



# ausCAR

**December 2009**

THE MOTOR DEALER REPORT FROM AUSWILD & CO  
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## **HAS THE CAR BUYING EXPERIENCE IMPROVED FOR WOMEN?**

### **(A Dealer's Right of Reply)**

*Our November issue of ausCAR generated quite a fair bit of comment from our readers including an e-mail from **Simon Murphy**, owner and DP of **Surf Toyota** at Tweed Heads. In our last issue for 2009, we have decided to leave the last word to Simon, who has kindly given us permission to re-produce his comments in its entirety.*

"I chuckled to read the **ausCAR** Newsletter highlighting Lee's recent car buying experience as it mirrored one of Ana's friends experience purchasing a new BMW X3. The only difference for Ana's friend was the salesperson was female. The following diatribe is my attempt to give some feedback, positive, negative and everything in between. You'll need a coffee but I hope it offers some insight into the sales process that Lee incurred/endured.

Anecdotal evidence will always be quite subjective but I thought it would be opportune to address those parts of the buying experience Lee found unpleasant once she had settled on the Holden Cruze, namely the negotiation stage most notably where the dealer sought contractual commitment on the day she visited the showroom.

Selling shirts at Myer or ice-creams at Wendy's is never going to be as emotional as purchasing a car nor is it as likely to be put off until tomorrow. Car manufacturers have honed to an art form maximising dealer floorplan operating in an "offer ends..." environment to ensure cars are sold today not tomorrow. Cash for clunkers and Investment Allowances are government initiatives that effectively validate the manufacturer's conduct. The "offer ends" scenario has been around since Adam sold cars for John L in shiny pants. Car dealers chase targets set to maximise market share whilst at the same time endeavouring to carry the minimum amount of stock to curtail floorplan costs. Behaviour I might add, condoned by our external accounting advisors.

It is not clear in your example whether the dealer (salesperson) asked Lee if the Holden Cruze was the vehicle she would like to own and assuming it was whether she would be prepared to commit today if the deal presented was attractive enough. Given the nature of current competition and the information overload the internet has brought to our lives if the dealer presents a deal with the knowledge the customer wants to go home to think about it then the Dealer is at the mercy of Eddy the expert. Eddy's expertise lurks everywhere – in accounting firms and car dealerships they pose as quasi Principals. When you take your staff away for a weekend bonding session Eddy (gender neutral) is the guy or girl who needs time off to do the washing and dry-cleaning because of the inconvenience the bonding hospitality rendered. If they ran the business, the country or the world they'd do things differently. When you seek out their opinions they sit firmly on the fence erring on the side of negative caution. They are unable to tell you what car to buy because an affirmative response holds them accountable for any future shortcoming. If Eddy proffers negative advice he/she has reserved the "I told you so" trump card and can never be brought into question.

Ask yourself what trump card the dealer possesses - the flashy showroom with its cappuccinos frothing and plasmas shining, the lure of the new car smell and the elusive changeover price. If Lee had gone home to ponder her predicament would she have returned to the high pressure Holden dealer or given a different Mazda dealer another chance? Should the entire brand and Lee be punished because of one idiot who failed Empathy 101? Should we offer the changeover when emotion and excitement is riding high or when rationality and composure has returned and a friend called Eddy just called to see how we went looking for a car? The dealer shows their cards when they know they have a better than average chance of winning. If we let Lee go home there is a very good chance she will meet Eddy. He will get you a better deal because he or she knows someone who knows someone.

Lee wanted a Mazda 3. It's hard to argue with retail V-Facts. It's funky, stylish with satnav to boot. Lee didn't buy one because she met an Eddy. He wanted to argue and proffer negatives. *How can I help you when you won't tell me what you want?* That salesperson would have gone back to his Manager with the information that the last customer didn't know what she wanted and he would have said the same thing about his last male customer who was similarly disinclined to argue with an obtuse moron. Winning battles and losing wars is Eddy's forte because he or she will never put up the capital required to run a firm of Accountants much less a car dealership. The reality is there is a little bit of Eddy in all of us and it's not until we comprehend the big picture that we develop true empathy and understanding. Given that Lee will probably own her new car for several years it is surprising to see how often a salesperson can turn off a buyer from their preferred choice. In Lee's words it is not enough just to be a good product. It needs to be backed up with good selling techniques.

I am not defending the tactics employed by the dealer to sell a Holden Cruze but I am stating for the record that the tactics employed are gender neutral. It's just as bad for the guy as it is for the girl and sometimes the girls do it to girls and guys alike because dealers need to present deals when emotions are likely to be at their most receptive. All of us like to think we behave with rationality and composure whenever we purchase. The reality is we buy emotionally and justify rationally. Lee's decision not

to purchase a Mazda became an emotional choice. Her rational choice had been to include the Mazda 3 as the preferred option but Eddy's actions brought emotion in to play and Eddy, the dealer, Mazda and dare I say it, "Lee" were all punished.

