



How are dealers responding to a post scrappage market?

The final month of the Government's scrappage scheme resulted in a total market of 397,383 new car registrations, a 26.6% growth over a difficult 2009. According to the SMMT scrappage accounted for 48,481 units in March. SMMT Chief Executive, Paul Everitt was quoted as saying that he expected the scheme's benefits to stretch beyond its closure.

Industry consultants **rts** have recently conducted research to test how well prepared dealers are for the post scrappage market. Richard Wells, **rts** Managing Director states, *"Over the last year we have observed that, for many dealers, the original fears of doom and gloom have been allayed by scrappage and the buoyant used market. We needed to test whether this has led to complacency amongst sales teams and to see how well they are handling the new breed of customer generated by scrappage."*

The **rts** researcher telephoned 50 dealers posing as a potential scheme customer, with a qualifying vehicle, innocently enquiring what deal the scheme could offer him. The worst response was a blunt *"Sorry mate, Scrappage has finished"*.

Wells explains, *"Naturally we expected to be told that scrappage was over, so it was not a surprise to have that confirmed at every single dealer contacted. What did come as a surprise though was the lack of a positive response of any kind to keep the customer interested. Almost without exception it was down to our researcher to ask what the other options were and in fact at one dealership the "scrappage has finished" statement was so brusque and the following silence so long it was almost as if the call had been disconnected."*

The **rts** researcher expected sales executives to sell an appointment from the incoming telephone enquiry and found that 84% of the dealers offered a meeting. However, the majority of these offers were suggestions to "pop-in" rather than a fixed appointment time. Other results included 15 executives who did not offer their name during the call, over 50% who did not attempt to capture the customer's details until the end of the call and 30% not bothering to gather any information at all. The research found that just 10 dealers were described as *"very good"*, gathering customer information in a conversational way during the enquiry.

Wells concludes, *"If dealers want to build on the momentum generated by scrappage, our litmus test suggests that many sales teams still have a lot of work to do."*