AM
AUTOMOTIVE MANAGEMENT

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MAKING A MULTI-BRAND SITE WORK

AN AM Report

eDynamix | Augmented Concerns

eDynamix have taken the simple video concept and enhanced this with augmented reality to create a more immersive and self-explanatory visual experience to your customers through Augmented Concerns.
Concerns identified during the health check can be dropped onto videos to highlight the issue to a customer, what it relates to and what state it is in.

Augmented Concerns will be visible as a technician walks around the vehicle and remain attached to the item as the video pans away. This doesn't remove the need for technicians to adequately explain an issue, they only enhance what is being highlighted through visualisation, creating a better and clearer understanding for your customers.

Augmented Reality is now very much part of the everyday lives of millions of people around the world and by including AR in customer videos it not only provides a richer and more intuitive experience, but it means that you are planning for the expectant millennials who will soon be buying and servicing their vehicles more frequently with you.

EDITOR'S LETTER

As *AM* was going to press, a state-funded research body claimed that high sales of SUVs were making "a mockery" of UK policy and risking the UK transport sector's ambition to meet European Union emissions targets.

The UK Energy Research Council (UKERC) said emissions from new cars have been increasing rather than declining as a result of SUVs outselling electric cars by 37 to one in the UK. The UKERC pointed out that battery electric vehicles are less than 1% of UK new car sales currently.

Anyone would think it takes carmakers just six months to design, engineer, market and mass produce a new model. Surely the Government's Crossrail project could also have been a quick job, rather than the 14 years it is actually taking from project approval to completion?

Of course, solutions to the climate and air quality issues cannot come quickly enough. But SUVs are essentially old technology dressed in new skins, products that were likely conceived of last decade. Whereas pure electric vehicles require significantly new technology and major investment. That new technology takes time to improve and to win consumer trust.

It strikes me that this was an attempt to start demonising SUVs that takes no account of the timescales or costs involved.

Merry Christmas and a Happy New Year to all our readers.

T. Rose

MEET THE TEAM

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CONTENTS

UP FRONT

TALENT

INSIGHT

SPOTLIGHT: MOTOR FINANCE REPORT

SHOWROOM

ENERGY SUPPLIERS WANT YOUR CUSTOMERS, DEALERS WARNED

Motor retailers need to package EV and energy tariff deals now or face losing business

Electricity suppliers will muscle into the car retail and ownership space as electric vehicle (EV) adoption accelerates and car dealers will lose out if they don't act now, a conference has heard.

Carl Bayliss, the vice-president of mobility and home energy at Centrica, and Graeme Cooper, electric vehicles project director at the National Grid, were among those warning of the emerging trend at the National Franchised Dealers Association's (NFDA) EV Marketplace Seminar.

Bayliss, who also spoke at the MHA MacIntyre Hudson Motor FD Forum on Electric Vehicles, said a key component of the advent of the connected EV would be the potential to link vehicle sales with home energy tariffs and urged retailers to forge partnerships now to deliver these new deals.

"The coming generation of electric and connected vehicles will require many of us to converse in a different language. The key is to learn that language now, to start planning now," he said.

The Society of Motor Manufacturers and Traders (SMMT) reported that more than one in 10 new car registrations during November was either hybrid, plug-in hybrid or pure electric – equivalent to 16,052 cars.

Pure EV registrations rose 229% year-on-year to 4,652 (2018: 1,415).

Back in October, the SMMT forecast that EV registrations will rise 89.3% with the arrival of new models in 2020, pushing market share up to 2.9%. In 2021, the SMMT expects a further 49.1% increase in EV sales, taking market share to 4.2%.

But these projections pale next to those of Quentin Le Hetet – general manager of automotive data and research at GiPA Group UK – who told delegates at Automotive Management Live 2019's IMI People Theatre that the UK's AFV market share could swell to 65% by 2025 (see event coverage on page 58).

Energy equals engagement

Some manufacturers have already started down this path – Volkswagen, for example, has established a new company, Elli, offering zero-carbon energy offerings and charging solutions.

Bayliss said the adoption of electric cars would bring changing customer expectations, and car retailers without access to manufacturer energy offerings such as Elli should consider partnering with energy companies.

Without such tie-ups, he suggested, the ability of energy companies to communicate with EV owners through apps and connected home energy platforms, such as Hive, could see them assume a commanding position.

"The whole concept of mobility as a service is built around the connected customer," said Bayliss.

"Think about the additional services you can offer as a retailer. What about a white-labelled British Gas energy tariff for your customers, bundling the vehicle with the required home energy solution and charge point?

"The car is set to become a mobile powerplant in a connected world and you need to build that in to your business."

At MHA MacIntyre Hudson's Motor FD Forum on Electric Vehicles, both Bayliss and MHA VAT director Glyn Edwards highlighted Octopus Electric Vehicles as one business that had already identified the opportunity to create a home and vehicle energy solution.

Essentially an online leasing broker, Octopus combines an EV lease, home charging provision and its own renewable energy tariff into a single package.

It is also using the vehicle-to-grid (V2G) functionality of the Nissan Leaf to put power back into the system, in a package which offers £30 cashback on its monthly £299 plan for customers who plug in their car overnight at least 12 times a month.

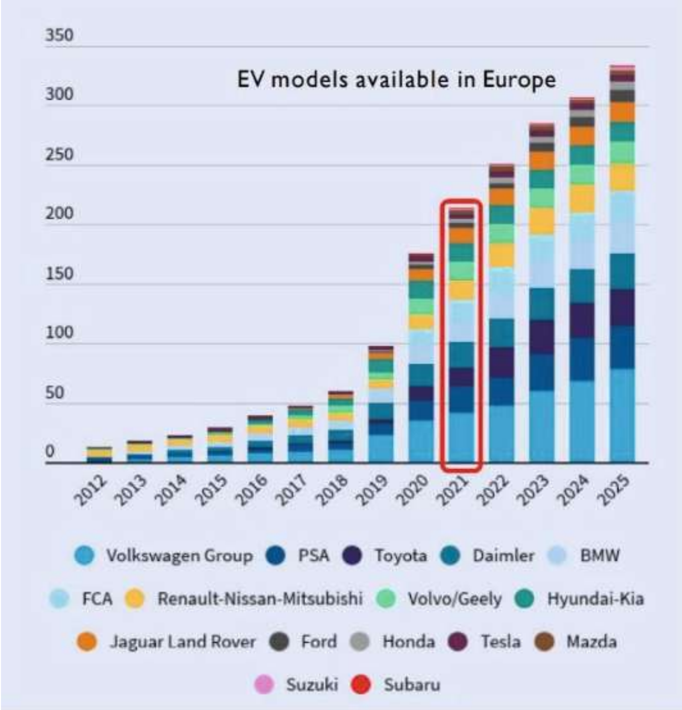
Edwards suggested that the rise of PCP and PCH-driven monthly payment car ownership options meant motorists would welcome the opportunity to consolidate their home energy into the same monthly payment.

And he pointed out that ensuring renewable energy is used to power the UK's EVs should be central to the Government's Road to Zero push to reduce vehicle emissions.

"The impact of EVs on carbon emissions is far less than people

"THINK ABOUT THE ADDITIONAL SERVICES YOU CAN OFFER AS A RETAILER. WHAT ABOUT A WHITE-LABELLED BRITISH GAS ENERGY TARIFF?

CARL BAYLISS, CENTRICA



imagine," He said. "If you're drawing your electricity off the European grid generally there is a positive impact, but only after 435,000 miles.

"Get a renewable system like Norway or France and you get a far more realistic figure of around 18,000 miles.

"But people believe in this and they are going to start buying..."

It is clear that Government policy will play a big part in rapid EV adoption, however, even if it is ultimately forced to introduce road charging to plug the funding gap left by lost fuel duty.

Norway or our way?

Sophus3's 'EV Index' study questioned why online consumers' growing interest in EVs – 126% in Q3 alone, according to the study – was not yet translating into adoption in the UK.

The study ranked Europe's 'Big 5' car retail markets – Germany, the UK, France, Spain and Italy – on their EV-readiness, with scores given out of 100 in a range of categories, including: consumer interest; affordability and choice; and charging infrastructure. A score of 100 represents complete readiness across all pillars for a shift to EV.

When held against the 43-point score of Norway, the world leader in EV adoption, the UK (27 points) and the rest of the European Big 5 trail far behind.

Sophus3 said "Norway shows what is possible when conditions are right to promote the adoption of electric vehicles, scoring 15 points higher in the EV Index than the next highest country, Germany."

Edwards pointed out that VAT on an EV in Norway is 0%, compared with 20% for an internal combustion engine (ICE) car.

He said UK EV owners will have already realised the tax advantage, with motorists paying an average of 8.41p-per-mile for an internal combustion engine (ICE) car, compared with about 0.21ppm for a zero-emission equivalent charged at home.

At the NFDA's EV Marketplace Seminar, Stig Saeveland, the chief executive of Sweden's Hedin Automotive Company, explained how incentives that make EVs more affordable can accelerate a change in mindset across society.

He said: "I have a customer who had just bought a BMW X5 M, but he conceded that he had started to feel awkward in certain social situations and it's happening more and more.

"It's reached a point now where people don't necessarily buy an EV because they want to be an environmentalist, but they avoid buying an ICE for fear of being branded inconsiderate."

Saeveland said his BMW business became more profitable following Norway's promotion of EVs, but conceded that it had suffered a 20% decline in vehicle sales and 50% decline in parts sales.

"We have adapted, moved fast and been agile. It has not been easy, but we have shown that it's possible and we're positive about the future," he added.

Charging points and mobility solutions form part of Centrica's strategy

Stig Saeveland, chief executive of Hedin Automotive Company, told the NFDA's EV Marketplace Seminar that incentives can accelerate societal change


Oliver Larkin, VW Group UK's head of group corporate and public relations, said VW could not afford the brand damage from failing to meet emissions obligations

The value of reputation

Data published by the SMMT shows that EVs will deliver the largest market growth in 2020, on the way to manufacturers having 250 zero-emissions vehicles available by 2022.

While the impact will be felt by retailers in the near term, such growth is required if manufacturers are to avoid huge fines in the event that they a fail to meet EU CO_2 emissions targets of 95g/km next year.

MHA's head of motor, Steve Freeman, told the NFDA EV Marketplace Seminar that PSA Group faced a potential fine that would amount to 25% earnings per share by 2021, VW faced a 13% fine, Mercedes-Benz's parent company, Daimler, 9% and BMW 7%.

Duncan Forrester, the former head of brand communications at EV brand Polestar, said the fines, which would come "year after year after year" could prove "bankrupting" if not avoided by the swift introduction of EV products into the market.

Addressing the NFDA event, Oliver Larkin, head of group corporate and public relations at Volkswagen Group UK, said VW could afford to pay its €4 billion (£3.4bn) fine for failing to meet its emissions obligations.

But he said: "We could afford to pay that, but we cannot afford it from a brand image point of view. Our image would be trashed. We've done enough damage on our own."

Volkswagen is taking no chances with its EV policy. The preliminary hearings of a High Court UK class action against VW over dieselgate, backed by 90,000 motorists, were taking place at the High Court as *AM* went to press.

But, as manufacturers and dealers speed towards a future with EVs it intends to be completely carbon neutral by 2050.

Larkin said: "The car industry simply has to do something. The current situation is just not sustainable." TOM SHARPE

ADVERTISING FEATURE

What makes a good video?

By Alistair Horsburgh, CEO, CitNOW

With our latest research revealing that customers highly value great experiences, retailers need to provide personalised, relevant communications. Almost nine out of 10 customers are willing to pay more for an enhanced experience, and in 2020 experience is set to overtake price and product as the key brand differentiator*.

Interestingly, American conversational marketing and sales tech company Drift pinpoints four video trends for 2020, including personalised messaging – which is hugely familiar and impactful for CitNOW users. Their research highlights one sales team achieving an impressive 75% close rate after implementing personalised video. Both B2B platform LinkedIn and 'cold calling' email sales messages were identified as platforms where video could be better utilised.

Now a sophisticated communication tool, the mark of a good video is determined by both context and content that work together. A promotional video may be upbeat and conversational, whereas a video highlighting work required as part of a vehicle health check should focus on key elements with clear, concise explanations.

The CitNOW Awards, now held in January, are a great source of inspiration on how video delivers an enhanced experience. Retailers raise the bar every year with the quality and creativity of their entrants, as sales and service teams find new ways to use video to engage customers.

An incredible 1,679 video entrants have been submitted – a 77% increase on last year – reflecting how video has become much more important as an innovative visual messaging tool that captures the imagination of customers.

Look out for news of our award finalists – we are confident their creations will be inspirational.

■ **It's not too early to submit entries for 2020's CitNOW Awards. If you have a video you would like to be considered, visit citnowawards.com to submit your nomination.**

* Customers 2020: A Progress Report, Walker
** https://www.drift.com/blog/sales-video-trends/

CitNOW

THIS MONTH'S NEWS HIGH

NOV

19

DS LOWERS CI COSTS

Prospective DS Automobiles retailers can now join the franchise for "as little as £150,000" following a change in its corporate identity (CI) demands. Alain Descat, UK managing director, has re-written DS's initial CI model to introduce a new DS Store facility from 150 square metres with a demand for just two cars thanks to the introduction of virtual reality (VR) technology.

20

PENTAGON ACQUIRES SYTNER SEAT SITE IN HUDDERSFIELD

Pentagon Motor Group has continued its 2019 car dealer network expansion by completing the acquisition of Sytner Group's Seat UK franchised location in Huddersfield. The acquisition followed Pentagon's addition of three Ford sites from TrustFord, a Vauxhall dealership from Archie Moss and two additional Peugeot locations in 2019.

CAMBRIA POSTS 37.4% RISE IN PRE-TAX PROFIT

Cambria Automobiles' transition towards luxury car sales helped it to a 37.4% increase in profit before tax (PBT), according to its annual financial results to August 31, 2019. As group turnover rose by 4.4% to £657.8 million (2018: £630m), PBT rose 37.4% to £12.5m (2018: £9.1m) with the help of a 40.3% rise in average profit from each vehicle sale.

22

CAFFYNS' H1 PROFIT PLUNGES 92%

Caffyns' pre-tax profits in the first half of its financial year fell 92% year-on-year as it battled Volkswagen and Audi supply problems and "a difficult economic and political background". It reported PBT of £56,000 on revenues of £100m (-5.7%).

25

MOTORS.CO.UK, GUMTREE AND EBAY LAUNCH JOINT BRAND

Motors.co.uk, Gumtree and eBay have come together under one brand, the eBay Motors Group. From January, dealers will be able to book packages that display their stock across the group's three consumer-facing websites using a single stock management and response-reporting tool.

IN DETAIL
To view the full story go to am-online.co.uk/news

28

MOTORPOINT H1 PROFITS FALL 18.3% ON 1% REVENUE RISE
Pre-tax profits fell 18.3%, to £9.4m, at Motorpoint in the six months to September 30, despite a 1% increase in revenues to £533.9m. The used car supermarket group, which is about to open its 13th site in Swansea and has begun a trial of home deliveries, said it maintains its strategy of expanding its network to 20 sites.

29

RENAULT AND NISSAN SLIP TO BOTTOM OF EV DEALERS' SURVEY

Renault and Nissan trailed rival manufacturers in the latest bi-annual NFDA Electric Vehicle (EV) Dealer Attitude Survey. Despite producing the UK market's two biggest-selling pure electric vehicles – the Nissan Leaf and Renault Zoe – the Alliance partners occupied the bottom two places in the overall rankings of the survey, which gauges car retailers' attitude towards their manufacturers' EV offerings.

DEC

02

CAZOO BEGINS USED CAR SALES IN UK
Cazoo launched its UK used car retail portal with backing of £80m and a stock of BCA-supplied 1,500 vehicles to boost its chances of success. Founded by, Alex Chesterman, left, who previously founded LoveFilm and Zoopla, the business owns all the cars offered for sale and offers home delivery along with a seven-day no-strings return policy.

VW DIESELGATE CLASS ACTION OPENS IN HIGH COURT
A class action representing more than 90,000 UK Volkswagen motorists opened in the High Court with the initial aim of determining whether the manufacturer's emissions-reducing software was designed to defeat clean air laws. Volkswagen Group denies that the software it used was an illegal defeat device, but if the first stage of the class action is successful, a full trial is expected to take place in 2020.

06

13 VOLKSWAGEN DEALERSHIPS TO GET NEW OWNERS
At least 13 Volkswagen UK dealership sites were due to change hands in the month leading up to *AM* going to press. Sytner sold four VW sites to Johnsons Cars while Jardine Motors was poised to sell seven of its locations and Inchcape was preparing to sell two of its sites within the M25 as *AM* went to press. Inchcape cited its "limited infrastructure in the south, site performance, and capex (investment) requirements to grow these two businesses" for the sales in a letter to staff.

ALTERNATIVE FUEL VEHICLES

2020 IS LIKELY TO BE THE YEAR EVs START TO GO MAINSTREAM

From 2021, virtually all new petrol and diesel premium models will be mild hybrids

With the exception of Brexit, hanging over the market like a malevolent storm-cloud, the biggest issue facing the UK car industry in 2019 has been electrification. The issue of climate change has shot up the political agenda, and the question of electric vehicles has shifted from "if?" to "when?".

Looking at the market data, it would seem that the flood of EVs is still some way off, but we are now seeing the first cracks in the dam. Market share of battery electric vehicles (BEVs) increased by 125% YTD (see table, right), although a cynic might say that 125% of nothing is still not very much. Hybrid sales are also increasing steadily, but plug-in hybrid sales have temporarily faltered since the Government decided too many of them were being bought as a tax-dodge, and were not actually being plugged in.

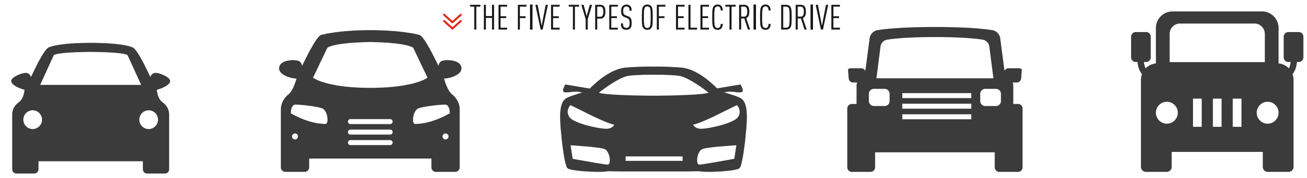
The first issue to address with hybrids is to establish what sort of hybrids we are talking about. There are broadly five types (see below): micro, mild, full, plug-in and range-extender. Over the next 10 years, all petrol and diesel engines will move to some form of electrification – micro at the very least, but most will have mild hybridisation at a minimum. From 2021, virtually all new petrol and diesel premium models will be mild hybrids, and the technology will steadily move down to the rest of the market.

Most independent forecasters (e.g. Ricardo Consulting) expect that, by 2025, of the three main types of electric drive, battery electric vehicles (e.g. Nissan Leaf) will account for about 60% of the total, plug-in hybrids about 30% and full hybrids only about 10%. That would seem logical – as the cost of batteries falls, one would expect cars to use larger batteries. It seems unlikely manufacturers will go to all the cost of engineering a hybrid drive system in 2025 and then use a small, non-plug-in battery to power it, when larger batteries cost very little more.

Even in today's market, where batteries are still quite expensive, hybrids are not doing as well as manufacturers might have hoped. Toyota planned to reap the benefit of being the first manufacturer to embrace hybrid technology – indeed at one point, "Prius" was synonymous with "hybrid". However, as hybrid technology moves from being mysterious witchcraft to standard fitment, the idea of a separate bodystyle is looking rather quaint. It is as if a manufacturer decided to create a different bodystyle for a turbocharged engine. Prius sales fell by 36.6% YTD, and are now behind both the Nissan Leaf and BMW i3, with fewer than 3,000 registered.

The question of designing a different bodystyle for a battery electric vehicle (BEV) is more complex, for two reasons. Firstly, a BEV is a lot more radical than a petrol hybrid and, secondly, there are sound engineering reasons for creating a different platform. The most efficient way to position batteries is within the floorpan between the axles. That means the traditional engine compartment is no longer needed, and the proportions of the body can be very different (e.g. the short-nose, long-cabin look of the

THE FIVE TYPES OF ELECTRIC DRIVE



MICRO: Stop-start plus energy recuperation from braking (no electrical assistance to wheels)

MILD: Assists the engine to drive the wheels

FULL: Can drive the wheels alone (range < 20 miles)

PLUG-IN: Chargeable from the mains (range > 30 miles)

RANGE EXTENDER: Engine only charges the battery (range > 60 miles)

Jaguar I-Pace). An electric version of a conventional bodyshell (e.g. Peugeot 208) is never going to be as space-efficient, as it will have to cater for two powertrains with very different shapes. However, it will be a great deal cheaper to make a single body – the jury is still out on which approach works best. The 2020 Honda-e, with its cute, bespoke platform, will be an interesting case study.

The most important new BEV will undoubtedly be the VW ID3 – so-called because it is meant to be the third model that will define VW after the Beetle and Golf. VW has put a huge stake in the ground, proclaiming that it intends to make Europe's definitive electric family car. So how many can it expect to sell?

The UK Government wants the share of electric vehicles to be 50% by 2030. It should be noted that the Government classifies electric vehicle as a car with an electric range of approximately 100km (its "Road to Zero" strategy is vague on the precise distance), so a plug-in or range extender hybrid would count towards the target. Most in the industry do not expect pure BEV to get much beyond 30% market share by 2030.

To put that into perspective, the crossover/SUV bodystyle (taking everything from a Ford Ecosport to a Range Rover) accounts for 41% of total sales – and every mainstream car manufacturer now has a range of crossover models. Hence, every manufacturer will have

REGISTRATIONS OF SELECTED EV MODELS

	Q1-Q3 2019	Q1-Q3 2018	% market share	% change
BEV	28,259	12,555	1.40%	125.08%
PHEV	25,892	35,317	1.30%	-26.69%
HEV	85,871	73,734	4.30%	16.46%
MHEV	43,498	10,452	2.10%	316.17%

KEY: BEV: Battery electric vehicle; **PHEV:** Plug-in hybrid vehicle**; HEV:** Hybrid electric vehicle; **MHEV:** Mild hybrid electric vehicle

	Model	Q1-Q3 2019	Q1-Q3 2018	% change
Tesla (all models)	BEV	8,040	2,784	188.79%
Nissan Leaf	BEV	4,271	4,810	-11.21%
BMW i3	BEV	3,613	2,584	39.82%
Jaguar I-Pace	BEV	3,450	574	501.05%
Renault Zoe	BEV	2,227	1,488	49.66%
Honda C-HR hybrid	HEV	14,355	13,785	4.13%
Toyota Prius	HEV	2,151	3,637	-40.86%
Mitsubishi Outlander	PHEV	5,229	6,702	-21.98%
Toyota Prius Plug-in	PHEV	600	705	-14.89%

* Not all manufacturers split out sales of EV versions

a range of BEVs within 10 years, even if they do not represent the majority of sales.

Coming back to the more immediate future, hybrids have the smallest growth potential. In 2019, sales only went up by 16.5%, despite the tax changes that increased their attractiveness compared with plug-in hybrids. Both Toyota and Honda are presenting petrol hybrids as the sensible alternative to diesel engines, an argument that has some merit. However, hybrids are something of a "bridge technology" to get us to plug-in hybrids.

When it comes to BEVs, 2020 is likely to be the year electric vehicles start to go mainstream. Both Tesla and Jaguar have demonstrated that BEVs can take a significant share of premium car sales. Next year, models such as the VW ID3 can achieve worthwhile volumes in the mass market. Rather sadly for Nissan, there seems to be no dividend for pioneers. Leaf sales fell this year, and rumours from within Nissan say they expect to sell fewer again next year as competition intensifies. As ever, the car market is an unforgiving place – you are only as good as your most recent model. DAVID FRANCIS

SPONSOR'S COMMENT

By Richard Jones, managing director, Black Horse

2019 has been quite a year… The unstable economic and political environment has continued to undermine consumer confidence and negatively affect our market. New car registrations are down 2.9% (Oct YTD) and used car residual values have also taken a knock, despite historically being robust.

Consumer awareness of climate change has really gathered pace, and is set to continue as we all work together towards a cleaner Britain and the Road to Zero. This is reflected in the increased share of alternative fuel vehicles (AFVs) in the market, accounting for 9.1% of new registrations (Oct YTD), up from 6.4% for the same period last year.

The FCA has published its consultation paper on changes to motor market consumer credit regulation, focusing on commission structures and commission disclosures. It has also confirmed that there are a number of areas it is not proposing to change, including the appropriateness of PCP as a product and the market's assessment of affordability and creditworthiness.

At Black Horse, we continue to be hugely impressed by the resilience, professionalism and high levels of customer service that our partners deliver. They demonstrate exceptional expertise and support customers to make the right car and finance choices. It is evident that there has been significant hard work across the industry in adopting CCR so effectively over the past four years, and the FCA has shared a similar sentiment. As I have said before, progression isn't a choice, it's a necessity. The bar is set by our customers' experiences of other purchases and services, and that is always rising.

I hope you have the opportunity to relax and re-energise over the festive season – in many regards, I don't think 2020 will be any less volatile than 2019. However, through strong partnerships, we can focus on serving customers and navigating whatever the wider environment brings. Despite our market challenges, I'm not sure it's any easier in other sectors, and I wouldn't want to be anywhere else, except for a warm beach perhaps. I look forward to 2020 and to working with our partners across the sector.

NEW CAR REGISTRATIONS

Fleet helps to narrow November losses

A 1.3% decline in new car registrations during November would have been worse were it not for fleet orders.

Private registrations declined by 6.1% during November, while the business/SME market dropped 3.2%, according to the SMMT's data. Only fleet registrations rallied, with a rise of 2.8% over November 2018.

Alternative fuel vehicle (AFV) registrations reached a record market share for a second consecutive month, at 10.2% of registrations. More than one in 10 cars joining UK roads last month was either hybrid, plug-in hybrid or pure electric – equivalent to 16,052 cars.

Year to date, the market is tracking close to the SMMT's latest forecast for 2019, of a 2.8% drop in new cars to 2.302 million.

1 VAUXHALL

Its outgoing Corsa was November's best-selling new car, with 4,296 registrations. Yet that didn't prevent Vauxhall closing the month with a 10.2% decline.

2 KIA

Its 13.3% drop year-on-year in November isn't a sign of anything serious – Kia is still slightly ahead year-to date and its Sportage SUV remains in the top 10 sellers, with 32,825 registrations since January 1.

3 NISSAN

Finishing 2.3% ahead of November 2018 will be celebrated by Nissan. Its Qashqai is holding the front line, with 50,014 sales over 11 months, but it desperately needs the support of the new Juke to help it make a comeback in 2020.

	November					Year-to-date				
Marque	2019	% market share	2018	% market share	% change	2019	% market share	2018	% market share	% change
Ford	16,238	10.37	14,666	9.24	10.72	221,107	10.23	237,589	10.69	-6.94
Volkswagen	15,311	9.78	15,772	9.94	-2.92	186,084	8.61	187,123	8.42	-0.56
BMW	11,642	7.43	12,821	8.08	-9.20	155,636	7.20	160,448	7.22	-3.00
Mercedes-Benz	10,397	6.64	11,391	7.18	-8.73	162,200	7.50	160,873	7.24	0.82
1 Vauxhall	10,382	6.63	11,560	7.29	-10.19	153,618	7.10	164,653	7.41	-6.70
Audi	9,392	6.00	6,841	4.31	37.29	130,223	6.02	137,429	6.18	-5.24
Toyota	6,244	3.99	6,156	3.88	1.43	100,466	4.65	98,986	4.45	1.50
2 Kia	5,998	3.83	6,916	4.36	-13.27	92,343	4.27	91,954	4.14	0.42
3 Nissan	5,839	3.73	5,710	3.60	2.26	87,063	4.03	97,343	4.38	-10.56
Land Rover	5,765	3.68	6,339	4.00	-9.06	72,230	3.34	73,585	3.31	-1.84
Škoda	5,651	3.61	6,197	3.91	-8.81	69,254	3.20	69,396	3.12	-0.20
Peugeot	5,504	3.51	5,270	3.32	4.44	75,132	3.47	76,280	3.43	-1.50
Seat	5,466	3.49	5,352	3.37	2.13	65,105	3.01	60,058	2.70	8.40
Hyundai	5,276	3.37	4,821	3.04	9.44	79,483	3.68	85,916	3.86	-7.49
Mini	4,651	2.97	5,269	3.32	-11.73	58,761	2.72	59,810	2.69	-1.75
Volvo	4,198	2.68	4,435	2.80	-5.34	52,267	2.42	46,479	2.09	12.45
Renault	3,503	2.24	4,779	3.01	-26.70	54,431	2.52	58,628	2.64	-7.16
Citroën	2,874	1.84	2,872	1.81	0.07	47,905	2.22	47,608	2.14	0.62
Honda	2,712	1.73	2,970	1.87	-8.69	41,117	1.90	49,917	2.25	-17.63
Mazda	2,505	1.60	2,522	1.59	-0.67	37,821	1.75	37,584	1.69	0.63
Jaguar	2,434	1.55	2,716	1.71	-10.38	34,214	1.58	34,715	1.56	-1.44
Dacia	1,963	1.25	2,237	1.41	-12.25	28,594	1.32	22,279	1.00	28.35
Porsche	1,899	1.21	264	0.17	619.32	13,517	0.63	11,226	0.50	20.41
Fiat	1,605	1.02	2,530	1.59	-36.56	28,057	1.30	33,675	1.51	-16.68
Suzuki	1,348	0.86	2,119	1.34	-36.39	32,298	1.49	36,365	1.64	-11.18
MG	1,186	0.76	921	0.58	28.77	11,373	0.53	8,399	0.38	35.41
Mitsubishi	1,109	0.71	1,843	1.16	-39.83	15,406	0.71	19,434	0.87	-20.73
Lexus	1,044	0.67	663	0.42	57.47	14,968	0.69	11,985	0.54	24.89
Jeep	531	0.34	467	0.29	13.70	5,820	0.27	5,742	0.26	1.36
DS	512	0.33	100	0.06	412.00	3,623	0.17	4,889	0.22	-25.89
Alfa Romeo	196	0.13	249	0.16	-21.29	3,211	0.15	3,903	0.18	-17.73
Subaru	157	0.10	145	0.09	8.28	2,289	0.11	2,948	0.13	-22.35
Abarth	155	0.10	344	0.22	-54.94	3,283	0.15	5,186	0.23	-36.69
SsangYong	120	0.08	197	0.12	-39.09	1,858	0.09	2,643	0.12	-29.70
Bentley	74	0.05	115	0.07	-35.65	1,409	0.07	1,461	0.07	-3.56
Maserati	49	0.03	69	0.04	-28.99	881	0.04	1,194	0.05	-26.21
Smart	41	0.03	488	0.31	-91.60	3,984	0.18	7,247	0.33	-45.03
Alpine	13	0.01	9	0.01	44.44	162	0.01	137	0.01	18.25
Lotus	13	0.01	15	0.01	-13.33	222	0.01	241	0.01	-7.88
Chevrolet	0	0.00	6	0.00	0.00	62	0.00	38	0.00	63.16
Infiniti	0	0.00	38	0.02	0.00	292	0.01	725	0.03	-59.72
Other British	219	0.14	140	0.09	56.43	2,612	0.12	2,640	0.12	-1.06
Other imports	2,405	1.54	305	0.19	688.52	11,762	0.54	4,327	0.19	171.83
Total	156,621		158,639		-1.27	2,162,143		2,223,058		-2.74

FINANCE OFFERS

Carmakers join the Black Friday bandwagon

Manufacturers have put together Black Friday, scrappage and swappage deals alongside retail finance offers to help dealer networks close out the year.

Peugeot joined the wider retail industry with Black Friday deals for finance customers ordering online only. The campaign ran between November 22 and December 6, with up to £1,250 off certain models. The discounts included £500 off the 508 and 508 SW, £900 off the 108, £1,000 off the 308 and 3008 and £1,250 off the 108 Top and 5008.

Peugeot customers ordering online in that period also got a £500 John Lewis and Partners gift card if the vehicle ordered is registered before the end of the year.

Fellow PSA Group brand Citroën also increased its support in Q4 with the introduction of a swappage scheme on its C3 Aircross compact SUV, C5 Aircross SUV and C4 Cactus. Customers that have owned a car more than six years old for more than 90 days can get a £5,000 discount.

The Q4 offer from Citroën was inspired by London's swappage scheme, designed to help low-income and disabled Londoners scrap older cars with a £2,000 discount. Citroën dealers in London will be able to offer up to £7,000 off the C3 Aircross, C5 Aircross and C4 Cactus.

This swappage deal can also be used with the low rate 2.9% APR finance available on the C3 Aircross. Citroën has a 0% deal available on its C3 supermini.

Mitsubishi is specifically pushing its larger models in Q4, with discounts of £4,206 off the L200 Challenger and £7,341 off the Shogun Sport Commercial in Q4. The Japanese brand is also offering £4,500 off the Outlander PHEV with a scrappage deal that will run until the end of Q1 next year.

Just like the Citroën swappage deal, any trade-in vehicle registered before January 1, 2013, is eligible. The deal is available on the 6.9% APR offer on PCP, although there is also 0% finance on the same model for those not interested in swappage.

Suzuki, too, has put a package of deals together to drive sales in the last quarter of 2019. This includes a VAT-free customer saving offer on all Swift SZ3, SZ-T, Attitude and SZ5 models.

The Swift Sport is available in conjunction with a £2,000 customer saving offer and is currently available at £16,999 including the customer saving.

All Ignis models are also available with a £1,000 customer saving, which reduces the price of the SZ3 model to £11,999.

In addition, for customers looking at Swift and taking finance with Suzuki Financial Services, a £1,250 discount is offered on Swift Attitude models and a £750 discount is available for SZ3 models.

Suzuki is also supporting S-Cross sales with a £3,000 manufacturer discount in Q4.

Kia has been offering a £500 test drive incentive on its Sportage in addition to the continuation of its own scrappage scheme. The Sportage mild-hybrid and Niro Hybrid have been added to the scrappage offer for the first time in Q4 with up to £2,500 off when customers trade in a vehicle that is more than seven years old. Kia said the scheme has encouraged sales of 13,000 vehicles since it started in September 2017. TOM SEYMOUR

TOP FINANCE DEALS FOR RETAIL BUYERS

Model	Finance type	Deposit	Term	Monthly payment	Final payment	APR	Offer ends
Citroën							
C1 Feel 1.0 VTi 72PS 5dr	PCP	£2,000	48	£152.65	£3,464	4.9%	31/12/2019
C3 Flair 1.2 PureTech 110PS	PCP	£2,000.05	48	£216.85	£5,463	0%	31/12/2019
C3 Aircross SUV Flair 1.2 PureTech 110PS	PCP	£2,000	48	£239.97	£6,909	2.9%	31/12/2019
Berlingo Flair 1.2 PureTech XL 110PS	PCP	£2,000	48	£362.91	£8,236	4.9%	31/12/2019
C4 Cactus Hatch Flair 1.2 PureTech 130PS	PCP	£2,000	48	£274.58	£6,460	4.9%	31/12/2019
C5 Aircross SUV Flair 1.5 BlueHDI 130	PCP	£2,000	48	£333.19	£11,020	5.9%	31/12/2019
SpaceTourer Flair 2.0 BlueHDI M 150PS 8-seat	PCP	£15,500	48	£449.96	£12,991	9.9%	31/12/2019
SpaceTourer Business 2.0 BlueHDI M 150PS	PCP	£14,474	48	£378.53	£10,236	9.9%	31/12/2019
Mitsubishi							
ASX Dynamic	PCP	£4,559	25	£229	£10,780	0%	31/12/2019
Eclipse Cross Design SE	PCP	£6,309	25	£239	£10,855	0%	31/12/2019
Outlander PHEV Design Petrol Auto 4WD (Leather)	PCP	£11,625	25	£329	£17,499	0%	31/12/2019
L200 Warrior Manual	PCP	£8,916	25	£399	£13,653	0%	31/12/2019
Outlander Design Petrol 4WD	PCP	£8,203	25	£249	£14,471	0%	31/12/2019
Suzuki							
Ignis Dualjet SZ3 Hybrid	PCP	£1,849.42	49	£139	£5,660	6.9%	31/12/2019
Swift 1.2 Dualjet Attitude	PCP	£1,062	49	£159	£4,761	6.9%	31/12/2019
Swift Sport 1.4 Boosterjet 5DR	PCP	£2,639.64	49	£229	£6,223	6.9%	31/12/2019
Vitara 1.0 Boosterjet SZ-T	PCP	£2,367	49	£249	£8,268	0%	31/12/2019
S-Cross 1.0 Boosterjet SZ4	PCP	£1,918.12	49	£199	£6,199	6.9%	31/12/2019
Kia							
Picanto 3 1.25 manual	PCP	£1,330	37	£211.33	£4,770	5.9%	31/12/2019
Rio 3 1.0 T-GDi manual ISG	PCP	£1,743.50	37	£277.35	£5,716.25	5.9%	31/12/2019
Ceed GT-Line 1.4 T-GDi ISG	PCP	£2,309	37	£299.47	£9,787.50	2.9%	31/12/2019
Ceed Sportswagon 3 1.0 T-GDi ISG	PCP	£2,246	37	£299.76	£9,157.50	2.9%	31/12/2019
ProCeed GT-Line 1.4 T-GDi ISG auto DCT	PCP	£2,543	37	£339.66	£10,575	2.9%	31/12/2019
XCeed 3 1.4 T-GDi ISG	PCP	£2,409.50	37	£328.79	£9,945	2.9%	31/12/2019
Niro Self-Charging Hybrid 3 1.6 GDi 1.56 kWh battery auto DCT	PCP	£2,677	37	£367.29	£11,902.50	5.9%	31/12/2019
Soul EV First Edition 64 kWh lithium-ion battery auto	PCP	£3,379.50	37	£558.37	£14,310	5.9%	31/12/2019
Optima Sportswagon 3 1.6 CRDi ISG auto DCT	PCP	£2,705.50	37	£415.91	£9,697.50	5.9%	31/12/2019
Stinger GT-Line S 2.0 T-GDi	PCP	£3,597.50	37	£537.50	£14,490	5.9%	31/12/2019
Stonic 3 1.6 CRDi manual	PCP	£1,972	37	£295.27	£7,470	5.9%	31/12/2019
Sportage 4 1.6 T-GDi ISG (2WD)	PCP	£2,773.50	37	£371.89	£12,757.50	5.9%	31/12/2019
Sorento GT-Line 2.2 CRDi 8-speed auto ISG	PCP	£3,745	37	£464.79	£16,042.50	3%	31/12/2019
Peugeot							
108 Active 1.0L 72 3dr	PCP	£3,700	48	£119	£3,092	0%	31/12/2019
108 TOP! Active 1.0L 72 5dr	PCP	£4,077	48	£129	£3,645	0%	31/12/2019
All-new 208 Active 1.2L PureTech 75 S&S	PCP	£700	48	£228.84	£6,138	5%	31/12/2019
208 Signature 1.2L PureTech 82 S&S	PCP	£1,987	48	£238.57	£4,764	6.9%	31/12/2019
2008 SUV Active 1.2L PureTech 110 S&S	PCP	£6,910.31	48	£199	£5,448	6.9%	31/12/2019
308 Active 1.2L PureTech 110 S&S	PCP	£5,856	48	£219	£5,096	0%	31/12/2019
308 SW Active 1.2L PureTech 110 S&S	PCP	£5,442	48	£229	£5,448	0%	31/12/2019
3008 SUV Active 1.5L BlueHDi 130 S&S	PCP	£4,043	48	£326.56	£9,870	5.9%	31/12/2019
508 Active 1.5L BlueHDI 130 S&S	PCP	£5,644.67	48	£279	£9,168	4.9%	31/12/2019
5008 SUV Active 1.2L PureTech 130 S&S	PCP	£5,258.13	48	£319	£11,923	5.9%	31/12/2019
Rifter Active Standard 1.2L PureTech 110 S&S	PCP	£3,731.44	48	£229	£7,280	2.9%	31/12/2019
Traveller Active Standard BlueHDi 120 S&S	PCP	£4,581	48	£349	£10,521	0%	31/12/2019

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

HAVE YOUR SAY
Do you agree with these opinions?
Get in touch by email - tim.rose@bauermedia.co.uk

DEALERS NEED TO HELP CUSTOMERS OVERCOME THEIR CONFIDENCE CRISIS

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

Confidence is a strange concept, both at an individual level, and when one looks at consumer confidence.