The most commonly used phrase by customers other than "just looking" is "what's your best price?" As **Auswild** will advise my best price is RRP. The customer's best price is wholesale. The longer I leave the customer out there waiting for tomorrow the closer to wholesale I get.

I utilise **Auswild** for a gambit of reasons. You empathise, you don't patronise and most importantly in areas where your knowledge is superior you lead. You are building a long term relationship with me and my family. You endeavour to improve my attitude towards training and business. You met me in my mid thirties and as I approach my mid to late forties you are helping me plan for my increasingly elusive retirement. It is equally important that you come to understand my changing business and the parameters in which I operate. In the last 12 months during and post GFC the search for best price and best deal has heightened as groceries escalate and mortgages creep. The car salesperson is much maligned primarily because they can't change the rules. They'd love to sprinkle a healthy dose of "be back" dust and wait till tomorrow when the customer promised to make a decision but as we all know tomorrow never comes. They can't put off till tomorrow what needs to be done today and no amount of empathy and relationship building is going to stop Lee shortlisting the potential vehicles she may wish to own. If Lee had gone home to think about it would she have thought about contacting any number of the other **Auswild** clients with a Holden franchise? We don't know from your story whether her previous car and her relationship with the service department served her well. The commercial reality is the chance for a relationship is maximised whilst in each other's company and diminishes with every minute we're apart.

Ana and I were looking at display homes recently. Metricon had some nice homes which we quite liked from a design standpoint but they only offered 9' ceilings and our current home has 10' ceilings. We asked why and the salesperson gave the Telstra "keep the rabbits out" response: "Too hard to clean the cobwebs." The honest answer is they sell gyprock in 2750mm increments so 2 of those equates to 9' - accountant's logic versus salesperson spin. Every industry has it and our job is to remove it.

So why did I write this missive? To highlight what your firm highlights every year— everyday I let a customer "think" about whether to buy or not to buy it costs me \$10,000 to open the doors. In the case of a Sydney Holden and Mitsubishi dealer it is probably nearer \$25,000. I'd love to let them think about it if they all came back but they don't. I'm not discriminating based on gender. An equal number of males and females want time to think about the major purchase but the reality is rationality and logic kick in and the purchase decision is postponed. The customer buying a weathershield for \$85 or a routine service for \$130 doesn't need time to think.

I've only bought a couple of houses and each occasion the real estate agent suddenly had another buyer in the wings even when in one case the property had been on the market for 11 months. I know it's BS but if I've made the emotional choice that I want the property I play along with the stupid game. Ironically the Holden dealer in your story earned the right to apply high pressure tactics because he did the meet and greet correctly and didn't challenge Lee about what she wanted. Mazda Eddy never got the chance to show how completely distasteful he could make the experience because he was so bad at the basic meet and greet!

Until manufacturers allow the customer to have rewarding involvement in the car buying process and make cars customers will wait for then car buying remains a less than pleasant experience based on over supply. We sell what we can see but the customer wants what the customer wants. The GFC highlighted that car manufacturers don't listen to customers and if they do it takes 5 years to react and change. The GFC also highlighted that by not listening to customers a government somewhere will offer you money when you stuff up and even let you go bankrupt so that you don't have to pay your creditors all because you made cars that customers did not need because your government gave you subsidised fuel to put in the cars you didn't need with the gun racks you voted for the right to bear but didn't really need. Instead of listening to the customer the car manufacturers put on more dealers and offered more incentives to move the metal.

The same manufacturers who prefer us to determine 2<sup>nd</sup> and 3<sup>rd</sup> colour choices in the interests of expediting delivery times are also aware conducting a test drive will yield 30% more gross profit than without. In some respects analysis has enhanced our processes and yet we still adhere to the vaudevillian theatre of negotiating the deal between salesperson, customer and manager. It's not how much you give but how many times you give it that counts. Toyota pioneered just in time manufacturing but we don't offer just in time customer ordering.

So as I remove myself from my soap-box I hope that the next time you portray the car buying experience from the customer's viewpoint that you acknowledge some of those distasteful practices are entrenched in our fabric and will only disappear when the concept of over supply disappears. With the Chinese entering the fray it may take a little longer than our customers patience will permit."

*We thank Simon for his comments and we re-iterate that we always welcome your feedback on the topics we cover in our newsletters.*

***We take this opportunity to wish all our clients and readers  
A Merry Christmas and a Happy & Prosperous 2010!***

For additional information, please contact your  
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