulnerable to kerb damage and should be offered alloy wheel insurance”

SPONSOR'S COMMENT

By Chris Benham, head of corporate sales, south, AutoProtect



If the car a customer is purchasing has alloy wheels, always highlight the availability of alloy wheel insurance. The protection from AutoProtect is designed to keep alloys in 'as new' condition should a mishap occur (we all know that it can) and the cost of repair, especially if it involves diamond cutting, can be expensive.

An appropriate way to start a dialogue about alloy wheel insurance is during the part-exchange appraisal, because any damage on a customer's current alloys immediately impacts the part-ex value.

Tyre insurance covers both accidental and malicious damage to your customer's tyres. Obviously, wear and tear is excluded, which does need to be clearly explained.

The AutoProtect cover can provide a fast, convenient service. Customers can also use a tyre specialist of their choosing and claims can be paid on receipt of a VAT invoice from the repairer.



Website: [www.autoprotect.co.uk/contact](http://www.autoprotect.co.uk/contact) • Telephone: 01279 456 600 • Chris: [cbenham@autoprotect.net](mailto:cbenham@autoprotect.net)

INSURANCE TIP: SMART REPAIR

SPONSOR'S COMMENT

By Nick Franklin, head of distribution and product development, AutoProtect



SMART repair insurance is the perfect product for pretty much every customer and AutoProtect has the TrustPilot ratings to prove it.

Central to the high satisfaction rating of SMART repair insurance is the unique, joined-up approach between AutoProtect and its national network of award-winning, BSI-certified and manufacturer-approved minor damage experts at Shine, who will always aim to undertake repairs in as little as 14 days.

Chips, minor dents and scuffs are a frustrating part of motoring today – help your customers to keep their car looking pristine and to protect its value. All work is guaranteed for as long as the customer owns the vehicle.

With a high rate of successful claims and great satisfaction ratings, how might SMART cover from AutoProtect help your customer relationships and bottom line?



**AM says:** “Highlight the convenience of having SMART repair insurance if a customer is buying on PCP or PCH and may face end-of-contract charges for damage”

Website: [www.autoprotect.co.uk/contact](http://www.autoprotect.co.uk/contact) • Telephone: 01279 456 600 • Nick: [nfranklin@autoprotect.net](mailto:nfranklin@autoprotect.net)

## INSURANCE TIP: WARRANTY



**AM says:** “Offer the customer an opportunity to buy an extended warranty that would cover their used car for the duration of their finance agreement”

### SPONSOR'S COMMENT

By John Saleh, head of field operations, Car Care Plan



In today's risk-averse society, an extended warranty is high on your customers' list of priorities when it comes to buying a used car, especially where roadside assistance/recovery are included as part of the warranty package.

It offers peace of mind should the unexpected happen after they drive away from your forecourt. Where a dealer-branded programme is being used, it also demonstrates your confidence in the vehicles that you are retailing.

As well as proving vital to the initial sale of the vehicle, warranty is also hugely important to customer retention. The key to successfully building trust in your dealership is understanding your customers' individual needs and catering to their requirements, which ultimately leads to enhanced customer loyalty.

Car Care Plan's tailored warranty programmes are certain to meet the needs of both the dealership and the customer.



[www.carcareplan.co.uk](http://www.carcareplan.co.uk) 0344 573 8000

## PEOPLE TIP: TRAINING

### SPONSOR'S COMMENT

By Paul Canning, director, GMD People



Empowering someone to discover their full potential is a game-changer. Letting colleagues influence their own learning journey builds confidence and motivation, while creating accountability. It is this engagement that turns the cost of development into a high-yielding investment.

Designing a development plan around an individual's strengths and needs, while taking into consideration their learning style, welfare, overall wellbeing and mindfulness, will increase results. Knowledge is not always the element that is missing – it can be the skill or motivation to implement that knowledge. Supporting others so they can master the subject and involving them in the creation of their own development programme will tap into their intrinsic motivation. This will help preserve changes longer and be more rewarding.

At GMD People, we work with several organisations to create bespoke management development programmes.



**AM says:** “Staff may feel more engaged and valued if they have personalised development programmes”

For more information, contact [paul.canning@gmdpeople.com](mailto:paul.canning@gmdpeople.com). [www.gmdpeople.com](http://www.gmdpeople.com) 01327 831 371



**PEOPLE TIP: RECRUITMENT**



**AM says:** “Hire for attitude by using an extended assessment process to find the best candidates for customer-facing roles”

**SPONSOR'S COMMENT**

By Paul Canning, director, GMD People



The increasing importance to deliver and maintain high standards of customer care is a key leadership challenge – especially when staff turnover remains high.

It is important to accurately and scientifically filter out candidates who are not suitable for a customer-facing role. Using scientific assessments and activities to profile each candidate against pre-agreed cognitive, emotional and personality attributes, indicates how well matched an applicant is to that specific role. Not only does this remove bias and guessing who may be the right candidate, it gives them the best chance to fit into your team and business culture. Therefore, they are more likely to perform to the high standards you seek, and to stay for longer.

GMD People offers a time-saving, cost-effective online platform that can assist you quickly and accurately to make the best people decisions every time.



For more information, contact [paul.canning@gmdpeople.com](mailto:paul.canning@gmdpeople.com). [www.gmdpeople.com](http://www.gmdpeople.com) 01327 831 371

**SALES TIP: EVENTS**

**SPONSOR'S COMMENT**

By Morton Robinson, account director, DPP Events



We put our money where our mouth is and shoulder the whole financial risk ourselves by fully funding your event's promotional activity, so it's a win-win for you.

DPP have been creating VIP events for 30 years. Originally designed to motivate sales teams to overachieve during key sales periods, they have evolved into slick prospecting portals, with league tables to display your best performers and online games to focus your teams on profit as well as unit sales.

For the customer, we back your event with a range of VIP creatives so your events stay fresh time after time.