At the university, we help to build confidence in individuals by giving them insight and knowledge that allows them to analyse situations and make decisions confidently, with the assurance that there is an underlying rationale to what is proposed. Confidence is something that underpins both how we feel about ourselves and the subsequent actions that we may decide to take.

A lack of confidence at the consumer level is being given as the reason for the continued decline in new car sales during this past year. The argument runs that consumer spending slows down when there is political and economic uncertainty. A general lack of confidence brought about by an uncertain future will make people reflect on both their circumstances now and also their future prospects. This makes sense – if one is being more cautious about one's spending, maybe a new car is something that one can put off.

My problem is in trying to understand what is actually going on in the market. The argument is that people delay changing their car in a period of uncertainty. But if, as the data shows, somewhere upward of 84% of new cars are sold on PCPs or PCH contracts, then all of those customers are currently operating on an agreement with a definitive end point. There has been a rise in used car sales, which could suggest that people are coming out of new car contracts and moving into the used market. The problem is that there is no ready source of data to substantiate this.

With the battery supply problems for AFVs, this could account for the rise in the sale of used hybrid and EV vehicles. The rise in the sale of used diesels (as sales of new ones continue to decline) has to be based on competitive pricing for these vehicles making it attractive for the customer to trade down.

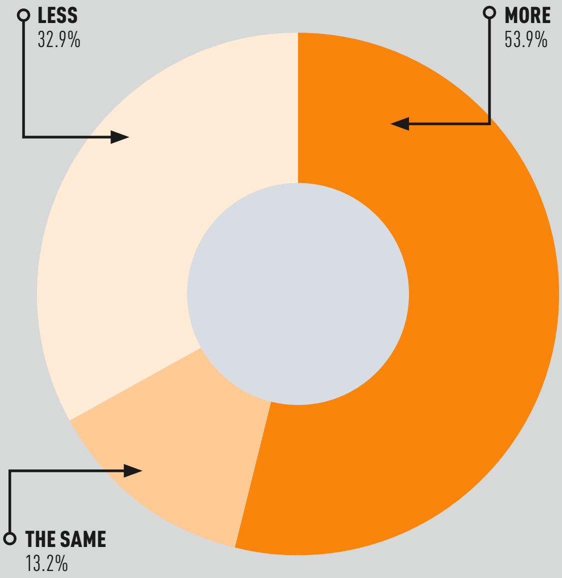
All of this is logical, but the bit that I don't understand is why lack of confidence moves people away from buying new cars. The PCP and PCH offers currently in the market are in some cases better than they have been for some time. This type of contract surely gives the customer certainty over payments and also reassurance that they are driving a new car, which is unlikely to produce any unpredicted bills. There is also a clearly defined end point.

As I said at the start, individual confidence is improved if the person is better informed and fully understands the situation they face. Perhaps as a sector we need to do more in building consumer confidence, not necessarily in the economy, but in our ability to help people overcome their uncertainty. We could do more in promoting how good our financial offers are in future-proofing the customer's financial exposure. If we achieved this, it would hopefully give them confidence in wanting to buy.

> "I DON'T UNDERSTAND WHY LACK OF CONFIDENCE MOVES PEOPLE AWAY FROM BUYING NEW CARS"

AM POLL

HOW MUCH DO YOU EXPECT TO INVEST IN YOUR DIGITAL TEAM IN 2020?



More than half of dealers believe they need to expand their digital teams to provide a better online service to consumers.

As the competition for buyers in the new and used car markets remains extremely tough, and more motor retailers make the move into e-commerce, many dealerships seem ready to boost their digital investments in 2020.

For some, this means reallocating some budget previously invested elsewhere: "We've had to cut costs this year – headcount particularly. But we do need more young digital professionals who aren't all about face-to-face deals."

A few others said they will trial e-commerce in 2020 and they hope it will be a responsibility of existing staff.

But among those businesses that will not increase their investment, there are some views that their existing teams should improve.

"We're getting plenty of leads already, so I don't need to get more. What I do need is for my sales teams to better manage the ones we've got, and convert more into customers," said one dealer.

Another said: "We have so many different systems we use to target and contact prospects, my team struggles to cope. I'd like to cut some costs and complexity next year, and focus on the core."

NEXT MONTH: SHOULD DEALERS FULLY CHARGE CUSTOMERS' ELECTRIC VEHICLES FOR FREE AS PART OF A SERVICE?

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I THINK IT'S GOOD THAT WE ARE ABLE TO SIT DOWN TOGETHER AND ALL HAVE AN INPUT IN THE BUSINESS

CAROLINE WILLIS, SHELBOURNE MOTORS

FACE TO FACE: SHELBOURNE MOTORS

BRINGING IT ALL BACK HOME

Inspired by NADA dealer visits, this family-run NI group uses the latest technology to deliver US levels of customer service at its new multi-brand site. Tom Sharpe reports

The return of Shelbourne Motors to Newry in a landmark £5 million Renault/Kia multi-brand showroom facility very much marks a homecoming for the family-run Northern Ireland retail operation.

Fred Ward, the group's founder, began selling vehicles from his home in the town – just a mile from the new dealership location – in 1970 and the current leadership team literally grew up in the motor trade.

His sons, Paul and Richard, are sales directors at the business, while his daughter, Caroline Willis (nee Ward), is the business's finance director.

"There is no need to have someone in the traditional managing director's role," said Caroline, when *AM* travelled to Newry to meet the team.

"I think it's good that we are able to sit down together and all have an input in the business and it's good that there's a team of us that people know they can approach in and around the business with suggestions or issues.

"Our father is still present within the business. I think he still misses the process of selling cars."

Paul shares his father's enthusiasm for engaging with customers on the showroom floor and said he still enjoys brokering a sale: "It's in the blood, and in a huge facility like this, who wouldn't want to feel a really active part of everything that's going on?

"As long as I don't upset the sales executives too much, I love to greet the customers and get into the business of selling cars even now."

Fred Ward expanded his car retail business after identifying a business opportunity 20 miles away in Portadown, acquiring a filling station in the town in January 1973 and subsequently securing a Toyota franchise.

After more than four decades, that site has expanded into a nine-acre, multi- franchise site featuring a newly renovated Renault/Dacia and Nissan dealerships. Shelbourne Motors launched its AutoSelect used car supermarket operation at the site in 2007.

In 2018, the group celebrated 45 years in business with its highest-ever annual turnover of £39.9m and its second-highest profit-before-tax figure of £1.14m as it prepared for its biggest single expansion to date – its return to Newry.

A NEWRY ERA

More than 1,000 cubic metres of earth had to be removed from sloping green belt land beside the A1 dual carriageway less than two miles outside the town to accommodate the three-story development.

Work to develop the 50,000sq-ft facility, on Armagh Road, began five years after the Ward family purchased the site and about 20 years after the family last considered expanding back into Newry.

Paul said: "We had thought about coming here with Toyota, but this was right in the middle of the Troubles. We identified a site, then things flared up and we decided not to continue, but it was always there."

Paul said when they first visited the location of the new site there were horses and fly-tipping on the site, but he added: "We shook on it right there and then."

More than 20,000 vehicles pass the site every day and, despite its challenging topography, it offered scope for another significant multi-brand retail development.

Earth-moving wasn't the only challenge the group faced, though.

Caroline said: "We fought for the next three years with the planning committees because we were just outside the boundaries of the town. It was very much about what we could bring to the town and the employment we could provide.

"In the end, we didn't bring a workforce in from Belfast or further afield to build the dealership, we brought in a local firm, O'Hare & McGovern. It's nice that you can still bump into people nearby and they will say 'I worked on your site'."

Shelbourne has benefited from the requirement to recruit locally, cementing its place in the community.

Paul said: "We wanted to do that, get the community into the building early and get them talking about it.

"We engaged with the local chamber of commerce and gave away a car through a local church.

"A lot of the dealers that had been in Newry previously had fallen by the wayside, they'd had no succession planning and we wanted to be that familiar name and make people aware of our history in the area and the part we wanted to play in its future."

Both Ward family members said the Newry area was a wealthy car retail market, describing it as "a tech hub".

Paul said: "More money goes through this area in a day than goes through Portadown, probably, in a week. We have got the advantage of the South, with the Border nearby, but that isn't our main focus.

"Two thirds of the population of Northern Ireland are on this side of the country.

"This is an affluent area. It's a technology hub. These are coastal holiday towns and there's also a lot of technology industry."

Caroline pointed out that the veterinary pharmaceuticals business Norbrook, security software firm First Derivatives, and STATSports, which provides data monitoring devices to professional sports teams across the globe, are among the big businesses located in and around Newry.

"We see a lot of potential for the site here," said Paul.

Away from the group's established database of customers in Portadown, the visibility of the Newry site – backed by a marketing campaign led by "Hello

Newry" posters around the town – will play a key part in quickly building the levels of business needed to reward their £5m investment.

The facility is expected to double the group's vehicle sales from 3,000 used cars and 1,700 new units a year and significantly grow aftersales revenues with the help of a new drive-in service and vehicle handover area and a 28-bay workshop.

Caroline said the Newry building has been developed with scope to accommodate a further franchise in an extension on the southern side of the building, but there is no immediate rush to act on the plans.

With Shelbourne's group-wide return-on-sales figure standing at 3.55% at the time of *AM*'s visit and 2.5% predicted for 2019 as a whole, the business is already geared to make the most of its existing assets.

ONE ROOF, ONE WORKSHOP

As well as the planning challenges posed by the new dealership's green belt location, the group faced a battle to convince its existing brand partner Renault of its business case after proposing the multi-brand format.

Of particular concern was the creation of a single workshop serving franchise customers as well as those of the AutoSelect used car showroom that sits between the Renault and Kia dealerships.

Paul said: "Renault was very against us having this open at the back and we had to go to franchising in Paris to argue the case. Fair enough, they put their hands up and said 'it works', but this is the first one that I'm aware of for that brand."

Shelbourne's Portadown operation features Toyota, Renault/Dacia and Nissan dealerships within the same nine-acre site. But the group was convinced that a single showroom and workshop featuring

> **YOUNG PEOPLE DON'T THINK ABOUT THE DIGITAL MARKETING, THE FINANCE DEPARTMENT, HR, WHEN THEY THINK OF A CAR DEALERSHIP**
>
> CAROLINE WARD, SHELBOURNE MOTORS

various brands would be more efficient at Newry.

The team visited the Jacksons Motor Mall, on the Isle of Man, to see a genuine multi-brand site in operation. Trips to NADA with ASE also provided inspiration.

"One of the best things about the NADA trips were the dealer visits," said Paul.

"Until you see how something works, it's hard to envisage."

Technology was a key takeaway from the Shelbourne leadership team's visit to NADA.

Italian workshop equipment provider Sirio has provided a vast suite of hardware for the Newry site and aftersales customers enter its drive-in service area over tyre monitoring sensors in an attempt to deliver early feedback on necessary new tyres or tracking work.

Automatic number plate recognition allows staff at a service desk – located behind sliding entrance doors next to an escalator that leads into the main show-room space – to greet each customer by name.

Caroline said: "With the parts facility that

we have here, we have been able to stock 200 of our biggest-selling tyres.

"Getting a call halfway through the service to say 'we'd recommend changing your tyres' is never going to be the most effective way of increasing sales. The monitoring system changes that."

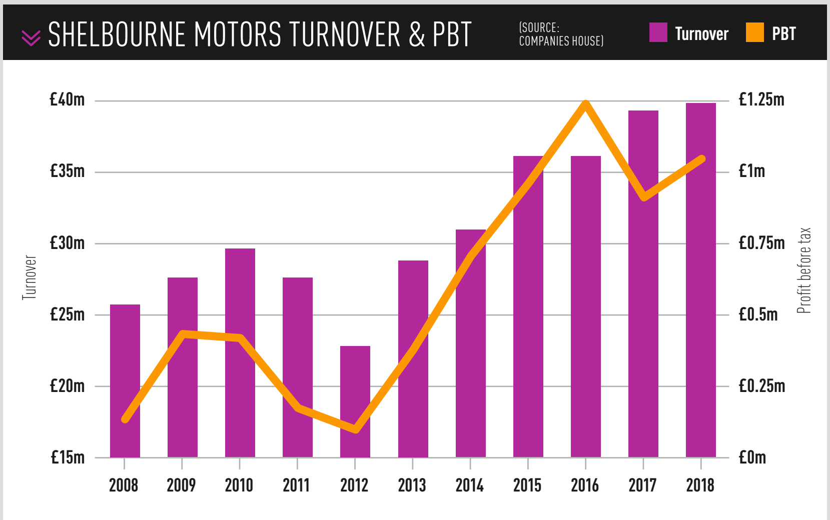
Aftersales is a key component of the potential profitability of the new site in Newry.

Paul said service currently accounts for 32% of group profits, with parts and body-shop operations accounting for 8% and 26%, respectively.

The Portadown business's workshop is loaded to 110% each day and achieves 80% overhead absorption.

In 2018, it delivered 1.6 labour hours per job card in 2018 as the group experienced an overall increase in sold hours of 9%.

Parts turnover increased by 6% across the year, but the group reported that this had not been reflected in profitability "due to manufacturers' targets being out of reach", making bonuses difficult to achieve.




There is room for further expansion to the south of the Newry site


Eight of the 28 workshop bays had been equipped with ramps when *AM* visited

Efficiency will be key to the business and even suggestions of minor changes are welcomed in the pursuit of marginal gains.

Parts from a large stock room, located adjacent to the workshop, are ordered and boxed up before the start of the day to ensure that all the components required by technicians are readily to hand – saving time.

An array of new Dura workbenches give technicians their own space to keep tidy and well-ordered and the aftersales and parts managers are now located in an office inside the workshop rather than in the main dealership building.

"That is where they are needed," said Paul. "It makes perfect sense. In there, they can keep track of the job cards and handle any queries that might come their way."

But the Wards insist that they are open to staff suggestions that might compliment the new highly ordered and high-tech working environment.

One long-standing technician told a recent staff survey that he was tired of being halfway through a job and not being able to find a watering can [to fill windscreen washer reservoirs], said Paul.

"I said 'buy a dozen and put your names on them'. He was delighted, it was a simple fix, but it just went to show that even with all this technology some of the most straightforward solutions can be the most effective."

RECRUITMENT

Not many of the employees at Newry could be considered "long-standing".

Following the recruitment of "Newry native" Michael McCartan as general manager, Shelbourne wanted to attract a fresh workforce of 60 staff for the new facility without poaching existing staff.

A fortnight-long recruitment operation was launched from a location in central Newry to sort through

ADVERTISING FEATURE

From fingertip to forecourt with the BCA Buyer app

By Dene Jones, chief marketing & data officer, BCA

BCA has released a major update to its Buyer app with the introduction of live bidding from mobile devices. The BCA Buyer app has been welcomed by customers and more than 50% of BCA buyers have now used it.

The BCA Buyer app allows customers to bid in real time on any BCA sale including e-Auctions, as well as purchase stock instantly 24/7 in fixed-price 'Buy Now' sales. BCA is supporting the Buyer app with the power of accurate real-time decision intelligence capability that connects every aspect of buying and selling with BCA, the UK's largest used vehicle marketplace.

Users can search for and track vehicles with real-time running orders and notifications and view all the vehicles they want to bid on in one screen. The app displays comprehensive vehicle details, including mechanical reports, condition reports and guide pricing.

The BCA Buyer app streamlines the buying process to ensure that customers never miss a vehicle. The app is free to download in the App Store and Google Play Store.

BCA continues to roll out regular updates to the Buyer app based on user feedback, so it consistently evolves with the needs of customers, making it even easier to locate and bid on the vehicles.

With thousands of vehicles being sold daily, the BCA Buyer app lets customers manage their buying with BCA, wherever they are, leaving them free to manage their day-to-day activity at the dealership and focus on those all-important retail sales. It means professional buyers can go from fingertip to forecourt via their mobile device.

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hundreds of applications for the roles. The group hoped to fill them with a large proportion of individuals from other retail and hospitality backgrounds.

Caroline said: "Normally, when you go through that kind of process you can emerge feeling exhausted, but after going through applications and interviewing the candidates for Newry I felt really quite uplifted.

"People had heard of or seen the plans and there was a lot of enthusiasm."

Since September, Shelbourne has promised employees a five-day working week, in an acknowledgement that staff expectations are changing.

The group has been working hard to ensure it is well placed to develop its own people, with Martec initially training a wide range of staff for the site before equipping managers to take up more active training roles themselves.

As well as appointing an average of 16 apprentices to its ranks each year – five of whom have gone on to achieve master technician status within the business – Shelbourne has also been working with Southern Regional College, in Newry, to introduce new elements to the curriculum, equipping students with the skills they may need to work in a modern dealership.

Caroline said: "We've been in there and talked to students and I think they have been amazed at the array of jobs that are on offer in the sector.

"Young people don't think about the digital marketing, the finance department, HR, when they think of a car dealership.

"We figured that if someone could walk out of college with some experience of the CDK software, for example, they'd stand a great chance of walking straight into a job."

ONLINE SALES

Paul said the group has a renewed focus on used cars and increasing its stock turn.

Its stock of about 450 vehicles will increase by about 360 when a site, which is currently being cleared next to the Newry dealerships, is completed next year.

The aim is to continue to drive a faster stock turn. The group reduced its average stocking days from 90 to 33 over the past three years.

A turntable in the Newry site's workshop will help to get high-quality, 360-degree imagery online faster.

While the group uses Auto Trader's Retail Accelerator to determine and change the pricing of its stock, one other key driver of the new strategy will be online retail. In September, Shelbourne integrated GForces' NetDirector Auto-e platform to power its online offering, including Shelbourne's Auto Select used vehicle programme.

Caroline Willis, Shelbourne Motors' finance director, with her brothers, both sales directors, Paul (centre) and Richard Ward

Speaking to *AM* during our visit in late November, group marketing manager Ronan Marshall said: "It has taken off more than we anticipated. Since September we have sold 16 cars.

"We have a bit of a reputation for testing things and we knew that this was where the customer is going, so it's good to have a solution."

Paul pointed out that just one of the vehicles sold online so far had been completed away from the dealership, ending in delivery to a home address.

A nine-strong Shelbourne Motors call centre team currently claims an 11-minute response time to customer enquiries across all platforms, according to Marshall, and the group welcomes engagement and feedback via its website – recording a 4.8 rating on TrustPilot.

Shelbourne's used car stock subscribes to a 7yr/70,000-mile policy and, while the business insists that it's not a major component of its operations, cars over six months old attract a lower rate of Vehicle Registration Tax (VRT) for customers from the Republic of Ireland keen to take advantage of sterling's current weakness to buy a bargain.

A ready stock of nearly new vehicles is provided by the group's rental division – Shelbourne Vehicle Rental – which is targeted to grow in 2020 with a re-launch and the creation of a new, more visible centre at Newry.

Paul said: "We've 250 vehicles on that rental fleet now, but with the new branch, and really great visibility by the A1 here in Newry, we expect to grow that by a further 100 in 2020.

"The rental business really gives us the chance to appeal to customers who want to sample a brand that we don't represent and also to cater for people who want a shorter-term ownership option of six or 12 months.

"I think the site here at Newry is the embodiment of the fact that we want to be a one-stop shop for all potential customers and the rental option – like online retail – just feeds into that."

FACTFILE

FRANCHISES Dacia, Kia, Nissan, Renault, Toyota
LOCATIONS Portadown, Newry
TURNOVER (2018) £39.9m
PROFIT BEFORE TAX (2018) £1.14m
HEADCOUNT 170


LIVE ON THE EDGE
UNLOCK EXHILARATING PERFORMANCE WITH AUDI
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EDGE
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STRONGER UNDER PRESSURE
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CITROËN

MD Karl Howkins fears Brexit and recession will shrink the UK vehicle market by up to 25%, but believes a more agile network will weather the storm, he tells Tim Rose

The UK's new vehicle market may fall by up to 600,000 registrations if the country suffers an economic recession following a hard Brexit, according to Citroën's boss.

Citroën UK managing director Karl Howkins said he fears the country is heading for both situations, and the carmaker's scenario modelling suggests new car and van sales in the UK could fall by at least 10% and possibly as much as 25%.

That would send the current total industry annual volume of about 2.68 million cars and vans down to just more than 2m units, putting the new car market on the same level as 2008's recession. Howkins said he anticipates dealer failures across the industry.

There are already vulnerable sites in Citroën's dealer network. The average return-on-sales (ROS) figure for the whole network is just 0.1% – half of the 145 dealerships are at breakeven point or are loss-making.

For many, structural costs or headcount are too high for the revenues they are able to achieve. "For our dealers to be successful ... you have to be multi-franchised," said Howkins.

Citroën has already relaxed some of its demonstrator requirements and has reduced its minimum showroom size from five cars to three cars for some locations.

Howkins said many dealers must raise their game. His frustrations with some franchisees include visiting dealerships where ringing phones are not being answered, and customers are not being looked after properly.

Some are also failing to maximise their opportunities from used car sales.

"WE'VE BEEN THROUGH WORSE. WE WILL GET THROUGH IT AGAIN. WE'VE GOT TO BE AGILE, QUICK AND MAKE SURE THE BUSINESS IS IN GOOD SHAPE IN TERMS OF FINANCES AND PRODUCTS
KARL HOWKINS, CITROËN UK

"I want dealers to survive," said Howkins. But he does foresee the Citroën UK network "contracting naturally".

Within the next two years, he believes the Citroën network will "naturally" reduce by about 10%, to about 130 sales points. The challenge is ensuring the outlets that remain are in the right place, with good locations and strong market opportunities.

"We've been through worse. We will get through it again. We've got to be agile, quick and make sure the business is in good shape in terms of finances and products," said Howkins.

The SMMT's 2020 forecast for the UK market is currently for 2,627,000 new car and van registrations in 2020.

Howkins said the foreign exchange changes since the referendum on the UK's membership of the EU have already made new cars more expensive, by perhaps £30-£40 a month on a three-year PCP.

The additional costs of a 10% import tariff on cars imported from the EU would have to be passed on to consumers ultimately, he said.

But Howkins believes carmakers will not drive dealers to "churn" customers early in three- or four-year PCPs. That means dealers will need to make most of their profit selling used cars and parts and accessories.

"We have to get more business with accessories and parts, we need to work harder in used cars and own more of the market than we do," he said.

Howkins predicts two more years of a declining new car market before there will be some recovery. There will be casualties across all franchised networks, he said. Naturally, by identifying the strugglers now, Howkins would rather find someone to take over their Citroën franchise and allow them to get out in time rather than go bust.

He said Citroën's field team already works with dealers on identifying potential issues, for example examining if they are active enough in all the sales channels including to local businesses, whether their sales volume per head could improve by losing an employee to reduce costs, or whether they have too many aftersales staff for the volume of labour hours they are selling.

Regarding sales of cars and vans to SMEs, Howkins is firm with his dealers: "If you're going to wait for these people to come through the door, you'll be waiting a long while. You need to get on the front foot. Prospect and follow up."

Getting into SMEs can be lucrative in more ways than one, he said, as they also have employees who buy cars privately. Citroën is working hard on attractive affinity deals to get these people into the brand.

Howkins believes underperforming dealers must manage their prospects more effectively. Citroën buyers are typically middle-aged, he said, and salespeople need to spend time on the phones to reach them, and then build the relationship face to face to sell to them.

The GDPR has made reaching potential buyers harder, but he believes some people hide behind the data regulation, and blame it for underperformance.

Howkins said he finds the inconsistency in the network hugely frustrating: "You walk in some of them and you wish you hadn't bothered. In others it's 'wow'."

The best operators realise it's a relationship business, he said, and the top-

KEY PRODUCTS

C3

Citroën's best-selling model, the B-segment car notched up 15,632 registrations in 2018. Almost two thirds of those were in the fleet sector, including Motability.

C3 Aircross

New in 2018, almost 10,000 registrations ensured it was Citroën's second strongest performer. Its appeal is strong in the retail sector, where 5,591 buyers took delivery.

Great British Bake Off quarter-finalist Manon Lagrève has become a brand ambassador for Citroën

quartile dealerships, who are building relationships across retail and business customers, are making more than 2% RoS.

He is confident that some of the bottom quartile, whose profitability is "falling off a cliff", can be turned around, but admitted there were some "we've just given up with" because Citroën has found they don't want to listen or adapt.

Having a loyal, long-serving band within its network is a good thing, but there are some that are still doing what they did 20 years ago, he said. They are unwilling to modernise their structures and processes, and reluctant to take out cost, manage calls more efficiently or win more appointments.

He said he doesn't need dealers who clearly do not want to fit with Citroën any more.

Trading in 'a hell of a year'

Howkins described 2019 as "a hell of a year". People are not frightened of hard work, he said, but the challenges just kept coming: WLTP, planning for the aborted March 31 hard Brexit, the advent of RDE for cars and WLTP emissions regulations for LCVs in September, and the general election, which was still two days away as *AM* went to press.

The UK is Citroën's fifth-largest market, so Citroën UK comes under pressure to defend its market position, but primarily to protect the brand's global profitability. As a brand, Citroën UK must be above 3% combined share across cars and vans, said Howkins. That is the level it is at currently, and he believes the strength of the products and dealers warrants that – it has cars and vans in all segments and serves its customers well.

The average age of its product range from launch is less than three years old, so the cars are still competitive. Recent launches include the C3 Aircross, C5 Aircross and the new Berlingo, and dealers will get a facelifted C3, C5 Aircross hybrid and electric Relay van next year, before Citroën's first electric C-segment car arrives in 2021.

To secure that 3% market share requires both good planning and an agile approach to business, to ensure attractive offers are revised quickly – it has a 'swappage' scheme running until the end of 2019 that guarantees a £5,000 minimum part-exchange value, for example – and its cars are well specified and competitive, so it can keep the order book strong.

Howkins said Citroën UK had built up stock and cash ahead of the aborted March 31 Brexit date and told the network to prepare customers for the tariffs incurred by European brands from a hard Brexit. He said he didn't want to make the network too concerned, and one of the head office's functions is to "be a filter" and allow the retailers to concentrate on their teams and their customers.

"Nothing starts until you sell a car or a van. You can have all the planning in the world, but the customer is king, and we totally need to support our dealers and staff so they focus on the customer at all times."

He said his approach is planning for the worst, hoping for the best. The brand must be prepared for a hard Brexit.

"Clearly, we want a deal, if we are going to come out. My only concern if there's another referendum is if we get the same outcome. You're then in another cycle of delay, delay and delay. And the

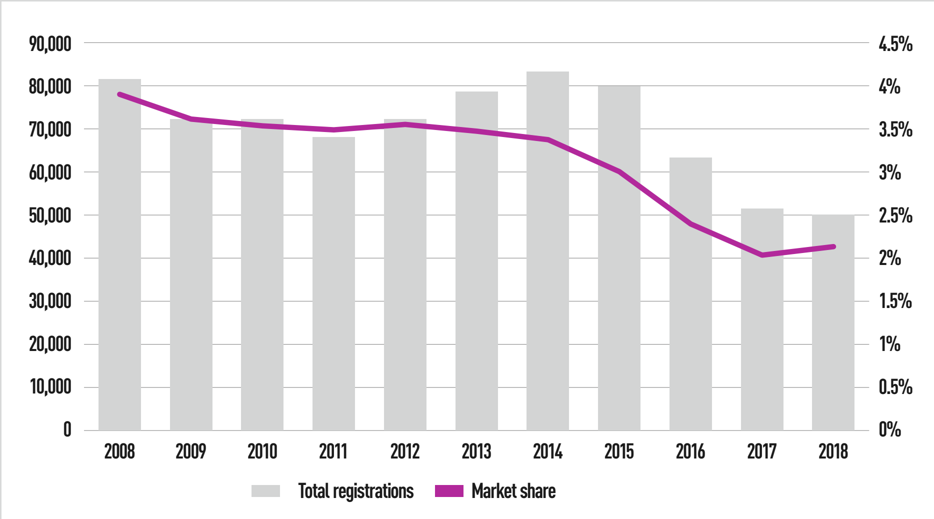
C4 Cactus

Citroën followed a stand-out first-generation Cactus with a successor that lacked the quirkiness. Registrations have suffered slightly as a result.

C5 Aircross

Although it's not matched its sister Peugeot 3008 for outright desirability, Citroën's new SUV achieved 4,500 registrations by the end of Q3 and is generating crucial profit.

CITROËN UK NEW CAR REGISTRATIONS AND MARKET SHARE (SOURCE:SMMT)



A rapid fall in new car sales volumes since 2014 has left Citroën's UK dealer network today needing consolidation and multi-franchising to be viable

uncertainty is the biggest problem we're all facing."

Howkins said a suggestion that tariffs will add an average £2,000 to the price of each vehicle imported from Europe was "optimistic".

"The only person that will end up paying for it will be the customer." A retail customer in a PCP or PCH that is reaching its end will have to pay more to get into the same kind of new car.

Now, as the UK waits yet again for definitive action over Brexit, Citroën will not build up large stocks again. There is enough stock in the pipeline, said Howkins.

He is worried about consumer reaction, however. He said customers start to drift away from new cars when monthly payments rise significantly, regardless of whether that is caused by tariffs, interest rates or foreign exchange shocks.

"When the monthly price gets too high, customers say 'I can't afford to change'."

Between 2016 and 2020, consumers have already suffered a "sizeable enough" increase in the cost of new cars, he said, and when brands are subsidising an APR down to 0% that has become expensive for carmakers.

"The most important thing for us is that somehow, when Brexit happens, we have to get that 'cost to change' as competitive as we can."

Howkins said Citroën's plan to mitigate the projected 10%-25% decline in the UK's combined new car and van markets in 2020 is to "focus on where it makes sense". That means being competitive in retail, in the SME markets, in national fleet and Motability, and being careful about rental, where the margins can be thin or non-existent.

He said Citroën's strategy is that cash and profit is king, and gaining market share is secondary, and he's thankful for that. But if the total market drops to barely more than two million cars and vans, that will have significant consequences for all brands and their retail networks.

2019 was Citroën's 100th anniversary, and this was marked by events in all its markets. More than 1,000 owners of new and classic Citroëns joined UK staff at Motofest Coventry, many dealers displayed classic cars in their showrooms and Citroën's display at Goodwood Festival of Speed encompassed the past, present and future, showing vehicles from the iconic 2CV to the Ami One vision of future mobility.

"Being with the brand 18 months, my personal perception is the nicest thing is we're a bit different. It is a quirky brand. Our USP is comfort, and we do all right in terms of getting that message across.

"I can look at our sister brands and see where it's similar in choice. I don't care whether you're in PSA or VW Group, you get cannibalisation within a group. The fact that we're a little bit different, and you can have us in a showroom beside Peugeot or Vauxhall and DS means people can see we're a different proposition to what they're used to. So, it does help."

He said the brand still maintains its reputation for innovation and value, and tough market conditions can be an opportunity for value brands. Brand perception suffered in the past – although Howkins said new car buyer survey data shows that is beginning to improve – and Citroën had seemed afraid to highlight its French roots.

That has changed with recent marketing campaigns, which use 'Franglais' phrases such as 'tame le beast' and 'Jacques of all trades'. Campaigns focus on showing Citroën's personality. YouTube videos have shown Rugby World Cup referee Nigel Owens inside a C5 Aircross trying to tame a bear, and 2018 *Great British Bake Off* quarter finalist Manon Lagrève has become a brand ambassador, featuring in a Citroën Road Trip on Instagram and Twitter.

> **WHEN THE MONTHLY PRICE GETS TOO HIGH, CUSTOMERS SAY I CAN'T AFFORD TO CHANGE... WHEN BREXIT HAPPENS, WE HAVE TO GET THAT 'COST TO CHANGE' AS COMPETITIVE AS WE CAN** KARL HOWKINS, CITROËN UK

Howkins says gaining market share takes second place in Citroën's strategy, behind profitability

5 MINUTES WITH...

Sam Watkins, chair, Vehicle Remarketing Association

> "THE INDUSTRY IS STILL COMING TO GRIPS WITH ONLINE SALES AND HOW TO INTEGRATE HUMAN AND DIGITAL PROCESSES

What have been the key milestones for you after your first year as chair?
We have focused on three main areas – value for our members, awareness of our organisation and increasing membership to strengthen our reach, expertise and financial capabilities. Overall, we made a lot of progress. Our meetings have delivered real value for our members by focusing on current issues, from legal counsel on the ASA car advertising ruling through to the importance of end-of-contract inspections as personal contract hire (PCH) continues to become a bigger force. We have welcomed new members and seen a huge increase in the awareness of the VRA through campaigning, press activity and social media. The most noteworthy event we organised was our recent 2020 Vision Seminar, which was attended by more than 200 people.

What have been the biggest challenges for the remarketing industry this year?
Early in the year, there was disruption to de-fleet schedules caused by WLTP. Consumer uncertainty fuelled by Brexit resulted in a number of people delaying the decision to purchase their next vehicle, alongside continued consumer confusion over the pros and cons of each fuel type. Also, closer scrutiny from the Financial Conduct Authority (FCA) has caused the remarketing sector to adapt by changing processes. Finally, the industry is still coming to grips with online sales and how to integrate human and digital processes in an true omni-channel environment.

Was the used car market as volatile as expected in 2019?
The market remained reasonably strong, especially considering the headwinds faced throughout the year. What we are seeing now is that pressures on supply, combined with increasing competitiveness in the retail market, are creating further compression on margin retention. Many retailers are attempting to compensate for this by increasing volume turnover and managing costs. Although profitability won't return early in 2020, there are expectations that once there is more clarity relating to CAFE (corporate average fuel economy), we could see fleets look at renewing their cars and vans.

How is progress coming with creating a centralised service history database?
Slowly. We continue to talk to a number of parties about the data and the technology needed, but there is no solution coming soon. However, we are pretty determined to succeed because we think it will prove extremely useful.

What's your view on the challenge alternative fuelled vehicles (AFVs) pose to the remarketing industry?
There's a number of issues that need tackling. At the most basic level, there's a current lack of understanding – and a resulting nervousness – concerning the longevity of battery performance in the used sector for wholesalers and retailers. Additionally, transporting, handling and repairing AFVs can be more costly and complex due to range and safety requirements. Care and attention must be paid in the defleet process to appropriate charge levels and where repair is required, suitably skilled technicians must be used. Preparing staff with the knowledge and training to sell used AFVs will be critical in 2020.

What are some of the biggest challenges facing the remarketing industry?
There's no doubt that consumer confidence has been dented by the ongoing economic and political situation. The uncertainty that car buyers have experienced will continue until Brexit is resolved, when and however that happens. In the meantime, retail demand has been impacted, which has affected the need for dealers to replenish stock as regularly as usual, and some businesses have chosen not to change vehicles on normal de-fleet cycles, instead adopting a wait-and-see approach. This will have impacted the volume of fresh stock hitting wholesale channels.

What are the VRA's key aims for 2020?
We want to do more of the same – engaging meetings, increasing value for members, more new recruits and relevant information.

In addition, we will launch a new programme, in conjunction with the Institute of the Motor Industry (IMI), to support our members in accessing quality training. Initially, this will address safety in mass vehicle processing centres, and handling of electric and hybrid vehicles.
TOM SEYMOUR

FACT FILE

COMPANY:
VRA

HEADQUARTERS:
THRUSSINGTON, LEICESTERSHIRE

STAFF HEADCOUNT:
12 BOARD DIRECTORS AND COMPANY SECRETARY

NUMBER OF MEMBERS:
40

KEY ANNUAL EVENTS:
SIX MEMBER MEETINGS AND ANNUAL CONFERENCE (JULY 2020)

Advertising feature

Get a clear view on your valeting costs in 2020

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Working with our wide-ranging client list, we have been able to implement efficient systems to give you more cost visibility and to make your life simpler. By joining our services together, we have made the vehicle preparation process simpler, quicker and more cost-effective.

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SPOTLIGHT:

MOTOR FINANCE REPORT

What does the FCA review mean for UK motor finance?

WILL CRACKDOWN ON INTEREST-LINKED COMMISSIONS BE GOOD FOR THE INDUSTRY?
BUT BAN WILL LEVEL THE PLAYING FIELD, SAYS REGULATOR

PAGES 30-31

DEALERS HAVE THREE MONTHS TO ARGUE AGAINST NEW FCA DISCLOSURE RULES
WATCHDOG SAYS PROPOSED RULES ON COMMISSION DISCLOSURE WILL GIVE BUYERS MORE CLARITY

PAGES 33-34

HOW 'RADICAL' NEW REGULATORY REGIME AFFECTS UK DEALERS
THE FCA INTRODUCED THE SENIOR MANAGERS & CERTIFICATION REGIME (SMCR) ON DECEMBER 9

PAGES 37-38

Andrew Brameld, managing director, Motor Finance

BNP PARIBAS PERSONAL FINANCE

The rising levels of momentum behind the green movement in the UK are continuing unabated – and the motor sector, as always, is right at the centre of this conversation.

Product development over the past three to five years has revolutionised the electric vehicle (EV) and turned it into a compelling alternative to traditional petrol and diesel cars.

The widespread adoption of the EV is often cited as the single biggest change the industry can make to prevent climate change – and dealerships now find themselves in a prime position to further support this segment's growth.

Not only can the best EVs now take centre-stage in the showroom, you also have the perfect opportunity to discuss how customers' motoring bills will be affected when you take them through their finance breakdown.

Those higher monthly PCP payments, for example, can quite comfortably be offset by the reduced fuel expenditure and the fact their new motor would be exempt from vehicle tax – suddenly turning an EV into a sensible option at this time of great change for our industry.

Stewart Grant, commercial director

Santander Consumer Finance

Santander Consumer Finance are proud to sponsor this section of *AM* magazine.

Support for dealers in the automotive finance market has never been more important, as the Financial Conduct Authority tightens regulatory scrutiny on the sector, and economic uncertainty, together with increased disruption, make the outlook for selling cars tougher.

