



Future-proofing dealerships

More than Carsales – dealers to get access to wide range of tools to maintain their relevance

Volkswagen's tough love

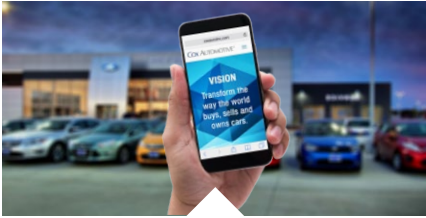
Australian chief orders dealers to lift standards 'to match premium brands' or else

ACCC denies targeting the auto industry

New-car study to expose flaws, fortunes, failures and fools

EVs sell when governments pay

Build them and they will come; but only if taxpayers kick the can



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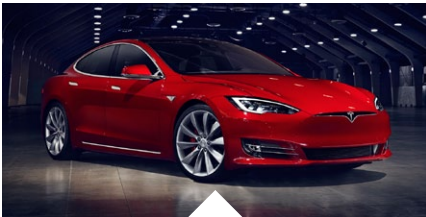
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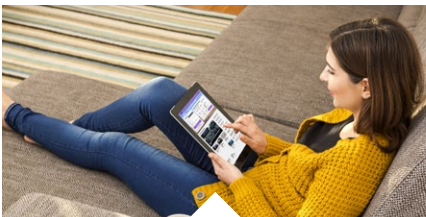
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Future-proofing dealerships

More than Carsales – dealers to get access to wide range of tools to maintain their relevance

By JOHN MELLOR

■ **COX** Automotive has signalled that it is open for business in Australia at launch events in Sydney and Melbourne this week in which the the family-owned, US-based automotive services giant gave notice that it intends to help dealers protect themselves from the challenges of disruption to their business model.

Cox Automotive Australia emerged from the joining of CarsGuide, Manheim and Dealer Solutions in which leading Australian dealers own 30 per cent and the Cox family own 70 per cent.

While dealer investors, who owned the Carsguide website before the merger, have tended to see the initiative as bringing the might of Cox Automotive into an

online automotive classified advertising play to increase pressure on the dominant Carsales website, the launch events made clear that “it is not just about Carsales”.

The company is said to have unrivalled accumulated knowledge about the car business based on its US auto services business which “touches” three in every four new and used vehicle transactions.

It intends to adapt the accumulated knowledge residing within its systems to, where relevant, empower Australian dealers to make their businesses more compelling to car buyers, more productive and more profitable.

This is being seen as preparing dealers for the disruption to come to car retailing by making sure dealers have systems

delivering thriving and profitable sales across all departments and strong and loyal customers.

Significantly, the company is viewing traditional dealer management systems from another direction. While improving the bottom line is a given, a very large focus of the Cox ethos is designed to improve the customer experience.

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The thinking is that by installing systems in dealerships that attract customers to the business and using these systems to make transacting with the dealership a pleasant experience, Cox has shown that loyal customers, repeat business, better facilities utilisation and higher margins follow.

Sandy Schwartz, president of Cox Automotive told

GoAutoNews Premium in an exclusive interview: “We are not looking to recreate the Carsales model.

“This no offense to their model. They have done very, very well. But we think the future of car buying and selling is going to be different. We think it is going to be all about the entire experience.

“Looking at Carsales; great company, great success story. They’ve got their base but

that’s it. I think that looking across our whole ecosystem we are going to be able to offer a lot more over the whole ecosystem than anybody else.

“So we are going to be more than a Carsales.”

Mr Schwartz said that consumers were better educated than ever before and had higher expectations of the way they are treated in dealerships and that Cox Automotive has a