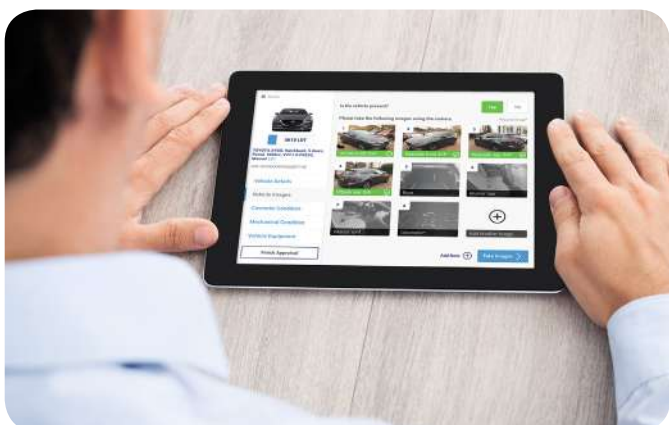
But the scheme's USP is that DPP funds it entirely. We are that confident your event will succeed, we are reimbursed for each generated appointment. The risk is down to us and the dealer only pays for the success of their event.



**AM says:** “A tactical sales event with prizes and bonuses will help focus your sales team on an immediate target, and could leave your loyal customers feeling like VIPs”

If you want to find out more, call 07855 767 972, email [morton.robinson@dppublicity.com](mailto:morton.robinson@dppublicity.com) or visit [dppublicity.com/events](http://dppublicity.com/events)

## STOCK TIP: VALUATIONS



**AM says:** "Managing the part-exchange process effectively relies on accurate part-ex vehicle appraisals and valuations to ensure you stack the deal correctly for your business and don't lose profit"

### SPONSOR'S COMMENT

By Stuart Pearson, COO, BCA UK Remarketing



In a fast-moving market, it is more important than ever to value part-exchanges accurately and in line with market expectations. BCA's unique Dealer Pro tool helps your sales team to accurately appraise and realistically value a customer's vehicle using BCA Valuations.

BCA Valuations is the only service that reflects remarketing sale values in real time, using a range of insight, including cosmetic and mechanical condition, colour and equipment. The service uses fully automated machine learning algorithms every night to calculate fair and unbiased valuations, based on 200 distinct data points across five million real transactions.

Uniquely, BCA Valuations also generates daily price forecasts that reflect future stand-in value (SIV), meaning profitable deals can be made that meet the retail customer's expectations, while allowing for fluctuating demand and potential depreciation.



Log on to [bca.co.uk](http://bca.co.uk) or call 0344 875 3480

## STOCK TIP: AUCTIONS

### SPONSOR'S COMMENT

By Stuart Pearson, COO, BCA UK Remarketing



With such a wide range of stock on offer every day, identifying and locating the right vehicles is paramount. BCA Account Card holders have access to additional services that make the buying process easier and more profitable.

Approved BCA trade buyers can buy online with BCA Live Online and get all the benefits from using the BCA Buyer app. Available free in the App or Google Play Stores, the BCA Buyer app enables you to search and track vehicles on the go. You can access catalogue listings and BCA Assured reports and view imagery while searching the largest choice of stock available in one place on your mobile device. BCA account holders can purchase BCA Buy Now fixed-price stock directly through the app.

The Buyer app gives BCA customers a truly personalised digital experience that supports their business needs and means they never need miss a profit opportunity.



**AM says:** "Register with the auction house online to begin your stock search and check all buyer condition and mechanical reports to inform your purchasing decisions. If you don't have a buyer account, apply to set this up in advance"

Log on to [bca.co.uk](http://bca.co.uk) or call 0344 875 3480

**STOCK TIP: DATA**

**SPONSOR'S COMMENT**

By Chris Stott, managing director, SalesMaster



Access to real-time and accurate data is key for a retailer's success. It enables sales teams to maximise every opportunity and allows for up-to-the-minute reporting at the touch of a button, providing in-depth analysis of group performance.

SalesMaster's STOCKBOOK automatically combines and processes group-wide vehicle data. We take data from your DMS, factory and third-party systems and enhance it. STOCKBOOK gives your team instant access to accurate vehicle information, so they can confidently sell from stock.

We give you a super-fast stock locator powered by our industry-leading smart search. User updates happen in real time, so everyone has the latest information.

With one place to look, STOCKBOOK becomes the oracle for live visibility for all stock types across all sites and gives you the confidence to report on up-to-date information.



**AM says:** "Provide accurate real-time vehicle information so you can sell from stock with confidence"

SalesMaster UK – 01908 650 950 – salesmaster.co.uk – Denbigh House, Denbigh Road, Bletchley, Milton Keynes, Bucks, MK1 1DF

# AM ONLINE

AUTOMOTIVE MANAGEMENT

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Visitors can also sign up for our daily newsletter and Saturday news digest to catch up on the most important stories from the week.

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**DEALERSHIP ONLY PROTECTION**  
CERAMIC DETAILING TECHNOLOGY  
ADVANCED DETAILING TO DEALERSHIP



**GUARANTEE**

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# RENAULT CLIO: IS THE MK5 THE CAR TO B



The fifth-generation Clio sits on an all-new platform



**O**ver the past 30 years, the Renault Clio has consistently been the best-selling model in its class, with more than 15 million sold across Europe. However, it has never really found favour with UK buyers, who preferred the Ford Fiesta and Vauxhall Corsa.

Launching this autumn, the fifth-generation Clio sits on an all-new platform, making it lighter, safer and more technologically advanced.

Externally, it bears a strong resemblance to the outgoing model, but still looks fresh alongside boxier rivals.

Inside, the cheap-looking (and feeling) dashboard has been replaced. It is dominated by a 9.3-inch, portrait-mounted touchscreen, which provides audio, navigation and smartphone connectivity.

The infotainment system's glossy screen has high-resolution graphics and a much slicker operation than we have previously

seen in a Renault. It is fully connected too, so customers can access live traffic information, weather and fuel prices. A 10-inch digital instrument cluster is available on higher-spec models.

Soft-touch materials are used generously, giving the car an edge over its competition and improving passenger comfort.

The engine line-up starts with a 1.0-litre three-cylinder 75PS unit (SCe 75). A turbo-charged version delivers 100PS (TCe 100). There is also a four-cylinder petrol with 130PS (TCe 130) and an 85PS 1.5-litre diesel (dCi 85).

Renault predicts the TCe 100 will be the most popular model among UK buyers.