For the past 14 years, Santander Consumer Finance has established itself as a leading player in the UK market, supporting our partners with a comprehensive range of finance products, digital solutions, and added-value services that meet the varied and changing needs of our manufacturers, retailers, and customers.

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For more information, please visit: santanderconsumer.co.uk/dealers

We hope you enjoy this issue.

What's next in the FCA's commission crackdown?

Most of the industry has moved on from discretionary commission models, but a ban will level the playing field, says regulator

The Financial Conduct Authority (FCA) will ban discretionary commission models of finance from next year under a plan outlined in its latest motor finance review.

The results of the regulator's motor finance review, published on October 15, called for an outright ban on the use of increasing Difference in Charges (DiC), Reducing DiC and Scaled commission models to stop car dealers increasing consumer interest rates in return for higher commissions.

The FCA said in a statement that a finance broker's ability to set such rates "creates an incentive for brokers to act against customers' interests".

It added: "Preventing the use of this type of commission would remove the financial incentive for brokers to increase the interest rate that a customer pays and give lenders more control over the prices customers pay for their motor finance."

The FCA's consultation period runs until January 15, 2020 and if the ban is imposed, the changes will be applied over a three-month implementation period in the second quarter of 2020.

Christopher Woolard, the FCA's executive director of strategy and competition, said: "We have seen evidence that customers are losing out due to the way in which some lenders are rewarding those who sell motor finance."

"By banning this type of commission, we believe we will see increased competition in the market, which will ultimately save customers money," said Woolard.

To establish the impact of discretionary interest rates on consumers, the FCA analysed a sample of about 1,000 motor finance transactions from 20 lenders, representing about 60% of the market, between January 2017 and July 2018.

It found that broker earnings varied significantly across the commission models, particularly for Increasing DiC, Reducing DiC and Scaled models.

"Excluding extreme outliers, the difference between the average and highest commission was around £2,000 for the DiC and Scaled models, compared to £700 for the flat fee commission model," it said.

The FCA found that on a typical motor finance agreement of £10,000, increasing commission under a Reducing DiC model typically leads to an increase in interest costs of about £1,100 over the course of a four-year agreement – an increase of about 50%.

Similar results apply for Increasing DiC. For the Scaled commission model, the association is smaller.

By scaling up its analysis of the market, the FCA estimated that the application of discretionary interest costs would result in about 924,000 customers paying, in total, up to about £500m in additional interest costs.

The FCA anticipates that the implementation of its ban on discretionary interest costs would incur a one-off cost to lenders of £13m and ongoing costs of £2m a year, while brokers in aggregate would incur one-off costs of £17m and ongoing costs of £3m a year.

It said: "In total, we expect the whole industry would incur implementation costs of £35m in the first year, and £5m in subsequent years."

The FCA said its planned intervention would affect only those firms that offer or receive commission that flexes depending on the interest rate offered by the broker – currently 48% of the market – adding that "the majority of the market will be unaffected by our intervention".

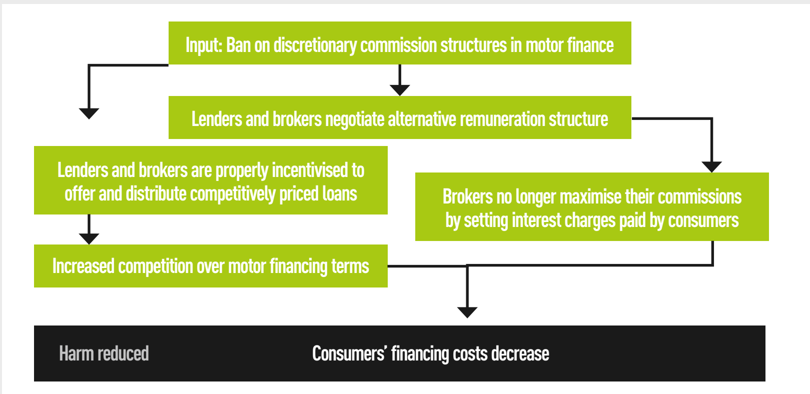
Speaking to *AM* on the morning of the review's publication, Adrian Dally, head of motor finance at the FLA, said: "There are some nice references where the FCA recognises that the industry has already moved on this and the main thing now is to encourage everyone to move.

"In March, the FCA said that these types of models were already a minority part of the market. Lenders that haven't moved want to move, but don't want to lose out financially by doing so."

Dally added: "From the FLA members' point of view, this is what we were hoping for. It's good for the industry in that it creates a level playing field with clearly defined rules."

While the FCA believes that its proposed changes will deliver better value for car buyers, its review findings did express some concerns

THE FCA'S CAUSAL CHAIN FOR ITS PROPOSED INTERVENTION (SOURCE: FCA)



about a "water bed effect" in which 'broker-dealers' who found themselves losing out financially as a result of the loss of the discretionary interest rates models could seek to make up the shortfall through less generous pricing of part-exchange vehicles or increased deposit contributions.

However, while it conceded that it would not be able to quantify these effects, it estimated that the competitive market and the fear of lost sales would prevent this from becoming a widespread issue.

Speaking to *AM* last month, the outgoing director general of the FLA, Stephen Sklaroff, said: "In terms of the findings of the current review, I know that the FCA are fully aware of how complicated the sector is and they have to be sure that the solutions they come up with don't have unintended consequences."

The FCA said: "We do not expect our intervention to result in significant unintended consequences for brokers or lenders.

"Since we published our final findings, some firms have moved, or intend to move, away from using discretionary commission models, in recognition of the harm they cause.

"We have been told that some lenders want to move away from these models, but are wary of losing contracts with motor dealers to those lenders that do not. Banning discretionary models would remove this potential disadvantage."

Sue Robinson, the director of the National Franchised Dealers Association (NFDA), said: "Franchised vehicle retailers are committed to helping and providing clarity to the consumer.

"Clear rules are positive for the industry, but we would urge that they are proportionate so there is a satisfactory outcome for both consumers and dealers."

James Fairclough, the chief executive of AA Cars, said the FCA's review showed that there was no "inherent problem" with car finance products themselves.

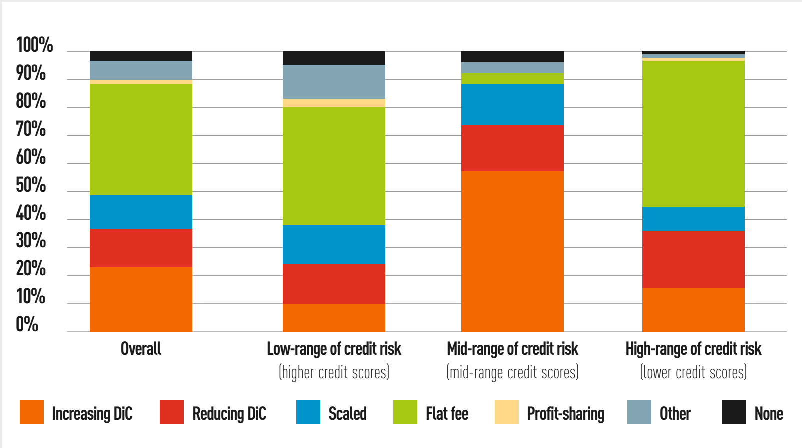
"However, customers are poorly served if they are not shown all the options best suited to them, whether through a lack of transparency, deliberate misinformation or because brokers are trying to steer them toward a particular product purely in order to secure a discretionary commission," he said.

"Transparency and clarity are essential for the car finance industry to serve customers properly, and the FCA's proposal would make it easier for car buyers to compare different deals and shop around."

Fairclough said if the ban increases competition on interest rates between lenders and removes the distorting effect of discretionary commission, it could also lower the cost of finance.

"The FCA's proposal should improve consumer choice and transparency, and we support their efforts to make car finance work better," he said. TOM SHARPE

SHARE OF LENDING BY RISK SEGMENT AND COMMISSION MODEL (SOURCE: FCA)



THE FCA'S CONSULTATION QUESTIONS:

- Do you agree with our proposed ban on discretionary commission models in the motor finance market?
- Do you agree with a three-month implementation period?

Online response form: https://www.fca.org.uk/cp19-28-response-form

Dealers have just weeks to argue against new FCA finance disclosure rules

Watchdog says proposed rules on commission disclosure are designed to give buyers more clarity

Dealers have until January 15 to try to block moves by the Financial Conduct Authority (FCA) designed to ensure that motor retailers tell customers they will be paid by finance houses for selling a motor finance package in the showroom.

The FCA originally considered forcing car dealers to inform customers exactly how they earn commission from selling motor finance, and the amounts involved, but it has decided against it. Although consumers could be affected by the amount of commission involved, the FCA expressed doubt that such detail would change consumers' behaviour and said they would be unlikely to benefit from explanations of complex commission models.

But the regulator is still planning to make dealers disclose to consumers that they will earn a commission from finance sales. It wants consumers to have "better quality information" that makes them "more likely to engage with what is on offer".

"We are concerned that consumers are not being provided with the right information about commissions at the right time," said the FCA.

"This can limit consumers' ability to make informed decisions and, ultimately, [their ability to] choose the deal that is right for them."

The regulator said companies are interpreting its current commission disclosure rules inconsistently, and that disclosure is often not early enough in the process to influence a customer's decision-making.

As a result, the FCA plans to clarify sections 3.7.4G and 4.5.3R of the Consumer Credit Sourcebook (CONC) "to better reflect our intention that customers receive more relevant information about the existence of commission".

Depending on the outcome of an industry consultation, between now and January, it will mandate that dealers and brokers indicate the existence and nature of commission in their financial promotions, and when making a recommendation if the amount of any commission or fee related to the product varies, and if the nature of the commission may affect the amounts payable by the customer under their credit agreement.

It also wants to require dealers and brokers to disclose "prominently" whether the commission varies depending on the product, lender or other permissible factor. But dealers will not be required to provide each customer with an individually tailored illustration of how commission may affect their payments.

"Clarifying these provisions... should help consumers make better informed decisions, consider alternative options, find a cheaper deal or negotiate on the finance or other costs associated with the deal (e.g. part-exchange values)," said the FCA.

> [THIS] ANNOUNCEMENT IS GOOD NEWS FOR THE INDUSTRY AND CONSUMERS, AS IT DELIVERS CLEAR RULES AND A CONSISTENT APPROACH TO COMMISSIONS
>
> ADRIAN DALLY, FLA

"We consider these proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well."

The FCA aims to put the new rules into force in the second quarter of 2020 as it publishes its policy statement, including any final rules. These will improve its ability to supervise firms effectively and to enforce compliance, it said.

Compliance consultant David Blake questioned whether the FCA intends to stop the lender from negotiating with a dealer or broker a package of commission in any form: "While it has been mooted that the rate for risk model is not at risk, the commission that may vary on the product is. That's unless there is justification that the broker has earned it. So in a nutshell, a flat fee per case model is still the only current option."

The latest update from the FCA follows the publication of its review of motor finance earlier in 2019.

Since the FCA took over regulation of consumer credit, many franchised dealers have changed the way they reward their staff, to provide level incentives across their whole range of regulated products.

Adrian Dally, head of motor finance at the Finance and Leasing Association (FLA), said: "[This] announcement is good news for the industry and consumers, as it delivers clear rules and a consistent approach to commissions."

AM-online polled readers this year on whether they felt it was right for the FCA to expect dealers to disclose finance commission. Precisely 54% said it wasn't.

One dealer told *AM:* "We provide a service and deserve to get paid for it. Customers can finance elsewhere if the payments are not competitive (including the level of service, too, which can differ). They are not forced into taking our finance and the FCA already exists to oversee fair customer outcomes."

"If the APR % rate is shown up front and the customer has the time and information to make an informed decision, that should be adequate."

But some respondents embraced it. "This will help to self-regulate the market and prevent poor customer outcomes," said one dealer.

Anthea Coulter, regulatory services specialist at Equiniti Hazell Carr, said: "The FCA's desire is to ensure providers are doing all they can to mitigate any potential consumer harm. While some motor firms have already taken steps, for those that haven't yet, there isn't a better time to look at your systems and controls and take proactive steps to address any historical issues."

Ian Mason, head of financial services at law firm Gowling, said requiring companies to disclose the nature of the commission charged in their marketing and promotional materials is a positive move.

The FCA says its measures are designed to provide more clarity to people buying cars. Yet many buyers do not feel concerned about financing their car purchase at the dealer, according to a recent consumer study by APD Research on behalf of Startline Motor Finance.

Despite a growing variety of sources now being available to consumers for their car funding, including personal contract hire (PCH) from leasing companies and bank loans, most buyers are confident that they are getting the right finance product for their needs at the dealership.

Only one in 10 lacks confidence that the dealer they are buying from will recommend the ideal finance product for their personal needs. Latest research directly counters many of the negative tabloid press headlines of the past 24 months relating to dealers' sales of motor finance.

"The industry beats itself up a bit about its perceived reputation, particularly around used car sales. We think the industry has seen a lot of change over the last few years and I believe regulation has brought a greater degree of scrutiny of what businesses are doing, technology has helped, and some of the old practices have been driven out," said Paul Burgess, chief executive of Startline Motor Finance.

"This shows that there appears to be a disparity between how the industry sometimes feels it is perceived and the degree of trust that the consumer shows in the real world. They clearly have a high level of confidence in the advice that they will be offered."

Asked whether the FCA may require dealers to encourage consumers to shop around from the point of sale, as it has done with GAP insurance, Burgess said this would be a step too far, and many dealers tend to trade with a panel of lenders with fixed APRs to ensure they are giving customers fair outcomes.

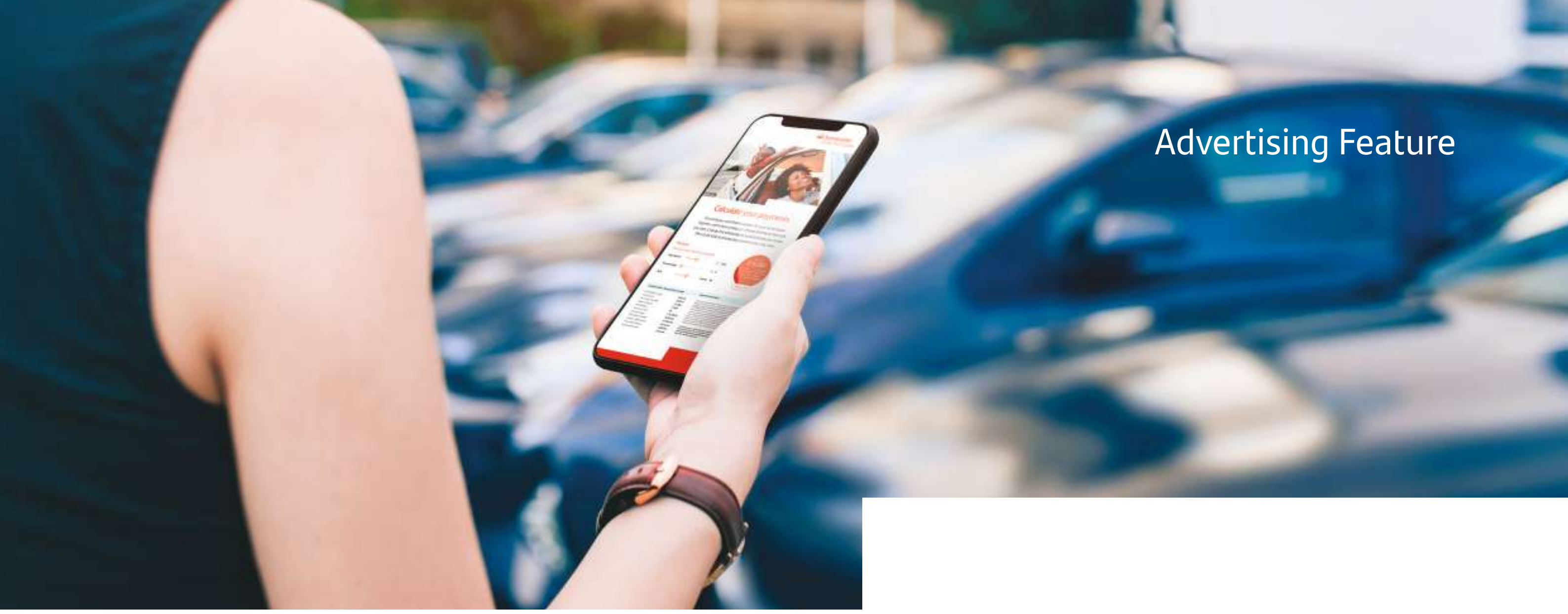
A survey by peer-to-peer lender Zopa of 1,000 car buyers recently found that 47% could not identify what car finance deal they had signed up for. TIM ROSE

THE FCA'S CONSULTATION QUESTIONS:

- Do you agree our proposed commission disclosure clarifications should apply across all consumer credit markets?
- Do you agree our proposed commission disclosure clarifications should take effect on the day the rules are made?
- Do you agree with our analysis of the costs and benefits of the proposals?

Online response form: https://www.fca.org.uk/cp19-28-response-form

You can also email your responses to cp19-28@fca.org.uk or write to: Policy Consumer Credit, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN



Driving long-term growth in the motor finance market

Santander Consumer Finance (SCF) is investing for the long-term as it enhances its strategic focus on helping to build a sustainable and prosperous future for its dealer partners.

Support for dealers in the finance market has never been more important as the Financial Conduct Authority tightens regulatory scrutiny on the market and economic uncertainty makes selling cars tougher.

New and used car sales figures from the SMMT show the market is trading at high levels despite the economy with used car sales for the first six months of the year at more than 4.05 million and new car sales at 1.86 million for the first nine months.

Brand power

The key to the investment drive is the nationwide launch of our online loan application platform delivering an end-to-end digital finance solution. Combined with our online finance calculator and e-sign capability it means customers can calculate the finance they need, receive immediate decisions and sign documentation at home or in showrooms.

Dealers remain in control throughout and that has been the principle behind the investment programme which has taken nine months to deliver and involved significant investment.

There is strong demand - customers have generated more than 4.1 million quotes and 51 dealers have signed up for the calculator. Apply Online is integrated into dealers' websites and installation takes minutes for dealers who already have the calculator.

Supporting customers

Digital solutions are important and Apply Online is designed to provide a simple, personal and fair experience for car buyers. However, dealers need wider support in order to ensure they can deliver the best possible customer outcomes.

As a company we are highly committed to identifying and responding to vulnerability and a programme of work spanning three years has sought to better understand our customers' needs; ensuring they receive the appropriate support needed to help them deal with their motor finance agreement when experiencing a significant life event, poor mental or physical health, or are caring for someone experiencing any of these situations.

We are extending the support to dealers with a series of 14 free roadshows across the UK starting in November which will launch a guide to helping vulnerable customers. It's the first to be designed specifically for motor finance point of sale and has been written by the Money Advice Trust in collaboration with SCF.

The aim is to deliver practical guidance for dealers on handling potentially difficult situations and continuing to provide the service customers need.

It's all part of our award-winning focus on long-term growth in the motor finance market building on our position as the UK's leading independent finance company with more than 500,000 live customer agreements. Since opening for business in 2005 we have achieved consistent growth and we are committed to continuing that record.

For further information about Santander Consumer Finance please visit **santanderconsumer.co.uk/dealers**

Santander Consumer Finance

How are motor retailers coping under 'radical' new regulatory regime?

The FCA replaced its 'authorised person' credit compliance system for car dealers with the Senior Managers & Certification Regime (SMCR) on December 9

Automotive retailers across the UK are now less than a month into a new regulatory regime that will formally hold senior managers to account for work they do around offering finance to customers.

The Senior Managers & Certification Regime (SMCR) came into effect on December 9 to replace the Financial Conduct Authority's (FCA's) 'authorised persons' regime and affects all dealers offering finance and insurance products.

It tasks dealerships with identifying members of staff responsible for finance, detailing what they should be accountable for and introducing annual checks to make sure staff are properly trained for the roles they do. Under the SMCR, all this needs to be recorded and evidenced.

As Jonathan Davidson, the FCA's executive director of supervision – retail and authorisations, put it: "SMCR is very simple, but its effects are radical. They are going to shift the culture of financial services."

Davidson predicts two main outcomes from the SMCR. One is that every individual in financial services who interacts with a finance customer holds themselves to a standard for their behaviour, which is not just "box ticking".

The second is that leaders of a business involved with finance make themselves personally accountable to face financial penalties should gross failings be found, but they also take responsibility for leading a culture that puts consumers before finance profits.

Although the SMCR is new to the automotive and consumer credit industry, it has applied to banks since March 7, 2016, and to financial institutions regulated by both the FCA and Prudential Regulation Authority (PRA) since December 2018.

Spencer Halil, the director of Alphera Financial Services, said his business had been working with dealer customers for some time on preparing for the SMCR.

He said he was confident the dealers he worked with were ready, but he did say there were variations in the level of urgency with which the wider industry had prepared.

Halil described the mindset of dealers that see SMCR as just more FCA 'red tape' as "dangerous".

He said: "That view on compliance may have been more the norm years ago, but it's not what I see with who I deal with. We don't see anything in what the FCA is asking businesses to do as overly bureaucratic."

Halil described the SMCR as a universal high standard that encourages people to keep doing their job well.

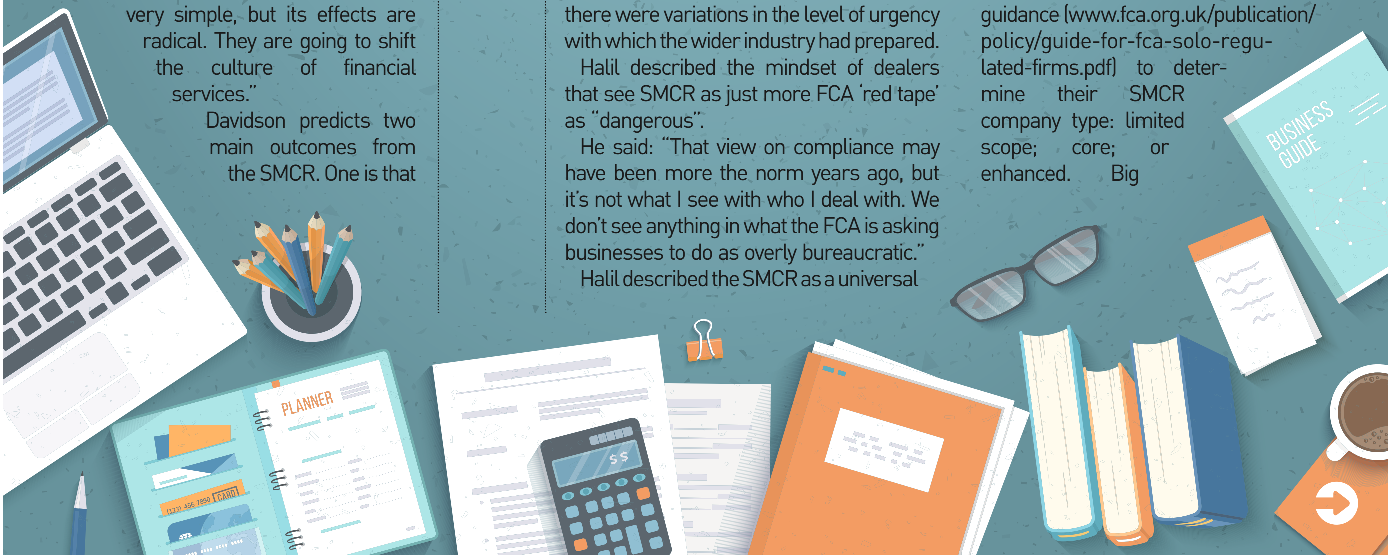
He said: "If you go through the SMCR process and you're finding that you have a lot to do to comply, that should be a red flag that perhaps your business hasn't been set up as it should have been.

"Understanding competencies, putting controls in place to check qualifications and training needs and identifying skill gaps is all good business practice anyway."

HOW BUSINESSES HAVE PREPARED FOR THE SMCR

Julie Pardy, the director of regulation and market engagement at WorkSmart, said businesses preparing for the SMCR have generally put together project teams made up from different parts of the business including finance, compliance, risk and HR.

Retailers should consult the FCA's online guidance (www.fca.org.uk/publication/policy/guide-for-fca-solo-regulated-firms.pdf) to determine their SMCR company type: limited scope; core; or enhanced. Big



lenders will be termed as enhanced, while Halil said it is likely that the majority of automotive retailers would be classed as core.

Enhanced businesses are those that have general annual revenue generated by regulated consumer credit lending of £100 million or more, calculated as a three-year rolling average.

Pardy said the first thing to determine under the new regime is who will be carrying out a senior manager function (SMF). These individuals could be chief executives or finance directors.

The number of SMFs or people identified will vary depending on the size of the business and its corporate structure.

For example, larger businesses would be expected to have more SMFs than a single-site operation.

Once those SMFs have been identified, the senior managers then need to consider a set of prescribed responsibilities that have been defined by the FCA.

Each senior manager then needs to have a statement of responsibility that sets out their role and responsibilities within the company.

Pardy said a statement of responsibility (SOR) should not be like a job role description, but should just focus on what an SMF is accountable for in the business in relation to finance. The SOR must also be updated if any job roles change. Pardy said this is a legal requirement.

Enhanced companies also have to produce a 'responsibility map'. This needs to be a clear and practical document with key information about governance, senior managers and their responsibilities.

CERTIFICATION

The certification element of SMCR means dealers need to prove that the people in senior roles responsible for finance below SMF level – such as heads of finance, dealer principals, general managers or business managers – are fit and proper to do their job. This has to be done at least once a year.

The number of staff who fall within the scope of this certification element is down to the dealership or group.

Pardy said: "The logic for the decisions on who is identified as certified should also be clearly documented and explained."

Halil said reviewing competencies should be done as regularly as every quarter with one-to-one interviews and these reviews should be formally documented.

The FCA has not mandated a specific level of accreditation for certified people under the SMCR. However, Halil thinks this is a vote of confidence from the FCA that the industry is already doing a good job with things such as the Finance and Leasing Association's (FLA) Specialist Automotive Finance Advanced (SAAF) qualification and the IMI's Finance & Insurance accreditation programme.

CONDUCT

The SMCR also brings with it some conduct standards, which all staff at the dealership with roles related to finance are expected to follow.

Pardy said: "By applying the conduct roles to a wide range of staff, the FCA is aiming to improve the level of awareness and accountability around finance across the whole business.

"Conduct rules will apply to all employees that handle finance or are linked to it."

There are two tiers. The first set of rules applies to the majority. In the FCA's words: "You must act with integrity, you must act with due care, skill and diligence, you must be open and cooperative with regulators, you must treat customers fairly and you must observe proper standards of market conduct."

The second tier is for senior managers. These focus on senior managers being responsible for making sure the business is being controlled effectively, having effective delegation procedures in place and disclosing any information that regulators would expect to receive.

PERSONAL ACCOUNTABILITY

The FCA can impose fines and even custodial sentences for serious breaches of the rules imposed by the SMCR.

The banking industry saw the FCA's teeth on the SMCR in May 2018 when Barclays' chief executive James Staley was fined more than £600,000.

It was the first case brought by the FCA and Prudential Regulation Authority (PRA) under the SMCR.

The investigation found Staley made "serious errors of judgement". While he made no personal gain in this instance, both regulators viewed his misconduct as sufficiently serious for each to impose a penalty of 10% of Staley's relevant annual income.

Halil said dealers shouldn't get hung up on the personal accountability element of the SMCR.

He said: "If you have this SMCR process in place and you're identifying gaps or issues and you're addressing them, I don't think the FCA is going to throw the book at you.

"It is when there is a culture of neglect or a disregard for compliance where there will be a problem." TOM SEYMOUR

Providing clarity for the customer

Dealerships are increasingly seeking new and innovative ways to get sales over the line, but in this competitive world it's equally important to ensure your finance package is clearly defined and well explained. Andrew Brameld, the managing director of BNP Paribas Personal Finance's motor finance business in the UK, explains more

In today's automotive market, buyers are faced with more decisions than ever – from a seemingly endless range of makes and models all promising varying kinds of features and benefits, through to options for purchasing or leasing and then the kind of financing they choose to take out to fund their purchase.

It's unsurprising, then, that many find the car-buying process to be a disorientating labyrinth of choices – leading some into a cycle of indecision.

On average, a buyer will test-drive up to seven new cars before choosing one to purchase. With so many different visits to showrooms, it's important that you differentiate yourself during the buying process to ensure your dealership is best placed to make a sale.

Tactics vary in today's digital world, where bricks-and-mortar solutions, such as the growth of dealerships in shopping centres, provide an intriguing balance to online car supermarkets and comparison sites.

But one common strand that keeps emerging is that dealers can help to differentiate themselves by fully explaining and outlining the right financial solution for the customer based on their individual circumstances – such as the amount of deposit they would like to put down and the speed at which they may need to replace their new car.

PCPs have become the de facto choice for many due to their low monthly repayments and deposits – in fact, about 78% of car purchases are now made using this kind of finance.

However, it's vital that you are clear and concise with the customer around any additional payments that may need to be made at the end of the contract, such as for damage or additional mileage, as well as the value of the balloon sum that must be paid off.

Customers who do not fully understand the contract they are entering into are less likely to be satisfied with it and less likely to return as a loyal customer for another vehicle once their plan nears its end. For some, hire purchase may be desirable as an alternative option, despite its typically higher monthly repayment sums.

At BNP Paribas Personal Finance, we offer a range of flexible solutions for dealerships to enable them to offer the best-value finance solutions for their customers. The solutions have been based on more than 45 years' worth of expertise in UK consumer finance, during which time we have helped more than four million customers.

Our solutions feature the latest financial technology, including e-sign functionality, to make sealing the deal quick and easy. We also provide a trusted partnership manager to help grow business and drive sales.

For more information, visit www.bnpparibas-pf.co.uk/our-solutions/motor-finance

BNP PARIBAS PERSONAL FINANCE

DS 7 E-TENSE: PSA'S HYBRID PITCH FOR A

DS hopes the 7 will lure customers away from the Audi Q3, BMW X3 or Mercedes-Benz C-Class 7

Priced from £47,725, the new DS7 plug-in hybrid will play a central role in DS's efforts to establish itself as PSA Group's pioneering premium brand.

While the DS7 E-TENSE may command a £15,600 premium over the entry-level petrol DS7, it makes the model more attractive for fleets and user-choosers looking to take advantage of the lower benefit-in-kind (BIK) tax rates coming in April.

The DS7 has a 31-mile electric range and pure electric propulsion up to 84mph, it emits CO_2 emissions of 33g/km (WLTP) alongside a combined fuel consumption of 124mpg.

Launched at the same time as the DS3 Crossback E-TENSE battery electric vehicle (BEV) – and DS Automobiles' Formula E Techeetah team's 2019/20 season – the DS7's combination of a 200PS 1.6-litre turbocharged petrol engine and 109PS front and rear electric motors deliver up to 300PS, enough for 6.5-second acceleration to 62mph and a 136mph top speed.

Prices for the DS3 Crossback E-TENSE start at £30,490 (including the ULEV grant). It sits on the same architecture as the new Peugeot e208 and has a WLTP-tested zero emissions range of 200 miles.

Its 50kWh battery pack powers a front-mounted electric motor delivering 136PS to the front wheels. This provides a keen performance not reflected by a conservative-sounding nine-second acceleration to 62mph claim and 93mph top speed.

DS claims that the DS3's 100kW charging capability means 80% charge can be added in about 30 minutes, or five hours via an 11kW charge point and seven-and-a-half hours via a 7.5kW source.

Both electrified DS models feature E-TENSE branding, which extends to a bonnet badge and embossed gear selector and DS communicates its craftsmanship with distinctive, deeply padded leather seats, featuring a 'watch strap' design in the range-topping Ultra Prestige trim.

> "WE HAVE NO LIMITATION AS FAR AS VOLUMES ARE CONCERNED – UNLESS DEMAND REALLY DOES GO THROUGH THE ROOF
>
> **VINCE CLISHAM, DS AUTOMOBILES UK**

Both DS E-TENSE models share trim levels familiar to their ICE counterparts, with Alcantara-trimmed Performance Line and leather-lined Prestige and Ultra Prestige offerings.

A trapezoidal design theme lends a distinctive style to DS's cabins, but the arching gear selector giving access to an eight-speed automatic gearbox in the DS7 and a single-speed transmission in the DS3 is familiar to Peugeot products, along with the switchgear lining the centre console.

E-TENSE owners will benefit from MyDS, a smartphone app allowing access to battery levels, cabin pre-conditioning and the ability to pre-plan routes according to charge point availability.

A DS Mobility scheme, meanwhile, will allow customers so switch to another

PREMIUM CONTENDER

The gear selector is embossed with the E-TENSE branding

The DS7's distinctive trapezoidal cabin design

DS model for short periods of time.

On the roads in and around Paris, the effects of the DS7's camera-based suspension management system, which scans the road ahead and adapts to suit conditions, could be felt.

The DS7 only delivers its full 300PS payload with battery charge on board. It pulls hard when engaged, but comfort and refinement are its key USP.

Despite its more agile billing, the same can be said of the DS3, despite the absence of the sophisticated suspension set-up.

Whether DS has the chance to lure customers away from the Audi Q3, BMW X3 or Mercedes-Benz C-Class with the DS7 may well depend on a prospective owner's desire to be different.

Despite a range deficit to the Hyundai Kona, though, the DS3 E-TENSE feels more premium than other BEVs currently available and, for now at least, holds more unique appeal as a result. TOM SHARPE

PRICE (DS7/DS3 WITH GOV GRANT): £47,725-£56,075/ £30,490-£35,990

300PS 1.6L PETROL AND ELECTRIC/136PS ELECTRIC

0-62 6.5/9 SECONDS, TOP SPEED 136/93MPH

8SP AUTO/ SINGLE SPEED

124MPG

33G/KM CO_2

Q&A

VINCE CLISHAM, HEAD OF PRODUCT, DS UK

How much of a game-changer can the E-TENSE line-up be for DS?

The cars arrive at a very opportune time, with the BIK changes coming in April. There really is a huge opportunity for us to make a mark with these new products. The new BIK rates will give people a reason to seek out the car and when they do, they'll like what they see of the brand and the product.

Are there are limitations when it comes to supply?

We have no limitation as far as volumes are concerned – unless demand really does go through the roof. E-TENSE models are built on the same production line as the ICE models, so it's possible for to switch from one to the other to suit demand. The factories are starting production with cars for dealers and demonstrator purposes so, if I were to order one now, the lead time may be six months, but we're confident that will come down to around two months.

Have you seen the same demand for premium trim levels as other brands?

Yes, absolutely. We expect that the top two trim levels – Prestige and Ultra Prestige – will account for about 70% of sales, as we have seen with our ICE models. We are about to end the sale of our entry-level Elegance trim for DS7 due to a lack of demand, in fact. It only accounts for about 2% of UK sales. With the DS3 E-TENSE, we are offering a La Premier trim from launch. We learnt lessons from our earlier models and plan to continue to offer that 'limited run' top grade for at least a few months. I think we restricted ourselves by withdrawing that trim too early in the past.

How soon will the cars arrive in the UK and what form will the early marketing take?

In late November and early December the first models will reach us and we will embark on a roadshow around the network to allow customers to take a look and have a test drive. The DS3 dealer cars should be arriving in December, with DS7 coming early in the New Year.

I understand there will also be an E-TENSE rental proposition?

We expect to launch rental in the New Year. I understand they will be offered on a contract hire facility through our Free2Move mobility brand. The cars will be sold back into the dealer network to provide a good source of used product.

REVIEW RATINGS

AUTOCAR	AUTO EXPRESS	CAR MAGAZINE
★★½☆☆	★★★☆☆	★★★★☆

KEY RIVALS

Audi Q5 TFSIE

✔ FAST, FRUGAL AND PREMIUM-FEELING

✘ PRICES FROM £54,900...

BMW XDrive 30E

✔ QUALITY INTERIOR, 34-MILE ELECTRIC RANGE

✘ TOO EARLY TO TELL (DECEMBER SHOWROOM ARRIVAL)

Volvo XC60 T8

✔ HANDSOME, PREMIUM STYLING AND SWEDISH SIMPLICITY

✘ NOT AS FRUGAL AS BILLED

NISSAN QASHQAI TEKNA

REPORT PROGRESS

THE QASHQAI'S FUTURE MUST BE ELECTRIC – RIGHT?

As the date for the Qashqai to be collected looms, it's appropriate to consider what the future holds for the car. In the six months I've been its custodian, I've mulled over a number of points regarding this SUV.

For example, while it was a game changer in the market 13 years ago, it's in need of a dramatic reinvention. While it leads its segment for market share this year (14.3% as of October) and registrations are up 4.1% YoY, the mark two model is six years old. It's being assailed by a host of competitors, from Volkswagen, Ford, Kia and Škoda among others.

What would be a giant leap forward for the Qashqai? An electric version is the most obvious answer. *AM* editor Tim Rose wrote in his welcome to the December issue that there are 30 new electric models coming in 2020. Surely Qashqai is one of that number?

There's nothing official to support this, but there are rumours and consumer magazines are claiming exclusive reveals of the next-generation Qashqai due for launch next year. At the moment, it's believed the IMQ concept unveiled at the Geneva Motor Show this year will become the mark three model.

AM sister-title *Car* said this about the powertrain in the IMQ (carmagazine.co.uk/car-news/first-official-pictures/nissan/imq-concept/): "It's an EV. The battery is the same tech as in Nissan's Leaf, but it's smaller because the 1.5-litre petrol acts as a range extender." A pure EV is judged a "step too far", so expect a hybrid, not dissimilar in technology terms to the Mitsubishi Outlander PHEV.

If true, this should add a spark to its image and a sizzle in the showroom. JEREMY BENNETT

PRICED FROM: £28,925

1.5 DCI 115 DIESEL

0-62MPH IN 10.9 SECS, 126MPH TOP SPEED

6SP MANUAL

74.3 MPG COMBINED

CURRENT MILEAGE 13993

START MILEAGE 01500

MAZDA6 TOURER 2.2D SE-L LUX NAV+

REPORT PROGRESS

MAZDA6 OFFERS SPACE IN A SHRINKING MARKET SECTOR

I've stretched the Mazda6's legs a bit more this month, with a handful of trips across the Midlands and East Anglia, and it has given me a chance to examine its capabilities in more detail.

Many of the fleet car drivers who would have been the prime market for this diesel-powered estate a few years ago have since been tempted by crossover SUVs.

But benchmarking the Mazda6 against similarly priced diesel estate cars and en-vogue crossover SUVs, using JATO data, shows that while estates may be falling out of fashion they still remain a practical choice for families and sales reps with lots of kit to carry. Examination of the very popular Kia Sportage and Ford Kuga shows they offer considerably less boot space and, despite similar or better miles per gallon, emit more CO_2 and offer less power. Customers tempted by a BMW roundel must sacrifice both capacity and cash for the prestige.

In truth, the Mazda6's main threat in this segment is the Škoda Superb, thanks to its vast loadspace.

