

autofile

Celebrating the past and looking to future

A gala dinner held to celebrate the silver anniversary of used car importing into New Zealand has been hailed as a success.

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association (IMVIA), describes the black-tie function on October 17 as a "glittering occasion".

He told Autofile: "It was a great night and exceeded our expectations. We are delighted everyone had a good time. The food, band and entertainment were all fantastic, and the event was very well organised.

"It was wonderful to see our founders and long-serving members of staff recognised.

"It was also good to see so many faces from the past and the next generation coming through.

"The evening was an extremely appropriate way to mark 25 years and we're all looking forward to the next 25."

The event at Auckland's

Pullman Hotel was attended by about 420 members of the motor vehicle industry and invited guests with comedian Jeremy Corbett raising plenty of laughs as master of ceremonies.

David Vinsen giving his speech at the gala dinner



People came from all over New Zealand to join the celebration, as well as from Japan and Australia. They included Maurice Williamson – a great supporter of the used

imports industry over the years.

"You need to know that you have done more for the economic well-being of this nation than just about anybody else," said Williamson, former Minister of Trade.

"There are a lot of New Zealanders out there who are driving in very good-quality cars that we would never have been able to dream about without your industry."

Presentations included Rod Milner receiving the supreme award in recognition of his work in the industry and leading role in setting up the Licensed Motor Vehicle Dealers Association in 1988.

Fellow founding members Alistair Sheard, Dick Gray, Fred Lewis and Peter Johnston, Phil Pacey, Dick Gray and Fred Lewis were also recognised, while long-service awards were presented to IMVIA employees Malcolm Yorston and Bev Purchase. ☺

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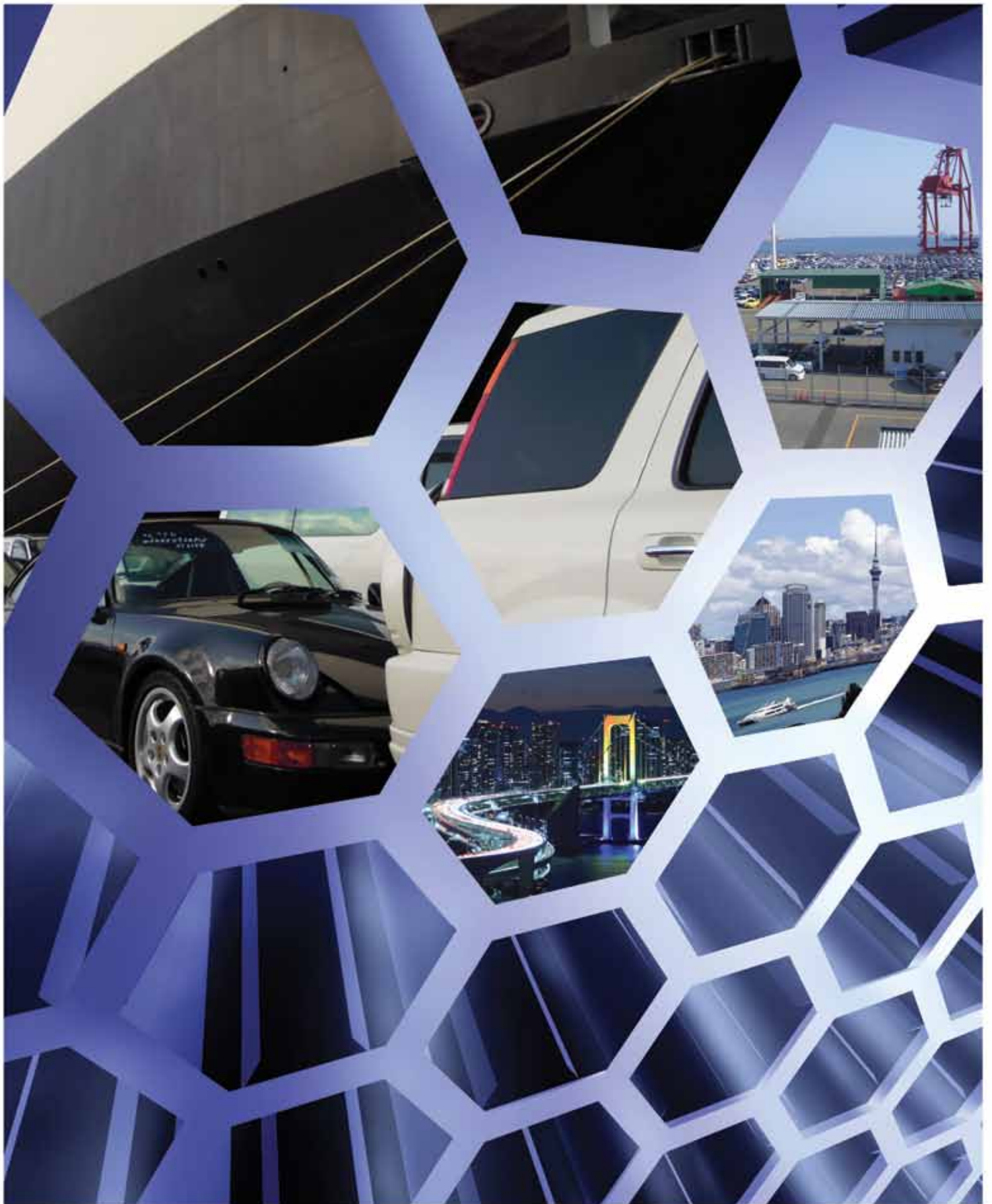