Next year, an E-Tech hybrid model will join the line-up. Specifications are yet to be revealed, but Renault said it will be able to spend 80% of its time operating on electric when in the city.

The TCe 100 should suit the needs of most buyers. It can accelerate from 0-60mph in

“

WE WANT TO  
AVOID DEALS  
THAT DO NOT  
LEAD TO  
LOYALTY

VINCENT  
TOURETTE,  
RENAULT UK

less than 12 seconds and promises up to 64mpg.

During our test, we were impressed by the engine's refinement. It is happy to cruise at motorway speeds and provides good responsiveness for town driving.

The more powerful TCe 130 uses a seven-speed twin-clutch automatic transmission, giving it a more relaxing drive than the five-speed manual in the lower-powered car.

The diesel promises to be the economy champion, with claims of up to 78mpg. However, its meagre power output means it may be too slow to tempt buyers.

One area where the old Clio failed to compete with rival cars was handling. In the new car, things are very different. The steering is much more direct and can be further enhanced by using the 'sport' driving mode.

Firmer suspension gives a more engaging drive, giving the Clio a driving experience



# REAK THE B-SEGMENT IN THE UK?



A 9.3-inch touchscreen provides audio, navigation and smartphone connectivity



FROM  
£14,295



1.0 75PS, 1.0  
100PS AND 1.3  
130PS PETROLS;  
1.5 85PS DIESEL



0-62MPH  
9 - 14.7  
TOP SPEED  
110 - 124



5SP/6SP MANUAL;  
7SP EDC



54 - 78MPG



100 - 119G/KM CO<sub>2</sub>

close to the class-leading Ford Fiesta.

On rougher surfaces, the new Clio doesn't absorb the bumps as well as the old car did, but on balance the smoother ride and firmer handling is a welcome improvement.

Prices start at £14,295 for the entry-level SCe 75, which is £1,000 cheaper than the new Corsa and £1,700 less than the Fiesta.

Three trims will be offered: Play, Iconic and RS Line. All models feature autonomous emergency braking and LED headlights.

Adaptive cruise control and lane centering will be offered as part of a driver assistance pack, providing semi-autonomous functionality.

Renault needs a car to jump-start its sales in the UK, and the Clio is a breath of fresh air in the brand's line-up.

Pricing that pitches it below its key rivals and a new generation hybrid due in 2020 could make it a top contender in both retail and fleet. **MATT DE PREZ**

## Q&A



VINCENT  
TOURETTE,  
MANAGING  
DIRECTOR,  
RENAULT UK

### Where is Renault UK's performance this year in comparison with targets?

We are on track with our ambition this year. Renault, more or less, has maintained its volume. We have grown with Dacia. Overall, as a group, we are growing. More importantly, we used 2017 and the beginning of 2018 to restore the quality of our business in the UK - it had been impacted a lot by Brexit and dieselgate.

### Will you exit non-profit business?

We are careful with our channel balance, which was too unbalanced. I would not say we have exited the less profitable channels, but we have a much better balance between them. We want to avoid deals that do not lead to loyalty. Retail business and core fleet are more loyal in the long term. They are not necessarily the most profitable, but they are more sustainable and that is what matters to me.

### Has the switch from four-year warranty back to three affected sales?

I have not noticed an obvious consequence. In the end, it was a trade-off between the investment it was

requiring and the awareness it has created. Unfortunately, the awareness was not there.

From a customer perception point of view, we have had so many people coming back to us saying they were not aware that they had a four-year warranty or other combined services.

We invested, instead, in the Easy Life strategy, giving better price positioning and simplification of the range.

### What percentage of dealerships are using your new format?

We have more than 50% today, the plan is to target 100% by the end of this year. We are on track with that.

### How many sites do you have and what is your ideal number?

We have 152 at the moment. We have to consider coverage and capacity. Our coverage today is not among the strongest, but our competitors tend to have similar targets. What we lack is the capacity. Dacia is growing rapidly, we have more and more cars on the road. To maintain these cars in after-sales, we have to grow that capacity.

### Will you open solus Dacia sites?

We don't see that. It's not the strategy. The business model is for Dacia to work together with Renault. The margin at Dacia is very low, the interest is also very low. If we broke the model, we would have to have higher prices.

## ≡ REVIEW RATINGS

### AUTO EXPRESS



### CAR



### PARKERS



## ≡ KEY RIVALS



Ford Fiesta



HANDLING AND  
RANGE VARIETY



INTERIOR AND  
INFOTAINMENT



Nissan Micra



PRACTICALITY AND  
INTERIOR QUALITY



EXPENSIVE OPTIONS  
AND DRIVEABILITY



Volkswagen Polo



REFINEMENT AND  
BUILD QUALITY



BLAND LOOKS



## ADVERTISING FEATURE

# Profit springs from accurate appraisal and quick churn

By Stuart Pearson, COO, BCA UK Remarketing



As sourcing good-quality stock becomes ever more competitive for dealers, identifying and retaining those retail-quality part-exchange cars is essential.

In the September plate-change period, dealers will see increasing numbers of part-ex vehicles and sorting the wheat from the chaff will be critical to trading profitably.

BCA Dealer Pro allows dealers to appraise, get daily adjusted valuations and remarket part-ex vehicles and maintain inventory at the touch of a screen, with the freedom to see what is available across the entire dealer group where applicable.

Available as an app, BCA Dealer Pro allows for the part-exchange process to be managed quickly and easily, helping dealers to close the deal with their retail customers with full transparency, minimum fuss and maximum efficiency.

In partnership with BCA Partner Finance, the part-ex itself can be funded, helping cashflow and freeing up capital. Operating within the Dealer Pro platform, it allows dealers to appraise the vehicle and then apply for funding based on the BCA valuation.

This creates a unique stock management solution for the market. The Dealer Pro platform enables dealers to monitor stock levels, refresh valuations and decide which vehicles to remarket through BCA, while BCA Partner Finance offers dealers secure funding to purchase used cars at BCA and through part-exchange.

Together, Dealer Pro and Partner Finance create a stock management solution that is flexible and scalable, allowing dealers to react quickly to market conditions and make the most of any profit opportunities that arise.