The choice of large estates is diminishing, but Mazda's dealers can still find customers for this trusted workhorse. TIM ROSE

PRICED FROM: £29,195

2.2-DIESEL, 150PS

0-62MPH 10.2SECS, TOP SPEED 130MPH

6SP MANUAL

Car	Price	MPG	CO2 (g/km)	Load Capacity (litres)	Cost per litre load capacity	Power (PS)
Mazda6 2.2TDI SE-L Nav+	£27,795	46.3	119	522	£53.25	150
Škoda Superb SEL Executive 2.0TDI	£28,685	64.2	114	660	£43.46	150
BMW 316D SE Touring	£31,370	58.9	126	495	£63.37	116
Kia Sportage 2.0CRDI GT-line	£26,745	54.3	139	491	£54.47	134
Ford Kuga Zetec 2.0TDI FWD Powershift	£27,440	45.6	165	406	£67.59	120

CURRENT MILEAGE 04413

START MILEAGE 00606

GUESS THE CAR COMPETITION

THIS MONTH'S WINNER

Dave Ridge of WR Davies Ford in Rhyl correctly identified the Ferrari GTC4 Lusso in our last issue.

See if you can identify this month's model for your chance to win a £20 John Lewis voucher. Email am@bauermedia.co.uk with 'Guess the car' in the subject line and include your job title and company in your entry. The closing date is Friday, January 3.

AM
DEALER
RECOMMENDED
2020

AM readers recommend their top suppliers

The greatest form of marketing is through word-of-mouth referrals, and recommendations are priceless.

A business may have excellent products, but referrals and recommendations are ultimately given as a result of outstanding customer service.

AM's annual 'Dealer Recommended' programme allows our thousands of readers to have their say about the companies they believe offer the best service.

We have gathered opinions via a research programme conducted among *AM*'s audience.

The automotive business sectors highlighted for 2020 are GAP insurance, auctions and remarketing, warranty, service plans, finance, and paint protection.

AM DEALER RECOMMENDED

'Dealer Recommended' – Isn't that the type of GAP supplier you want to work with?

AutoProtect is immensely proud to have been recognised by motor retailers as the GAP supplier that they would recommend for a third consecutive year following research by Automotive Management.

Earning the trust of motor retailers and their customers is at the heart of the AutoProtect approach. To deliver upon this, a simple business-wide mantra of; 'doing the right thing' for customers is embedded into the culture, products, processes and controls of the business and it makes a difference that customers feel and value. This, in turn, reflects upon the motor retailer, helping their reputation and retention; after all, a successful GAP/RTI claim places the original supplying retailer in pole position to sell another car. Just as importantly, a successful claim can help create an advocate for the dealer involved.

AM Dealer Recommended and Trustpilot Market Leader – Rated 'Excellent' from over 5,000 verified reviews.

As of December 2019, AutoProtect is rated 'Excellent' on Trustpilot, the result of over 5,000 verified customer reviews. In the spirit of integrity and transparency, this customer feedback reflects customer experience from across our product portfolio, not just GAP/RTI. GAP claim feedback does make up a high number of the Trustpilot reviews, such as this one published in November 2019:

"Nearly three years elapsed when our car was accidentally written off, leaving us after insurance payout with finance outstanding. We then realised the AutoProtect GAP Insurance was still valid. It was simple to make a claim, there was no fussing around and our claim was met and paid out, curing my scepticism and realising the true worth of AutoProtect return to invoice insurance which covered the loss and gave us a big deposit."

trustpilot.com/review/autoprotect.co.uk

A Business That is Ready for Regulatory Change

At the time of writing (December 2019), The Financial Conduct Authority (FCA) published its Final Guidance on the distribution of General Insurance products, which includes products such as GAP/RTI. The 21 page report makes it clear that all such products must be promoted with explicit attention given to the FCA's Insurance: Conduct of Business Sourcebook (ICOBS). In particular, the report highlights the customer's best interests rule, that requires that; 'A firm must act honestly, fairly and professionally in accordance with the best interests of its customer,' being a concern with respect to product value and remuneration. The FCA's report has implications for the products, pricing and oversight responsibilities of insurance providers.

During the consultation stage of the review AutoProtect liaised with its retailer clients on how to best to deal with the changes expected. Following publication, as always, we are ready to embrace any implications and work to help the motor retail community to adapt to both the spirit and letter of the FCA's conclusions. Our experience is that regulation has only ever been a good thing for F&I. Customer confidence has increased, so have many sales performances. Importantly, regulatory change has also contributed to an evolution of the motor retailing model.

Change may be a concern to some; at AutoProtect we are always available to provide advice.

> "In a changing market, let's be bold and gain greater success together..."

New CEO Matthew Briggs discusses positive changes at AutoProtect Group

On the topic of change, at AutoProtect Group, we have also made our own significant changes over recent months; one of these is my appointment as CEO. By way of a brief introduction, I have launched, led and worked at executive level with a broad range of firms including; the RAC, Aviva, Capita Insurance Services and KPMG. I aim to bring a combination of experience and entrepreneurialism to what are already strong and trusted businesses.

Today AutoProtect Group is owned by Correlation Investments Limited and we have taken the opportunity to integrate the business' other automotive assets including SMART Insurance, mobile cosmetic repair solution Shine! and most recently F&I technology platform DealTrak into the AutoProtect Group.

This combination provides us with a unique portfolio of products and services, an agile customer-driven ethos, a great pool of talent and the resources and energy to help the motor retail sector adapt to an ever-changing marketplace. We have ambitious growth intentions and to achieve this, we are committed to delighting and assisting the motor retail community!

The Products, Tools and Attitude to Help Motor Retailers

AutoProtect has grown in scale and reputation by re-inventing our products and support services consistently. In what will continue to be a dynamic market, this appetite to be ahead of the change curve will continue to add value to the motor retail sector. For us, being an added-value supplier is more profound than just our products; it is also about how we stand side-by-side to support motor retailers and we see this as being increasingly important moving forward.

Matthew Briggs
CEO AutoProtect Group

Our trusted advisor status continues to grow as compliance requirements increase.

Leading-edge technology, a thirst to increase speed in claims, plain English documentation, apps that place customers in control of their claims and support to help dealers to provide a customer experience that embraces compliance are just some of the AutoProtect areas that dealers value. We are ready to do more to support motor retailers.

In a changing market, let's be bold and gain greater success together by delighting customers right across their car buying and ownership journeys. Get it right, which we can, and we will develop a new sustainable business model that works for all parties.

Finally, in closing, thank you to all of the motor retailers who recommended us in AM's research, we look forward to continuing to earn your trust and that of all other retailers who are seeking positive change in the years ahead.

Best Wishes
Matthew Briggs

LinkedIn: linkedin.com/company/autoprotect

auto protect

INTRODUCING THE

GAME CHANGER

Portfolio 3Sixty

Why wave goodbye to customers?

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

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

Power your sales team

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

Tailored for customers

By building greater insight you can offer bespoke upgrades at the optimum time in the customer's finance deal.

Get ahead of the competition

Start using this automated tool to help you retain more customers.

Learn more at blackhorse.co.uk/P360

blackhorse

A PHYGITAL EVOLUTION

The UK's biggest Remarketing network – BCA opens remarketing facilities in Nottingham

With a UK network of 24 centres from Scotland to the South-West, BCA is integral to the UK motor industry and continues to grow its footprint.

As the UK and Europe's largest vehicle marketplace, BCA helps sellers and buyers alike with a complete range of vehicle buying and selling services, as well as a raft of complementary services such as logistics, storage and vehicle refurbishment.

The UK's biggest remarketing network continues to grow

BCA opened expanded remarketing facilities at the Nottingham centre late last year, with a new back-to-back two-lane auction adding significantly to the facility's volume, efficiency and throughput.

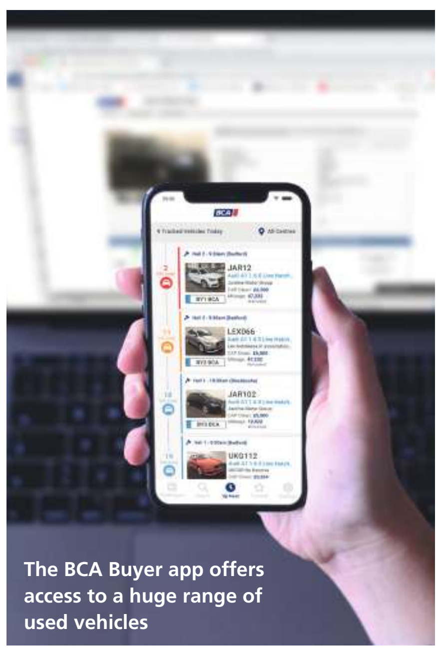
The Nottingham development is part of BCA's ongoing strategy to enhance its remarketing and de-fleet network across the UK, with Nottingham, Bedford, Manchester and Blackbushe all offering selling capacity in excess of 100,000 vehicles annually.

More sellers means more choice

The biggest remarketing network also offers the very best choice of stock for buyers. BCA announced numerous business wins and renewals across the dealer landscape over the past 18 months including H R Owen, JCT 600, Taggarts, Motorline, Halliwell Jones, West Riding Hyundai, Sandown Mercedes, Eden Group, Trust Ford, Snows Group, Hammonds, Imperial Car Supermarkets, Johnsons Cars, LSH, Steven Eagell, Swansway Group and TC Harrison.

BCA also announced its largest motor industry service deal, agreeing a five-year Auto Services Solutions contract with BMW (UK) Limited, which includes its specialist leasing business, Alphabet. BCA provides a full range of joined-up solutions from de-fleet, refurbishment, inspection and collection, inventory management and remarketing, both physical and digital, for BMW UK.

Cazoo, one of the UK's most exciting automotive start-ups, has signed a number of commercial partnership agreements for its vehicle logistics, refurbishment and vehicle disposal



The BCA Buyer app offers access to a huge range of used vehicles

AM DEALER RECOMMENDED 2020 AUCTIONS & REMARKETING

requirements with BCA. BCA will refurbish cars purchased by Cazoo at various BCA-owned locations, with UK-wide logistics support provided by BCA Automotive. In addition, BCA will provide part-exchange disposal services for Cazoo using the BCA Consumer Appraisal and Dealer Pro product set, as well as its market-leading imagery solutions from AutosOnShow.

It all adds up to the widest selection of vehicles at every age, mileage, condition and specification, with more than one million vehicles sold by BCA annually via physical auction, Live Online, Bid Now and Buy Now, e-Auction and virtual sales.

BCA launches Buyer app

The BCA Buyer app offers mobile access to the largest range of used vehicles in the UK with the ability to search and track stock in real-time. The app supports online and in-auction bidding by allowing users to track multiple vehicles in real-time and be notified when bidding starts. Users receive notifications that selected vehicles are approaching their auction slots to ensure they do not miss the chance to place their bid. In addition, app users can instantly purchase vehicles listed at a fixed price from our growing number of Buy Now sales.

The app – free to download on the App Store and Google Play Store – offers a quick search for vehicles by make, model, auction centre, sale date and vendor. A 'free text' search function allows buyers to locate stock by mixing and matching criteria including sale location, registration details and equipment data, such as 'climate control' or 'tow-bar', for example. Results can be sorted across a range of bespoke criteria, from sale catalogue to price and a new 'recently added' function.

Users can view all the vehicles they want to bid on in one screen with a simple vehicle tracking feature and benefit from real-time running orders and vehicle notifications. Mobile users can also now access their saved searches on BCA Search.

BCA launches Daily Pricing with BCA Valuations

BCA now offers daily valuation capability to ensure buyers and sellers are fully informed and in tune with actual market conditions.

A significant expansion of BCA's Decision Intelligence capability is driving greater efficiency and insight, generating significant enhancements to the accuracy of BCA Valuations, which predicts the final hammer price on vehicles. The service is now provided daily to BCA customers using the BCA Dealer Pro system.

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

BCA Valuations is game-changing for the remarketing sector and means both buyers and sellers are aligned to actual, real-time market sentiment

BCA plans further enhancements for BCA Dealer Pro in 2019

BCA Dealer Pro delivers a holistic range of dealer support services that make the part-exchange process more efficient and profitable. It is used by leading franchised and independent dealers across the UK and is integral to many manufacturers' used car and online retailing programmes.

Last year was transformational for the service, with over two million vehicle appraisals and valuations conducted. BCA also integrated Partner Finance to the app to fund part-exchange purchases.

BCA is working on a series of integrations with leading technology providers including Dealerweb, EnquiryMAX, Pinewood, Fast Track and CDK to remove the need for rekeying and improve data accuracy. BCA Dealer Pro also has an ongoing Agile development programme in place, working closely with existing customers to drive through regular upgrades and improvements.

For more information, visit bca.co.uk

BCA launches part-exchange funding

BCA Partner Finance launched a new service for part-exchange vehicles, providing dealers with additional working capital, improving cashflow and profitability and enabling dealers to finance a part-exchange instantly on the forecourt.

BCA Partner Finance helps dealers secure funding to allow them to expand their retail operations. It was the first finance product to launch that was specifically designed for the UK remarketing sector.

The Part-Exchange Funding service is delivered through BCA's Dealer Pro platform which allows dealers to appraise a vehicle and be automatically provided with the BCA Valuation, a real-time view of the trade price, before applying for funding. It creates a unique stock management and funding solution for the all-important part-exchange sector

cinch

Launch of cinch

Launched in July 2019, cinch offers a new faff-free way to find, buy and sell a car. It is a new online service putting consumers at the heart of the process, with an intuitive search function that allows them to browse by lifestyle and not just price and model. Consumers are supported in every step of the journey.

cinch works with trusted dealers and car supermarkets in the UK. All cars are under seven years old, and have been driven for 70,000 miles or less. More than 20 dealers and car supermarkets have already partnered with cinch.

BCA

Key Contacts

Dene Jones, Chief Marketing and Data Officer

Stuart Pearson, Chief Operating Officer

Craig Purvey, Chief Commercial Officer

BCA Dealer Pro makes the part-exchange process more efficient and profitable

Car Care Plan – the natural choice for aftersales expertise

Who are we?

Car Care Plan is a leading provider of vehicle warranty, asset protection and aftersales motoring programmes in the UK. With more than a million products being registered globally each year, it's little surprise that many major manufacturers and dealerships trust Car Care Plan to deliver quality aftersales products to their customers.

Established more than 40 years ago, Car Care Plan has built quite the portfolio of clients. Partnering with these clients ensures that motorists worldwide can enjoy the peace of mind that comes with motor protection products. Car Care Plan is active in more than 50 countries, with offices in:

- Leeds and Manchester, UK
- Shanghai, China
- São Paulo, Brazil
- Istanbul, Turkey
- Moscow, Russia

This wide geographical coverage naturally comes with the need for multi-lingual claims-handling capabilities, which Car Care Plan has developed. Clients' needs will be met with enthusiasm, knowledge and expertise, with operational capabilities supported by a team of more than 400 employees based across the six locations. Car Care Plan knows motor protection products inside-out, so clients and customers can rest assured knowing they will be dealing with top-quality products, services and support.

What do we offer?

Car Care Plan offers a wide and ever-expanding range of products. From Warranty to Service Plans, Tyre and Alloy to Cosmetic Warranty, GAP, Roadside Assistance and MOT Test Insurance, the range of products is designed to suit motorists' varied needs. Products are also tailored to each client, so both client and customer can find satisfaction with Car Care Plan's products.

Alongside the motor protection products, Car Care Plan has a team of knowledgeable and highly trained claims and call-handling specialists, who ensure that all claims and queries are dealt with quickly and professionally. Car Care Plan is highly customer-oriented, striving to create the best customer experience possible.

The range of services that Car Care Plan offers includes professional marketing support, e-commerce services, account management and training, and auditing. These services help provide essential support to dealers and manufacturers, whether large or small, so that aftersales products need not be daunting or complicated.

Take e-commerce, for example. A sales channel fully branded to the necessary identity, and open 24/7, Car Care Plan's e-commerce services offer an efficient sales process for dealers to register products and for customers to renew. Safe, quick and flexible, these e-commerce services, and indeed all the services offered by Car Care Plan, are vital aspects of aftersales support.

How do we offer it?

Car Care Plan's products are underwritten in-house, and all aspects

> "Car Care Plan prides itself on championing quality and customer experience"

But don't just take our clients' word for it! Find out what Car Care Plan can do for

AM DEALER RECOMMENDED 2020 WARRANTY

of the business are kept in line with regulation through the work of Car Care Plan's in-house compliance team. This ensures that every product is up to date, customer-oriented and relevant.

Detailed analysis of performance means that products are continually improved and the product range enhanced. This is evidenced through Car Care Plan's relationship with Defaqto, an independent financial product ratings company. Through this relationship, dealers can communicate to motorists the quality of the aftersales programmes on offer, as many of Car Care Plan's products have a five-star Defaqto rating. Alongside the Defaqto ratings, this will be the ninth year that Car Care Plan has retained its *AM* Dealer Recommended status. Car Care Plan is proud that dealers and customers recognise the value of its products.

Car Care Plan's clients can benefit from either the white-label or umbrella brand approaches that Car Care Plan offers. Creating a tailored experience for each client is important to Car Care Plan as it ensures that they are comfortable with the products, and that products will be relevant to customers. For the white-label experience, clients can find their name and branding on all product and marketing materials. The umbrella brand approach means clients are able to use one of Car Care Plan's professional and respected brands to represent the aftersales products. Either approach sees Car Care Plan essentially act as an extension to clients' business, taking the hassle out of aftersales as they oversee policy administration, claims management and retention campaigns, as well as offering essential support regarding the sales of motor aftersales products.

Why Car Care Plan?

Choosing Car Care Plan makes for a straightforward approach to aftersales characterised by knowledge, expertise and efficiency. The range of products cover a vast amount of customer needs and are all developed to be exemplary. Car Care Plan prides itself on championing quality and customer experience, as aftersales products need not intimidate. Customers should find an open, transparent approach to business and a continued excellence in service as Car Care Plan strives to enhance what it offers.

Products will help drive footfall back into dealerships, building essential trust between dealer and customer and contributing towards customer retention. New revenue streams will be opened up as dealers cater to different customer needs, protecting motorists should the worst happen. More than 40 years' experience gives a wealth of expertise, and has developed Car Care Plan's philosophy that a hassle-free, honest and friendly approach to motor protection is the way to go. Car Care Plan is the natural choice for vehicle warranty, asset protection and aftersales motoring programmes, and it isn't difficult to see why.

Helping dealers to deliver sustainable profit in uncertain times

EMaC is the UK's leading aftersales partner, working with more than 500 dealer groups and 15 manufacturer endorsements. We drive an aggregated £250 million of aftersales revenue into the UK network, annually, through our range of solutions.

At EMaC, our principal aim is to help our dealers maximise their aftersales performance and we are continuously thinking of new ways in which we can do this. We look at the aftersales market from the view of our dealers, but also from your consumers' perspective. Through our focus groups, we listen to what consumers want from the vehicle retailing and servicing experience, and we see it as our job to share that with you!

Today's consumer is well informed, demanding and hard-wired to shop around. They are prepared to pay a premium for quality, but want to be made to feel special when doing so. It requires a proactive operation using a range of retention solutions to convince today's consumer to be loyal. Brand differentiation has never been more important, but is rarely truly executed.

The following is essential reading for dealers looking to generate more from less in these very uncertain and challenging times.

Drive Now, Pay Later: BOOST your amber and red work conversion over the winter months

An interest-free facility for consumers to budget amber and red work into monthly instalments over a flexible repayment period, Drive Now, Pay Later can also be used for up-sell opportunities identified in the dealership.

This is an excellent consumer journey as it provides a choice of options, for often unexpected and unwelcome outlays, which will ease the burden on a family budget. Consumers receive and expect flexible payment offers in their retail experiences on the high street and online, and now you can offer it to them in the dealership.

Get ahead of the competition and offer your consumers a genuine solution to their problems today.

Drive Now, Pay Later is also a highly transparent performance improver for your aftersales team with an easy-to-implement platform, intuitive process and detailed management information; all accessible via the EMaC Evolve platform.

Maximise the winter period and go the extra mile for your customers. Get in touch today to see how we can help.

Lifetime Warranty: Offer your consumers a relationship for life – Stand out from the crowd!

Lifetime Warranty makes a major statement to your consumers about the quality of your stock. This drives more website visits, more listing views, more consumer confidence and ultimately more sales driven by quality, not price.

How does it work?

Lifetime Warranty requires the plan holder to have their vehicle annually inspected and serviced by the supplying dealer, putting you in full control of

"Today's consumers are prepared to pay a premium for quality, but want to be made to feel special when doing so"

quality management. From taking confidence in owning the process, you can give the consumer peace of mind. We believe this is the model our franchised dealers need to adopt in order to differentiate and not join the race to the bottom.

Lifetime Warranty is a powerful retention tool and our experience proves it will provide:

- Increased service income
- Increased warranty/breakdown repair income
- Increased add-on sales income
- Increased repeat car sales
- Retention for the following keeper of the vehicle (as Lifetime Warranty is transferable)

Get in touch with EMaC today to see how a Lifetime Warranty programme can help your business.

Service plans: Don't forget the basics this winter

Your consumers want service plans!

All our research tells us that an affordable, flexible and tailored approach to servicing costs is a big tick for your consumer experience. Some 1.7m consumers in the UK benefit from an EMaC-supported service plan and they renew year after year.

The main reason consumers do not take a service plan is because one is not offered to them. Do not allow your business to fall behind this winter – get the basics right!

Every service plan sold is, on average, three years of service revenue committed to your business. Plus, our research shows that consumers are more likely to take upsell opportunities when they are not faced with a cash outlay, on the day.

Speak with us today and we will help you grow your service plan book for a prosperous future.

E: support@emac.co.uk

EMaC.

Breathe easy with Supagard

How often have you taken in a used car that looked immaculate, only to discover the previous owner had been a smoker, delivered takeaways or regularly transported dogs in the car?

It can happen to the best of us and will have a major impact on your profit when you open the door and think "Phew! What's that smell?"

This could be a disaster, but, thanks to Supagard, there is now a way to restore hundreds or even thousands of pounds to the value of that smelly car.

Supagard has been the UK's market leader in professionally applied automotive paint and interior protection products since our foundation in 1988, and our reputation for quality is second to none. Many manufacturers, dozens of dealer groups and hundreds of retailers think so, too. We recognise the importance of supporting them to grow profitability and to meet the demands of new challenges in the constantly evolving marketplace. That's why we are committed to a programme of continuous research and development to ensure that we only offer market-leading technology that is proven to make a demonstrable difference – so we would like to introduce you to our new Supagard Sanitisation System.

How clean is that car?

Vehicle interiors can hold millions of particles and pathogen agents carried by the air, people and animals. Studies have shown that the average vehicle interior has 283 different types of bacteria on every square centimetre, 356 different types of bacteria on the gear stick and 850 different types of bacteria in the boot – in fact, the average steering wheel is four times dirtier than a public toilet seat! Fabrics and seats absorb bad smells, while stitching and child seats attract bacteria and allergens.

> "Ozone kills more than 99% of germs and bacteria in the cabin"

We strongly believe that protection from these nasties starts with the correct cleansing of the surfaces we touch and the air we breathe. The Supagard Sanitisation System will deep clean all types of vehicles, from cars and vans to commercial vehicles, trucks and motorhomes.

Advanced scientific technology

When activated in a vehicle, the unique

new Supagard Sanitisation System cleans the interior to 'medical grade' levels, using the ozone it generates via the advanced scientific technology contained in the device. This ozone kills more than 99% of germs and bacteria in the cabin and air conditioning system, cleansing the interior of any bugs, bacteria and viruses that are present and making the car a safer and healthier place for the driver and passengers.

It also purifies the air by removing the unpleasant smells of smoking, perspiration, food, mould, animal fur and even urine. Ozone molecules don't just cover smells up – they attack and completely neutralise the particles causing bad smells, leaving in their place a pleasant clean sensation and a regenerated and deodourised environment.

Natural, ecological and safe

Ozone is a natural gas, composed of three atoms of oxygen (O_3), which forms in the stratosphere through the action of ultraviolet light and electrical discharge within the Earth's atmosphere. It is present in greater concentrations in the mountains and that's what gives us the perception of freshness and purer air.

Ozone is regarded as a 'safe agent' and is recognised as a natural defence for the sterilisation of environments contaminated by bacteria, viruses, spores, etc. Its high oxidative power makes it the most effective disinfectant in nature (second only to fluorine, which is toxic) and stronger than traditional chemical cleansers.

Ozone is not flammable, abrasive or explosive. It doesn't harm people, animals or the environment and it doesn't cause irritation to skin. It's also an excellent natural repellent against a variety of insects and mites which can find their way into a car's interior.

How does it work?

The new Supagard Sanitisation System is light, easily carried and is powered through a standard plug or via a power source in the vehicle. It's provided with a simple and intuitive display with three pre-set working programmes – each one differs depending on the size of the vehicle, the duration of the treatment and the quantity of ozone to be produced.

Each programme is planned to guarantee the best result in the shortest time possible – an average car can be fully sanitised in about 20 minutes. The device is compact, operates silently and is completely automatic. It doesn't leave residues, doesn't damage the materials used in the interior and doesn't stain fabrics.

When placed in the vehicle and left running, the Supagard Sanitisation System inhales the oxygen within the cabin and the air conditioning system then converts it to ozone. As it is heavier than air, the ozone spreads out everywhere in the car's interior penetrating the materials in depth to reach even the most hidden points where nasty bacteria and allergens can lurk. This kills any germs, mites, moulds, fungus, spores, yeasts or pollens very effectively and also renders any viruses inactive.

During this process, the system also removes bad smells caused by smoking, animal fur, food, mould and perspiration and destroys any volatile residues left by previous chemical detergents.

The built-in safety system ensures that any residual ozone left in the vehicle is converted back to oxygen in a safe, quick and completely automated way. When the process has finished, the vehicle can be safely used again just after the end of the treatment.

The ideal answer

The new Supagard Sanitisation System is the ideal answer to sanitising and deodorising both the interior and whole air-conditioning system of every type of vehicle, guaranteeing the removal of smells in the air and from all surfaces in the vehicle.

So wake up and smell the ozone – contact Supagard today to find out how your business can clean up in partnership with the UK's No 1 in paint, fabric and leather protection and much, much more.

EMPLOYMENT LAW

ARE YOU READY? NEW EMPLOYEE LAW FOR 2020

Two new laws due to enter force in April will give employees' new rights

HR managers need to update employment processes before two new pieces of legislation come into force on April 6, 2020.

The Employment Rights (Miscellaneous Amendments) Regulations 2019 allows for all workers to receive a written statement of employment particulars (including casual workers) and the Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2018 requires the particulars to be issued on the first day of the employment.

The big change will be the issue of the written statement of particulars. Employees must receive a letter of particulars with extended content requirements on the first day of taking up their post, compared with the current deadline of within two months of starting.

Roxanne Bradley, legal adviser at Lawgistics, said: "The new requirement to provide the written statements on day one allows employers to provide the full details of the job offers from the outset and to ensure everything is clearly communicated.

"It may not yet have come into force, but employers should be getting ready. Start

"THE NEW REQUIREMENT TO PROVIDE THE WRITTEN STATEMENTS ON DAY ONE ALLOWS EMPLOYERS TO PROVIDE THE FULL DETAILS OF THE JOB OFFERS FROM THE OUTSET AND TO ENSURE EVERYTHING IS CLEARLY COMMUNICATED

ROXANNE BRADLEY, LAWGISTICS

by reviewing the current contract in place, ensure there is a system in place for when any new employee starts the company (certainly from April 2020), be prepared for if/when existing members of employees request a new statement, review any employee/worker status issues and ensure the contracts reflect the new requirements, which can be provided from the employee's/worker's start date."

Currently, the written statement includes information such as the name of the employee and employer, the date when the employment began, the scale or rate of pay, hours of work, holiday entitlement, sick leave and pay, and pension schemes. Enhanced content will incorporate details such as days of the week to be worked, terms relating to paid leave such as maternity leave, benefits such as private medical care or bonuses, details of any probationary period and training entitlements, as well as any training the employee will be required to complete.

Bradley added: "It is also worth highlighting, if an existing employee has not requested a written statement of particulars after the April 6 2020, but there is a change within the company, employers will have to notify the existing employees of such change."

Graham Jones, director of legal services at Lawdata, points out that although details of sick pay, pension arrangements and training entitlement can be provided separately, all the information must be provided, not simply made available for reference.

The Working Time regulation has also been amended so that the calculation of a week's pay is to be based on a 52-week average. If the worker has not been employed for 52 full weeks, it's based on the number of complete weeks of employment.

In arriving at the average weekly remuneration, no account is taken of a week in which no remuneration was payable and remuneration in earlier weeks shall be brought in so as to bring it up to 52, which can favour the automotive retail sector.

Jones said: "The current position is that it's based on a 12-week average, which can mean that a sales executive would get more holiday pay for a week off following three busy months, rather than for a week off after three quieter months, so this change helps deal with seasonal fluctuations."

The repercussions for employer transgressions can be extensive, although Jones thinks outcomes such as these will be rare and would usually only apply where the action was deliberate or committed with malice, or where the employer had repeatedly breached the employment right concerned.

TOM SEYMOUR

TALENT ON THE MOVE

HEATHER JACKSON, NON-EXECUTIVE DIRECTOR, LOOKERS

Lookers has appointed former HBOS chief information officer Heather Jackson as a non-executive director of the company.

Jackson, who is also currently a non-executive director at JD Sports Fashion, Skipton Building Society and Ikano Bank, has also held senior positions at Capital One, Boots, Asda and Accenture Consulting.

She specialises in change management, digital, IT and operations.

Lookers chairman Phil White said: "Her regulatory expertise, as well as experience on digital technology and change and her current non-executive director roles will be of great value to us."

At the start of November, Lookers announced that chief executive Andy Bruce and chief operating officer Nigel McMinn were leaving by the end of 2019.

They agreed to step down from the board as Lookers issued a profit warning and revealed that the Financial Conduct Authority had begun a formal investigation into the group's consumer credit regulation compliance.

The dealer group's Q3 trading was below expectations, with a 3.2% drop in like-for-like new car sales volumes.

Gross profit from the sale of new vehicles during the period dropped by £7 million compared with the same period in 2018.

Following the profit warning, *AM* reported on Lookers' plan to step up its "portfolio consolidation".

It will close 15 dealerships and, where possible, relocate or consolidate those businesses into existing group dealerships in adjacent territories.

Of these, 13 were due to close before the end of 2019.

JO MOXON, HR DIRECTOR, MARSHALL MOTOR HOLDINGS

Jo Moxon has left Pendragon to join fellow AM100 retail group Marshall Motor Holdings as its new HR director.

She worked as group HR director for Pendragon for the past two years and has extensive HR experience gained across a diverse range of industries, including 20 years in the financial services sector – having worked for Barclays, Egg and Welcome Financial Services.

Moxon replaces Helen Burrows, who will leave at the end of 2019 following a handover period.

DARREN GUIVER, EX-MANAGING DIRECTOR, GROUP 1 AUTOMOTIVE

Darren Guiver has left his post at Group 1 Automotive, stating that he wanted to "take time away from the business".

The Spire Automotive founder was appointed as managing director of the franchised retail group back in March 2018 and had worked for Group 1 in the UK since February 2016, when the US-based operation acquired Spire.

Guiver told *AM* he wanted to step away from the business to spend "quality time" with his family.

ALWYN HARRIS, REGIONAL DIRECTOR, PENTAGON MOTOR GROUP

Pentagon Motor Group has welcomed ex-Sytner Group used car supermarket division head of business Alwyn Harris to the role of regional director.

He will assume responsibility for Pentagon's two multi-franchise dealerships in Lincoln – including Vauxhall, Mazda, Citroen, Peugeot and Jeep on Tritton Road, and Renault, Dacia and Mitsubishi located on the city's Outer Circular Road – as well as Peugeot and Seat franchises in Scunthorpe.

His industry experience includes time at Robins & Day, Bristol Street Motors, Hartwell Group and Evans Halshaw.

AUTOMOTIVE MANAGEMENT LIVE: THE CHALLENGES AHEAD FOR UK DEALERS

Training for the EV boom, ADAS issues and FCA review topped the agenda at this year's event

Two challenges that could put both lives and car retail businesses at risk in 2020 topped the agenda at Automotive Management Live's IMI People Theatre and Motor Finance Theatre seminars.

The Institute of the Motor Industry (IMI) and Thatcham Research warned delegates that technicians and the public could be put at risk without the rapid introduction of appropriate training as the market braces itself for significant expansion in alternative fuel vehicle (AFV) adoption and autonomous vehicle technology in 2020.

Meanwhile, legislation designed to realise the Financial Conduct Authority's (FCA) plan for fairer, more transparent motor finance for car buyers will significantly affect how many traders sell vehicles in the near-term.

Quentin Le Hetet, the general manager of automotive data and research at GiPA Group UK, set the scene for a seminar and discussion 'Skills Standards for New and Emerging Technologies' with projections that 2019's AFV market share of 10% in the UK could swell to 65% by 2025 (see news insight on Page 6).

GiPA's projections would mean that seven million AFVs would be sold annually in the EU's five biggest markets (Germany, UK, France, Italy, Spain) in five years' time.

Tom Denton, a technical trainer and consultant at the IMI, said: "There are currently 21,000 EV-qualified technicians across the UK from a sample of 180,000 technicians that we actually know about. So, broadly speaking, 5% of the technicians out there have started to upskill themselves in the right direction."

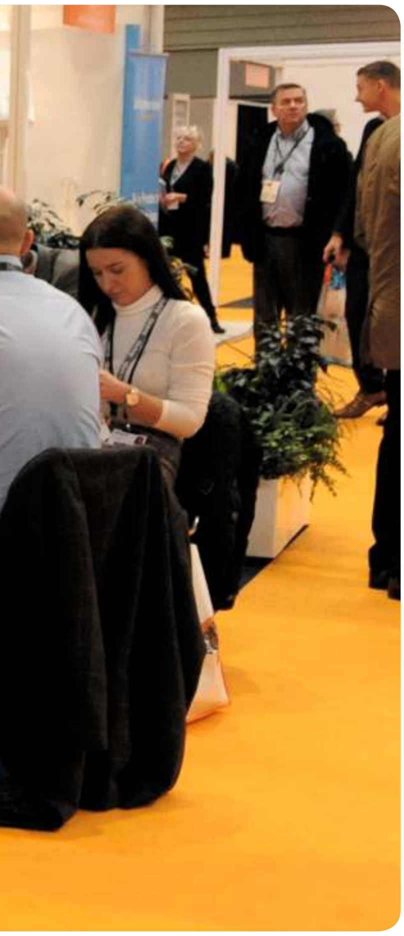
> TODAY, YOU CAN'T LOOK AT A VEHICLE AND SAY 'I KNOW HOW TO REPAIR THAT BECAUSE I REPAIRED SOMETHING SIMILAR YESTERDAY
>
> DEAN LANDER, THATCHAM RESEARCH

The IMI pulls no punches when it attempts to express the very significant dangers posed by EVs to technicians who aren't properly prepared.

Denton said: "When the Prius arrived on the market its system operated with around 200 volts. Many electrified vehicles are now operating at 400 or 600 volts and there's a lot of working going on now to develop cars with 1,000 volts. To be honest it doesn't matter. Once you get above 200 volts, if you touch the wrong thing the chances are you won't survive."

IMI chief executive, Steve Nash, who was hosting the People Theatre seminars, warned that a workshop incident involving an untrained technician could have serious consequences for a business.

He said: "If an accident occurs and your technicians aren't properly trained, when the HSE comes in to investigate not only will you be liable, but your liability insurance won't apply."



Dean Lander, the head of repair sector services at Thatcham Research, said the dangers posed by modern vehicles extended beyond electrocution.

Although Lander was sceptical about the prospect of fully autonomous (Level 5) vehicles reaching UK roads any time soon, he said the modern advanced driver assistance systems (ADAS), which underpin autonomous elements of many modern vehicles, can pose a serious threat to public safety if not properly maintained.

Lander said: "Today, you can't look at a vehicle and say 'I know how to repair that because I repaired something similar yesterday'.

"In terms of the requirements of repairing ADAS equipment, we have seen everything from a board held in front of the car to calibrate the systems to two engineers driving around waiting for the car to respond to a certain set of road conditions to ensure it's working correctly.

"To repair these systems, you really need to ensure that you have access to the right manufacturer data and the right training to work on the car."

Lander suggested that manufacturers do not have the infrastructure in place to properly maintain the ADAS systems of four million modern vehicles themselves.

MASTERCLASSES

ONLINE RETAILING

A failure to ensure data accuracy in online vehicle listings is threatening to bring further negative attention on the sector from the Financial Conduct Authority (FCA) and Advertising Standards Agency (ASA).

Ivendi's 12-month investigation found there could be up to 360,000 used vehicles sold by dealers each year with inaccurate online descriptions, raising questions around the vehicle's true value and finance, insurance and residual value rates.

James Tew, iVendi's chief executive, gave an example where the fault was with the marketing portal, not with the dealer's data.

An iVendi review of 170,000 vehicle listings found 8% had potential data errors. "With approximately 4.5m used cars sold annually by dealers, an 8% error rate represents a lot of vehicles," Tew said. The ASA, he said, could see this as misleading advertising on vehicles and finance.

SOCIAL MEDIA

Marketing Delivery's managing director, Jeremy Evans, advised dealers to make greater use of Facebook's tools to ensure an effective, multi-channel journey for customers.

His four immediate suggestions for dealers were:

1. Download the Facebook tracking pixel to your website, allowing you to see how people interact with your website after viewing your social ad
2. Set up a stock catalogue to enable the generation of social ads and free Facebook Marketplace listings ensuring only available vehicles are promoted
3. Source mobile-friendly videos of key models, which manufacturers should be able to provide, for use in Facebook ads and on your website
4. Create ads for your website targeting in-market consumers who may or may not already have made an enquiry with you.

"Ensure you keep track of the people who are on your website and have submitted an enquiry, plus those you are following via the Facebook pixel and you'll have an eye on your customers wherever they turn," said Evans.

The data dealers can gather has never been more powerful, he said.

LEADERSHIP & FOCUS

Having studied leaders throughout his career in automotive retail, JudgeService managing director Neil Addley shared insights into the different styles, including autocratic, democratic and paternalistic, examining ways the likes of Sir Alex Ferguson and Sir Peter Vardy communicated and acted.

Leaders can change their style depending on the points in their career, but they should not let circumstances change the way they lead, he said. Key attributes include control, passion, understanding individuals and reacting positively to criticism.

He said: "What it is going to take is for the industry to work collaboratively to ensure all these systems continue to work properly in order to protect the public."

Thatcham Research is now working to develop a code of practice for ADAS repair that could be introduced as soon as Q1 2020.

The IMI, meanwhile, has been developing its TechSafe scheme in an attempt to drive up EV technician training standards.

Created in collaboration with the Health and Safety Executive (HSE) and the Office for Low Emission Vehicles (OLEV), new EV TechSafe standards centre on EV qualifications, IMI accreditation, professional behaviours and a commitment to continuing professional development (CPD) over an agreed number of years.

Despite GiPA's "aggressive" AFV registrations projections, Le Hetet used the data to demonstrate that the impact on the aftersales sector would not be devastating in the medium term.

Strides clearly need to be taken by businesses who want to be well placed to service cars equipped with new drivetrains, but he said: "Even in a very aggressive scenario we only get to 16% of the car parc being AFV by 2025."

Le Hetet believes that franchised retailers – with their manufacturer-trained workforce – will be well placed to take advantage of those new AFV cars, nonetheless.

He said: "The average age of a hybrid vehicle in 2018 was 3.3 years. By comparison, an ICE was 9.5.