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More than just the lights going off

The power cuts in parts of Auckland earlier this month raise issues that need addressing without political one-upmanship and the shirking of responsibility.

Problems at the substation in Penrose resulted in blackouts for a few days to about 85,000 properties.

The political machinations have started with various parties pointing fingers at each other instead of coming together to reach a consensus.

The prime minister says an inquiry is needed into whether there's sufficient back-up in place. But he has warned if this finds better systems are required, higher electricity prices are likely.

Vector is a controlled monopoly with its charging and costs set by the Commerce Commission.

However, John Key says price rises over the past six years have primarily been driven by the cost of upgrading the national grid and power companies investing more in infrastructure.

Apparently, Aucklanders want a "gold-plated solution". No they don't. Everyone accepts power cuts may happen, but why they do and what can be done to minimise them needs tackling.

And some accountability would be nice instead of Transpower and Vector passing the hot potato.

Vector has a longstanding "promise" to pay residential customers in urban Auckland without power for more than two hours \$50 if it's responsible.

Commercial customers are entitled to \$200, but that will not compensate businesses such as car dealerships for one or two days' lost trading.

They can probably make insurance claims. But why should

they have to pay hefty excesses and higher premiums?

And Vector says it's unclear whether customers will be able to claim the compensation because the cause is still unestablished.

On the Sunday, 140 key intersections had no traffic lights and police officers were on duty at busy locations. Motorists were asked to remember the give-way rules and take care.

Despite concerns, the police reported fewer crashes around the city when the lights were down.

Perhaps this was partially due to four-direction stand-offs at powerless signal-controlled intersections because no one knew who had priority. Drivers even stopped, some diagonally, in the middle of roads resembling frozen slalom skiers.

All of this also raises questions about road safety. If the accident rate drops when the electricity is down, why bother with traffic lights at all?

If motorists are clueless about basic concepts, such as who has priority without red or green instructions, shouldn't driving skills be on the agenda?

Take this one step further and it sounds warnings about a future with satellites controlling intelligent transportation systems or driverless cars failing, or being targeted by terrorists.

What's the back-up going to be? Perhaps lessons can be learnt from the shipping industry, which embraces new technology while, in many cases, having what predates it still on-board "just in case".

But the bottom line with this power outage is the unacceptable lack of accountability, as well as the half-baked excuses and political gesturing.

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Retailing direct from Japan

The largest marketer of second-hand vehicles in Japan is expanding into New Zealand with its first store due to open in Auckland next month.

Gulliver International then intends to roll out about 30 more outlets in this country within three years.

Its first store is being fitted out in Broadway, Newmarket, and will be followed by more in the city, Wellington and Christchurch.

The company's sales target for New Zealand is about 10,000 units a year, or about eight per cent of the market.

Gulliver expects to mainly retail three to five-year-old vehicles priced between \$17,000 and \$23,000 by selling directly to the public.

It also anticipates local demand for Lexus and BMW models, as well as sports cars.

Its sales model will see people

visiting Gulliver's stores where they will be able to buy stock on display or use its online system to select from used cars in Japan.