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## SHOWROOM LONG-TERM REPORTS

### MITSUBISHI OUTLANDER

REPORT  
PROGRESS



## BIK RATE CHANGES MAKE A COMPELLING CASE FOR PHEVS

**B**enefit-in-kind (BIK) tax changes for company car users due in April will make the Mitsubishi Outlander PHEV more attractive to business motorists.

The BIK rate on the Outlander PHEV – the UK's best selling plug-in hybrid – will fall from 16% to 12%.

Rob Lindley, the managing director of Mitsubishi Motors UK, has also called for a review of VED banding, which currently delivers just a £10-a-year incentive for those buying a lower-emission vehicle.

"It is encouraging that proper consideration has been given to plug-in hybrid vehicles as part of the upcoming BIK updates. We are hopeful that the Government is beginning to understand that PHEVs represent the perfect segue to a zero-emission future," said Lindley.

A survey of UK Outlander PHEV customers by Kadence International for Mitsubishi found more than half of their average weekly mileage of 179.2 miles is driven in electric mode (90.6 miles), with 68% charging the car at least daily.

As AM's editor, I've been fortunate to test cars of all power-train types (except hydrogen) and I concur that PHEV is a suitable compromise for many people. About 75% of my usage of this Outlander has been on electric. It makes home charging a habit, builds it into the driver's mindset, and does it without the fear-factor – undue in my view – of becoming stranded on a roadside with a flat battery. **TIM ROSE**



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MILES (WLTP)



FINANCE – 0%  
APR 25-MONTH  
PCP, £473  
A MONTH



CO2 EMISSIONS  
– 46G/KM  
(WLTP)



AFV SEGMENT  
SHARE: 11.9%  
(H1 2019)

CURRENT  
MILEAGE

0 5 0 8 4

START  
MILEAGE

0 0 3 7 2

## ≡ GUESS THE CAR COMPETITION

THIS MONTH'S WINNER



John Beckingham, brand manager at Proven Motor Company, in Halesmere, Surrey, correctly identified the Nissan Micra CC in last month's issue.

## SEAT LEON ST SE 1-LITRE TSI

REPORT  
PROGRESS



## GOOD DESIGN AND FUNCTIONALITY LEAVE LIFE IN THIS OLD DOG YET

**A**lthough the current Leon is ripe for replacement, Seat announced in July that sales of the third-generation had reached one million and it accounted for one in four cars sold by the brand in the first half of 2019.

A busy period of road tests and business commitments gave AM's Leon ST something of a reprieve after two months of fairly heavy use. But when I returned to its comfortable, fabric-trimmed seats in pursuit of pure practicality, it underlined that Seat's best-selling car still excels at what the brand calls "formula Leon" – the focus on design and functionality.

Car buyers may be turning to newer SUV models in their droves, but the Leon ST offers better legroom and boot space than any soft-roader for similar money.

Skipping between cars did occasionally highlight the 115PS, one-litre engine's limited torque at lower revs, which can come up a little short on an uphill slog with a laden car.

The Leon ST excelled in the realm usually the preserve of a diesel – longer motorway runs regularly delivering near-60mpg fuel economy.

The Seat Leon is far from the market's newest contender, with the Kia Ceed Sportswagon, Toyota Corolla Estate and Ford Focus Estate all very fresh.

But three months in its company have proven that it remains a practical option that should remain firmly on buyers' consideration lists. **TOM SHARPE**



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MILEAGE**

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See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email [am@bauermedia.co.uk](mailto: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, September 13.



## ADVERTISING FEATURE

# Valeting, imaging and your legal obligations

By **Michaela Gunney**, sales director,  
**Secure Valeting Group**



Secure Valeting Group has more than 20 years of experience in supporting the top 100 dealer groups across the UK.

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**Chris Lane**, Head of Transport Innovation, TfWM

**Edward Kulperger**, VP Europe, Geotab

**Laura Shoaf**, Managing Director, TfWM

**Dr. Jo Dally**, Global Head of City Partnerships, Lead for the Advanced Mobility Unit, BP

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**Gordon Young**, Head of Vehicle Finance, MacQuarie

**Councillor Waseem Zaffar**, Birmingham City Council Cabinet Member

**Polly Billington**, Director UK100

**Bridget Rosewell**, Commissioner, National Infrastructure Commission

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# LEADING LIGHTS ON FUTURE MOBILITY WILL OFFER INSIGHT AT CONFERENCE

September event will address the key challenges and opportunities delegates may encounter

**S**mart Transport Conference delegates will be able to hear from a range of experts in the field of future mobility, on September 18.

Among the key topics of discussion will be the move to connected and autonomous vehicles, including electrification of the vehicle parc.

Outlining the key mobility challenges facing Government will be Bridget Rosewell of the National Infrastructure Commission.

She is an experienced director, policymaker and economist, with a track record in advising public and private sector clients on key strategic issues.

Her speech will focus on the recommendations outlined in the commission's National Infrastructure Assessment and will outline how the country can transition to electric vehicles by 2030.

Rosewell has worked extensively on cities, infrastructure and finance, advising on projects in road and rail and on major property developments and regeneration. She has been a member of bodies looking at the future of public services, city finance, London finance, the north-east economy, the City Growth Commission and the London Infrastructure Commission. She has also served as chief economic adviser to the Greater London Authority (2002 to 2012) and her book, *'Reinventing London'*, was published in 2014.

"A rapid switch to electric vehicles is feasible and desirable and it's positive that the Government has committed to a national high-speed charging network. Our assessment shows just £10m of funding could deliver a core national rapid charging network through subsidising, by 2022, rapid chargers in rural and remote areas where the market won't deliver in the short term," said Rosewell.



**A RAPID SWITCH TO ELECTRIC VEHICLES IS FEASIBLE AND DESIRABLE AND IT'S POSITIVE**  
**BRIDGET ROSEWELL, COMMISSIONER, NIC**

Laura Shoaf, managing director of Transport for West Midlands (TfWM), will outline how the West Midlands Combined Authority (WMCA) is harnessing emerging technologies and pioneering smart transport initiatives.

She has more than 25 years' international experience in delivering integrated economic and spatial regeneration and is the first woman in England to lead a strategic transport authority.