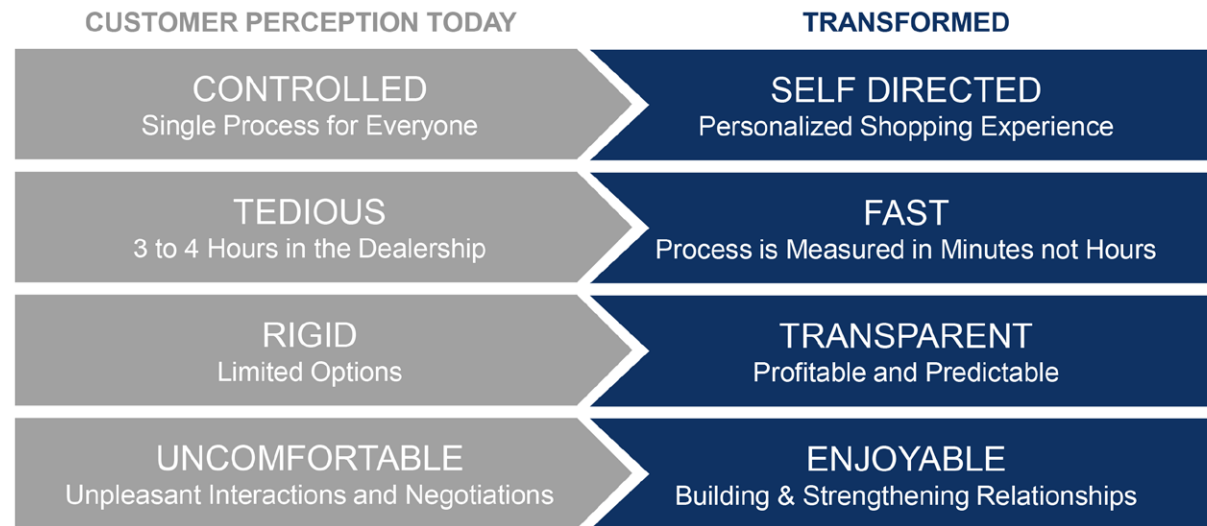
smorgasbord of products, systems and processes they can bring to dealers to improve customer experiences and build the bottom lines of dealerships.

“Dealers want choices. Other ways. We think (using Cox systems) we are going to be able to continually invent and reinvent ways to give consumers the best experience they can get to find the car and buy the car.”

Asked what products he had from which to pick and choose, the recently-appointed CEO of Cox Automotive Australia, Gary Martin, told *GoAutoNews Premium*: “I have the ability to reach up into those organisations. We have talked about it now quite widely with our dealer partners and they are going to help us shape what that looks like from their experience.

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TRANSFORMATION: FRICTIONLESS RETAIL



“The company is said to have unrivalled accumulated knowledge about the car business based on its US auto services business which ‘touches’ three in every four new and used vehicle transactions”

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“The dealers are at the coalface of retailing. For me it is about (tapping) the DNA of those (Cox) companies.

“So we are able to shape (what we need) here and Sandy has given us the freedom to shape what the market needs... or even develop new ones.”

Mr Schwartz said: “If you think about the future things we can bring in here we will be able to offer much more to dealers and much more to consumers.”

Asked if companies like

Google and Amazon posed a threat to car dealers Mr Martin said: “We think that people will still like to have a relationship (in the car-buying process) and we think the dealer network (should fill that role).

“We are big proponents (that the dealer network) will be here in the future. People still like to drive cars. They like a tactile relationship.

“So if we can create an environment through that information flow of a complete and connected

experience, then that flow will make people want to go to that network.

“When you look at the dealers in Australia today, they have a great logistics network in the footprint of the dealerships. So they have the (facilities) right now to compete with the people who think they have (control of) the consumer by offering a one-click experience.

“We think we are a long way away from a one-click experience for buying cars.”

Mr Martin said: “We want

to keep dealers relevant. That is simplistic but it is the very best way of describing what we are trying to do here.

“One of the big factors to try and keep dealers relevant is that they understand the tools that they have today – because we do have tools for them in the marketplace today – and how are they getting the most from those tools.

“The next factor is that we have dealer partners and a dealer advisory board and we are going to get a lot of information back from them.”

Asked if Cox’s ambition was to have Cox-only dealers using Cox systems integrated across the business, Mr Martin said: “We are very much about being the open economy for dealers. If there is a solution we cannot provide and dealerships are looking for a different solution then we will gladly be integrating those solutions. You cannot expect that everyone will have 100 per cent of Cox Automotive solutions. I don’t believe that is a healthy ecosystem.”

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Gary Martin



Sandy Schwartz

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Asked what success looked like for Cox Automotive Australia Mr Martin said: “For me I want dealers who have truly seen that their ability to transact, stay relevant and have a profitable business as a result of the fact that we have been able to open some doors – and not necessarily with our products. I think that is a good place to be in a community and I think the automotive industry is a community.”

“The true test will be that a 21 year old car buyer comments on how easy it was to buy a car and that they enjoyed the process,” he said.

Mr Schwartz said: “First, success is that if we can make

the dealers more efficient than they are today and the car-buying process better than it is today.

“I am convinced we will be successful because we will have partnered with dealers to do that and they will then buy more of our products.”

“Number two. We employ 650 people in Australia. We care about our people. We are a family-owned company and we try to make all of our businesses family-orientated. If we continue that as we grow then to me that will be success.”

Disclosure: Cox Automotive has a minority interest in GoAutoMedia Pty Ltd.

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