It is anticipated Kiwi buyers will pay Japanese market prices plus taxes, shipping and other expenses.

Outside of Japan, Gulliver has some locations in the US and moved into Thailand earlier this year. It also hopes to use New Zealand as a springboard for launching in Australia.

WHY CHOOSE NEW ZEALAND?

Gulliver announced on October 8 that it will open its first directly

managed Oceanic store – in Auckland – on November 1.

"Capitalising on New Zealand's lack of import duties on used automobiles, the company aims to expand," it says.

The company views its business here as a first step in exporting Japanese stock globally.

Gulliver says four primary factors make New Zealand a favourable candidate for expansion. These include:

- ▶ Ease of export – low barriers to purchasing imported vehicles.
- ▶ Right-hand-drive vehicles in Japan and New Zealand.
- ▶ Favourable economic

conditions in this country with future growth potential.

Gulliver adds advantages are made possible here through economies of scale.

"Nearly 90 per cent of imports are done through small-scale intermediaries that individually purchase vehicles via auctions in Japan and ship them to New Zealand," it says.

"We purchase 200,000 cars a year and 4,000 cars in Japan are always available online."

The company adds its stock is available at reasonable prices thanks to its "direct sales network cutting the distributor's margin".

It sells cars at auction within 10 days of purchase at 420 locations in Japan to "cut the cost of maintenance and risk associated with a decline in value".

What's in an address?

Gulliver International's website address is www.221616.com.

This is Japanese language play on words with numbers. It roughly translates as "all kinds of things that go vroom, vroom".

Visit www.autofile.co.nz to find out more about the company.

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◀ GULLIVER'S TRADING MODEL

The company's core business is buying and wholesaling used vehicles. It has three selling channels with wholesaling accounting for about 70 per cent of sales in its last financial year.

This involves selling vehicles at auction, while 30 per cent is attributed to retail by selling via its screen-based Dolphinnet system. Showroom-based display sales have been introduced in this financial year.

Gulliver says its buying process has been optimised for easy inspection, assessment and decision-making.

Shared Research has published an independent report on Gulliver at the company's request as a reference for investors.

This states that buyers in Japan make appointments online or via its call centre. In some cases, salespeople visit customers' homes or buyers go into stores.

"Sixty per cent of purchases are from the customer visiting the store and 40 per cent relate to home visits," says the report.

"In regions that don't have a regional office, a representative from a directly operated store will visit the customer.

"At each store, the vehicle's

The finishing touches being put to Gulliver International's first New Zealand store in Auckland



condition is assessed. This takes about 20 minutes. The results are noted on an assessment sheet with data sent to headquarters.

"HQ then takes about 10-15 minutes to price the vehicle based on condition and auction value, and sends the data back to the store. In more than one-third of cases, this results in a transaction."

The company says: "By shortening the time from purchase to sale, we have created a profitable, low-cost operation where lower gross margins are offset by the large numbers of cars handled."

Gulliver's Dolphinnet system not only shows basic information about the car, but also details the service history and any dents or scratches.

By allowing customers to see faults, detailed information and view evaluations, they can understand vehicles' values.

At any one time, would-be buyers can view the details of more than 6,000 cars before they are put up for auction.

ASSOCIATION'S VIEWS

David Vinsen, chief executive of the Imported Motor Vehicle Industry Association (IMVIA), says dealing with New Zealand consumer laws through

business models such as Gulliver's may be "fraught with problems".

He told Autofile it will need to meet all of the requirements of the Consumer Guarantees, Fair Trading and Sale of Goods Acts – and these are "serious issues".

Vinsen adds: "The IMVIA has no preference as to what business models operate as long as people comply with all legislation, pay their taxes and provide consumer protection so there's a level playing field.

"How Gulliver will structure its business is up to them. It will be a New Zealand company that's Japanese-owned and competing for its market share with a different business model.

"There are already plenty of dealers in New Zealand showing people how to buy from Japan in that way.

"Part of its rationale is that it can squeeze costs out of the supply chain, but I don't think that's going to be easy." ☺

Family-run business

Gulliver International's chairman is Kenichi Hatori, and its presidents are Yusuke Hatori and Takao Hatori.

Kenichi Hatori joined Hatori Automotive Industry in 1959 and, in 1976, launched Tokyo My Car Sales becoming representative director.

