

Midlands focused



the market in terms of share and the brand in profitability. Solihull, however, was a vacant site, formerly a Johnson's VW centre and owned by the VW Group. Both Seat and Skoda had designs on it but it didn't meet Skoda's facility requirements.

How do you build awareness of a new dealership and brand in the local market?

The key planks of our marketing strategy are our database, radio and internet activity – we haven't advertised in the press for 10 years. We are not on a mission to grow our business to be the biggest; we only want to grow in the Midlands within the Heart FM radio catchment area. We already dominate the radio advertising in the area – we have 57% of the motor trade voice on Heart FM and we've been working on our brand on the radio for nine years because you can't drift in and out of radio. So the customers already know us as a name and we can introduce Seat to them without increasing our radio marketing spend.

This year Arbury Motor Group celebrates its 16th anniversary by adding Seat to its portfolio

Andrew Charman

The opening of a new Seat showroom in Solihull this month adds another franchise to the diverse portfolio of the expanding Midlands-based Arbury Motor Group which formed with just one Peugeot outlet in 2000.

Now, 16 years on, the group owns five Peugeot sites, together with two Nissan outlets and Skoda, Citroën and Fiat centres. It has also opened a separate head office that now houses the fleet department.

In that time Arbury, ranked 119 in the Motor Trader Top 200, has won a host of manufacturer awards, notably for customer service, with its Nuneaton outlet taking Peugeot's Dealer of the Year honours.

All of this, according to Arbury's managing director David Stenning, has been achieved by sticking to a clear strategy from the start.

What was the rationale behind launching Arbury in 2000 with a Peugeot site?

When I set up the company with Neil Barrett, my finance director and Anthony Archer, a previous chairman of Evans Halshaw, we had a very clear strategy from day one which we've pretty much

stuck to. We'd all come from a plc background and we wanted to marry the professional systems and processes of a plc with the better people skills associated with privately owned businesses.

Also, having launched with Peugeot we decided that we did not want to be too dependent on one franchise. Initially it was to improve aftersales absorption levels; the recession proved that it was absolutely the right thing to do.

Now other makes account for more than half our business. We particularly plan to grow with Nissan and Skoda.

Where does Seat fit into this strategy?

Seat, as part of the VW Group, fits our strategy in terms of geography and brand association. In 2008 we had the opportunity to put Seat into Leamington instead of Skoda, but at that time we felt Skoda had far better understanding of their customers and their future product. Seat is now in a similar position to what Skoda was six years ago; the brand is going places, especially with the new Ateca SUV.

Was the Seat outlet an existing business?

We've only ever acquired underperforming businesses and turned them around – giving them time to recover and develop, and we've always outperformed

FACTFILE

Arbury Motor Group

Established: 2000

Brands: Peugeot, Citroën, Nissan, Skoda, Fiat, Seat

Locations: Bromsgrove, Nuneaton, Lichfield, Leamington Spa, Solihull, Walsall

Staff: 260

Motor Trader Top 200: 119



Measurable support and service so you can build on your profits

We are also about to launch our fourth generation website, a £100,000 investment, because the industry is moving forward so quickly. It's becoming more difficult to keep up with online marketing – you have to resign yourself to huge investment every three years. Showroom conversion rates are now much higher than before because all the research is done online; sales staff complain about a lack of showroom traffic but today someone coming into the dealership is already a long way down the line to buying a car.

With so many franchises how difficult is it to meet all the manufacturers' CSI standards and your own?

Most manufacturers are now moving towards basically asking customers one question: would you recommend this dealer? But it's not necessary for manufacturers to tell you to look after your customers, every dealer should know that.

I'd be quite happy if manufacturers did not put financial rewards on CSIs – I'm happy they do because it is a benefit to us, but, if dealers are honest with themselves, they shouldn't need incentives to provide good customer service.

Our plan is geared around achieving manufacturer targets at the highest level. Margins on new cars are excellent, much better than on used cars; you make more money from the new car customer and you don't have to carry stock so it's a good return on your investment. The new car customer comes back in 26 months' time and buys another new car, and has their car serviced in that period. The commercial argument for selling new cars is pretty strong.