TfWM is the driving force behind the development of integrated transport in the West Midlands. Shoaf is responsible for initiatives across the metropolitan area such as the build and operation of the Midland Metro, the operation of the Key Route Network, producing the region's Strategic Transport Plan, and working across all modes, including rail, metro and bus, to deliver new infrastructure and services.

Shoaf said: "The West Midlands is

the home of mobility and some of the original innovative pioneers such as Boulton, Watt and Murdoch. However, with success comes a downside and that is the region has become the home of the traffic jam.

"Our vision and role at WMCA is to overcome this unwanted label by driving economic growth in the region so we can become a healthier, happier, better connected and more prosperous region using innovation in transport and technology to create sustainable ways of getting the region moving."

The presentation will identify just some of the pioneering work being done in the West Midlands around Mobility as a Service, Connected and Autonomous Vehicle (CAV) projects, 5G, Smart Ticketing, cycling and walking.

"We will use and build on these innovations along with significant investment in our core transport systems to restore the West Midlands to its rightful status as home of mobility and innovation," added Shoaf.

Also presenting at Smart Transport Conference is Dr Daniel Ruiz, chief executive officer at Zenzic. He will talk about how the development of CAVs will help the Government overcome mobility challenges.

Ruiz leads the UK's £100 million CAV programme.

Polly Billington, director of UK100, will outline how local leadership can make a difference on clean transport.

She was previously special adviser at the then Department of Energy and Climate Change (DECC) 2008-10 and director of communications on Sadiq Khan's selection campaign to be Labour's candidate for London Mayor.

She devised and led the 100% London campaign, getting both mayoral candidates Zac Goldsmith and Khan to commit to London adopting 100% clean energy.

The Smart Transport Conference is dedicated to connecting the policies set out by the public sector to the capabilities presented by the private sector through networking, knowledge transferring and debates.

The conference presents the key challenges and opportunities that delegates could face as a result of the changing climate and implications of UK Government policy, and the effects of new technological advancements on firms.

Using practical case studies, the conference will focus on real-world solutions to key future mobility challenges facing central and local government across the UK and will provide a roadmap towards practical, integrated transport solutions.

MATT DE PREZ

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# TRAIN TO HELP THOSE AFFECTED BY ANXIETY OR DEPRESSION

Charity survey reveals problem of workers with mental health issues is widespread

**A**utomotive industry charity, Ben, has recorded an increase in mental health issues within the sector representing 52% of all enquiries for 2018/19 compared with 29% the previous year.

Ben's 2018/19 Impact Report shows that people working in more than half of the businesses in the automotive industry (54%) are suffering from stress and nearly half (49%) are affected by anxiety.

Ben supported 433 individuals to access counselling or talking therapies last year and has seen a 74% increase in referrals to its mental health assessment service in a year (April-June 2019 versus April-June 2018).

Mental health issues are obviously not something isolated to automotive, with the CIPD (Chartered Institute of Personal Development) 2018 Health and Wellbeing Report showing that one in four people in the UK experience a mental health problem each year. But Ben's report puts it into focus for dealer groups.

It was Ben's second industry-wide survey, contacting 593 individuals and employers, including business leaders and HR professionals, asking about the issues impacting them.



**IT'S IMPORTANT TO ACKNOWLEDGE INDIVIDUALS AND EMPLOYERS WHO SEEK SUPPORT AT CRISIS POINT. WE NEED TO RECOGNISE AND RESPOND WHEN PEOPLE COME TO US AT RISK OF, OR AFFECTED BY, SELF-HARM OR SUICIDE**



**RACHEL CLIFT, BEN HEALTH AND WELLBEING DIRECTOR**



Rachel Clift, Ben health and wellbeing director, said: "It appears that the rise in mental health issues within the automotive industry (particularly anxiety), is being influenced by political uncertainty, the pressure of advancing technology and welfare reform.

"It's important to acknowledge individuals and employers who seek support at crisis point. We need to recognise and respond when people come to us at risk of, or affected by, self-harm or suicide."

Clift said that the automotive industry has a high proportion of male employees and men are close to three times more likely to take their own life than women.

Ben offers its Critical Response Service to help those in the automotive industry support their employees. Through this service, the charity provides on-site trauma support which, to date, has seen it predominantly supporting employers and employees after a colleague has taken their own life.

Clift said: "This is a stark reality for us and the industry. With issues like this in mind, we have a responsibility. We look after our own – our automotive industry people. We're here for anyone who works, or has worked, in the industry and their family dependents when life gets tough."

All of Sinclair Group's managers have been through Ben's mental health

training. This wasn't mandatory, but Judith Sadler, Sinclair head of HR, told *AM* that managers volunteered to go through the sessions once they knew it was available.

Sadler noticed that some managers were being approached by staff on issues related to mental health which they didn't feel properly equipped to deal with.

Managers attended training in groups of up to 12 over a period of three months and there were five sessions in total.

Sadler said: "Managers felt the training was something they needed and it's been useful, offering them practical advice they can implement.

"By putting this training in place we're putting the message out to those working at the group that this isn't a taboo subject and managers are ready to help support you when you knock on their door."

Sinclair has since been involved with fundraising with Hats on For Mental Health Day, where staff donate and come to work wearing a silly hat (pictured).

While the fundraising element was important, Sadler said seeing people at work wearing the hats was another great awareness raiser within the company to show how many people were ready and willing to help with mental health support.

Sadler is now seeking volunteers to become "wellness coaches" to help support staff with the right information if they're feeling anxious or depressed.



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# TALENT ON THE MOVE



**ANDY GOSS,  
NON-EXECUTIVE  
CHAIRMAN AT  
VERTU MOTORS**

Vertu Motors has named Andy Goss as its new non-executive chairman, following the departure of Peter Jones.

The former Jaguar Land Rover (JLR), Porsche and Toyota man has been a non-executive director

at the AM100's fifth-placed franchised retail group since September 2018, but was elevated to his new post with effect from July 25.

Jones announced his intention to retire from the Vertu board in May.

Vertu said Goss's appointment had followed "an extensive recruitment process".