> "AVERAGE AGE OF A HYBRID VEHICLE IN 2018 WAS 3.3 YEARS. BY COMPARISON, AN ICE WAS 9.5... YOU ARE MUCH MORE LIKELY TO SEE A HYBRID COME BACK THAN AN ICE
>
> QUENTIN LE HETET, GIPA GROUP UK

As a dealership, you are much more likely to see a hybrid come back than an ICE.

"By 2025, hybrid age will decrease more, to 2.9 years, while ICE grows to 11.2."

However significant the rise in AFV adoption is in 2020, the FCA's incoming legislation changes will have a greater impact on retailers in the near-term.

The FCA is now in a period of consultation over an outright ban on the use of Increasing Difference in Charges (DiC), Reducing DiC and Scaled commis-

sion models to end a situation in which car dealers can offer higher interest rates rewarded with higher commission, and the clarification of CONC 3.7.4G and 4.5.3R "to better reflect our intention that customers receive more relevant information about the existence of commission".

Robin Penfold, a financial services regulation partner at TLT LLP, said the FCA was effectively firing "a warning shot" to let retailers know they are expected to achieve the transparency it wants them to deliver.

He said: "What they have really done is suggest how active they intend to be from a supervisory and enforcement perspective and what we should expect."

Neil Smith, the operations director at Imperial Cars, which writes about £9 million of finance each month, said a 10-week experiment with Imperial's APR finance rate showed the reality of the effect reductions in finance earnings can have.

"Whatever we lose in finance revenue is just going to have to be made up elsewhere," said Smith.

Imperial adopted a blanket 7.9% APR for a period of 10 weeks – a drop of 2ppts – and marketed its move widely in order to gauge the impact on

MASTERCLASSES

USED CAR

Increased electric vehicle volumes will eventually cause a fall in used car prices, said Anthony Machin, Glass's head of content.

Diesel car values continue to drop faster than petrol, he said, and more people now talk about the alternatives to diesel in their everyday life. More clean air zones will ensure electric vans will also be a prominent force in the market, he said, although demand is still strong for older vans.

Price-wise he said £6,000 was the most common used car price point for average buyers.

Glass's data revealed that it takes an average of 50 days to sell a used car at the moment.

Overall, dealers need to keep pace with the market. "There's a lot of money to be made in the auto market, but pricing will be key," he said.

DIGITAL MESSAGING

Consumers want to have conversations in digital messaging channels, not fill in 'contact us' forms. "Websites don't work", said Thom Coupar-Evans, vice-president of sales for messaging technology provider LivePerson.

"In reality, you should be empowering them to contact you where they want to be – such as Facebook, with 2.2 billion users and WhatsApp, the most popular messaging platform in the world."

Moving to messaging means happier staff and customers – and business benefits. "Conversion rates increase by four times, with a 50% decrease in cost per interaction compared to chat," said Coupar-Evans.

THE MODERN BUYING JOURNEY

Dealers that fail to address a customer's needs effectively and efficiently face a lost sale.

Alistair Horsburgh, CitNOW's chief executive, said: "Understanding the way the customer interacts with your website is becoming more and more challenging."

Personalised responses to enquiries, and immediacy, are as important as information, he added. "The customer wants the right information and they want it now. "

To attract that enquiry, dealers have a small window of opportunity, so show everything.

"You can't put too much online," said Horsburgh.

USING DATA TO WORK SMARTER

Compiling data from different sources to produce useable reports often has a costly human element. And access to that data is not always simple.

Neil Murphy, automotive data scientist at Real World Analytics, said: "There are many options to manage your data, but the ideal is a system that does it in real time. A system that can suck data from all your data sources and present it to you in the format you want and when you want is key."

But to be effective, data needs to be presented to the people responsible for meeting the KPIs. "For example, an external KPI might show that your margin on new cars is not as good as other dealers'. It may show that your leasing option upsell is the problem, but unless you can identify which outlet and which salesperson, in real time, is not performing, it is difficult to turn this insight into money," he said.

sales, PPU and customer satisfaction.

For the move to work, Smith said, the group would have had to increase its financed unit sales by 50%.

"What we achieved was a 25% increase in penetration, but no increase in unit sales," he said.

"Some competitors did respond, but I don't think we were in a position to continue any longer. If we had, competitors may have re-aligned more and we may have seen product prices go up as a result."

Smith acknowledged that the FCA is not proposing a blanket lowering of finance rates, but he said the exercise had delivered some insight into how competitive the market could get if there was a "levelling of finance rates".

He said: "I don't have any issues with the findings of the FCA. Where I do disagree is in the inference that the consumer will be financially better off."

Ben Standish, from MotoNovo Finance, told delegates at the Motor Finance Theatre that he saw the FCA's changes as an "opportunity to change the model".

He said he wanted to see car finance rates fixed according to risk and product value.

Standish said: "Just one in five car buyers currently takes out dealer finance. If you can offer a rate more comparable to a direct lender you'll be in a position to compete for that business."

Standish said MotoNovo was currently working on a risk-based pricing model.

"That's the way we need to push the market," he said. "I think that a single rate could be fairly damaging to some businesses if that's the way that people look to push this forward."

REPORTING BY TOM SHARPE, MATT DE PREZ, KENNETH BROWN AND JEREMY BENNETT

MASTERCLASSES

CUSTOMER RETENTION

Effective retention requires a constant dialogue between customer and dealership, as buyers can be easily tempted elsewhere at any point in their finance contract.

Lyn Howdon, global head of academy and learning at Chrysalis Loyalty, said dealers need to focus on customer behaviour and buying habits.

One finance company found that 5% of agreements ended within 12 months and only 20% of those customers remained loyal to that finance brand. Between 13 months to half-term, 25% of those agreements ended. From half-term to the last seven months, a further 20% ended those agreements.

"The majority of dealers today have a very professional robust renewal or retention process with their customers. However, if that is all you have, 50% of those customers have already gone elsewhere. The process has to start far sooner than six months before the contract is due to end," Howdon said.

THE FUTURE OF AUTOMOTIVE RETAILING

The way people buy things has not changed, but the way they interact with retailers has changed significantly. Dealers must adapt and change in order to keep ahead of new disruptors in the digital market.

Marcus Dacombe, international product marketing director at CDK Global, said the next phase will be specifically tailored services for the individual, created through analysing very specific consumer data.

"Think about some of the digital disrupters that are coming in to the market with highly tailored services, like Netflix and Spotify. We should be looking at those industries and finding out what we can take from them," Dacombe added.

WEBSITES

A failure to understand the customer journeys that generate leads and profit means digital marketing investment is being wasted.

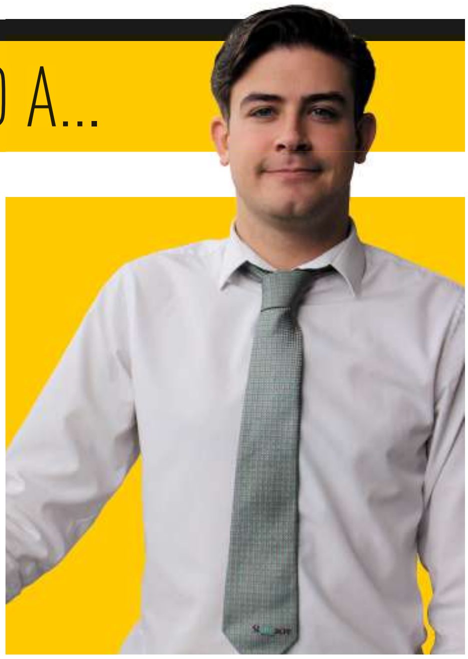
It's common for dealers not to understand how channels work together, and in many cases they work against each other, leading to them attributing and paying for one lead twice as the agencies employed claim credit for it, according to Martin Dew, AutoWeb Design digital solutions director.

"Every dealership's marketing manager should have a definition throughout the marketing strategy of the attribution model the business uses," he said.

EIGHT QUESTIONS TO A...

GROUP SOCIAL MEDIA MANAGER

Alex Hodgson, Stoneacre



What are the main responsibilities of your role?
HODGSON: I oversee social media for the whole of Stoneacre Motor Group, including posting to our Facebook, Twitter, LinkedIn and Instagram channels, responding to incoming messages and comments and creating digital content.

Working alongside Charlotte Stevens, the group's other social media manager, we also control the posts sent to our local branch Facebook pages, through Sprout Social management software. We have dedicated members of staff in each branch who send local branch content for us to approve, check the posts are compliant and on-brand, to be posted to their dealership Facebook page.

What are the most significant challenges ahead in your field of work?
HODGSON: The most significant challenge over the next 12 months is maintaining the massive growth that we have experienced over the past 12 months, and since we started the social media overhaul at Stoneacre at the start of 2018. If we can get anywhere close to this, I'll be happy.

Some highlights of Q4 2019's plan include beginning to utilise our Messenger Chatbot feature, Messenger Broadcasts, Instagram TV and more.

Negative comments are still a constant, as with any company the size of Stoneacre. We pride ourselves on dealing with these within minutes of receiving them, and doing our utmost to turn these reviews around to the best of our, and our complaints/compliance team's, ability. In the Sprout Social software that we use, we can "task" major complaints and issues directly to that department, and others, so that the best-placed people to deal with the issues are actioning these within minutes.

How might these challenges be overcome?
HODGSON: The social media team at head office plan to overcome these challenges by creating, planning and distributing as much quality content as we can, as well as making sure our social media-trained staff in every branch are following our lead.

We are always researching new ways to reach and engage with potential customers, while tapping into all our audience demographics regularly, delivering different advert creatives to ensure our overall marketing efforts are as relatable to the audience segment as possible.

What attracted you to this area of expertise?
HODGSON: I had never worked in the motor industry before. I'm glad I moved into this sector, as it seems to move just as quickly as social media itself, with new cars and new designs. It gives me plenty to work on.

Social media is imperative to any brand's marketing efforts. For us, keeping the Stoneacre name in front of customers and potential customers on a daily basis, by feeding them helpful, informative and engaging content, is crucial to our other marketing messages, especially when we are pushing more direct "sell" messages to our audience. The value you can get from social media marketing can be unrivalled if used correctly.

Making sure as many of our 1,500+ staff are aware of our social media efforts as a group and the benefits it brings to the company has been an arduous but rewarding task, but it is always on-going.

Dealers have always been slightly behind the times with social media, but this is changing faster each year.

What's the most important thing you've learned in your education/career, and how have you made use of it in your current role?
HODGSON: To always be ready and accepting of change – in such a fast-paced working environment, it is essential.
MATT DE PREZ

QUICK-FIRE QUESTIONS

What drives you?
Constantly growing our audience and keeping them engaged with the content we create.

What's your favourite app?
Twitter – it lets you see news, events, TV shows and football being discussed in real time.

How do you relax?
TV, football, socialising and music. I run a record label and DJ in my spare time – I curated an album that made the Top 10 of the iTunes Dance Chart.

AM

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THIS MONTH'S QUESTION TO THE *AM* TEAM:
What's the fastest meal you can cook?

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AN AM AUTOMOTIVE MANAGEMENT Report

THE 2020 UK franchised dealer report

Structure, performance and future challenges

One Connected Sales & Aftersales Platform.

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Welcome

AM's Franchised Dealer Report in previous years was reserved only for the most senior executives in our industry. This year, given the ongoing challenges in our industry and the need for businesses to prepare for successful trading in the 2020s, we felt we should make its data and strategic insights available to all readers of AM Magazine.

During 2019 franchised networks have continued to work hard to maximise any opportunities that are available in the UK's current new and used car markets. By now most dealers have, at least, begun taking action to reduce their cost base in accordance with their market expectations, and efficiency has become the new growth.

The tricky task for many is balancing that need for cost reduction against any potential impact on the customer experience. Retaining the happy buyers who are already on the books must always be a priority.

Our expert contributors believe there is plenty still that dealers can do to strengthen their businesses. The distractions of a General Election, Brexit clamour and manufacturer mergers must not stop automotive managers from taking a forensic approach to their businesses, to identify the weaknesses and missed opportunities.

Over the next 45 pages we present our eighth edition of the AM UK Franchised Dealer Report.

As usual, it drills down into some of the risks and opportunities that 2019 presented and shares some insight into what lies ahead.

Using the latest available company accounts, the financial performance of the UK's largest franchised dealer groups, the AM100, is looked at in depth. Then we continue that analysis into the next tranche of dealer groups, down to the AM200.

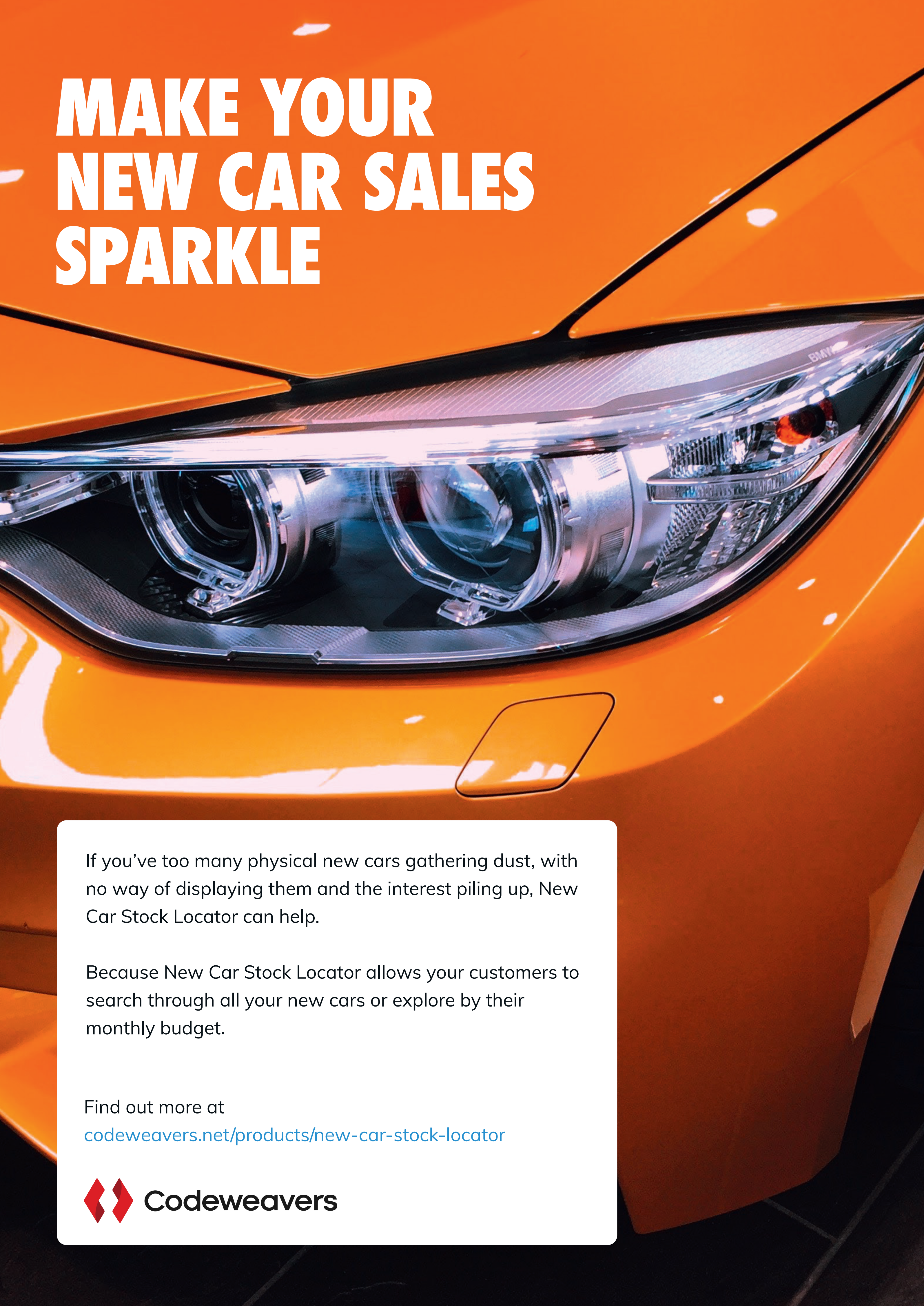
In our examination of dealer group and carmaker performance, our sources include:

- Statutory financial accounts from the last two years, including the latest 2018 accounts.
- A decade's worth of manufacturer registration and market share data from the Society of Motor Manufacturers and Traders.
- Results from the National Franchised Dealer's Association's six-monthly Dealer Attitude Surveys.

T. Rose

Tim Rose
Editor, *AM*

Contents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Codeweavers

Industry faces range of challenges – but they are not insurmountable

By Piers Trenear-Thomas, consultant and analyst

This commentary last year remarked that fiscal 2017 was different. An industry that usually soldiered on despite what the commentators like to call 'headwinds' had faltered. In many cases turnover had fallen and profitability was not nearly as robust. The question that remained after the analysis was whether this was just a blip, or the harbinger of more fundamental change.

Fiscal 2018 reinforces the conclusions offered last year – that there was a fundamental change in progress. And anecdotally 2019 (via interim announcements and various views and commentaries) suggests the change continues. A major talking point remains economic uncertainty driven largely by Brexit. But how long this will continue and whether there will be a lasting effect, only time will tell. Nevertheless there does seem to be more happening than weak consumer confidence driven by uncertainty.

More than 30 of the 100 largest groups have seen a fall in turnover. The largest reductions represent a change in direction for two groups – Inchcape targeting "revenue and cost optimisation" and making disposals as a result, and Pendragon disposing of US interests and planning to make further cuts which will show through in 2019.

Rank Autumn 2019	Group	Turnover (£000s)
1	Sytner Group	5,953,756
2	Lookers	4,879,500
3	Pendragon	4,627,000
4	Arnold Clark Automobiles	4,236,700
5	Vertu Motors	2,982,200
6	Inchcape Retail	2,832,266
7	Marshall Motor Group	2,186,887
8	Jardine Motors Group	2,117,885
9	Group 1 Automotive	2,025,357
10	TrustFord	1,717,649
11	JCT600	1,276,613
12	Listers Group	1,230,291
13	Greenhous Group	1,109,300
14	Mercedes-Benz Retail Group	1,074,448
15	Stoneacre Motor Group	1,057,898
16	Peugeot Citroen Retail UK	982,298
17	John Clark Motor Group	823,572
18	Park's Motor Group	770,000
19	Rybrook	749,785
20	Swansway Motor Group	747,508

Rank Autumn 2018	Group	Turnover (£000s)
1	Sytner Group	5,562,589
2	Pendragon	4,739,100
3	Lookers	4,696,300
4	Arnold Clark Automobiles	3,931,414
5	Inchcape Retail	2,990,000
6	Vertu Motors	2,796,068
7	Marshall Motor Group	2,268,948
8	Jardine Motors Group	2,062,794
9	Group 1 Automotive	1,912,000
10	TrustFord	1,729,307
11	JCT600	1,251,165
12	Listers Group	1,230,495
13	Mercedes-Benz Retail Group	1,102,971
14	Greenhous Group	1,051,851
15	Robins & Day	898,494
16	Park's Motor Group	780,000
17	Swansway Garages	779,878
18	Stoneacre Motor Group	750,000
19	John Clark Motor Group	741,849
20	Rybrook Holdings	671,997

A further 30 groups have seen an increase in turnover, but only of a few million.

The remainder include a number of the larger groups that have continued to make acquisitions, and while this may represent growth, it would be interesting to know how much like for like growth was delivered.

Profitability has also taken a further hit in 2018 and the signs are not all that positive for 2019. The underlying profit before tax of the 20 largest groups totalled £535 million in 2017. In 2018 this total fell by £10 million to £525 million.

Intriguingly, total EBITDA for these larger groups has risen. In 2017 total EBITDA for the twenty groups with the largest EBITDA totalled £1.055 million. In 2018 this total had risen to £1.085 million.

EBITDA, being effectively cash profit (earnings before charging interest, tax, depreciation and amortisation) is a good indication of resilience. Businesses fail much more often through lack of cash than they do through lack of reported profit, so the cashflow indicated by an increase in EBITDA is encouraging.

Another measure of resilience is the ability to cover finance charges. Commonly interest cover is calculated by dividing earnings before interest and tax by finance charges. If the ratio falls to below 1.5 it would be usual to be concerned – profits would not have to fall significantly before a prudent banker would be questioning the ability to service debt without compromising the ability to invest, or to ride out a rough patch.

The good news is that the AM100 as a whole has finance costs covered more than four times (EBIT to interest ratio of 4.1). The bad news is that five years ago this ratio was nearer six.

Another indicator of health is the balance between capital provided by shareholders and that provided by other stakeholders, otherwise known as gearing.

Some include simply debt in this calculation. Others include total liabilities – ie debt plus trade and other creditors.

In motor retail, trade creditors are unusually large and it is often difficult to distinguish between debt and vehicle creditors, with vehicle creditors often being secured and therefore looking very much like debt.

This latter definition of debt to equity commonly varies between 0.1 (little or no debt) and 1 (as much debt as there is equity). In motor retail this ratio stands at closer to 3 (or 300%).

But if the simple ratio is used (debt rather than total liabilities) the ratio falls to roughly 1. This means that despite debt only representing half the capital employed, the degree of risk is dependent on OEM confidence. And on the NSC and the captive finance company sharing a common view, and acting accordingly, which has not always been the case.

But having said all that, gearing, however it is measured, has been about the same, or has even fallen slightly, over the last five years. So it should be clear that the industry remains resilient and risk is at a lower level than in many other sectors.

Group	Rank Autumn 2019	PBT £'000s
Arnold Clark Automobiles	4	113,500
Sytner Group	1	113,246
Lookers	2	54,800
Pendragon	3	47,800
Marshall Motor Group	7	25,667
Vertu Motors	5	23,533
JCT600	11	17,079
TrustFord	10	14,335
Listers	12	13,439
Allen Ford	26	12,546
Helston Garages Group	25	10,571
Eastern Western Motor Group	21	10,357
Lloyd Motors	30	9,852
Cambria Automobiles	24	9,827
Hatfields	53	9,413
Steven Eagell	41	8,800
Harwoods Group	23	8,426
Porsche Retail Group	52	8,175
CEM Day	65	7,004
Jardine Motors Group	8	6,970

Group	Rank Autumn 2018	PBT £'000s
Arnold Clark Automobiles	4	106,186
Sytner Group	1	97,713
Lookers	3	65,300
Pendragon	2	60,400
Marshall Motor Group	7	30,021
Vertu Motors	6	26,860
JCT600	11	17,074
Jardine Motors Group	8	13,804
TrustFord	10	13,134
Helston Garages Group	24	11,870
Listers Group	12	11,801
Cambria Automobiles	21	11,265
Dick Lovett Group	31	10,535
Porsche Retail Group	50	9,709
Allen Ford (Supergroup UK)	42	9,632
Eastern Western Motor Grp	25	9,569
RRG Group	29	7,734
Hatfields	58	7,524
Peter Vardy	36	7,511
CEM Day	71	7,107

Group	Rank Autumn 2019	PBIT per employee
Porsche Retail Group	52	27,810
Hatfields	53	21,984
Toomeys	75	16,897
Riverside Motors Group	98	16,650
City West Country	50	15,833
CEM Day	65	15,828
Arbury	99	12,833
Sytner Group	1	12,219
Steven Eagell	41	12,165
Harwoods Group	23	11,583
Peoples	58	11,173
Lloyd Motors	30	10,848
Helston Garages Group	25	10,637
Allen Ford	26	10,543
Cotswold Motor Group	80	10,364
Arnold Clark Automobiles	4	10,260
TG Holdcroft	39	10,154
JCT600	11	9,430
Cambria Automobiles	24	9,358
Williams Motor Company	33	9,299

Group	Rank Autumn 2018	PBIT per employee
Porsche Retail Group	50	34,176
CEM Day	71	16,241
Hatfields	58	15,623
Peoples	59	15,397
Dick Lovett Group	31	14,254
Allen Ford	42	14,235
Yeomans	67	14,134
Sytner Group	1	12,248
Toomeys	73	12,223
Helston Garages Group	24	12,123
Hughes of Beaconsfield	86	11,738
CWC (UK Holdings)	51	11,434
Arnold Clark Automobiles	4	10,316
Peter Vardy	36	9,769
Cambria Automobiles	21	9,745
Marshall Motor Group	7	9,717
JCT600	11	9,653
Harwoods Group	23	9,602
Eastern Western Motor Group	25	9,485
Lookers	3	9,001

If further reassurance was required, then the ratio of EBITDA to debt should be considered. If debt is considered a risk factor, then if a business earns enough cash to pay off debt at will, then that risk factor is surely low. An EBITDA to debt ratio of 1 means that debt is equivalent to one year's EBITDA – debt can be paid off in a single year.

For the AM100, this ratio has been deteriorating, but only slowly and is still at an acceptable level. Five years ago it stood at 3.2 and now it stands at 4.1

The table on page 75 shows the best 20 individual EBITDA to debt ratios, and more than half the AM100 businesses have a ratio under 5.

Over the last five years a number of suppliers have been promoting stock management systems. Buying, evaluating, managing and remarketing stock, particularly with the strides in data management made by the main auction houses and by the entry into the market of 'intermediators', should have become a science, rather than an art. Or so you might think.

Anecdotally, with the new car market struggling with supply challenges (WLTP etc), consumer confidence (can I afford a new car?), and margin issues (it's all very well hitting volume targets, but not at a loss), dealers have turned to used cars. Unfortunately statutory accounts do not usually distinguish between new and used stock, so the stock levels chart on page 73 compares total stock with stock net of consignment stock over the five years since 2014.

Although the rate of increase has slowed somewhat, stockholdings have still increased at a faster rate than turnover. The next chart shows stock turn over the same period.

I admit it's a sweeping generalisation, but it seems that despite the increase in focus on stock management and the tools available to make that focus effective, it seems things have only got worse. The burning question is – economics, or process deficiencies? No doubt economics plays a part, but many of the surveys and opinion pieces suggest that there has been little evolution in process and that is the main reason for process erosion.

In July, Ian Plummer, Auto Trader's commercial director, admitted the results of this year's Car Buyers' Report painted "a disappointing picture of the UK automotive industry" upon "first look", adding: "Consumers are frustrated by a complex process, and as a result slowing up sales at a time when the industry need them most". In August, *AM* reported on a conversation with Alan Visser, Lynk & Co's chief executive. The headline stated "car dealership visits are what customers 'hate most'"

Also in August *AM* reported on Motors.co.uk's Consumer Insight Panel survey, including the comment: "Car buyers are more concerned about getting a fair deal than any other aspect of visiting a dealership." And this despite a myriad of sales training courses available and a fortune (allegedly) spent on sales process development.

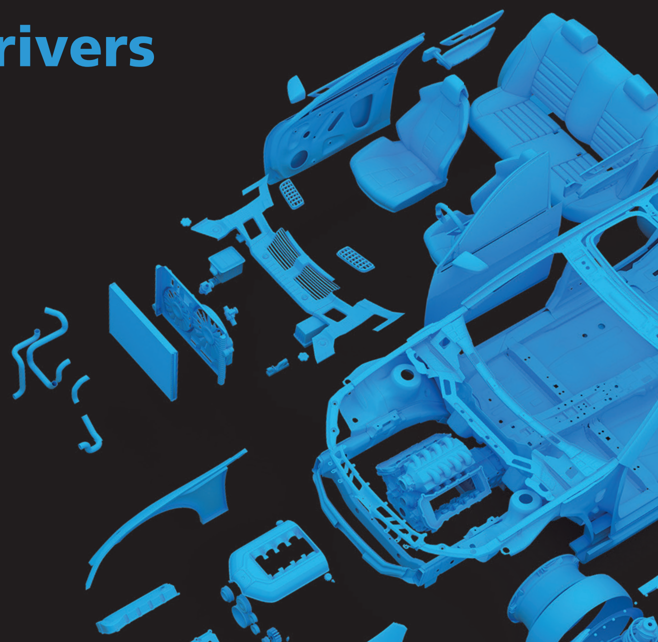
There are also a number of conflicting surveys (or conflicting conclusions from the same data). The surveys say (again allegedly) that customers now wish to transact online rather than visit a dealership. Or there are fewer dealer visits per sale because customers have done most of their research online. Or there are

Group	Rank Autumn 2019	RoCE%
Arbury	99	31.2%
Steven Eagell	41	29.9%
CMS Motor Group	93	29.5%
Endeavour Automotive Group	84	28.8%
Porsche Retail Group	52	26.7%
Hatfields	53	23.6%
Allen Ford	26	22.5%
JCB Group	81	21.9%
Riverside Motors Group	98	18.4%
City West Country	50	18.0%
Swansway Garages	20	16.5%
Peoples	58	16.2%
Marshall Motor Group	7	15.8%
Cambria Automobiles	24	15.0%
Lookers	2	14.3%
Lloyd Motors	30	14.3%
TG Holdcroft	39	14.2%
Cotswold Motor Group	80	13.7%
Sytner Group	1	13.2%
Greenhous Group	13	12.4%

Group	Rank Autumn 2018	RoCE%
Porsche Retail Group	50	40.9%
Steven Eagell	46	24.7%
Yeomans	67	24.7%
Allen Ford (Supergroup UK)	42	22.2%
JCB Group	100	20.5%
Hatfields	58	18.2%
CWC (UK Holdings)	51	18.0%
Marshall Motor Group	7	16.5%
Hendy Group	30	15.8%
Lookers	3	15.4%
Cambria Automobiles	21	15.2%
Pendragon	2	14.6%
Eden Motor Group	53	14.6%
Sytner Group	1	13.5%
Swansway Garages	17	13.2%
Lloyd Motors	29	12.9%
Ancaster Group	96	12.4%
Westover Group	47	12.4%
Endeavour Automotive Grp	92	12.3%
Sinclair Group	34	12.0%

Group	Rank Autumn 2019	RoS%
Hatfields	53	3.2%
CEM Day	65	3.0%
Porsche Retail Group	52	2.7%
Arnold Clark Automobiles	4	2.7%
Arbury	99	2.3%
Riverside Motors Group	98	2.1%
Steven Eagell	41	2.1%
Allen Ford	26	2.1%
Sytner Group	1	1.9%
City West Country	50	1.8%
Toomeys	75	1.8%
Lloyd Motors	30	1.8%
Helston Garages Group	25	1.7%
Hartwell	59	1.6%
Peoples	58	1.6%
Cambria Automobiles	24	1.6%
Eastern Western Motor Group	21	1.5%
Cotswold Motor Group	80	1.5%
Peter Vardy	35	1.4%
Yeomans	70	1.4%

Group	Rank Autumn 2018	RoS%
CEM Day	71	3.4%
Porsche Retail Group	50	3.1%
Yeomans	67	2.8%
Hatfields	58	2.7%
Arnold Clark Automobiles	4	2.7%
Allen Ford (Supergroup UK)	42	2.4%
Peoples	59	2.2%
Hughes of Beaconsfield	86	2.2%
Dick Lovett Group	31	2.1%
Helston Garages Group	24	2.0%
Sytner Group	1	1.8%
Cambria Automobiles	21	1.7%
Peter Vardy	36	1.7%
Westover Group	47	1.7%
Eastern Western Motor Grp	25	1.6%
Lloyd Motors	28	1.5%
Fish Brothers	94	1.5%
John Grose Group	82	1.5%
CWC (UK Holdings)	51	1.4%
RRG Group	29	1.4%



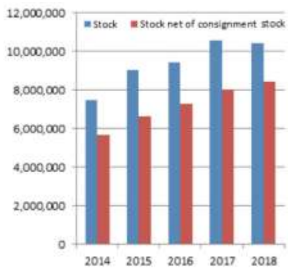
fewer enquiries, therefore fewer opportunities. However the ICDP's recent report in the 2019 edition of its European Car Distribution Handbook concludes: "There has been a steady upwards trend for number of dealer visits and number of dealers visited over time... as 'digital' customers become even more engaged with the process of buying a car." It adds that this finding was contrary to opinions expressed by many commentators that dealer visits are declining.

There seems to be a startling lack of customer focus in these surveys and conclusions. In other industries there is a substantial body of research about consumer behaviour and wants and needs, which is easily translatable to motor retail.

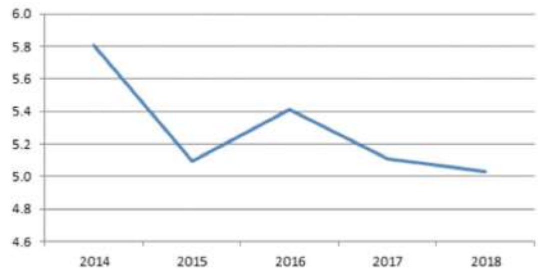
Customers visit sales outlets because they have problems to solve. They hope they will meet people with empathy (ie who will understand their 'problem') and who have product expertise (ie having understood the 'problem' have the knowledge to offer an appropriate solution).

Then, if they are to recommend the experience to others, they need to feel that the process

STOCK LEVELS AM100



STOCKTURN



was simple, particularly if they go on to buy (and why wouldn't they if their 'problems' have been solved?).

The statistics indicate that for all the hype about sizzling sales processes and 'the customer is king' these facts have not been recognised in how sales staff operate, or, more accurately, are incentivised to operate.

I commend the Auto Trader report as a revealing read. It is abundantly clear from that report that the industry fails at almost every turn to solve customers' problems and make their sales journey simple.

There are those who are attempting to make the online journey simpler, but it is still early days. And it is also far from certain that people doing anything other than renewing a familiar and commoditised product actually want to restrict their experience to virtual reality rather than actually touching and feeling the product, in the company of someone they trust to help solve their remaining 'problems'.

Instead, dealers are invited by the pundits to consider the 'four megatrends' that are revolutionising the industry and threatening the existing business model

One of those trends is 'usership' instead of ownership. Why? I have asked a number of friends and acquaintances (and some complete strangers) from varying age groups, some who own or have owned cars and some who don't, what they understand by this concept.

None of them (not one) was remotely concerned about whether they owned or merely used their car. In fact few of them actually knew whether any of the cars they drove were (or had been) owned by them, or by a leasing or finance company. What they were interested in was what it cost them per month. And what the cost and choice implications might be in a few years' time.

Of those who did not have a car, most lived in town where parking and/or congestion was a major issue. For them 'usership' was just a word. They had effective arrangements in place and did not need to be introduced to MaaS or any other acronym. But they would be impressed if they could manage their transport needs using a single app rather than planning different legs of their journeys using different apps.

By the same token, those who had a car were interested in reducing complexity

Group	Rank Autumn 2019	PBT per Outlet
Porsche Retail Group	52	1,635,000
Hatfields	53	941,300
Sytner Group	1	814,719
CEM Day	65	700,400
Cotswold Motor Group	80	638,500
Greenhous Group	13	564,875
City West Country	50	563,700
Peter Vardy	35	553,667
CMS Motor Group	93	534,000
Arnold Clark Automobiles	4	504,444
Lloyd Motors	30	492,600
Peoples	58	480,889
Harwoods Group	23	468,111
Williams Motor Company	33	468,000
Riverside Motors Group	98	406,714
Steven Eagell	41	400,000
Dick Lovett Group	29	385,167
JCT600	11	363,383
Halliwell Jones Group	43	340,200
Lookers	2	326,190

Group	Rank Autumn 2018	PBT per Outlet
Porsche Retail Group	50	1,941,800
Hatfields	58	752,400
Sytner Group	1	693,000
Peoples	59	685,444
CEM Day	71	646,091
Dick Lovett Group	31	585,278
Peter Vardy	36	500,733
Hughes of Beaconsfield	86	484,286
Arnold Clark Automobiles	4	480,480
CWC (UK Holdings)	51	441,500
Lookers	3	424,026
Halliwell Jones Group	41	413,200
Lloyd Motors	28	398,429
Cotswold Motor Group	89	389,000
Harwoods Group	23	372,529
JCT600	11	363,277
Eastern Western Motor Group	25	354,407
HR Owen	39	349,647
Stephen James Group	72	349,000
Helston Garages Group	24	312,368

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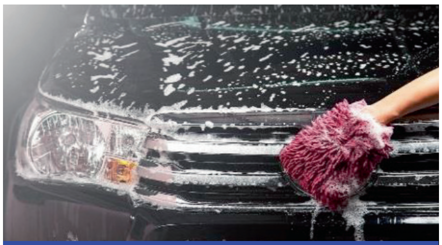

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by bundling total cost (ie including servicing, insurance and certain predictable replacement items such as tyres). But this is not a revolution. It is part of the long-overdue process of making the transaction simpler.

A dealership whose sales staff used a problem-solving approach would not need to learn a new process, or do anything different, to satisfy any of this sample population's needs.

The other 'megatrends' involved electric cars, autonomous cars and connectivity.

Electric cars, when they become practical, still have to be sold (either to the end user, or to the 'usership' entity). Then they have to be serviced, which will bring a different commercial dimension to aftersales, but not one which is actually anything new – of which more later.

Connectivity simply increases the availability of data and the ability to communicate in something like real time. This simply represents an opportunity.

That leaves autonomous cars. Well one day I am sure this will become an interesting challenge. But today there are far more pressing, and basic, current issues in terms of processes and the business model.

The main issue not covered above, and which does not surface directly from the stats, is the pressure on aftersales profitability. If it is true that dealers' approach to sales has not evolved, the same is true in spades in aftersales. In the good old days 100% absorption was a reality. It was achieved; it was not a distant dream.

Over a number of years this indicator has eroded by as much as 2% per annum. Today 60% might not be considered a bad performance. But why?

The traditional response is competition has increased (the independents are more competent and customer-friendly than they were); vehicles are more reliable and service intervals are longer; new car sales have declined (or peaked) so the parc is not growing as it used to; costs have increased (rent, rates, utilities, people, regulation, compliance); and customers' expectations have increased.

All these may be reasonable excuses for a decline in profitability and then a decline in absorption. But could they also represent a failure to deliver what customers want; a failure to deliver continuous improvement; a failure to look in the right direction for the required changes?

We live in a 'now' environment. If I take my car in for a service, at an appointed time, I have an expectation that work will commence immediately, will take a specific length of time and that time will have been agreed with me as acceptable beforehand.

That is not my experience. And it is not the experience of the population also questioned above about 'usership vs ownership'. I arrive on time for my appointment and then wait to be seen. I am given a vague idea of how long I will have to wait and even that vague time limit is not delivered. No-one asks me if the vague time offered is acceptable. And this was a story familiar to my test population.

If there are matters which might prevent my expectation from being delivered (additional work required, predictable via my previous visit - identified at previous health-check – or by the history and usage of the vehicle) then that can be removed from the equation by prior planning and discussion. But that is not my experience either. Ditto for the other people canvassed.

A number of groups have experimented with the use of two technicians to deliver routine services in less time, in order to attempt to meet customers' expectations. However most of these attempts do not deliver reliable results or real savings. Two technicians are invited to work together and, being willing and loyal souls, they do their best.

However the outcomes remain variable, because each job is 'different' (even though the job content is the same) and start/finish times are undefined, and customers are not involved in the standard setting process.