In 1994, he founded Gulliver and became president and representative director.

In 2008, he became chairman and Kenichi Hatori was appointed to that position in June 2008. His eldest son Yusuke Hatori and second son Takao Hatori were appointed co-presidents.

The company's vision is to create "the world's largest car sales infrastructure" and there are two main elements to its management policy.

The first is to focus on businesses that offer "a high degree of synergy with acquisition and sales of used cars".

The other is to expand through a business model of not holding inventory, financing claims, real estate or other assets.

Gulliver has grown based on its original model of selling cars bought by directly managed and franchised stores at auction in Japan instead of using showrooms.

"We started operating two new car dealerships in 2013 and we will expand into new car sales," says Yusuke Hatori.

"We've established a joint venture in Thailand and opened our first local store in March 2014. In the future, we will expand into countries in the ASEAN region and Oceania." ☺

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Settlement highlights law reforms

A company must meet a series of strict deadlines to comply with a multi-million dollar settlement agreement reached with the Commerce Commission.

Broadlands Finance Ltd has also given undertakings about its future conduct that can – if necessary – be enforced in court.

The agreement reached between the two parties means it must repay 807 customers about \$3.3 million in overcharged interest and fees.

An important issue for the finance and automotive industry – as well as car dealers with their own ledgers – is this is the first time enforceable undertakings have been secured through the Consumer Law Reform Bill since it passed into legislation.

The settlement follows

an investigation into alleged breaches by Broadlands of the Fair Trading Act (FTA).

The commission discovered the Auckland-based company charged interest and fees after selling repossessed property, which is banned under the Credit (Repossession) Act.

In its opinion, Broadlands misled customers. On the flip side, the company acknowledges the commission's position but doesn't admit to breaching the FTA.

ENFORCEABLE UNDERTAKINGS
Broadlands has agreed to issue refunds on affected accounts as part of its settlement agreement.

It must send letters to debtors advising them of the amounts and reasons why by October 31.

The commission says it has "no

Taking action

The Commerce Commission entered into settlements with Bancorp (NZ) Ltd in December 2013 and Geneva Finance in October 2007, and prosecuted Budget Loans Ltd in 2010, for breaches of the Fair Trading Act. It says the matters raised in these cases were similar to the Broadlands matter. As previously reported by Autofile, Mount Maunganui-based MAC Warranties Ltd was prosecuted earlier this year for its repossession and debt collection practices.

conduct other than any brought as a consequence of failure to comply with this agreement."

If the commission considers the company has breached an undertaking, it may apply for a court order, which will direct Broadlands to comply and pay an amount not exceeding any financial benefit obtained.

THE LEGAL MATTERS

The commission started investigating Broadlands, which provides consumer and small business loans, in 2012.

It says most of its lending was in the mid-2000s with loans primarily secured over motor vehicles.

The commission considers Broadlands is likely to have contravened sections nine and 13(i) of the FTA by claiming it had a right to add collection costs – some legal and court costs as well as interest – onto balances after repossessing and selling secured assets.

In the commission's opinion, Broadlands had no right to do so because section 35 of the Credit (Repossession) Act bans lenders from recovering more than outstanding net balances when their goods go through that process.

Enforceable undertakings, which were introduced through the Fair Trading Amendment Act 2013, allow it to ask courts to enforce agreements if traders fail to abide by settlement conditions.

The agreement signed off by both parties states Broadlands' review found \$3.3m in interest and fees were added to 807 loans after it had taken repossession and sales action.

"As a result, it received \$262,000 in interest and fees charged on 222 of those loans."

REACTION TO SETTLEMENT

The commission says it is pleased Broadlands has agreed to

reason to believe Broadlands will not act in accordance with the agreement".

It describes enforceable undertakings, which result from last year's legislative changes, as a "tool to ensure settling parties do what they agree to".

The settlement agreements states: "If – after its best endeavours – Broadlands is unable to locate a customer, it undertakes to treat the payment under the Unclaimed Money Act".

"Best endeavours" includes using information it holds, searches of Google, Facebook, White Pages and the electoral roll, and other efforts usually made to locate non-paying debtors.


The company must provide an independent report to the commission by February 28 confirming it has credited or repaid refunds.

It also has to ask credit-reference agencies to update their records to reflect customers' revised balances by November 30.