Goss has considerable experience in the automotive sector including a posting as sales director at Toyota GB, the chief executive of Porsche Car GB and in a series of roles at JLR.

Immediately prior to joining Vertu last year, he had held the post of group sales director and was a member of the JLR board.

Goss said: "I am very excited to be leading the board in what promises to be a fascinating

period in the sector in the next few years.

"With its strong balance sheet, best-in-class systems and processes and strong and stable management team, Vertu is well positioned to benefit from the challenges and opportunities in the motor retail market.

"I look forward to supporting the group to continue to strengthen its relationships with its manufacturer partners."

Goss said that following his appointment and Jones' departure he would keep the board structure at Vertu under review.

On the same day that Jones announced his retirement from the Vertu board, in May, the group revealed a set of annual financial results detailing an 16.8% decline in profit before tax to £25.3 million (2018: £30.4m).

## MOVERS IN BRIEF

### CAZOO NAMES SEVEN NEWCOMERS

Cazoo has continued its pre-launch recruitment drive with the appointment of a further seven senior directors.

The online retail start-up's new appointments will help build the teams for chief customer officer Darren Bentley, whose appointment *AM* reported last month, and the company's chief technology officer Jonathan Howell.

The seven Cazoo hires completed in August were:

- **Katherine Hurst** joins as customer experience director from Paddy Power Betfair where she was CRM director.
- **Lucas Bergmans** has been appointed brand director from Aviva where he was head of brand, responsible for relaunching the brand in the UK.
- **Ercan Kamil** is Cazoo's newly-appointed digital marketing director, joining from MoneySuperMarket where he was head of digital.
- **Louis Badcock** joins Cazoo as product director from Simply Business where he was director of product and user experience.
- Cazoo has welcomed **Ian Kershaw** as engineering director from Photobox Group where he was engineering director and led the turnaround of data engineering for the group.
- **Joe Meehan** has joined as head of data analytics from Graze where he was head of data, responsible for data engineering and analysis.
- **Dan Read** is the online retail start-up's new head of finance from Zoopla where he was finance director.



Former carwow commercial director **Karen Hilton** has joined online used car retail marketplace Heycar as its chief commercial officer.

Originally funded by Volkswagen and operated in the manufacturer's German home market, Daimler bought into the Auto Trader and carwow rival a year ago and now the business has entered the UK market with an aggressive launch strategy which sees retailers offered marketing support for free.

Speaking to *AM*, chief executive Mat Moakes said: "Karen has some great dealer contacts and is known by key figures in the sector. Prior to joining carwow she had a career at VW."



**CHRIS SLATER,  
BOARD MEMBER  
AT ZUTO**

Zuto has appointed Chris Slater, co-founder and former chief operating officer of Simply Business, to its board after it secured £7m extra funding for additional growth.

Slater is credited with turning Simply Business into one of the UK's most disruptive fin-tech businesses in the past 10 years.

James Wilkinson, Zuto's chief executive officer, said of Slater's appointment: "Chris brings with him experience in growing and transforming digital businesses and pioneering the use of data and technology."



**IKER LAZZARI,  
SALES DIRECTOR AT VWFS**

Former Nissan fleet director Iker Lazzari has returned to Volkswagen Financial Services (VWFS) as its new sales director. Lazzari succeeds Dennis Foley who remains within VWFS UK in a senior capacity.

Prior to joining Nissan, Lazzari had spent almost 20 years as a Volkswagen Group employee, holding a number of senior positions including market development manager, national contract hire and leasing manager for Volkswagen Passenger Cars and operational strategy manager for group fleet services.



**DAVID MARCH, CUSTOMER  
EXPERIENCE AND STRATEGY  
DIRECTOR FOR PEUGEOT,  
CITROËN AND DS AUTOMOBILES  
AT PSA GROUP**

PSA Group has promoted network development director David March to the newly-created role of customer experience and strategy director for Peugeot, Citroën and DS Automobiles.

Andy Robson, who was previously network development director for Vauxhall, is made network development director for all the PSA Group brands.

The PSA Group said that the creation of March's new role "underlines the importance of the customer experience to Groupe PSA".



## Advertising feature

# Control your margin with Autoclenz

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# 'NOBODY KNOWS WHAT THE FCA WILL RULE'

Delegates at the AM100 round table discussed FCA compliance, online sales and CI demands

**A**pplying a 20-year-old sales process in the now heavily regulated world of automotive finance is likely to lead to car retailers making mistakes.

So said Nigel McMinn, the chief operating officer of Lookers, as he addressed a discussion about the recent review of the motor finance sector by the Financial Conduct Authority (FCA) at an AM100 round table meeting just a week before it emerged the regulator was investigating his business.

The FCA's investigation into the AM100's second-placed retail group's sales process caused its share price to drop 20% following the June 25 announcement via the London Stock Exchange.

Lookers had itself alerted the

FCA to "some control issues in the sales process in the group's regulated activities which will require an improvement plan to be implemented", following an independent internal review.

Speaking at the Birmingham Hilton Metropole on June 19, McMinn said: "What we're finding is that we're taking a sales process designed 20 years ago and we have tried to fine-tune it and make it more flexible. We have lashed on lots of terms and conditions and disclaimers and now you need 20 or more signatures.

"Make something that complex and the more likely it is for individuals to make mistakes.

"We are currently exploring how we can make our sales process simpler and inherently more compliant."

McMinn said he felt automotive



retail still had some way to go before it truly put customers first, as the FCA requires.

Dale Wyatt, the managing director of Suzuki GB, said the key to complying with the FCA was adapting to its cultural view of how finance sales should be handled, suggesting that more prescribed guidelines may be

more appropriate. He added: "In a sense, that's what's wrong with the FCA."

Adam Mephram, motor sales director at Barclays Partners Finance, which announced on July 12 that it plans to exit the motor finance market, said Barclays would not take the lead on commission disclosure, but added: "One thing the FCA has been particularly unhappy about has been non-disclosure, particularly with initial disclosure documents (IDD), which show the panel of lenders you may be working with.

"Nobody knows what the FCA will finally rule, but my feeling is (commission disclosure) is going to come."

Commenting on changes to the sales process, Mephram added: "There's far more onus on the lenders to police the sales process."