PERSONALFILE

David Stenning

Position: Managing director, Arbury Motor Group

First car: Ford 100E

Current car: Nissan X-Trail

First job: Product development at Ford

Newspaper: "I rarely read one"

Best business decision: "Starting Arbury Motor Group"

Worst business decision: "There's nothing we regret doing!"

Downtime: Wildlife photography, golf

Gadget: Canon EOS-1DX camera



How do you achieve such strong CSI results?

It's very much about culture. It has to be driven by the general, sales and service managers on site while also coming from the centre. We are a close-knit team; all of our general managers have come from within the company, promoting from within is very much a policy.

We have 11% staff turnover at management level, 19% overall, which is still too high but good for the industry. Everybody has grown up and developed our culture and they know how important it is to me and to the company. It is fundamental to any growth in the company as it is far easier to make a profit out of a satisfied customer than an unsatisfied customer.

How difficult is it to recruit staff?

It is the hardest part of the job. I'm really proud of our profession, we are honourable people, we trade with integrity and we treat our people properly yet we still find it difficult to recruit. The industry is much more professional than people realise – for example there is a high requirement for IT skills that wasn't the case 10 years ago.

We've increased basic salaries, we're looking at changing the working day to improve sales staff's lifestyle, as this is becoming more important than salary, but getting staff is still difficult and that really frustrates me.

The answer I feel is for our industry as a whole to make a much greater effort to attract people at school-leaving age rather than five years later; we need to introduce the industry to school-leavers and graduates.

How is 2016 progressing for you particularly considering the Brexit vote?

This year so far has been excellent, slightly ahead of plan, up on turnover and on profit. In the past four years we have increased turnover from £70m in 2012 by £10m a year, all organic growth without new dealerships, and we are predicting £112m for 2016 with four months of Seat sales factored in. We are also achieving 2% return on sales, which puts us in the top 10% of the top quartile.

I'm aware that some manufacturers are reducing their forecasts for the second half of the year – the Brexit vote was a bit of a shock to everybody and there will be a period of uncertainty over the next 6-12 months. Personally I think the political solutions will be very similar to what we had inside the EU. The UK is a huge market for most manufacturers and they will still want to sell a lot of cars here. **MT**

Adapting to changing consumer needs



Mike Macaulay National Sales and Development Manager, AutoProtect

The way people buy their next car has changed and Arbury Motor Group's focus upon awareness and culture is absolutely in tune with this shift.

As well as a focus upon the soft attributes that help make Arbury Motor Group a well-known retailer in its Midlands heartland, the business has taken some sound decisions to mitigate operational risks and enhance resilience.

Diversifying the portfolio of franchise brands has been a key step in this process, helping to flatten product lifecycle issues and particularly in helping to develop the aftersales scope of the business. This case study provides a great example of the potential available from the overall dealer product and service portfolio and how it can help to complement a wider customer experience that works for the dealer and customer.

We cannot underestimate the importance of developing a holistic approach in the ever-developing car sales model. The transactional sale of yesteryear has diminished significantly. What customers are seeking is a buying experience that they control and which resonates with the way they live and work.

Dealers who can create strong awareness and ensure that the purchase experience is effortless will be winners. Go that extra step to make it uncomplicated for the customer by taking care of as many of their car management needs as possible, such as servicing, reliability, safety, economy and image, and a dealer can establish a position that helps to drive sales, retention and reputation.

Services such as aftersales, warranty, GAP, SMART Insurance and paint protection all have a role in satisfying the customers car management needs.

Isn't it better when you can measure your success? At AutoProtect we work hard to understand your goals and the way you work, so the added-value products we know you'd like to offer your customers can be integrated with your approach and customised to fit. Add our sales support and training, plus AutoProtect's sophisticated IT systems – giving you up to the minute management information and sales reporting – and you have a powerful set of tools in your hands.



For more on how we can help you grow your revenue and measure your profits, call Mike Macaulay on 01279 456600. Alternatively email us at sales@autoprotect.co.uk