If real improvement is to be achieved, they have to develop a 'best way' and a standard which is recorded, then worked on to improve and measured daily (by them) to continuously deliver a consistent and increasingly effective result. And customers have to be involved to make sure that the target

Group	Rank Autumn 2019	EBITDA to debt ratio
Peoples	58	0.0
Yeomans	70	0.0
Rybrook Holdings	19	0.0
Hartwell	59	0.1
Lloyd Motors	30	0.1
Marshall Motor Group	7	0.2
Porsche Retail Group	52	0.6
John Grose Group	82	0.9
Fish Brothers	94	1.0
Brindley Garages Group	71	1.1
Hatfields	53	1.1
Arbury	99	1.2
Pendragon	3	1.3
Lookers	2	1.3
JCB Group	81	1.3
Cambria Automobiles	24	1.6
Endeavour Automotive Group	84	1.6
Vertu Motors	5	1.7
Arnold Clark Automobiles	4	1.8
Steven Eagell	41	1.9

Group	Rank Autumn 2019	EBITDA (£000s)
Arnold Clark Automobiles	4	294,100
Sytner Group	1	183,068
Pendragon	3	141,500
Lookers	2	99,800
CEM Day	65	42,560
Marshall Motor Group	7	41,356
Vertu Motors	5	38,656
JCT600	11	31,078
Jardine Motors Group	8	26,384
TC Harrison Group	51	22,840
Listers	12	22,036
TrustFord	10	21,570
Toomeys	75	18,171
Eastern Western Motor Group	21	16,778
Allen Ford	26	15,639
Swansway Garages	20	14,411
Helston Garages Group	25	14,119
Lloyd Motors	30	13,949
Harwoods Group	23	13,817
Sandicliffe Motor Group	48	13,626

deliverables represent actual value. The next leg of this exercise is to consider a target cost for such a service. At present most dealers have a target retail rate for sold hours. For most franchised retailers, particularly prestige dealerships, this is in excess of £100 or even £120 per hour. Again, why?

One of the solutions to the absorption challenge is to deliver a market price that is acceptable to more customers while making the same profit per job. How do you do this? Remove waste (cost). The way to do that is by setting standards, measuring them and involving the people who do the actual work in achieving continuous improvement as a way of life.

This industry measures the wrong things. I make no apology for repeating this message. If we are to address the core problem of declining absorption, we must measure and eliminate waste. We must set standards that mean something to customers. We must challenge preconceptions about what is and is not possible. We must decide not to accept as truth the idea that we are not in control of events and that 'every job is different' and 'every day brings new challenges'.

This is rubbish. Most of the issues that prevent improved profits are recurring problems that we can eliminate, but only if we genuinely involve the people who do the work in applying structured problem-solving as a way of life.

With electrification likely to change the whole aftersales equation, a significant step change is required. The good news is it is available. The path has been trodden only by a few, but well trodden nonetheless. It requires hard work, a long term view and a different way of thinking. But it can be done and it needs to be done.

Rank	Group	Turnover (£000s) 2018	Turnover (£000s) 2017
1	Sytner	5,953,756	5,562,589
2	Lookers	4,879,500	4,696,300
3	Pendragon	4,627,000	4,739,100
4	Arnold Clark Automobiles	4,236,700	3,931,414
5	Vertu Motors	2,982,200	2,796,068
6	Inchcape Retail	2,832,266	2,990,000
7	Marshall Motor Group	2,186,887	2,268,948
8	Jardine Motors Group	2,117,885	2,062,794
9	Group 1 Automotive	2,025,357	1,912,000
10	TrustFord	1,717,649	1,729,307
11	JCT600	1,276,613	1,251,165
12	Listers	1,230,291	1,230,495
13	Greenhous Group	1,109,300	1,051,851
14	Mercedes-Benz Retail Group	1,074,448	1,102,971
15	Stoneacre Motor Group	1,057,898	786,203
16	Peugeot Citroen Retail UK	982,298	898,494
17	John Clark Motor Group	823,572	741,849
18	Park's Motor Group	770,000	761,010
19	Rybrook Holdings	749,785	671,997
20	Swansway Garages	747,508	779,878
21	Eastern Western Motor Group	699,547	606,333
22	Motorline	659,027	552,287
23	Harwoods Group	635,922	619,737
24	Cambria Automobiles	630,065	644,286
25	Helston Garages Group	620,448	608,667
26	Allen Ford (Supergroup UK)	610,313	396,061
27	Perrys Group	606,520	633,391
28	RRG Group and Norton Way Motors	605,500	540,629
29	Dick Lovett Group	562,571	511,501
30	Lloyd Motors	562,020	541,807
31	Hendy Group	556,267	532,802
32	Renault Retail Group	545,488	602,460
33	Williams Motor Company	501,117	466,898
34	Sinclair Group	480,332	464,793
35	Peter Vardy	468,943	450,156
36	Aprite (Westway)	468,382	460,007
37	LSH Auto UK	445,667	445,650
38	Glyn Hopkin	436,878	426,788
39	TG Holdcroft	433,257	370,177
40	Johnsons Cars	432,442	360,478
41	Steven Eagell	426,709	352,459
42	HR Owen	425,000	423,158
43	Halliwell Jones Group	409,332	409,486
44	Vindis Group	381,759	416,954
45	Snows Motor Group	371,880	299,691
46	Pentagon Group	338,000	500,000
47	BMW Retail (Park Lane)	330,656	361,272
48	Sandicliffe Motor Group	329,461	302,154
49	Donnelly Bros Garages (Dungannon)	311,317	330,765
50	City West Country	309,134	305,144

YOY change %
7.0%
3.9%
-2.4%
7.8%
6.7%
-5.3%
-3.6%
2.7%
5.9%
-0.7%
2.0%
0.0%
5.5%
-2.6%
34.6%
9.3%
11.0%
1.2%
11.6%
-4.2%
15.4%
19.3%
2.6%
-2.2%
1.9%
54.1%
-4.2%
12.0%
10.0%
3.7%
4.4%
-9.5%
7.3%
3.3%
4.2%
1.8%
0.0%
2.4%
17.0%
20.0%
21.1%
0.4%
0.0%
-8.4%
24.1%
-32.4%
-8.5%
9.0%
-5.9%
1.3%

Rank	Group	Turnover (£000s) 2018	Turnover (£000s) 2017	YOY change %
51	TC Harrison Group	304,812	287,691	6.0%
52	Porsche Retail Group	304,092	311,262	-2.3%
53	Hatfields	297,785	278,256	7.0%
54	Eden Motor Group	290,063	300,200	-3.4%
55	Mon Motors	286,442	334,175	-14.3%
56	VT Holdings	281,762	264,285	6.6%
57	Jemca Car Group	277,942	258,364	7.6%
58	Peoples	277,434	276,570	0.3%
59	Hartwell	272,939	272,547	0.1%
60	Sandown Motors	250,146	243,946	2.5%
61	Vantage Motor Group	250,000	280,119	-10.8%
62	Vospers	248,175	236,887	4.8%
63	Barretts of Canterbury	240,653	214,889	12.0%
64	Robinsons Motor Group	236,483	325,781	-27.4%
65	CEM Day	231,315	210,120	10.1%
66	Stephen James Group	223,792	201,950	10.8%
67	Drive Motor Retail	219,144	214,725	2.1%
68	Marriott Motor Group	218,857	220,630	-0.8%
69	Citygate Group	218,288	186,643	17.0%
70	Yeomans	213,615	216,589	-1.4%
71	Brindley Garages Group	212,435	182,985	16.1%
72	Caffyns	209,246	213,725	-2.1%
73	Heritage Automotive	206,642	173,234	19.3%
74	Gates Group	200,623	150,388	33.4%
75	Toomeys	183,279	191,810	-4.4%
76	Vines Group	181,695	174,188	4.3%
77	William Morgan Group	177,765	173,637	2.4%
78	Foray Motor Group	175,520	174,151	0.8%
79	Specialist Car Group	175,404	178,176	-1.6%
80	Cotswold Motor Group	173,285	147,750	17.3%
81	JCB Group	172,471	122,157	41.2%
82	John Grose Group	166,454	172,852	-3.7%
83	Partridge of Hampshire	165,499	154,634	7.0%
84	Endeavour Automotive Group	158,805	137,336	15.6%
85	Bowker Motor Group	158,421	190,709	-16.9%
86	Marsh Wall	152,216	133,355	14.1%
87	SG Petch	150,000	152,575	-1.7%
88	Richmond Motor Group	145,000	140,115	3.5%
89	Poole and Yeovil Audi	141,854	145,414	-2.4%
90	Parkway Derby	141,213	123,495	14.3%
91	Drift Bridge Group	140,601	157,225	-10.6%
92	Howards Group	140,523	127,836	9.9%
93	CMS Motor Group	139,243	84,464	64.9%
94	Fish Brothers	137,431	135,457	1.5%
95	Sturgess Motor Group	136,793	146,139	-6.4%
96	DM Keith	136,171	95,574	42.5%
97	Sandal Motors (Bayern)	135,802	136,815	-0.7%
98	Riverside Motors Group	132,932	110,258	20.6%
99	Arbury	132,013	116,660	13.2%
100	Ancaster Group	130,964	132,313	-1.0%

(Autumn 2019 update using 2018 accounts)

Trends in the wider industry – AM101 to AM200 2019

By Piers Trenear-Thomas, consultant and analyst

The commentary on the AM100 groups regarding performance during the year to December 2018 concluded it was a tough year for profits and 2019 so far was no better.

That said, the broad trends show resilience. There may be profit challenges that will not improve until uncertainty reduces. But while the statistics show negative trends, the industry is still robust. The indices used to gauge financial strength (gearing, interest cover, EBITDA to debt) are still within tolerance.

Is the picture the same for the smaller groups, those with turnover from £50m to £120m?

The answer is 'no'. However far from this spelling the doom of the smaller dealer, the reverse is true. A glance at the table for RoS % shows that those at the top have performed at least as well as last year, and some, even better.

Two groups have achieved better than 4%, Mitchell Group joining Chapel House on that benchmark performance. Nine groups achieved close to or above 3%. The rest saw better than 2%. The threshold for the top 20 this year being 2.3% versus 2.2% last year.

Return on capital also shows an improvement over the previous year, the threshold for the top 20 being 18.4% versus 16.5% last time. Top of the table reached 44% against 41% last time. And 18 of the top 20 reached 20% whereas only 12 did so last time.

The tables are drawn from the whole of the AM100, but a measure of the success of the smaller groups is shown by the share taken by those from 101 to 200. In the RoS % table, only four came from the AM100, compared with eight last time. Honours are about even in the RoCE % stakes, with eight from the *AM*100 this time against seven last time.

Nevertheless, these smaller groups must be more vulnerable, mustn't they? After all, many learned commentators have been predicting the demise of the smaller group – they are not big enough to afford the financial demands of CI; of more demanding customers; of the need to reinvest in expensive equipment; or coping with increased regulation (and therefore people to ensure compliance); of the need to invest in IT and the digital environment (to name but a few areas).

It would seem the reverse is true.

Take a look at the three charts showing stockturn, gearing and interest cover on pages 82 and 83. Each table shows the ratios/stats for the AM100 groups, the whole of the AM200 and the AM101 to 200 set.

The lines for the total of the AM100 and the AM200 are virtually the same, simply because the AM100 total is so much larger than the AM101 to 200 total, that adding the latter does not move the needle.

	AM200 Rank Autumn 2018	RoS %		AM200 Rank Autumn 2019	RoS %
Chapel House Group	146	4.5%	Chapel House Group	125	4.4%
FRF Group	162	3.8%	Mitchell Group	200	4.4%
Chandlers Group	160	3.7%	Cars 2	160	3.8%
Cars 2	184	3.4%	Hawkins Motor Group	136	3.2%
CEM Day	71	3.4%	Hatfields	53	3.2%
Porsche Retail Group	50	3.1%	CEM Day	65	3.0%
Yeomans	67	2.8%	Wellington Motors	171	3.0%
Wellington Motors	192	2.8%	FRF Group	156	2.9%
Hatfields	58	2.7%	City and County	121	2.9%
Arnold Clark Automobiles	4	2.7%	Dales Cornwall	183	2.7%
Meridien Motor Group	195	2.5%	Porsche Retail Group	52	2.7%
Currie Motors	158	2.5%	Arnold Clark	4	2.7%
Allen Ford	42	2.4%	Gravells of Kidwelly	146	2.7%
Dales Cornwall	181	2.4%	FJ Chalke Group	177	2.5%
Busseys	148	2.4%	Currie Motors	162	2.4%
Peoples	59	2.2%	John Banks	161	2.4%
Cameron Motor Group	119	2.2%	Fairfield	148	2.4%
Hughes of Beaconsfield	86	2.2%	Hildenborough Group	104	2.4%
FJ Chalke Group	194	2.2%	Trust Group UK	147	2.3%
Roger Young	185	2.2%	Arbury	99	2.3%

THE AM 2020 UK FRANCHISED DEALER REPORT
THE AM 101-200

Rank 2019	Group	Turnover (£000s) 2018	Rank 2018	Turnover (£000s) 2017	YOY change %
101	Thurlow Nunn (Holdings)	130,000	85	154,764	-16.0%
102	Chorley Group	125,768	104	121,016	3.9%
103	Ocean Group	123,221	100	124,714	-1.2%
104	Hildenborough Group	122,913	105	120,092	2.3%
105	Brayleys Cars	120,000	108	119,217	0.7%
106	WR Davies Motor Group	119,815	110	115,352	3.9%
107	Wilsons (Epsom)	119,270	114	108,233	10.2%
108	L & L Automotive	114,569	103	121,610	-5.8%
109	SLM Group	113,530	124	88,279	28.6%
110	Burrows Motor Company	113,353	107	119,816	-5.4%
111	Furrows Group	111,590	116	104,266	7.0%
112	Duckworth Landrover	111,266	117	103,826	7.2%
113	WJ King Garages	110,000	111	114,467	-3.9%
114	Central Garage Uppingham	105,000	115	106,992	-1.9%
115	Martins Group	101,743	120	97,487	4.4%
116	EMG Motor Group	97,748	145	78,727	24.2%
117	Peter Cooper Group	97,393	132	83,974	16.0%
118	Sutton Park Motor Company	96,363	133	83,911	14.8%
119	Wilson & Co	95,478	136	81,225	17.5%
120	Soper BMW	94,896	129	86,197	10.1%
121	City and County	94,402	126	87,158	8.3%
122	Wilmoths Citroen	93,748	118	102,685	-8.7%
123	Mike Pulman	92,242	141	80,000	15.3%
124	Birchwood Motor Group	91,646	123	88,336	3.7%
125	Chapel House Group	90,536	148	76,990	17.6%
126	Hadwins Landrover	90,520	130	86,036	5.2%
127	Cameron Motor Group	90,004	122	92,103	-2.3%
128	Guest Motors	89,894	125	87,412	2.8%
129	Bassetts Motor Group	87,511	127	86,613	1.0%
130	Baylis Motor Group	86,422	142	79,891	8.2%
131	Desira Group	85,488	128	86,497	-1.2%
132	Simon Bailes	84,697	157	69,035	22.7%
133	FG Barnes	84,298	138	80,656	4.5%
134	Harratts Group	82,955	119	98,661	-15.9%
135	Underwoods Garage (Tiptree)	82,135	139	80,440	2.1%
136	Hawkins Motor Group	81,736	134	78,891	3.6%
137	Platinum and Wellsway	81,442	146	78,389	3.9%
138	Lind Automotive Family	81,409	137	80,986	0.5%
139	Horizon-Magna Motor Group	81,000	135	81,511	-0.6%
140	Sparshatts Group	80,471	144	79,016	1.8%
141	Ringways Garages	78,952	152	74,425	6.1%
142	Hayselden	78,576	155	71,824	9.4%
143	Cox Motor Group	78,010	153	73,854	5.6%
144	Busseys	77,823	150	75,345	3.3%
145	Arden BMW	77,559	149	76,012	2.0%
146	Gravells of Kidwelly	76,833	154	73,814	4.1%
147	Trust Group UK	76,803	151	74,758	2.7%
148	Fairfield	76,379	169	64,394	18.6%
149	Tanner Automotive	75,981	140	80,399	-5.5%
150	Rates	75,740	166	66,004	14.8%

Rank 2019	Group	Turnover (£000s) 2018	Rank 2018	Turnover (£000s) 2017	YOY change %
151	Hawco	75,021	147	77,584	-3.3%
152	Ray Chapman	71,889	177	60,814	18.2%
153	Thames Motor Group	71,580	170	63,241	13.2%
154	OMC Motor Group	71,399	156	69,210	3.2%
155	Bells Motor Group	70,815	180	57,248	23.7%
156	FRF Group	70,258	164	66,385	5.8%
157	BCC Group	69,261	172	62,674	10.5%
158	Delgarth Motor Co	69,258	159	68,537	1.1%
159	Chandlers Pell	68,322	162	67,649	1.0%
160	Cars 2	66,091	185	55,807	18.4%
161	John Banks	65,832	175	61,788	6.5%
162	Currie Motors	65,589	160	68,204	-3.8%
163	Carco Group	65,277	176	60,938	7.1%
164	Smiths Motor Group	65,167	178	59,345	9.8%
165	York Ward & Rowlatt	64,760	171	62,984	2.8%
166	Border Motor Group	61,951	165	66,330	-6.6%
167	JAPS Motorvogue	61,324	163	66,650	-8.0%
168	Startin Group	61,261	189	54,836	11.7%
169	RMB Automotive	60,862	181	56,801	7.1%
170	Murray (Plymouth)	60,326	182	56,669	6.5%
171	Wellington Motors	60,312	194	53,684	12.3%
172	Hodgson Newcastle	60,000	168	65,345	-8.2%
173	JT Hughes	60,000	174	62,040	-3.3%
174	Budgen Motor Co	60,000	235	39,561	51.7%
175	Dinnages	59,643	173	62,152	-4.0%
176	Tates	59,248	179	59,343	-0.2%
177	FJ Chalke Group	59,223	196	52,275	13.3%
178	Palmers Motor Company	59,220	186	55,722	6.3%
179	TMS	58,863	205	49,644	18.6%
180	Read Motor Group	58,812	216	45,348	29.7%
181	Lipscomb	58,377	219	44,751	30.4%
182	Holden Motor Group	58,079	199	51,414	13.0%
183	Dales Cornwall	57,621	183	56,201	2.5%
184	Roadside Motors	57,010	191	54,433	4.7%
185	Hills Group	55,488	206	48,443	14.5%
186	Hadwins Lindale	54,500	190	54,502	0.0%
187	Springfield Motor Group	53,667	195	52,878	1.5%
188	Trenton Hull	53,201	200	50,658	5.0%
189	Clive Brook	52,161	222	42,148	23.8%
190	Meridien Motor Group	52,084	197	51,683	0.8%
191	Fordthorne	52,000	188	55,166	-5.7%
192	Richard Hardie	51,574	184	56,084	-8.0%
193	Minstergate	51,391	215	46,224	11.2%
194	Paul Rigby	51,218	247	36,319	41.0%
195	Masters Group	50,990	193	53,799	-5.2%
196	Roger Young	50,835	187	55,460	-8.3%
197	JKC Specialist Cars	50,632	201	50,633	0.0%
198	Sherwoods	50,000	204	50,015	0.0%
199	Paynes Garage	49,730	203	50,197	-0.9%
200	Mitchell Group	49,493	208	48,235	2.6%

But the AM101 to 200 total on its own shows this segment performs quite differently. Stockturn shows a decline for both populations (it has clearly been more difficult to shift stock over the last five years). But the smaller groups still outperform the larger groups.

Gearing has deteriorated in 2018, but the smaller groups still show a better risk profile

	AM200 Rank Autumn 2019	PBIT per Employee
Porsche Retail Group	52	27,810
Hatfields	53	21,984
Cars 2	160	19,417
Mitchell Group	200	19,250
HR Owen	37	17,318
Chapel House Group	125	17,293
Meridien Motor Group	190	17,042
Gravells of Kidwelly	146	16,992
Toomeys	75	16,897
Riverside Motors Group	98	16,650
Ray Chapman	152	16,600
Wellington Motors	171	16,272
CWC (UK Holdings)	50	15,833
CEM Day	65	15,828
Dales Cornwall	183	13,856
FJ Chalke Group	177	13,800
Arbury	99	12,833
John Banks	161	12,747
JKC Specialist Cars	197	12,684
Hildenborough Group	104	12,649

than the larger groups. The trend is interesting though – the smaller groups improved gearing from 2014 to 2015, remained the same through to 2017, then increased in 2018. The larger groups reduced gearing from 2014 through to 2017, then increased again in 2018, but to a lower level than the start point in 2014 – but a level still higher than the ratio for the smaller groups.

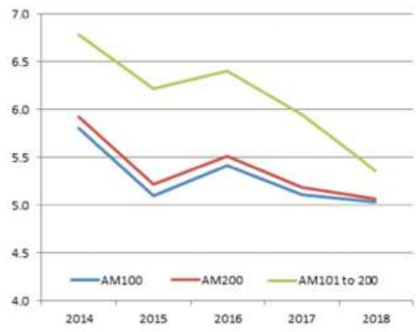
It may be that the continuing demands for investment are beginning to stress the smaller groups, but they still have some leeway. But this should be considered in the context of interest cover. Gearing is not an issue if there is no problem in servicing the debt. The table shows the number of times PBIT covers finance costs – so a ratio of seven means that PBIT is seven times the debt financing cost. Large number good, small number riskier.

The larger groups started the last five years on just over 5.5x, improved to nearly 7x, but have then slid to 4x.

Meanwhile the smaller groups started just below 5.5x and have improved to nearly 6x. EBITDA to debt (see table right) is interesting. The gap between the larger and smaller groups has widened over the last five years – so in theory you could conclude the smaller groups have seen their relative position deteriorate. But

	AM200 Rank Autumn 2018	RoCE%		AM200 Rank Autumn 2019	RoCE%
Porsche Retail Group	50	40.9%	Trust Group UK	147	44.0%
Chapel House Group	146	39.0%	Chapel House Group	125	37.7%
JAPS Motorvogue	161	32.9%	Hildenborough Group	104	35.8%
Wellington Motors	192	29.1%	Carco Group	163	32.9%
Cars 2	184	29.1%	JAPS Motorvogue	167	32.2%
Gravells of Kidwelly	152	25.0%	Cars 2	160	32.2%
Steven Eagell	46	24.7%	Arbury	99	31.2%
Yeomans	67	24.7%	Mitchell Group	200	29.7%
Trust Group UK	149	23.2%	CMS Motor Group	93	29.5%
Arbury	108	22.6%	Endeavour Automotive Group	84	28.8%
Allen Ford	42	22.2%	Wellington Motors	171	28.1%
JCB Group	100	20.5%	Gravells of Kidwelly	146	27.1%
FRF Group	162	19.5%	Porsche Retail Group	52	26.7%
Carco Group	173	18.7%	Hatfields	53	23.6%
Hatfields	58	18.2%	Allen Ford	26	22.5%
Hildenborough Group	103	18.0%	JCB Group	81	21.9%
CWC (UK Holdings)	51	18.0%	Read Motor Group	180	20.9%
Riverside Motors Group	113	17.4%	Simon Bailes	132	20.4%
York Ward & Rowlatt	168	16.6%	Wilson & Co	119	19.7%
Marshall Motor Group	7	16.5%	Riverside Motors Group	98	18.4%

STOCKTURN



since EBITDA is effectively operating profit (earnings before interest and tax) with depreciation and amortisation added back, it is just as valid to conclude the smaller groups have had to spend less on depreciating assets and less on expensive acquisitions (which give rise to goodwill that has to be amortised) so have less DA to add back to EBIT. They may have felt constrained in their investment decisions. Equally they may have made more effective decisions.

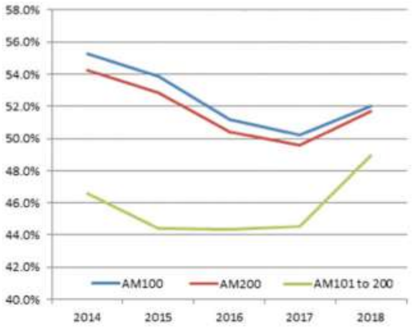
I concluded a long time ago that economies of scale in this industry are at best elusive and smaller groups consistently perform better. I believe there is a link between this better financial performance and the more direct connection of the smaller groups to their customers and their ability to think and adapt faster. It is also, in my view, about leadership, values, management style and in what and how people are trained. There are many examples of this throughout history and some of the examples have currency today.

About 2,500 years ago there was a series of conflicts known as the Greco-Persian Wars, involving two invasions of Greece by the Persians. The Persians were beaten off and returned home.

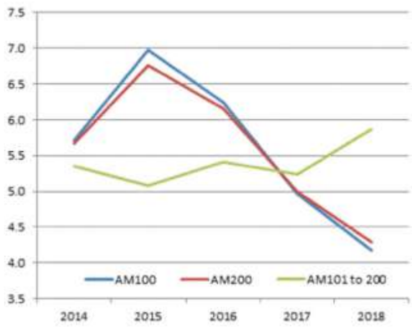
About 70 years later, the Greeks (represented by about 10,000 Spartans) returned the favour and invaded Persia at the behest of Cyrus the Younger, who wanted to replace his brother, Artaxerxes II.

The only contemporaneous account put Cyrus' army at 100,000 and Artaxerxes' at 1.2 million.

GEARING (DEBT/CAPITAL)



INTEREST COVER



But Cyrus won the resulting battle, largely due to the actions of his Spartans. Their success against huge odds is a classic example of how leadership, values, management structures and training can produce results (vastly) superior to that achieved simply by scale.

The Persians had a strictly enforced, top down, hierarchical approach. Their leaders laid the plan, and no-one lower down the pecking order could question that plan. If the enemy did something surprising, only those at the top could vary the plan and send the relevant orders back down the line.

By contrast, the Spartans were trained to think on their feet and local commanders would change plans quickly, in close connection with neighbouring commanders, wrong-footing their more ponderous opponents.

The Spartans were also trained in specific ways of fighting together, each man protecting, not interfering with, his neighbour. They developed a tried and tested choreography for replacing tired front line warriors with fresher second line warriors quickly without disrupting the unified face of the battle line. So the enemy was always facing fresh troops.

The 10,000 Spartans carved their way through the Persian army moving almost at will.
Today, the SAS operates a four-man squad system on much the same principle: short communication lines and standard approaches to challenges with the emphasis on initiative within the context of clear mission objectives.

I can't help feeling the success of the smaller groups is down to clear values, short communication lines, initiative and responsibility in contrast to the larger group methodology which may be more a one size fits all, driven from the centre style, backed up by massive 'this is how to do it' manuals.

There has always been much talk of benchmarking and of sharing best practice. How can that be criticised, you might ask? Well, operating circumstances in one business will differ from those in another, even in similar locations with similar demographics. One business's best practice may well be totally inappropriate elsewhere.

What can be shared is the method and thinking used to arrive at a 'best way'. Provided that thinking style is shared, improved and operated, then the resulting processes will give the best chance for success.

A top-down style will pick a favourite (sometimes quite arbitrarily) and then tell everyone else to do it that way. A local initiative will view how others go about things, check against local conditions, use facts to identify the root cause of local problems, modify processes accordingly and move on from there.

This is not an academic discussion. The existing business model must be modified. The ratios discussed here may still show a robust and resilient industry. But those ratios are getting worse. Everyone accepts absorption, for example, is nowhere near where it needs to be.

Not everything about the Spartans was admirable, but we need in principle to be more Spartan and less Persian. More local initiative and responsibility, and less top-down.

	AM200 Rank Autumn 2019	EBITDA to Debt
Cameron Motor Group	127	0.0
OMC Motor Group	154	0.0
Currie Motors	162	0.0
Masters Group	195	0.0
Mitchell Group	200	0.0
Peoples	58	0.0
JKC Specialist Cars	197	0.0
Yeomans	70	0.0
Rybrook Holdings	19	0.0
Busseys	144	0.0
Carco Group	163	0.1
Gravells of Kidwelly	146	0.1
Hartwell	59	0.1
Roger Young	196	0.1
Lloyd Motors	30	0.1
Marshall Motor Group	7	0.2
Chapel House Group	125	0.2
Simon Bailes	132	0.2
Smiths Motor Group	164	0.3
FRF Group	156	0.3
Hawkins Motor Group	136	0.4
Porsche Retail Group	52	0.6
City and County	121	0.7
Rates	150	0.7
Wellington Motors	171	0.8
Trust Group UK	147	0.8
John Grose Group	82	0.9
JAPS Motorvogue	167	0.9
Roadside Motors	184	0.9
Cars 2	160	0.9
Fish Brothers	94	1.0
Brindley Garages Group	71	1.1
Hatfields	53	1.1
Arbury	99	1.2
Pendragon	3	1.3
Tanner Automotive	149	1.3
Tates	176	1.3
Lookers	2	1.3
JCB Group	81	1.3
Wilson & Co	119	1.6
Cambria Automobiles	24	1.6
Endeavour Automotive Group	84	1.6
Mike Pulman	123	1.7
Springfield Motor Group	187	1.7
Vertu Motors	5	1.7
Arnold Clark	4	1.8
Startin Group	168	2.0
Allen Ford	26	2.1
Helston Garages Group	25	2.2
CMS Motor Group	93	2.2

(Autumn 2019 update using 2018 accounts)

In association with Autotech Recruit TEMPORARY | CONTRACT | PERMANENT

A one-stop-shop to tackle talent shortages

At a time when challenging market conditions have heightened car dealers' scrutiny of profit margins, Autotech Recruit's "inch wide, mile deep" approach to business is finding new appeal.

As other automotive recruitment businesses may have sought to provide staff to fill a wide range of job roles, the company, which provides skilled technicians to dealerships, AM100 retailers, independent garages and fast-fit operations, has concentrated on what should be the most consistent part of any business in the aftersales sector.

From its headquarters in Milton Keynes, Autotech Recruit – which is already well established as a provider of temporary technicians and testers – has now expanded into permanent recruitment, MOT and specialist technical training, apprenticeships and consultancy. But its focus remains the same – helping clients to drive aftersales productivity and profit.

"If I was starting the business again now, in the form that we have, I'd probably have removed the word 'Recruit'," said Autotech Recruit's managing director, Gavin White. "The breadth of services that we now provide and our investment in consulting, training and apprenticeships, has made us more of a one-stop-shop for all things related to aftersales resourcing.

"Everything still stems from having fully vetted, highly skilled and well trained technicians, but there's a lot more to the business now that means we can work with retailers and manufacturers in a variety of ways."

Autotech Recruit was founded in 2010 and now has a staff of 30 managing a portfolio of more than 450 contractors. Its contractors filled a total of 369,605 hours in the 12 months between November 2018 and November 2019. The company now says its data-driven ability to demonstrate the return on investment, close ties with manufacturer partners through a franchised network technician provision, its move into permanent recruitment and the creation of sister business, Autotech Training – a direct provider of MOT Test Centre auditing, MOT-related training, and electric and hybrid vehicle training (including on-site) – have all added to its appeal as an industry partner.

White said the fundamental appeal of its core solution has remained as relevant as ever and that it is consistently acknowledged by the 10 manufacturer partners it works with in the UK.

"One premium brand calculated the cost of having a vacant ramp in one of their franchised sites as £2,994 a week," he said. "Hiring someone from us for £1,000 a week is a clear advantage. Being able to cater for additional service customers also creates added footfall for a dealership. That's part of the reason you have a service centre attached to your dealership facility in the first place."

One of the latest developments from Autotech Recruit is its bespoke recruitment process outsourcing solution, Hybrid RPO, which it believes will boost permanent recruitment for aftermarket providers and manufacturers.

Users of the new service can hand over responsibility for all of their recruitment

needs, from marketing the position, screening the candidates, through to HR paperwork and even clothing distribution.

Autotech Recruit also delivers a project manager to each client, who will manage the day-to-day recruitment operation.

It estimates that a Hybrid RPO approach could save a franchised retailer or manufacturer up to 74% of its recruitment costs a year.

"We can create a suite of customised options to suit the exact needs of a client," said Simon King, Autotech Recruit's sales director for permanent and Hybrid RPO.

King is spearheading this initiative, along with Hannah Fermor, who heads up Autotech Recruit's permanent aftermarket recruitment, while Sue Dixon will lead the permanent manufacturer and main dealer side.

"By taking a Hybrid RPO approach, we are working in true partnership with our client, rather than just being a supplier," said King.

For users of Autotech Recruit's temporary technician services, such as BMW, Ford, Volvo and Volkswagen Commercial Vehicles, the company puts technicians through manufacturer training and provides uniformed staff for short-term contracts, but Group 1 Automotive became one of the first retail groups to take advantage of a permanent recruitment service with Autotech Recruit's 'Project Tech 60' scheme.

Under the initiative, Autotech Recruit consults with the retailer over terms of employment – from wage bandings, to the offer of flexible working and the opportunity to do night shifts – before creating a bespoke landing page for a recruitment drive and managing the resulting responses.

King also cited a recent project with fast-fit operation In'n'Out Autocentres.

He said: "We know this process works. Earlier this year, we began working with In'n'Out Autocentres, which outsourced its entire recruitment process to us.

"As a result, we have filled 78 placements since April and 99.5% of the candidates we put forward are hired."

Autotech Recruit's growing permanent recruitment operation has resulted from an acknowledgement that 70% of technicians approaching the business were keen to find a long-term placement.

In a recent interview with *AM*, White said: "We talk to around 6,500 technicians a year and each potential candidate goes through our robust screening process to get a clear understanding of their abilities. Consequently, we hold a strong database of potential recruits.

"ONE PREMIUM BRAND CALCULATED THE COST OF HAVING A VACANT RAMP IN ONE OF THEIR FRANCHISED SITES AS £2,994 A WEEK

GAVIN WHITE, AUTOTECH RECRUIT

When we revisited this database and asked the technicians if they would be interested in a permanent role, 11,500 said that they would be, so we now have a huge database of qualified technicians to draw from when permanent recruitment demands come in."

White said the process results in a far faster, more efficient way of recruiting for retailers and there are clear signs that the project is gaining traction, with permanent recruitment having trebled in recent months.

He said: "We see all ends of the recruitment process and we know from experience that some retail groups simply don't recruit well because of process. They might sit on a CV for two weeks. You can't afford to do that with technicians who are getting two and three job offers a day.

"More and more businesses seem to be acknowledging that and we are signing a number of fixed-term recruitment contracts."

Tying into its new longer-term view, Autotech Recruit is soon launching Autotech Apprentice, offering consultancy

to businesses unsure of how to benefit from the Government's Apprenticeship Levy scheme and also establishing its own End-Point Assessment organisation.

"Too many businesses write it (the Apprenticeship Levy) off as another stealth tax when it could actually really help boost their recruitment drives if approached properly, we can offer that practical advice," said White.

"Along with the new End-Point Assessment accreditation, it means that we are really well placed to provide another source of young technicians to clients.

"That really completes the picture for us and our clients."

Phone: 01234 240503 **Email:** hello@autotechrecruit.co.uk **Web:** autotechrecruit.co.uk

Brand review – the good, the bad and the ugly

By David Francis, AM contributor

Safe bet	At risk	Brands to watch
Audi	Alfa Romeo	Dacia
BMW	Citroen	Hyundai
Ford	Fiat	Kia
Jaguar	Honda	Mazda
Land Rover	Jeep	MG
Lexus	Mitsubishi	Seat
Mercedes	Nissan	Suzuki
Mini	smart	Toyota
Peugeot	SsangYong	Volvo
Porsche	Subaru	
Skoda	Vauxhall	
Volkswagen		

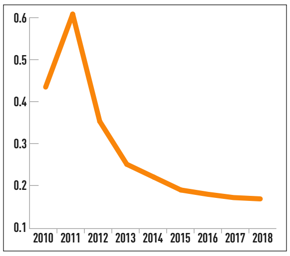
AT RISK

ALFA ROMEO

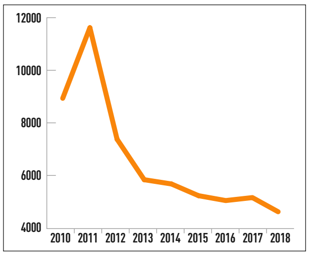
2009 Market Share: 0.47% **2019 Market Share:** 0.15%

While patience is a virtue, waiting for Alfa Romeo to recover in the UK (or anywhere else for that matter) resembles one of those religious cults who spend their whole lives proclaiming the imminence of the second coming. Despite the recent Giulia and Stelvio, market share is as low as it has been since the 1960s. The Stelvio is a particular disaster: it will end the year with sales of around 1,500 units, while all its major rivals (F-Pace, XC60, X3, Discovery Sport) will pass 10,000.

Market share



Annual registrations



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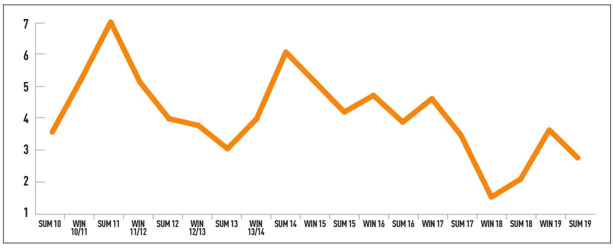


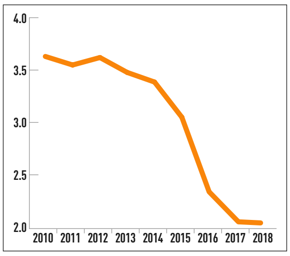
CITROEN (INCLUDING DS)

2009 Market Share: 3.55% **2019 Market Share:** 2.44%

Having bet heavily on MPVs until five years ago, Citroen was beached when the tide turned in favour of crossovers. It has tried to follow the trend with the Aircross range, but success has been moderate. The C3 Aircross sells fractionally over half the number of the Renault Captur while the new C5 Aircross is selling approximately half as many as the Skoda Karoq.

Meanwhile the DS range is yet further proof that "premium" is not something dreamed up by a marketing department – it is something decided by the market. The market has decided that any DS larger than the 3 is not a premium car.

Market share



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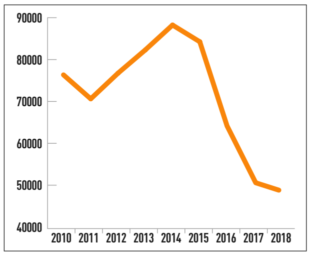

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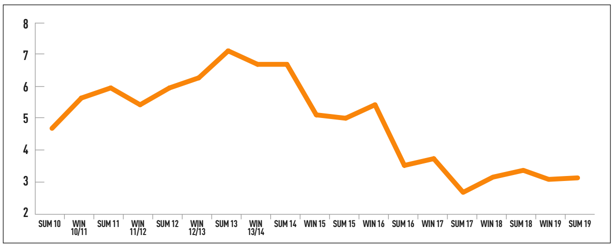


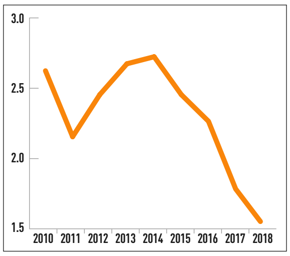
FIAT

2009 Market Share: 2.85% **2019 Market Share:** 1.50%

It is difficult to know which is more serious for Fiat: that its market share is down to 1.5%, or that 73.3% of sales come from the 500 (or 85.8%, if you include the 500L and 500X). Effectively Fiat is now just the 500 range plus the 500's no-nonsense/frumpy sibling (delete according to taste), the Panda. Other models such as the Tipo and the 124 Spider account for just 6.8% of total sales

As the only car-making parts of Fiat Chrysler Automobiles that perform are the 500 and Jeeps (in the US at least), one has to wonder about the future of both Fiat and Chrysler as brands – will the company become NFCA (Not Fiat or Chrysler Automobiles)?