Wyatt added: "At Suzuki, we have a mantra that things have to be 'fast, easy and fun'. The reality is that the FCA isn't fast, it isn't easy and it certainly isn't fun.

"We need to get user experience to a point where it can at least be easy."

Swansway director John Smyth said his major practical concern for the finance sector is that negative equity is becoming a big issue 18 months after the group took the decision to drop its APR from 13.9% to 9.9% and offer salesman £50 per sale for correctly completing their FCA paperwork.

## DELEGATES



**David Smyth**, director, Swansway Garages



**Dale Wyatt**, managing director, Suzuki GB



**Peter Smyth**, director, Swansway Garages



**David Peel**, managing director, Peugeot UK



**Nigel McMinn**, chief operating officer, Lookers



**John Smyth**, director, Swansway Garages



**Chris Sturgess**, chairman, Sturgess Motor Group



**John O'Hanlon**, chief executive, Waylands Automotive



**Dave White**, strategic account manager, Barclays Partner Finance



**Adam Mephram**, motor sales director, Barclays Partner Finance



**Owen McGahan**, dealer principal, Humphries and Parks



**Toby Marshall**, director of sales and marketing, Mitsubishi Motors UK



**Pauline Turner**, managing director, Chorley Group



**David March**, director of network development and quality, PSA UK



**Nathan Tomlinson**, managing director, Devonshire Motors



## “MANUFACTURERS ARE WATCHING AND LEARNING ABOUT THE CUSTOMER JOURNEY THROUGH THEIR WEBSITES

**JOHN O'HANLON, WAYLAND AUTOMOTIVE**

“It's an unusual situation to find that one of our customers isn't in negative equity,” he said. “We're pulling some people out of some big holes right now.”

Peter Smyth said the cost of voluntary terminations was now costing Swansway “£80,000 to £90,000 a month, or £1 million a year”.

He said: “It's a real issue because we seem to be earning more and more finance commission but what we're getting at one end they are taking away at the other.”

Peter Smyth said he felt the situation had been created by premium manufacturers' push of high volumes into the UK market, a situation he hoped might abate when the UK leaves the EU.

### Online car retail

Everyone around the debating table agreed that the push towards online

new and used car sales was something they needed to understand and embrace in favour of a better customer journey.

The faster car retailers find their own solution to the challenge of online new car sales, the faster they will be able to tackle the threat of emerging disruptors in the marketplace, according to McMinn.

While those around the table had made mixed progress towards their own online sales solutions, McMinn said Lookers had redeveloped its own website and was now looking into its own new car retail solution.

While he felt it was clear that manufacturers believe they “might be able to cut cost out” of the distribution chain, he said: “I think we have to accept that online might not have to be a direct route to market.”

But calling for the faster creation of retailer-led solutions in an attempt to compete with new car platforms

from the likes of Auto Trader – which recently launched its parrot-themed television marketing campaign – he said: “The quicker we find our own solution, the better we can drown out the disrupters trying to drown out our ‘squawk’.”

None of the car manufacturer representatives at the round table meeting indicated that their learning from online retail platforms suggested customers showed signs of wanting to dispense with the traditional car sales process.

Toby Marshall, the sales and marketing director at Mitsubishi Motors in the UK, said most online customers opted to visit a dealer part-way through the process.

Of about 400 consumers who started online and bought a car since Mitsubishi's launch of its Rockar-developed online retail solution in 2017, just 40 completed the process entirely online.

In contrast, David Peel, the managing director of Peugeot UK, said about 3,500 vehicles were sold as a result of visits to the Peugeot Buy Online platform in 2018 alone.

However, Peel agreed with Marshall's assessment that the number of people who complete the transaction without any human interaction was very small. He said: “We have now taken on dealer sales managers as a conduit in our customer contact centre and they are helping the high volume of customers who still want to be guided through the process by an expert.”

Peel added that “virtually no customer” took advantage of Peugeot's offer of a new car delivery – perhaps suggesting that handover remains a favourite element of the process that cannot be missed.

Peugeot has been learning about the online buyer for two-and-a-half years now and Peel said the product bought – often well-specced 5008s

rather than lower-cost models such as the 108 – and the demographic of buyers has surprised them.

“Generally, the profile of buyers has been older,” he said.

John O'Hanlon, the managing director of Waylands Automotive, voiced support for online sales. He said: “The manufacturers are clearly watching and learning about customers and the customer journey through their websites. The clever thing about the Volvo system is that we can see exactly what the manufacturer sees and I think that's an advantage.”

Wyatt said he disliked manufacturers' online retail platforms because they demanded customer registration, which “many customers will find off-putting”, and also served up a prescribed sales process.

Pauline Turner, the managing director of Chorley Group, which has just begun selling used cars online with the help of GForces, agreed with Wyatt that some online platforms do not do enough to personalise the customer's experience. “It's never going to be the case that one size fits all,” she said.

Turner said Chorley Group has a team of four customer contact specialists, working on a rota until 11pm, who add a valuable personal touch to ensure there are options away from a purely online sales funnel.

### Used car pressure

Peter Smyth said he was concerned that car supermarkets continued to dominate the used car sales space.

McMinn said the combination of increases under the Living Wage, auto-enrolment for pensions, manufacturers' corporate identity (CI) standards and the Apprenticeship Levy meant dealer overheads were the highest he had seen in 25 years.





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**C** He said the only way to compete with the growing strength of independent used car retailers would be a reduction in the franchised retail networks to drive greater profit in fewer franchised locations.

But McMinn said franchised retailers needed to improve their processes, too.

"Look at the great independents," he said. "They are miles better than us at what they do. The way they go to market is clever, simple and transparent."

O'Hanlon agreed, adding that franchised retailers need to be faster and more efficient in getting their cars to market, describing their (independents') online marketing as "slick".

Smyth took up the point, stating that some well known automotive retail website providers' platforms were far from slick – taking several seconds to display a used car advert.

Delegates commented on the efforts of franchised retailers to take a large share of the used car market.

While McMinn and Smyth said they admired Sytner's move to acquire the expertise of Car Shop and The Car People, flaws were picked in the efforts of Pendragon to establish its faltering Car Store operation.