Market share



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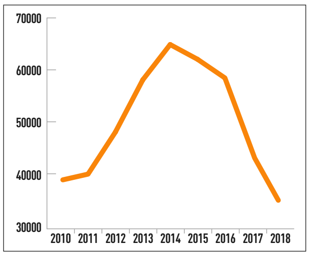

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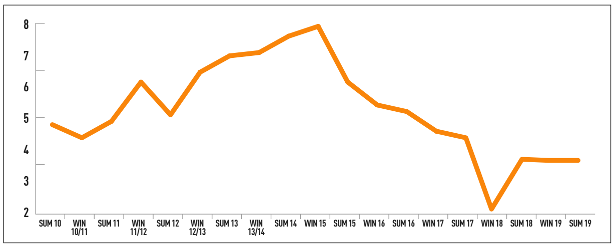
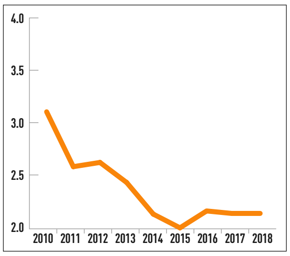


HONDA

2009 Market Share: 4.01% **2019 Market Share:** 1.94%

Honda has declined faster (-18.1%) than any other major brand. The announcement of the closure of the Swindon factory dealt it a blow, and market share has almost halved over the last 10 years. It's now pinning hopes on electrification: the e small car launches in 2020, and all models will be electrified by 2022.

Market share



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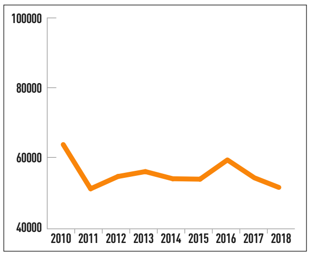

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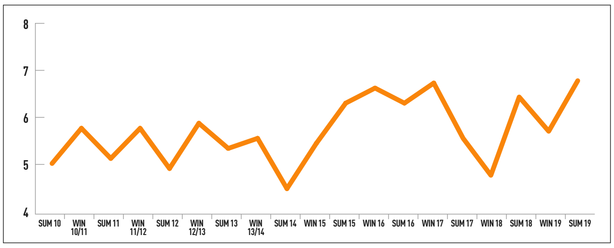
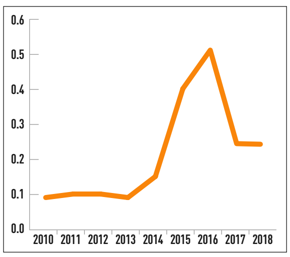


JEEP

2009 Market Share: 0.12% **2019 Market Share:** 0.26%

The Jeep Wrangler might be able to drive out of a Colorado ravine but, in the UK, the company seems unable to power its way out of a paper bag. Its few sales come from the Renegade and Compass; "traditional" Jeeps (Cherokee, Grand Cherokee and Wrangler) are set to account for no more than 1,000 registrations. The original 4x4 manufacturer is now mainly a supplier of lightweight crossovers Jeep drivers once scoffed at.

Market share



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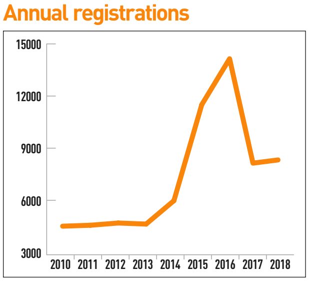

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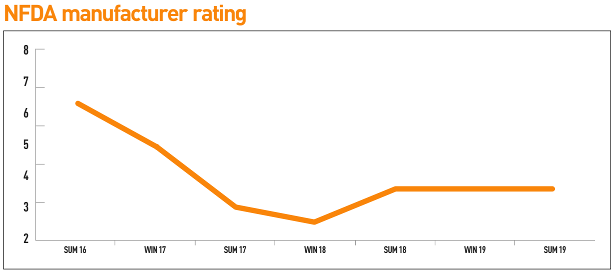
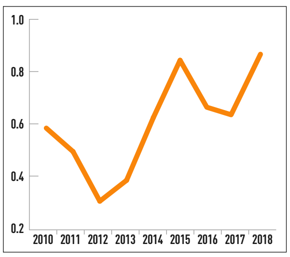


MITSUBISHI

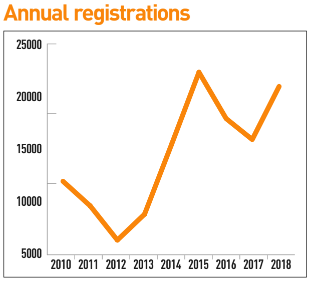
2009 Market Share: 0.57% **2019 Market Share:** 0.73%

The Outlander plug-in hybrid was a success in the UK until the government said plug-in hybrids were being bought as a tax-dodge. Then, the Renault-Nissan-Mitsubishi alliance seemed to offer a solid foundation, only for the Carlos Ghosn affair to blow up and cast doubt over the whole arrangement. The new Shogun Sport is making some progress, but the brand is treading water while the Renault-Nissan drama plays out.

Market share



Annual registrations



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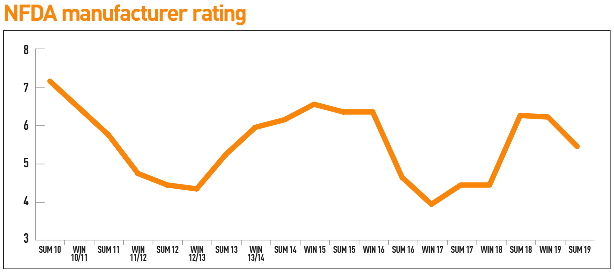
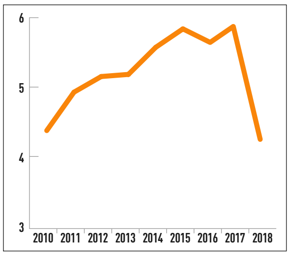


NISSAN

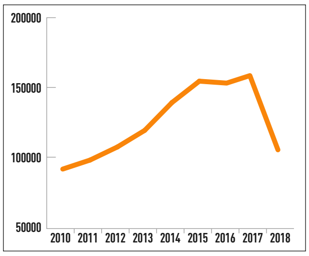
2009 Market Share: 3.79% **2019 Market Share:** 4.03%

Nearly all Nissan's market share boost from the Qashqai and Juke has gone as the ageing models lose sales. Combined registrations of the two are down by 30.1% compared to the same period of 2017. As they account for 79.6% of total sales, other models make little difference. The next-generation Juke, in production now, is vital.

Market share



Annual registrations



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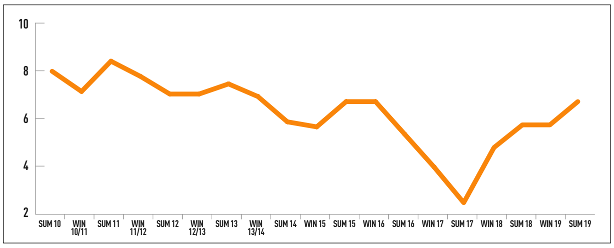
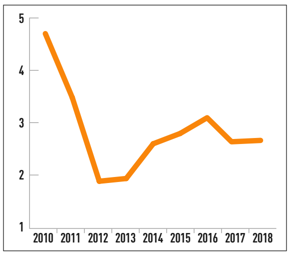


RENAULT

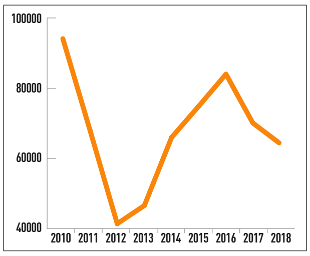
2009 Market Share: 2.73% **2019 Market Share:** 2.58%

The only bright spot for Renault is the Captur, fourth in its sector (B segment crossovers). The only two other major models, the Clio and the Kadjar, are mid-table. If Renault is to recover in the UK, the new Clio will have to make up a lot of ground – it is currently in seventh place, between the Audi A1 and the Honda Jazz.

Market share



Annual registrations



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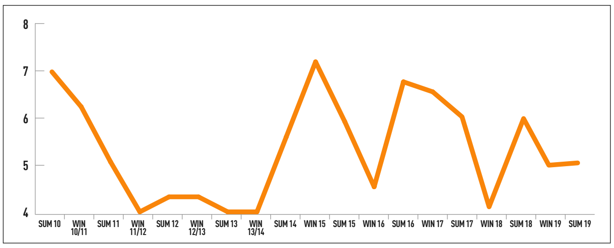
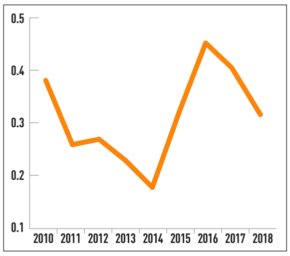


SMART

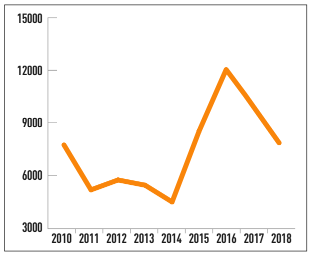
2009 Market Share: 0.40% **2019 Market Share:** 0.21%

It appears that Mercedes has finally got tired of banging its head against this particular wall. Smart is to be re-invented as an electric-only brand in a JV with Geely of China. Amusingly, Mercedes is spinning this development as the launch of the first fully electric brand from an established carmaker. In fact, turning the smart fortwo into a Chinese-made electric city car is the only possible way it could survive.

Market share



Annual registrations



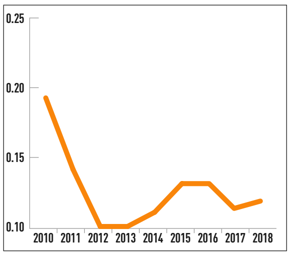
SUBARU

2009 Market Share: 0.18% **2019 Market Share:** 0.11%

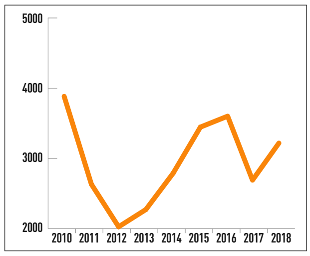
It would not be quite true to say that in the USA, Subaru sells in a day what it sells in the UK in a year, but it would be close. Subaru will sell approximately 2,500 here this year, and it sells approximately 2,000 every day in the States (700,000 per year).

Subaru's traditional strength of 4x4 ability is less compelling when crossovers are all the rage, and its handicap of having an almost invisible brand is an ever-bigger problem. The new free-trade agreement between the EU and Japan might help Subaru in mainland Europe, but it is hard to see what would boost the company in this country.

Market share



Annual registrations



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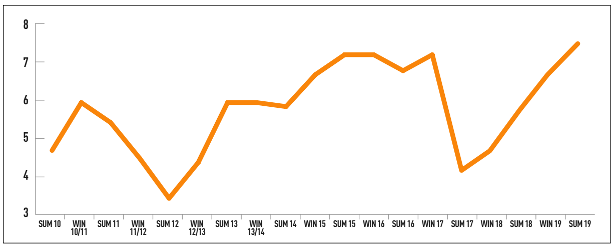
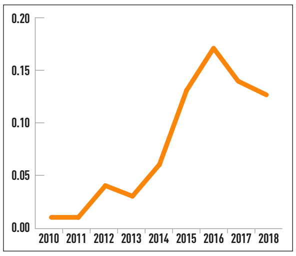


SSANGYONG

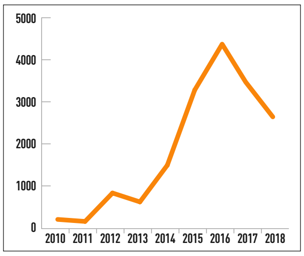
2009 Market Share: 0.04% **2019 Market Share:** 0.09%

In principle, SsangYong is an emerging brand making on-trend crossovers and pretty well the only traditional separate-chassis large 4x4 (Rexton). In fact, it is fading away. Registrations have fallen 57.1% since the same period of 2016, with all models losing sales last year. Now on its third owner in 25 years (Daewoo, SAIC and Mahindra), the company should do better. Mahindra is strong in SUVs and crossovers in India, and is a company with big resources.

Market share



Annual registrations



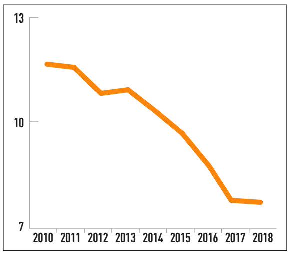
VAUXHALL

2009 Market Share: 12.39% **2019 Market Share:** 7.37%

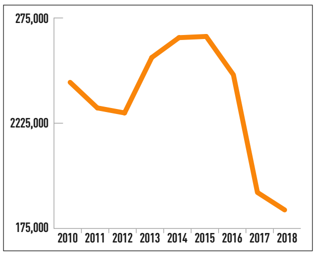
Vauxhall's market share has almost stabilised (down from 7.52% YTD 2018), but there are some big fluctuations within the overall figure.

The Corsa is having an improbable Indian summer, with sales up 9.4% – Vauxhall seems determined to hand on a respectable market share to the next generation of its supermini. The figures for Mokka X are also unusual: it is down 19.2%, but it is still sector leader, a few hundred units ahead of the Ford Ecosport. But it is relentlessly bad news for its traditional models: the Astra is down (again) by 20.9%, and is being outsold 2.5:1 by the Focus, while the Insignia, which had been holding out against the collapse in upper medium sales, is down by 33.9%. In the medium term, it is hard to see much of a future for Vauxhall beyond small/medium crossovers and superminis.

Market share



Annual registrations



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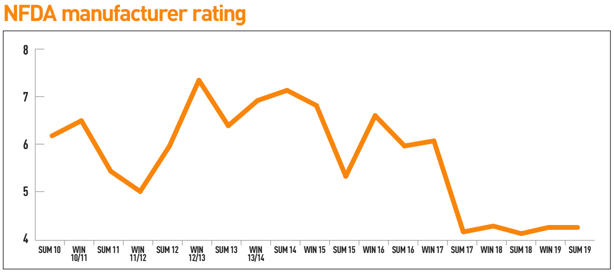


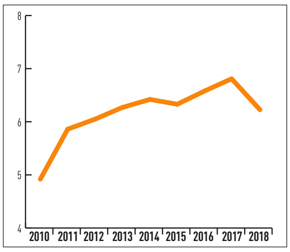
SAFE BET

AUDI

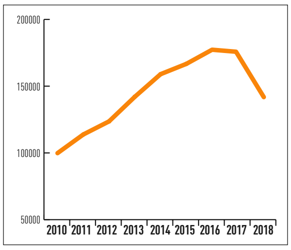
2009 Market Share: 4.77% **2019 Market Share:** 6.08%

With market share having fallen from 6.49% YTD 2018, it's strange to call Audi a safe bet, but the fall seems to be related to problems around homologating cars for WLTP standards. There seems to be no underlying decline in the appeal of German premium brands. The second stage of WLTP implementation must be handled better than the first.

Market share



Annual registrations



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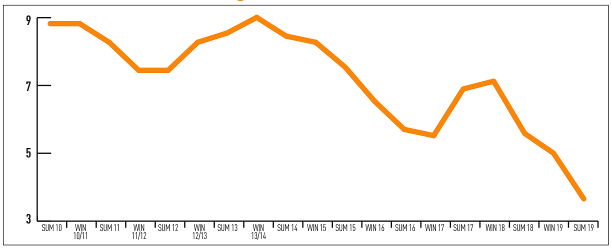
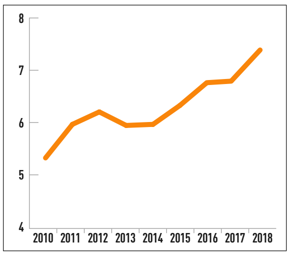


BMW

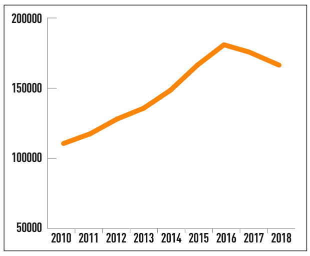
2009 Market Share: 4.89% **2019 Market Share:** 7.08%

Despite Audi's problems, BMW has not improved market share YTD, the benefits have gone to Mercedes. BMW crossovers (X1 to X7) increased sales but the 3 Series/4Series dropped by 20.7%.

Market share



Annual registrations



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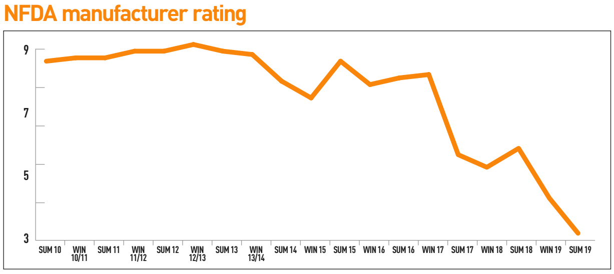
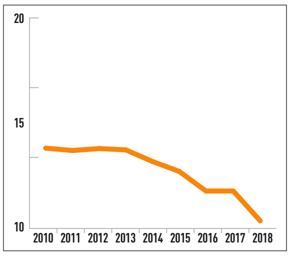


FORD

2009 Market Share: 16.42% **2019 Market Share:** 10.10%

Ford's inexorable decline of around 0.5% per year might suggest a steady decline across all models. In fact, there have been some huge changes: the Mondeo/S-Max/Galaxy large car platform has lost 73.9% of its sales over the last five years, but the strangest figure must be the van-based Ford Tourneo, which is now Ford's biggest-selling MPV with 5,700 sales YTD (50% ahead of the S-Max/Galaxy). The big question for 2020 is where the new Puma small crossover will fit in. The similarly-sized Ecosport is having a very good year, with sales up 14.1%, so the Puma will have to convert a lot more buyers from other brands than it cannibalises from its own.

Market share



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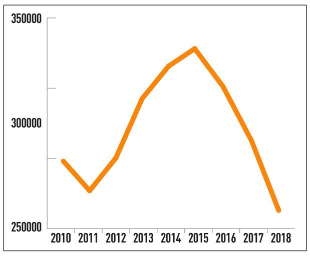

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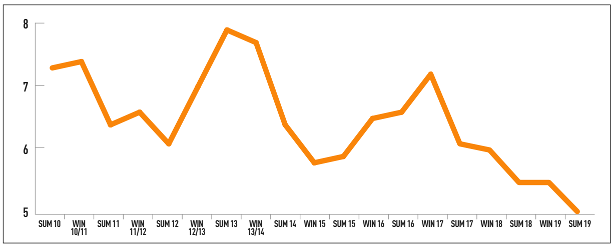


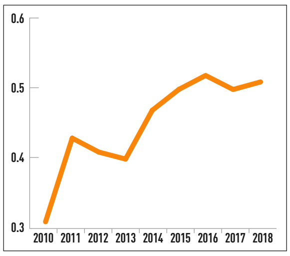
LEXUS

2009 Market Share: 0.41% **2019 Market Share:** 0.69%

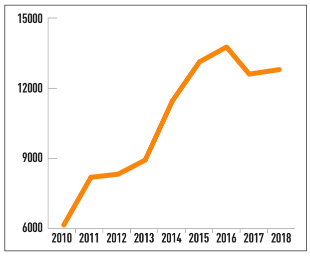
The good news is that sales have grown by 20.5%, although Lexus is still miles away from becoming a significant premium brand in the UK – in the USA, its sales are ahead of Audi and similar to BMW.

However, Lexus is starting to find its niche in the UK, as a supplier of hybrid crossovers (now 69.7% of total sales). The executive saloons and misconceived CT hatchback are steadily fading away.

Market share



Annual registrations



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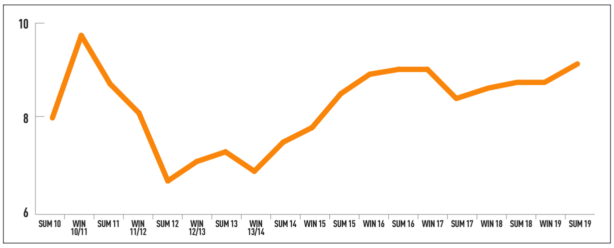


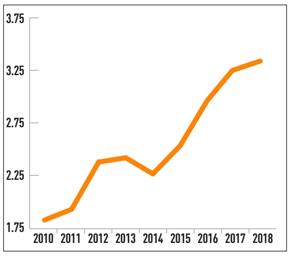
LAND ROVER

2009 Market Share: 1.46% **2019 Market Share:** 3.26%

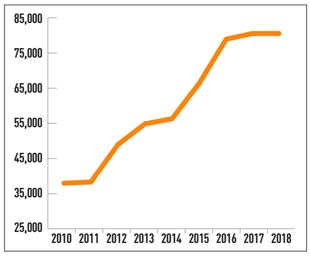
After declining in 2018, Land Rover has recovered slightly (registrations up 0.7%): as expected, the second-generation Evoque has provided a boost (up 25.5%). However, the eagle-eyed will have spotted that, if their biggest selling model is up by a quarter, then something else must have fallen badly if market share is essentially stable.

That something else is the Discovery, which followed a terrible 2018 with an even worse 2019. Sales of this relatively new model are down by a remarkable 43.0% in the last two years – and the Discovery was traditionally a model completely impervious to the model cycle, with sales that used to hold steady for years on end. The Discovery, once Land Rover's heartland model, is now fewer than 250 units ahead of the Range Rover. Before long, it could become the company's slowest-selling model.

Market share



Annual registrations



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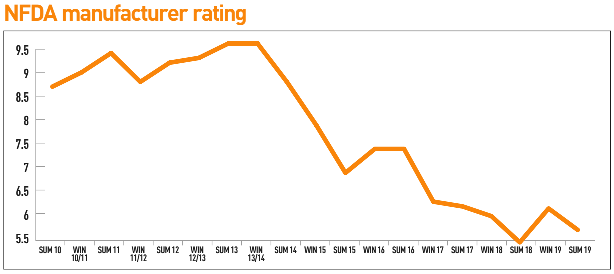


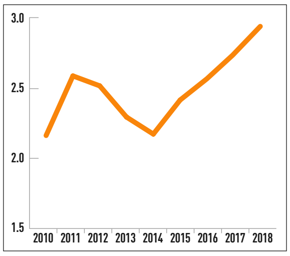
MINI

2009 Market Share: 1.96% **2019 Market Share:** 2.72%

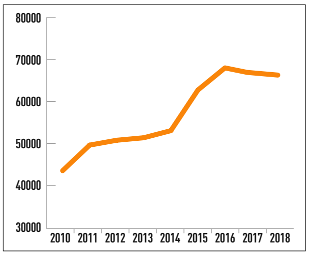
Mini will be pretty happy about market share creeping up year by year. The Countryman shot up by 35.8% YTD, although it did cannibalise a few sales from the Hatchback (down 4.4%) and the Clubman (down 12.3%). The Countryman is now establishing itself as a mainstream C-segment choice: it is now 10th in the class and is outselling rivals like the Toyota Corolla and Kia Ceed.

The big news for 2020 will be the first production electric Mini (although 10 years after the first prototypes were given to UK consumers to test). The Mini brand plus a battery electric drivetrain should be a perfect combination.

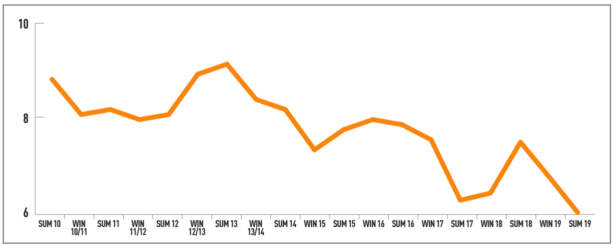
Market share



Annual registrations



NFDA manufacturer rating



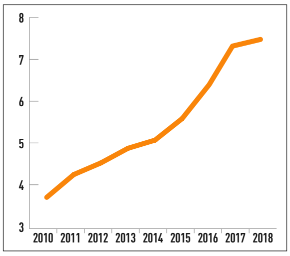
MERCEDES-BENZ

2009 Market Share: 3.54% **2019 Market Share:** 7.54%

Once upon a time, the acceleration of Mercedes' market share was as glacial as a fifth-hand 190D. Today it is more like a C63 AMG. YTD market share is a new record, with the brand in third place in the UK market (and second for the month of September).

Nearly all the growth has come from the new A-Class, which is up 36.1% and is now only 3,000 units behind the first-placed Golf. When the original elk-prone A-Class was released in 1997 to widespread derision, it would have seemed unbelievable that the model range could ever challenge the Focus and Golf for segment leadership.

Market share



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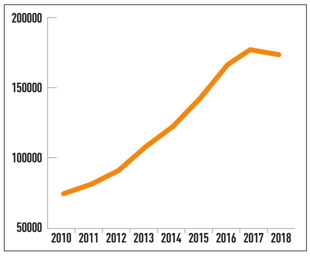

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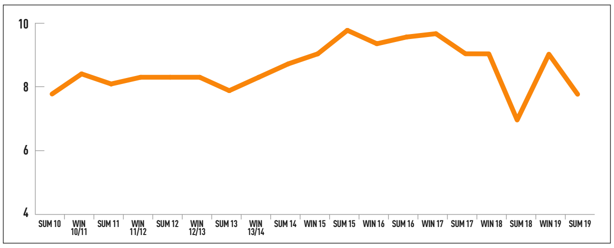


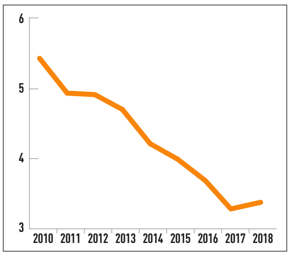
PEUGEOT

2009 Market Share: 5.22% **2019 Market Share:** 3.47%

The good news is that Peugeot is the biggest of the three French brands in the UK, but the bad news is that all three brands now have a combined market share lower than Peugeot enjoyed at the start of this century, when it still made cars in the UK.

The new 208 is an important model, but it is a long time since a new Peugeot supermini made a significant difference to UK sales. Squeezed on one hand by Seat and Skoda as affordable VW brands, and Hyundai and Kia on the other, it is hard for mainstream French brands to cut through.

Market share



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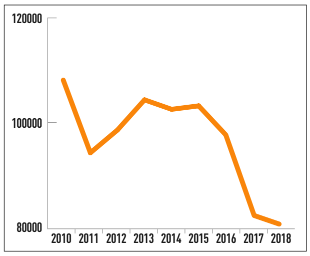

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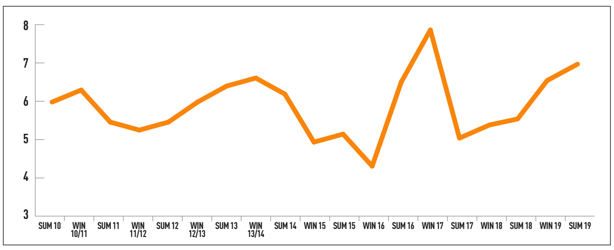


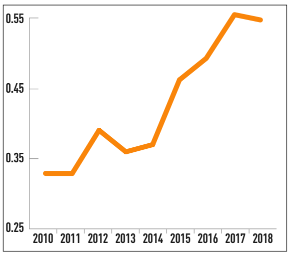
PORSCHE

2009 Market Share: 0.26% **2019 Market Share:** 0.54%

Porsche sales slipped slightly YTD (-6.0%) YTD, but that is probably WLTP-related. Certainly, none of their competitors will be feeling complacent: the forthcoming electric Taycan is getting rave reviews, and is bang on-trend.

Like all its brethren, the Taycan is likely to become one of the top-sellers in its segment, which is what really determines profitability: selling 2,000 cars a year and being segment leader among luxury cars is a lot better than selling 20,000 mainstream cars a year and being 15th in a segment.

Market share



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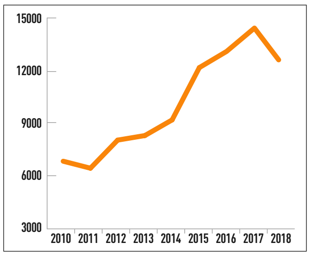


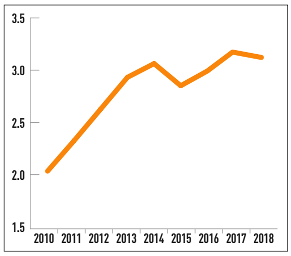
SKODA

2009 Market Share: 1.68% **2019 Market Share:** 3.15%

If there is one car that epitomises Skoda's transformation, it is the Superb. Launched in 2001 as a big saloon into an unforgiving market, there were plenty who expected it to end up in the same graveyard that swallowed up the Renault Laguna, Peugeot 407, Toyota Avensis and many others. Instead, it is in third place after the Insignia and Passat, and, if present trends continue, it could become the UK's biggest-selling large saloon next year.

With the new Scala C-segment model, it is quite possible that Skoda will continue its steady sales rise.

Market share



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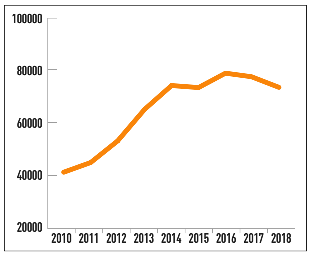

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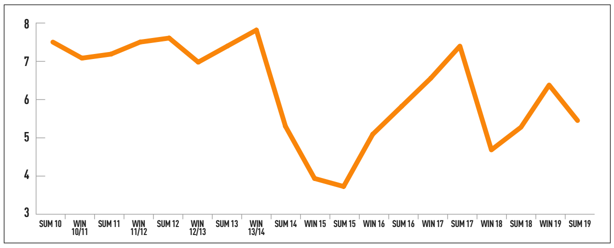


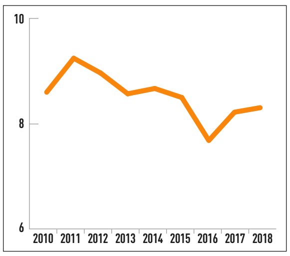
VOLKSWAGEN

2009 Market Share: 8.08% **2019 Market Share:** 8.43%

Short-term WLTP-related problems notwithstanding, there is no doubt that VW is the big brand on the march in market share terms. It has now comprehensively overtaken Vauxhall to take the No.2 spot, and has its eyes on Ford for market leadership.

Next year sees a new Golf and the new electric ID3. The ID3 is so-called because it is intended to be the third VW model to dominate its era after the Beetle and Golf: has there ever been a new model that so clearly proclaimed its intention of crushing the opposition? However, it should be said that the ID3 is likely to be a slow-burn – it will be a few years before a large EV segment share translates into a meaningful increase in overall sales for VW.

Market share



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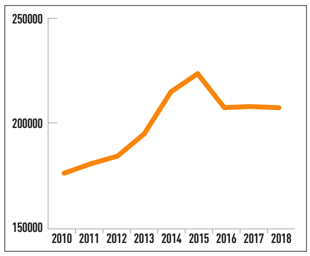

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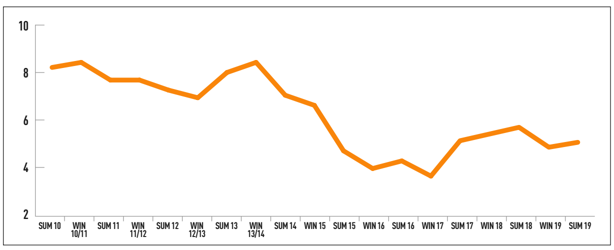


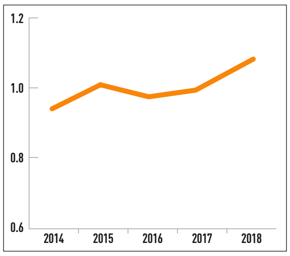
BRANDS TO WATCH

DACIA

2009 Market Share: N/A **2019 Market Share:** 1.36%

As expected, the mark two Duster is having a great 2019, with sales up 85.2%. Helped by a rise of 8.6% for the hatchback Sandero, Dacia is enjoying an overall increase of 38.8%. It could be the first value brand to achieve a UK market share of over 1.5%. Value brands that have got much beyond 1.0% in the past have tended to move into the mainstream. That makes no sense for Dacia: it is doing well with its unique value proposition and could not go much further upmarket without bumping into entry-level Renaults.

Market share



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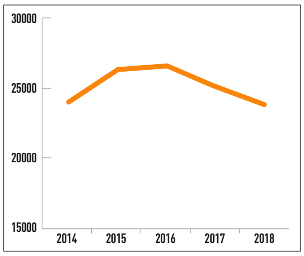

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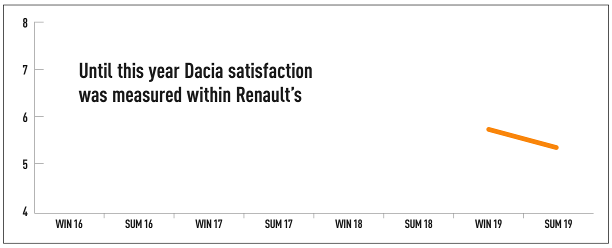


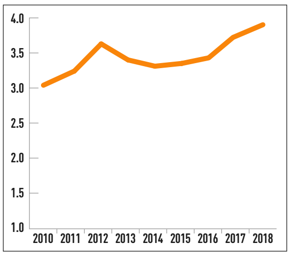
HYUNDAI

2009 Market Share: 2.67% **2019 Market Share:** 3.69%

Over a ten-year period, Hyundai's progress looks excellent. However, 2019 has marked a bump in the road for the South Korean giant: sales are actually down 9.4%, and little brother Kia is selling over 15% more cars. That will not go down well in an Asian culture where corporate seniority really matters.

The biggest worry for Hyundai is the fall of 50.4% in sales of the Santa Fe. The problem is not the loss of volume, which is not huge, but the fact that buyers of large crossovers are increasingly only looking at premium brands. If that starts to happen to medium sized models like the Tucson, Hyundai will have serious problems.

Market share



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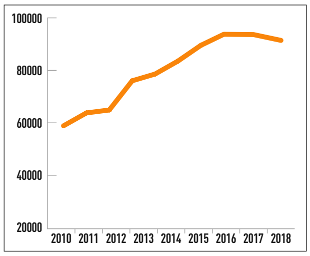

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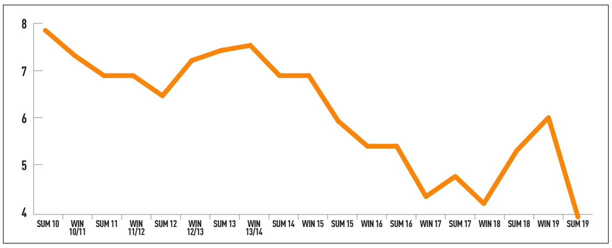
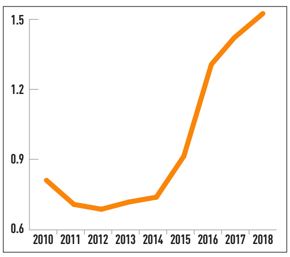


JAGUAR

2009 Market Share: 0.92% **2019 Market Share:** 1.58%

Five years ago, the XE was intended to be a relatively high-volume 3-Series competitor, and the I-Pace was planned to be the brand-building, luxury electric crossover. What has actually happened is that the I-Pace is already outselling the XF, and will soon overtake the XE. That does not leave much room for doubt where Jaguar's future lies. With 70.1% of sales now coming from crossovers, and the I-Pace doing well, it seems inevitable that Jaguar will become an all-electric, crossover-focused brand. The XJ will survive as an electric saloon, but, at most, there will be only one other saloon – and possibly nothing to directly replace the XE and XF.

Market share



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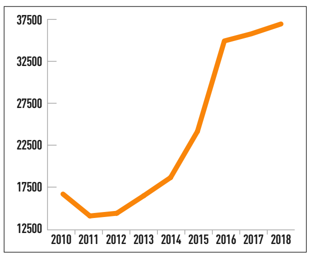

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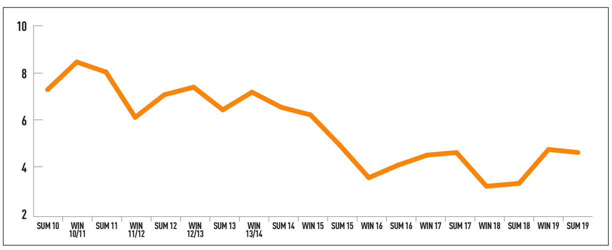
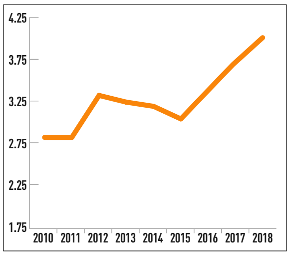


KIA

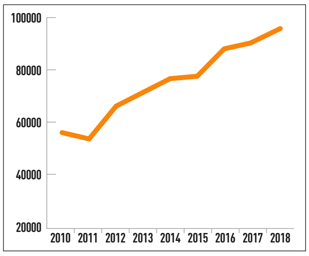
2009 Market Share: 2.29% **2019 Market Share:** 4.31%

Over a 10-year period, no brand has grown faster than Kia. This is partly due to the styling revolution that made some of the best-looking cars in their respective segments, and partly due to the fact they have been perfectly priced to appeal to buyers of French and Italian brands looking for something more dependable. Star of the range continues to be the Sportage, which accounts for 35.2% of all sales.

Market share



Annual registrations



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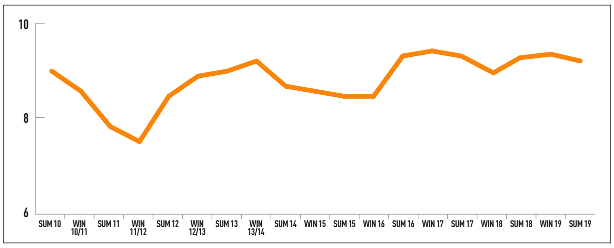
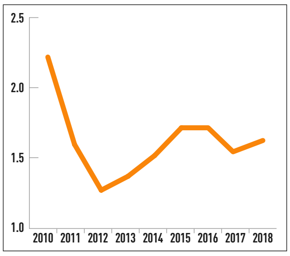


MAZDA

2009 Market Share: 2.38% **2019 Market Share:** 1.79%

Life isn't easy for one of the last medium independents, but it still goes its own way successfully (although now working with Toyota on electrification). Sales are on an upward path as crossovers grow and now account of 27.5% of sales. It was hoping Skyactiv technology (combining the cleanliness of a petrol with the frugality of a diesel) would help, but is now banking on its first EV due in 2021, the MX-30 compact crossover.