Peter Smyth, who acknowledged the emergence of Motordepot as a "Swansway-sized" £200 million turnover operation making about £7m in profit, said: "Pendragon bought too much stock and the system was flawed from the start."

"If I'm in Brighton and I want to see a car that's in Sheffield I could ask for it in Brighton and it then becomes that site's stock."

"If I was running one of those sites I'd be tempted to make enquiries just to get my overage stock shipped out to other locations..."



**LOOK AT THE GREAT INDEPENDENTS. THEY ARE MILES BETTER THAN US AT WHAT THEY DO** **NIGEL MCMINN, LOOKERS**

Smyth suggested that BCA could try to make retailers' online marketing slicker, in return for a share of their marketing spend with its new consumer-facing online marketing platform, Cinch.

Offering vehicles of up to seven years old and 70,000 miles from a "trusted dealer network", the platform asks visitors a number of questions about their lifestyle before helping to recommend cars that fit their needs.

Smyth said he had declined the platform's offer of offering a marketing solution for Swansway's

used cars, however, after considering the cost of the service to retailers.

### Manufacturer mergers

With manufacturer mergers motivated by falling market share (Vauxhall) and efforts to meet strict vehicle emissions regulations (FCA Group's attempted merger with Renault), round table delegates said the likelihood of greater collaboration in future was highly likely.

Peel said the fines for missing EU emissions targets were "huge" in terms of both cost and public perception.

"From a PSA point of view, not achieving it is not an option," he said. Wyatt said Suzuki's partnership with Toyota would allow it to meet emissions regulations, but added that he was currently establishing a strategy to prepare his retailers for more costly alternative fuel vehicles (AFVs).

On the issue of manufacturer mergers, Peter Smyth said it was unlikely that selling essentially the same car under different brands would affect consumer demand. "When dieselgate happened, there were very few people that realised Audi was owned by Volkswagen and that's probably still the case," he said.

On emissions, Smyth said he was

concerned that the job of calculating VED road tax and BIK tax rates may fall to car retailers under WLTP legislation, which sees optional extras such as larger wheels or sunroofs affect a vehicle's emissions.

Peel said such administration would be added to the retailers' workload, but argued that the simplification of product ranges and options into "packs" would make life easier.

O'Hanlon asked delegates whether they felt their manufacturer partners had been "taking their money from internal combustion engines (ICE) for too long".

He suggested that Tesla had been allowed to become known as "cool" among the younger generation because it had been left to dominate the EV space.

McMinn again raised the issue of franchised networks' scale and noted that Tesla managed to cover the UK with just 25 sales points.

He said reducing scale was the only way to achieve greater profitability at a time when CI demands had resulted in properties worth half the price of their construction.

Wyatt argued, however, that he had "never seen fewer locations result in more sales".

Commenting on PSA's network restructure and change of strategy to include more multi-brand locations where retailers saw an opportunity, Peel said: "Our whole strategy over the past five years at Peugeot has been to drive dealer profitability and we have done that, while reducing our network from 210 to 180 locations"

"We're certainly not precious about sharing sites with other brands and if that achieves greater profitability then we are happy with it."

**TOM SHARPE**



## EIGHT QUESTIONS TO A...

# SALES TRAINING MANAGER

Scott Walker,  
Swansway Motor Group



### What are the main responsibilities of your role?

**WALKER:** I'm responsible for training the teams that work in our sales departments. My diary consists of classroom-based group training, dealership coaching interventions and time designing and creating new training. The new training aligns with the strategic vision set out by Sylvia Daniels, head of HR, and Scott Smith head of recruitment. These colleagues work alongside our board, which recently decided to focus on recruiting great people from outside the industry. By bringing these recruits into our sales departments and training them from scratch, our vision is to mould them in the Swansway culture of 'caring, honest and proud'. I'm proud to be part of this initiative and the trust the Swansway team have in me to deliver.

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

**WALKER:** I think that in the coming decade our industry will continue to evolve allied to rapid advancement in technology and production. We face significant change in the way cars are powered to the way people buy and own cars; it is tempting to get carried away with this and forget the vast majority of customers still want great service from real people in welcoming dealerships. My role is to balance training people already successful in our business, enabling them to move forward within our industry, while showing the next generation of sales executives how to be successful in the current market.

### How might these challenges be overcome?

**WALKER:** I'm fortunate to work for a group that already has fantastic people working in key positions. We are not constrained by shareholders or multi-levels of management; if someone has an idea to move the business forward, they can take it to the directors. Innovation is given due consideration, enabling everyone in the company to have meaningful input. I've been truly amazed at how agile and receptive my colleagues have been. As an example, the Sales Executive Academy project has had its first intake of trainees recruited and inducted, followed by their initial training and dealership placement, within weeks. The academy trainees are

now immersed within their six-month programme, learning from our dealership management teams. In my previous experience, these projects have taken much longer to achieve from inception to completion. Swansway works hard to make meaningful change and improvement happen, for the benefit of its staff and the business.

### What attracted you to this area of expertise?

**WALKER:** When I was in dealer management, I always enjoyed training people and found this the most satisfying part of my role. About eight years ago, I was employed to work for Volkswagen Group as its sales improvement coach. From there I moved across the different brands working on people and dealer development projects. Most recently I developed the used car offering at Audi UK. Earlier this year the opportunity came along to launch the Swansway Academy and it just jumped out at me as soon as I saw it. It's a really ambitious project and it's been the perfect career move for me; I'm enjoying every minute of it.

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

**WALKER:** Don't try to attack all of your goals at once, project management and delivery requires patience and a methodical approach. Take it on in sections and build.

## QUICK-FIRE QUESTIONS

### What drives you?

I thrive on being relied upon to deliver.

### What's your favourite app?

BBC News.

### How do you relax?

Box sets, dog walking and failing to grow things in my garden.

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### THIS MONTH'S QUESTION TO THE AM TEAM:

What's the most interesting documentary you've ever watched?

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► **Bowling for Columbine**

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► **HBO's 24/7 Boxing documentary series.** I love the fact you get to learn about fighters' diets, training regimes and weird habits.

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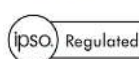
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