Market share



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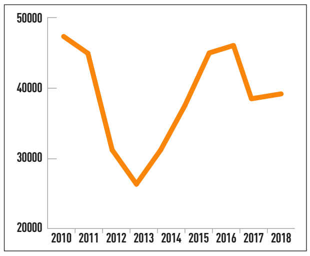

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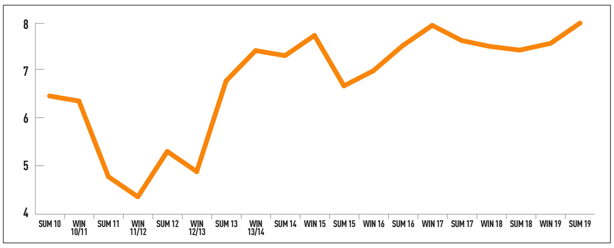


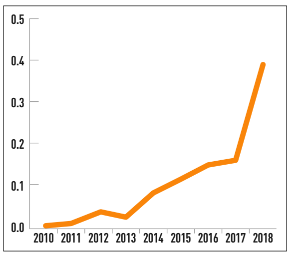
MG

2009 Market Share: 0.02% **2019 Market Share:** 0.50%

We have not previously looked at MG but, with a market share of 0.5%, it would be unfair to ignore it. Share is growing rapidly (up from 0.35% YTD 2018), thanks to the MG ZS B-segment crossover. This is now a mainstream model, with sales between those of the Kia Stonic and Honda HR-V.

Knowing how far MG could go is impossible to say (and it could always fall back like SsangYong). SAIC is the first Chinese company to make any impact on the UK market, so there are no precedents. One should also be careful about assuming any long-term cost advantage: with rising wages in coastal Chinese factories, it is doubtful that MG has any significant cost advantage in this country over, say, Romanian-built Dacias, once shipping costs are taken into account.

Market share



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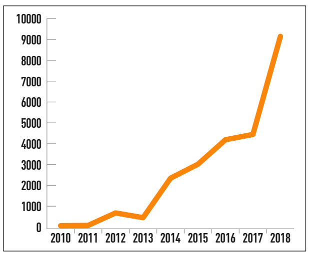
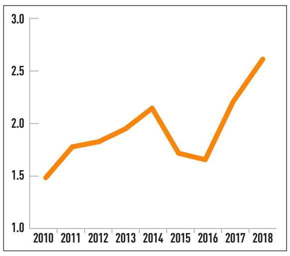


SEAT

2009 Market Share: 1.50% **2019 Market Share:** 2.95%

Seat is now a success in the UK, thanks to stable sales of its Ibiza and Leon hatchbacks, while three new crossovers (Arona, Ateca and Tarraco) keep adding volume. But there is debate as to where it should go next. There are rumours VW want to transform it into 'Cupra' – a more upmarket, sporty brand.

Market share



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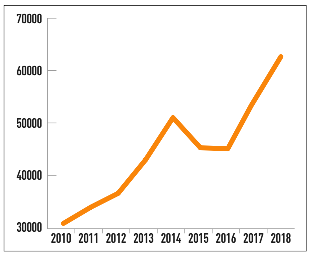

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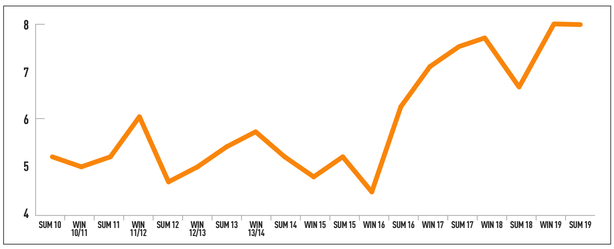
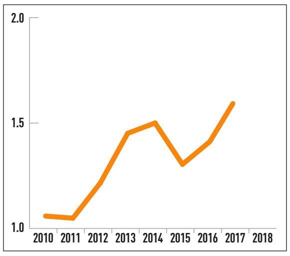


SUZUKI

2009 Market Share: 1.49% **2019 Market Share:** 1.60%

Conventional wisdom says an independent company selling only smallish cars should not be viable but Suzuki's secret is the fact it controls 50% of the Indian car market, which gives it the scale to make money on even the cheapest cars. In the UK, the biggest seller is the Vitara, whose original incarnation in the 1990s was one of the first crossovers. It is interesting the Vitara outsells the cute, but hard-core, Jimny, by 10:1 in this country. That may reflect the proportion of overall crossover buyers who actually need 4x4 capability.

Market share



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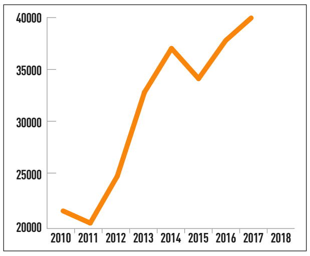

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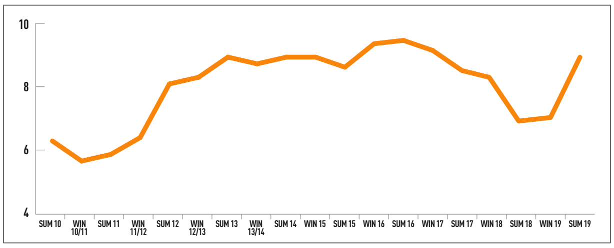
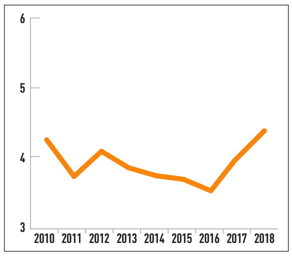


TOYOTA

2009 Market Share: 5.27% **2019 Market Share:** 4.67%

Toyota's performance has improved: it is back to being the UK's top Asian brand, after years behind Nissan. But it is still seventh overall, which is not great for the world's best-selling automotive brand (VW Group is bigger but only because of its other brands). The problem for Toyota is that it has a remarkably unbalanced range, in terms of sales performance. Four models (Aygo, Yaris, Corolla and C-HR) account for 82.6% of sales. That means no fewer than eight models (or nine if you include the ultra-niche Mirai) are doing very little business in the UK. Despite their well-established names, both the RAV4 and the Prius are failing to make any real impact.

Market share



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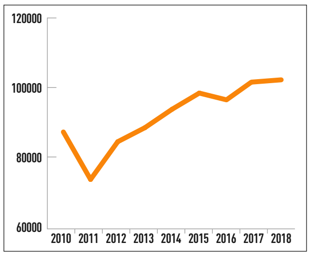

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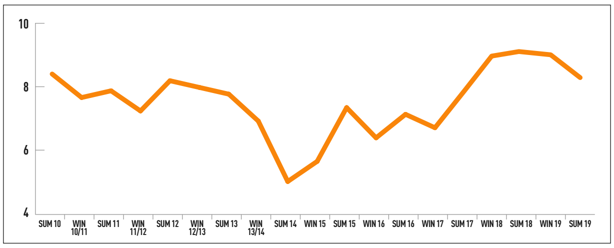


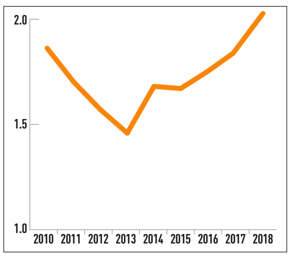
VOLVO

2009 Market Share: 1.53% **2019 Market Share:** 2.38%

Since Geely bought the company in 2010, Volvo is a brand reborn. Its products can now go toe-to-toe with any of its premium competitors: the new XC40 is outselling both the Audi Q3 and BMW X1, while the XC90 is ahead of the Discovery.

More remarkably, Volvo is even increasing its sales of large saloons and estates: the S90/V90 is now outselling the Jaguar XF by more than 50%. The company's cool, socially responsible image is perfectly attuned to the times.

Market share



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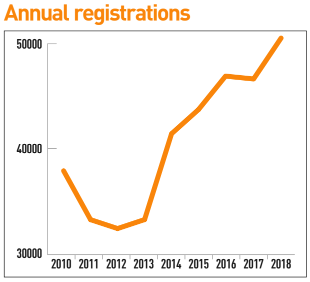

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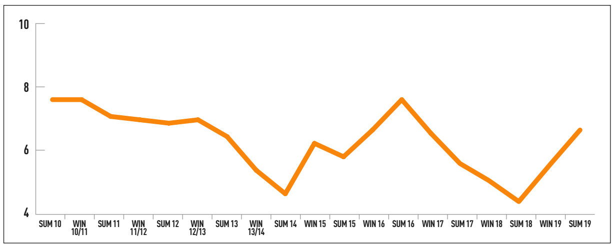


Transactions in decline amid political and economic turmoil

By David Kendrick and Paul Daly, UHY Hacker Young's national automotive team

Despite Brexit uncertainty having little impact on the level of transaction activity during 2018, 2019 has been a very different story. Economic and political uncertainty, coupled with dealership profitability pressures, has reduced transaction activity by almost 50%. We have seen a significant decline in the number of deals completed and a considerable fall in deal values. It is in contrast to 2018, when dealer profitability was maintained and groups continued expansion, and the number of completed deals matched the high of 2015. For 2019, although our team has some good deals in the pipeline, the market and acquisition appetite is not there.

2019 at a glance – the headlines

- Deal activity almost 50% down, with 20 deals completed so far in 2019, compared to the 40 reported at this point last year and 33 in 2017
- No 'mega' deals reported with huge goodwill sums, and a general drop in the average deal value
- De-consolidation from larger groups – several deals in 2019 have involved larger groups and PLCs disposing of non-core sites or businesses at the brand's request
- Significant uncertainty within the PLCs – including CEO departures and profit warnings at both Pendragon and Lookers in the period
- International owners involved in 22.5% (2018 – 18%) of transactions, possibly due to exchange rate benefit and a new entrant in AW Rostamani making bolt-on acquisitions. Despite this, we have generally seen a fall in the level of interest from international buyers which we attribute to concerns around the country's leadership.

Predictions for 2020

With Brexit uncertainty and a general election pending at the time of writing, 2020 looks set to be another challenging year. Demand for growth remains stable, with some well-positioned groups awaiting the right opportunities. Yet the 'bun fight' for businesses in the market appears to have fallen away.

We expect the following trends and themes to continue or emerge through 2020:

- Potential for distressed business opportunities to become available, with many lenders taking a pessimistic view on the retail market;
- Based on the UHY team's current discussions with clients and their wider contact base in the sector, we expect transaction activity from medium-sized groups to continue at the higher levels seen this year as larger groups dispose of parts of their business and smaller operators look to exit;
- Businesses that have grown significantly in recent times, building significant leverage into their balance sheets, may feel pressure from brands and funding partners to deleverage through part disposal of non-core assets;
- Real appetite for the value brands continuing. As we predicted in last year's report, there is a demand for Kia, which is seen to offer a strong product range, reasonable investment levels and a stable UK management team. We now also see increasing interest in Toyota, Lexus and Volkswagen due to the looming EV products;
- Some groups continue to focus on used car sites so this will likely expand. The mid-sized groups seem interested in developing new sites rather than acquiring existing operations;
- Some franchised retailers have looked to diversify due to concerns regarding the long term reliance on the franchised retailing model. There has been growing interest in IT businesses, brokerage businesses, finance brokerages and low-cost, used car operations.

Deal volumes and values trends

There has been a real decline in the number of deals completed so far in 2019. We are aware of a small number likely to complete prior to the year end, but volumes will be almost 50% down year on year, back to the levels of the recessionary times 10 years ago. While deal values have been within a similar range to 2018, goodwill multiples are softening and we'd anticipate this to stabilise in 2020. We expect the majority of buyers to be international investors, with a small number of the PLCs and privately owned groups. This contrasts with the last five years when a significant proportion of the purchases were by larger groups.

As some premium brand networks such as BMW, Audi and Mercedes came under profitability pressures in 2019, it will be interesting to see how this unfolds in 2020. Buyers are moving their focus more towards return on investment as opposed to the brand logo above the dealership door. It's not known how long the ongoing impact on many franchises from vehicle supply issues, due to emissions-testing, factory shortages or inventory being diverted to other markets will continue for. Signs of improvement are starting to show.

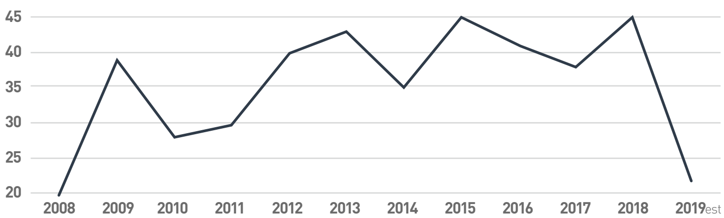
As expected, we are still seeing strong demand for the right business, however it is critical to identify the strategic buyer early in a process to deliver maximum shareholder return.

2019 activity and 2020 prospects – in greater detail

PLCs slimming down

We have seen some PLCs disposing of certain sites, whether that be manufacturer encouraged or a strategic decision to focus on fewer brands. Pendragon has continued to sell some Jaguar Land Rover sites: the Stoke dealership to Rybrook and the Swansea business to Sinclair Group. Inchcape has disposed of some Volkswagen Group dealerships: two Audi businesses to Motorline and four Volkswagen businesses to Group 1. And Lookers is closing a number of 'non-core' dealerships, including some of the Ford sites recently acquired as part of the Jennings acquisition in 2018. This de-consolidation perhaps brings opportunity for well-placed, privately-owned businesses with funds in place to make strategic acquisitions. We don't believe 2020 will be any different with the PLC share prices being significantly depressed and new management likely to be in place at two of the largest groups in the country.

NUMBER OF DEALS PER YEAR



Continued interest from overseas

The interest of international investors in the UK market has continued, but those not already in the market have paused to understand the full impact of the Brexit outcome and governmental challenges. While exchange rates still look attractive and softening multiples are making acquisitions good value compared with their own countries, we have finally seen the uncertainty cause concern with overseas buyers. Yet the likes of Group 1 (USA-based), AW Rostamani (Dubai-based) and Motus (South Africa-based), already present in the UK, continue to purchase businesses and grow market share. Perhaps those with established management and a better understanding of the market feel confident to grow their business, looking at the long-term picture. We would expect this to continue into 2020, except Group 1 which recently stated it will focus internally on its portfolio.

Marshall on the march

During 2019 Marshall has actively grown its representation with brand partners with the purchase of Sandicliffe's two Skoda businesses and the Progress Skoda group earlier this year, making Marshall the largest Skoda partner in the UK. Notably it is one of the larger PLCs (along with Vertu and Cambria) who have avoided the dreaded profit warning in 2019.

Uncertainty around property valuations and wavering lending appetite

A large proportion of businesses are invested in freehold properties, which have appreciated over the past decade. Over the past 12 months we have seen variances in valuations greater than ever before, in certain cases up to a 30% differential between professional opinions. You would always expect a level of difference in opinion, but this gap appears greater than we have seen before, most likely driven by lenders and valuers being cautious.

In conclusion

2019 has been challenging for the industry and while there have been fewer transactions completed, it is to be expected in the current climate. Opportunities will continue to emerge as larger groups trim their portfolios and smaller dealer groups come under greater pressure and scrutiny, and look to exit. The outlook for 2020 is uncertain, but one would hope manufacturers will address profitability challenges. A more stable general economic environment should improve things.

Predicting The 3 Key Automotive Trends for 2020 and Beyond

2020 is set to be a game-changing year for the UK's automotive sector. There's the continuing rise of electric cars, the calls for more sustainability, improved self-driving capabilities and of course, Brexit.

But what about from a technology point-of-view? As we enter into a new decade(!), here's what we predict will be three of the biggest trends for 2020:

FOCUS ON YOUR ONLINE 'SHOP WINDOW'

50% of all searches online are now 'no-click' searches, meaning that when someone does a search on Google, half of all people find what they're looking for without even needing to click on your website. This has massive implications for brands who rely on website traffic because having a modern, search engine-optimised website does not necessarily mean success anymore.

It's essential that dealership groups ensure their Google presence is fully optimised in 2020.

REPUTATION SCORE = MORE SALES

The 2019 Automotive Reputation Report revealed some eye-opening facts about the current state of the auto sector online. But perhaps the most interesting of all was the direct correlation between a higher Reputation Score and higher sales. We found that for every 30-40 point increase in a Score, dealerships generate approx. 1% more sales.

So, what's your Reputation Score?

LET TECH DO THE WORK FOR YOU

The advances in technology over the last decade have been startling, but consumers often still yearn for a human touch, especially with big-ticket purchases like cars. You can use this to your advantage by using AI to connect buyers with the right person at your dealerships. For example, asking a couple of targeted questions right at the start of a live chat conversation can ensure the customer speaks to the right person with the right experience. You can also use AI to predict maintenance schedules, which vehicle add-ons are more likely to convert to sales at the point of sale, and more.

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WHAT CAR?
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Used value stability follows a market realignment

By Derren Martin, head of UK valuations, cap hpi

If 2018 was marked by an unusually strong year for used car values and, in some cases, rising values, then 2019 will be remembered as a rollercoaster 12 months where the market underwent a realignment.

The valuations team at cap hpi undertook a study that showed values are becoming more volatile. Since the start of 2019, the number of value movements made by the editors and analysts has risen 41%.

Values are set by cap hpi using a breadth of live trade and retail data sources, big data technology and a team of editors who scrutinise trends and movements in the market. The team of seven experts is supported by data analysis and audit managers, who ensure the quality of the data.

The data shows the used car market is becoming more complex and volatile. Used vehicles reach the wholesale market through a multitude of routes that can all impact on values. The pace of the market is also accelerating as vehicles from the fleet, and retail sectors are remarketed faster than ever.

Over the first half of 2019, cap hpi saw a drop in used values in each month that was greater than the same month in the previous three years. The market saw a realignment through the first seven months of the year with average values dropping by a staggering 12%.

The reasons for those tumultuous months, with values dropping particularly from Easter onwards, were mainly due to previous high demand in the market, particularly for smaller petrol cars, pushing prices up during 2017 and 2018. With increased volume coming back into the market following high registrations three years ago, exacerbated by the plate change in March generating part exchanges and fleet returns, there was a reluctance and refusal to pay more for cars. Retailers realised that they could not increase prices to the consumer or squeeze their margins further. As a result, trade prices declined rapidly. There was a delay before these price drops were felt in the retail market.

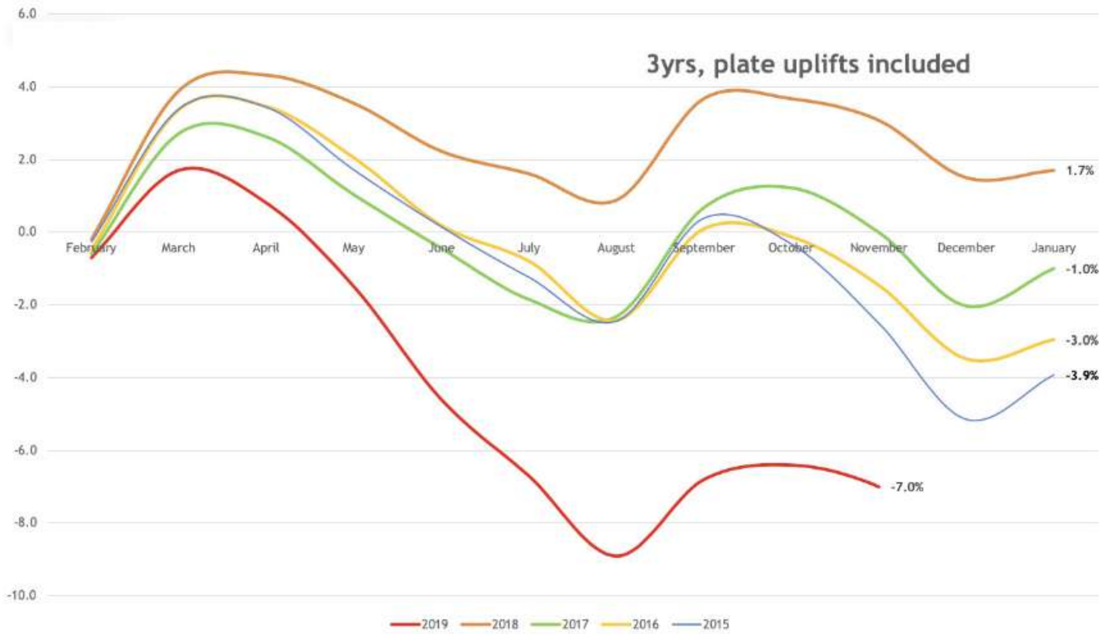
However, the decline slowed in August as the market stabilised with a fall of 1.0%, the smallest drop since March. The used car market seemingly turned a corner with cap hpi's live valuations seeing a positive average movement for the first time in 18 months. The 0.4% increase at three years, 60,000 miles, signalled a welcome end to the heavy price drops experienced over the spring and summer.

October then saw lower than the seasonal norm in the supply of vehicles, and steady demand helped to stabilise values. Live values saw a slight dip in the month of 0.6% at the three-year, 60,000-mile point, which is the same as in the same month last year, but less of a drop than in any other October since our Live valuations were introduced. This 0.6% drop is equivalent to just over £100 on average. November followed a similar pattern, with gentle deflation as opposed to "normal" final quarters of the year, when prices can often fall sharply.

Currently, data points to a more stable period ahead as supply and demand are more closely aligned and values are realistic.

> **"THE DATA SHOWS THE USED CAR MARKET IS BECOMING MORE COMPLEX AND VOLATILE**
>
> **DERREN MARTIN**

CUMULATIVE BLACK BOOK LIVE % MOVEMENTS, 2015-2019



Variation by fuel type

During 2019, diesel and petrol cars have behaved fairly similarly with regards to used car values; there is certainly reasonable demand for the former, unlike the case in the new car market, and average days to sell is even slightly better for diesel over petrol. Larger diesel cars, in particular, remained in vogue.

Electrified vehicle values (BEV, HEV, and PHEV) did not fall away during 2019 in the same way as petrol and diesel, due to their very low volume not matching increasing demand, as buyers' perception of the everyday usability of these technologies continues to improve.

Battery electric vehicle (BEV) values have been interesting to track, with considerable strength among mainstream, cheaper models, not matched by their more expensive counterparts. There is very much a two-tier used BEV market, led of course by a very different consumer purchasing these two types of cars.

Pre-registration and short cycle activity

Some manufacturers have continued to push pre-registrations and other short-cycle channels, which inevitably can have an effect on future residual values if cars returning into the used car market are not remarketed responsibly. This can be seen partly by tracking the plethora of registrations in the last few days of a month, but mainly by analysing the volume of the most recent plate being advertised as used cars. It varies dramatically by manufacturer.

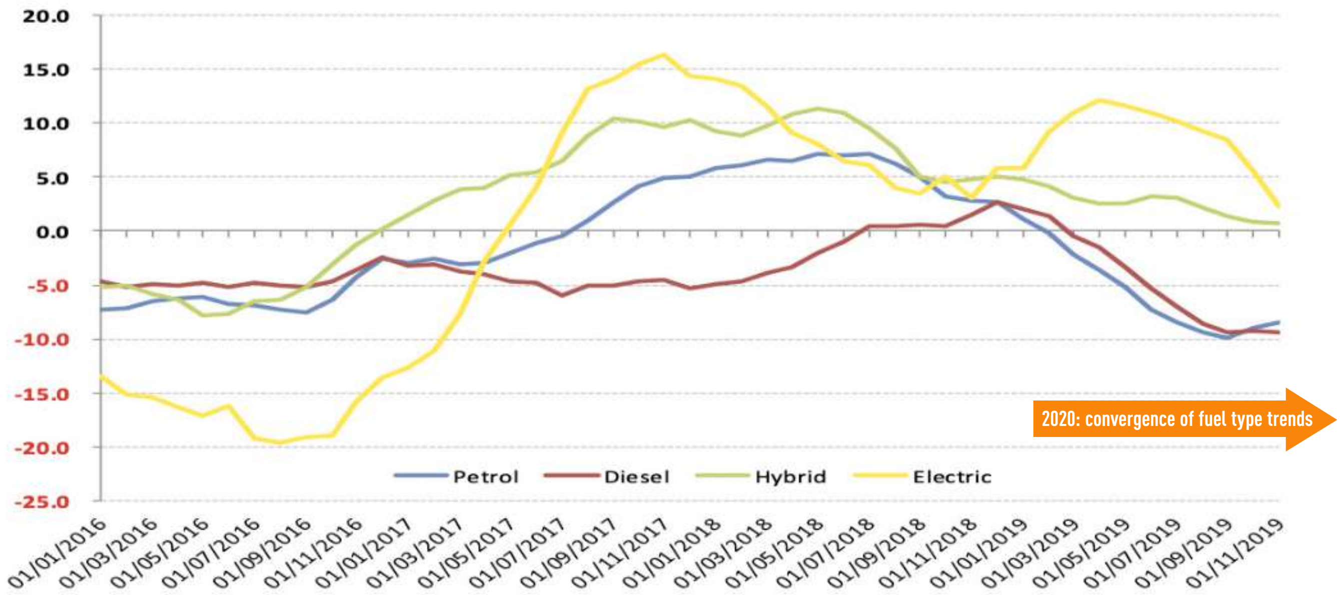
Brexit impact

2019 could have been the year in which Brexit may have had a significant effect on the new and used car market, but this risk will now move into 2020.

Used values dropped in 2019 but Brexit concerns were not to blame; the fall was the result of the aforementioned market correction.

Uncertainty over Brexit may have had some impact on buyer reluctance to purchase big-ticket items: Supercars, for

YEAR-ON-YEAR % CHANGE IN BLACK BOOK VALUES, 2016-2019



Average % change in 36/60K value of same model (cap id) over the previous 12 months

example, fell in value during 2019 much more than in previous years, and this may reflect a mix of overall market movement and Brexit uncertainty.

Looking ahead into 2020 – used values

Cap hpi short-term forecasts correctly predicted the stabilisation of used values, which we are starting to experience in the last quarter of 2019. We expect this stability to continue into 2020, and beyond, as new balances of supply and demand for different fuel types become established. This should result in convergence of the way values for the fuel types behave over time.

Petrol values should stabilise because, though there will be increased volumes coming into the used market, there should be more demand to absorb this. Conversely, diesel used supply should fall across older plates as the reduction in new car registrations from 2017 flows into the used market, but a gradual fall in demand should keep values stable. Older non-Euro6 compliant diesels may struggle to sell around London and other cities considering anti-diesel measures, but these should find homes at fair prices in rural areas.

Hybrid and BEV values should continue to remain relatively strong but will fall gradually as a little more supply comes into the used market. This will include the smaller, cheaper BEVs whose values have grown in strength from 2017, but having achieved a higher level they will come under pressure not just from increased used volumes but also by the introduction of newly launched BEV models, which will be keenly priced.

While the forecasts for used car values overall look relatively stable going into 2020, with the increasing number of models, powertrains, options, and acceleration in generations, it's clear that the used market will only become more complex as time progresses. And while cap hpi doesn't expect any major shifts in the overall market, it is seeing increasing volatility between makes, models and powertrains as consumer tastes shift. In addition, the market could face headwinds from political, economic and legislative changes. Dealers will need a comprehensive view of the market to navigate it profitably. To keep on top of this, keep a close eye on the live current car valuations within cap hpi products.

Looking ahead into 2020 – potential Brexit impact
Analysts from cap hpi briefed representatives from the Bank of England in September on the UK new and used car markets. This covered the current and forecast market and reviewed scenarios arising from Brexit.

The timing and nature of Brexit, if it happens, is still uncertain. The range of possible scenarios remains unchanged and, at present, there is no clarity of the outcome or its impact on the car market.

A potential no-deal scenario continues to make headlines and may result in tariffs on new car prices. However, a no-deal Brexit would also harm the whole new car supply chain across Europe, including parts and components, resulting in price increases across all countries. It is not something the major EU governments want, and we hope that under this scenario, the governments will act quickly to put an agreement in place for the automotive sector, which will avoid widespread price increases.

If this does not happen, and new car prices do increase, then there will be a reduction in new car sales in the UK. This could push up used car values in the short term, as used cars become a more attractive purchase proposition and demand outstrips supply as fewer part-exchanges come on to the market; potentially it will be good news for used car values in the longer term as used car supply will fall in future years.

Only an outcome which results in the UK entering a recession would negatively impact used values, but a recession is likely to be a medium to long-term result and not one that would immediately impact the car market in 2020. It should be remembered that the most recent new independent forecasts for the UK economy (from August 2019) show no cause for concern and none are forecasting a recession. The forecasts are for GDP growth rising from 1.2 in 2019 to 1.8 in 2023, with interest rates, inflation and unemployment little different to the present time.

> “THE TIMING AND NATURE OF BREXIT, IF IT HAPPENS, IS STILL UNCERTAIN. THERE IS NO CLARITY OF ITS IMPACT ON THE CAR MARKET
>
> **DERREN MARTIN**

Brexit preparations have been completed by cap hpi to ensure its data and systems will be ready for the impact of the UK leaving the EU with or without a deal.

In a Brexit scenario that results in tariff and list price increased all effective on a particular date, we will be ready to supply the trade with the new prices, as we have developed processes to manage this change and have had the opportunity to carry out dry-runs as the March and November 2019 deadlines approached.

Looking ahead to 2020 – cap hpi insight and investment
Cap hpi has continued to invest in its people, data and technology as it expands in the UK and globally.

To help dealers navigate the challenging market, cap hpi has invested in a significant upgrade of its valuation anywhere platform. Its real-time data Live product is fuelled by an unrivalled breadth of data sources, big data technology and a team of editors who scrutinise trends and movements in the market.

It is also providing greater access to real-time retail market information with Retail advert (iQ), which has been integrated into cap hpi’s valuation anywhere online tool, adding retail advert data, presenting dealers with greater market insight designed to help boost profits.

The inclusion of new retail advert data means dealers can improve their offering to buyers creating a valuation and accessing details of vehicles for sale in the UK of the same make, model and derivative.

Workers' rights set to increase in 2020 – but politics still dominates

By Graham Jones, chief executive, Lawdata

Twelve months on, and the legal landscape continues to be dominated by preparations for Brexit and whatever may, or may not, happen next. Current consumer protection and employment law, while having its origins in the EU, has mostly been enacted as UK legislation, and will therefore continue to apply unless specifically repealed or amended by Parliament.

At the time of writing, the major political parties have launched their election manifestos, with all three parties reviewing (and likely to increase) the National Minimum Wage, and an increasing focus on 'net zero emissions'.

The emphasis on net zero emissions will only increase interest in hybrid and electric vehicles, and as these filter into the used market we are seeing an increasing number of problems arising from limitations of what can now be considered 'older technology'. The costs of replacing hybrid batteries and/or charging units can be significant, and on occasion disproportionate to the current value of the vehicle.

In a recent case the claimant was adamant that the court should place considerably more emphasis on the fact that his car had "only" covered 25,000 miles, notwithstanding it was nearly six years old. The court did, however, agree that the fact that he must have used the charging unit several hundred times before it failed meant that it was satisfactory when supplied.

One particular impact of the current uncertainty arising from both Brexit and the election is that customers are considering keeping their vehicles longer than they originally expected, which in many cases means refinancing the balloon payment due at the end of their finance agreement.

This has led to an increased number of complaints about deals they claim were promised when the original agreement was signed. By and large, such complaints have been relatively easy to deal with as the finance agreements are clear, and confirm that pre-contract credit information has been provided before they signed the agreement.

As anticipated, we have seen an increasing number of customer complaints being accompanied, or even preceded, by a subject access request.

Claims firms recognise dealing with these requests can be time-consuming, particularly when the complaint has been ongoing for some time, and use them to apply further pressure for settlement. Taking advice and resolving complaints at the earliest opportunity helps avoid such problems

Having seen some of the communications which dealers have been obliged to disclose to customers, we would also recommend ensuring both that the business has a robust communications policy, and regular reminders to staff that customers are fully entitled to request copies of all emails, call recordings, etc. While a blunt or dismissive comment may not itself provide grounds for a claim, they can cause significant embarrassment to the business when disclosed. It may also be appropriate to consider whether email is the best way to communicate about potentially difficult matters.

Employment Law

We have already seen a number of National Minimum Wage investigations by HMRC.

Where, as is the case for many sales executives in the motor trade, a worker is paid the same basic pay each month regardless of the number of hours actually worked, and also receives commission in respect of sales agreed, then HMRC will treat them as "unmeasured workers". This means that they must be paid at least the minimum wage for all the hours worked during the pay reference period. (The pay reference period is a maximum one month).

This does mean that checks need to be carried out to ensure compliance every month, and that businesses really must keep a full record of hours actually worked, particularly where there are periods of absence. Otherwise it may be very difficult to explain apparent discrepancies in total pay for a month.

The fact that an employee may be earning significantly more than the minimum wage in other months, or indeed the year as a whole, will not be taken into account.

The Employment Rights (Employment Particulars and Paid Annual Leave) (Amendment) Regulations 2018

From April 6 2020, all new employees, even those who may be employed for less than a month, must be given a written statement of initial employment particulars at the beginning of their employment. (Currently it has to be provided within the first two months).

In addition to the current requirements it must specify

- Normal working hours;
- The days of the week the worker is required to work;
- Whether such hours or days may be variable, and if so how they vary or how that variation is to be determined;
- Details of any additional paid leave to which the employee may be entitled;
- Details of any other benefits provided by the employer;
- Any training entitlement, and in particular any other training which the worker may be required to complete, but which the employer will not pay for.
- Details of any probationary period.

It should be a single document, although details of sick pay, pension arrangements and training entitlement can be provided separately. However, they must be provided, not simply made available for reference.

Existing employees must be provided with the same information within one month of a request.

The regulations also amend the Working Time regulation such that the calculation of a week's pay is now to be based on a 52-week average. If the worker has not been employed for 52 full weeks it is based on the number of complete weeks of employment.

In arriving at the average weekly remuneration, no account is taken of a week in which no remuneration was payable and remuneration in earlier weeks shall be brought in to bring it up to 52.

This change helps deal with seasonal fluctuation, and will help address a number of issues we've seen this year, where sales executives have arguably been entitled to different remuneration for a week off in August compared to a week off in December.

Employment Rights (Miscellaneous Amendments) Regulations 2019

These regulations are currently in draft form but were expected to apply from April 2020.

If an employment tribunal concludes an employer has breached any of the workers' rights, and that breach has one or more aggravating features, then it can order the employer to pay a penalty (effectively a fine) as well as order compensation for the employer. The limits on such penalties have been raised significantly from £5,000 to £20,000.

But it does need to be made clear such penalties are relatively rare, and would usually only apply where the action was deliberate or committed with malice, or where the employer had repeatedly breached the employment right concerned. These regulations also confer the right to a written statement of initial employment particulars to all workers, as distinct from just employees. This is a far wider definition, and will in particular include casual workers.

The Parental Bereavement (Leave and Pay) Act 2018 is expected to come into force in April 2020. If it does come into force, bereaved parents will have the right to two weeks of leave following the loss of a child under the age of 18, or a stillbirth after 24 weeks of pregnancy.

Due to the election, the National Living Wage and National Minimum Wage rates which will apply from April 2020 have not been confirmed.

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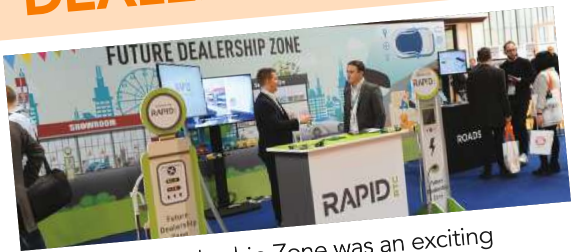
2019 HIGHLIGHTS

FUTURE DEALERSHIP ZONE



The Future Dealership Zone was an exciting showcase of new and emerging technology that AM's editorial team believes automotive retailers will be using in the next decade across sales, aftersales, back office and infrastructure.

EXHIBITORS

80+ exhibitors attended this year 2019 event

IMI AND MOTOR FINANCE THEATRE

IMI People Theatre: Designed to ensure the highest standards of safety are implemented when working with electrified vehicles and Advanced Driver Assistance Systems (ADAS), the Institute of the Motor Industry (IMI) used its platform at Automotive Management Live to highlight its new TechSafe campaign.

Motor Finance Theatre: Back by popular demand was the Automotive Management Live Finance theatre, which brought together inspiring keynote speakers from the field of motor finance. Three expert speakers explored the latest insights and developments including discussing the latest news from the Financial Conduct Authority's (FCA) review of motor finance.

MASTERCLASS SESSIONS

3 theatres and **11** speakers across the day

Don't miss next year...

Hall 7, NEC, Birmingham
NOVEMBER 12, 2020

SAVE THE DATE

NOV 12 2020

CDK International Partner Programme

The story so far

At a time when there are real threats to the survival of dealerships, we want to give them the tools to survive and thrive.

We're keen to work with new partners across showroom, sales and aftersales solutions to provide better customer experiences and to make their businesses a success.

Matt Benns
Global Partner Director

2017

CDK Global and enquiryMAX begin development to launch the CDK Partner Programme in the UK.

2018

- **enquiryMAX** becomes the first certified partner.
- **Autino** joins the Partner Programme.
- CDK Global launches the Partner Programme in **the UK**.
- Partner Programme launches across 6 additional territories: **Italy**, **Spain**, **Finland**, **Denmark, BENELUX**, **South Africa**.
- **Dealerweb** and **eDynamix** join the Partner Programme.
- **Salesmaster**, **Force24** and **Motor Document Solutions** join the CDKI Partner Programme.

2017 2018

eDynamix

The boost to our business since becoming a CDK Partner has been so significant that we have to stop to pinch ourselves at its success. We've witnessed growth across every element of the business - enquiries, geographic spread, revenue, head count and product development – and we don't see this changing.

Steve Ure
Strategic Account Manager, eDynamix

DealerwebShowroom

One of the key benefits of joining the Partner Programme is keeping our customers happy. For a long time our mutual customers have wanted an integrated solution – and ultimately a happy customer is going to stay with us and CDK for the long term.

James Hill
Chief Operating Officer, Dealerweb

2019

- **MOTCleanse from eDynamix** integration becomes live.
- **CDK Global Partner Roadshow** takes place, meeting partners across the UK.
- **AutoVHC** joins the Partner Programme.
- **Silverbullet** joins the Partner Programme.
- **iServiceFILE, RTC** and **ClickDealer** start the integration process with the CDKI Partner Programme.
- **LivePerson** joins the Partner Programme. **Tjekvik** is the first partner to cross international markets into the UK.
- CDK exhibits at **AM Live** alongside UK partners.

2019

More loading in 2020...

Learn more and get in touch with the team at ***cdkglobal.co.uk/partners***

Interested in becoming a new CDK partner?

The CDKI Partner Programme is now entering the next exciting stage. We're doubling the number of our partners in 2020, so whether your business is a showroom system, dedicated CRM software or a marketing tool – you can make new connections and join the Partner Programme. Get in touch with CDK Global today.

CDKGlobal.

Select your solution

Connect your business with new opportunities

DealerwebShowroom — **Dealerweb** Showroom

eDynamix — **eDynamix** MOTCleanse

enquiryMAX — **enquiryMAX** Showroom

CDK International Partner Programme
Add your solution

Make new connections

Our aim is to enhance our collective solution and create new opportunities for our partners while adding as much value as we can for dealers.

We are open in platform and open in conversation with our mutual customers, listening to their business needs to provide the best possible solutions.

Jonathan Hales
UK Partner Manager

We have dedicated regionalised teams with a deep operational knowledge of the sector. CDK will help to support new and existing partners to provide local integrations and expansions into new international markets.

Michelle Hooper
Head of Partner Operations

Dealer or technology provider?

Learn more and get in touch with the team at ***cdkglobal.co.uk/partners***

Hall 7, NEC, Birmingham

NOVEMBER 12, 2020

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NATIONAL FRANCHISED DEALERS ASSOCIATION

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