The company has stopped charging interest and fees after repossession and sale action, and has altered its processes to ensure this doesn't happen again.

"The commission will send a warning letter outlining its concerns about Broadlands' conduct and then close its investigation," states the settlement.

"It will not issue or encourage proceedings in relation to the




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◀ compensate affected customers.

"It co-operated with the investigation and has reviewed loan files to ensure refunds have been correctly calculated," says chairman Mark Berry.

"That's what we expect responsible businesses to do, but we continue to see problems in the debt collection and repossession industry."

The commission has recently brought several enforcement actions and says it has good reason to think the industry needs to tidy up its practices.

"The stakes are now higher with increases in penalties for breaching the FTA," adds Berry. "We will continue to be highly active in this area to ensure businesses comply and consumers are protected."

He emphasises the usefulness of enforceable undertakings, which result from last year's legislative changes.

"We have no reason to believe Broadlands will not act in accordance with the agreement, but we now have a tool to ensure settling parties do what they agree to."

"We expect enforceable undertakings to be a feature of settlements involving FTA breaches."

Broadlands did not wish to comment to Autofile on the commission's investigation and its settlement agreement.

The document states the company acknowledges the commission's view "it made representations that breached the FTA, but makes no liability".

Lyn McMorran, executive director of the Financial Services Federation (FSF), didn't wish to comment specifically on the Broadlands issue.

But – in general terms – it's aware of the commission getting extra powers and penalties as a result of the consumer law reforms and FTA changes, including enforceable undertakings.

"Our biggest concern is the enforcement of regulations, including the credit contract reforms, which include



"We expect enforceable undertakings to be a feature of settlements involving Fair Trading Act breaches."

– Mark Berry, Commerce Commission

developing a responsible lending code and how it will be enforced," she told Autofile.

"In wider terms, the FSF wants to see anyone not behaving responsibly being dealt with."

"We support the commission doing that and going after lenders causing most of the problems and harm in the wider community."

McMorran stresses the authorities need to concentrate on this part of the finance industry – and not spend a lot of time on companies doing the best they can to comply with the law.

She adds there have been cases when credit providers have interpreted draft guidelines issued by the commission only to run into problems further down the track, and issues such as this also need addressing.

ABOUT BROADLANDS FINANCE
Broadlands Finance was established by Tony Radisich, director and shareholder, in 1995.

He started his first used-car dealership in 1987. During the 1990s and early 2000s, companies he owned were among the largest importers of used cars from Japan.


Broadlands' chairman and independent director is Tim Storey, who was a partner at the leading legal practice Bell Gully until 2006.

Its two other independent directors are Bruce Scott and Peter Tait-Jamieson.

Scott, who moved to an executive role in February 2013, has been responsible for acquisitions, strategic development and

business reorganisations.

Tait-Jamieson imported luxury motor yachts into New Zealand through his business Riviera and Bertram Boats from 1986-98, and established First Merchant Finance in 2002. ☎

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Electric car market expanding

The future of electric vehicles (EVs) in New Zealand is firmly on the agenda, but what their uptake will be is anyone's guess.

What is certain, however, is cars will need alternative fuels when global oil reserves finally run dry.

As reported in the October 7 issue of Autofile, Drive Electric – formerly the Association for the Promotion of Electric Vehicles (APEV) – is implementing a road map and structure, along with its new name, to push along uptake and overcome any hurdles.

But will EVs win over the hearts of industry and consumers, and what will be “mainstream” in the future – cars powered by electricity, fuel cells, water or even air? Autofile sounds out three trade organisations.

Imported Motor Vehicle Industry Association (IMVIA), says EVs used to be popular with enthusiasts, but the market for them is getting bigger.

The industry has progressed so much that electricity generators and retailers are now involved because of opportunities to sell power.

“The best and quickest way to get EVs to the market is for their prices to come down,” says Vinsen.

“That would get more on the road.”

He highlights Whangarei, home of New Zealand's first rapid charger for EV owners to use. Northpower owns six EVs and the market in that area could sell one unit a week.

“Interesting stuff is happening in this space and we're likely to see huge developments when it comes to vehicles in the next few years.

“We could end up with fewer models and more utilitarian, but higher

acceptance, and perceptions about range and charging infrastructure, while affordable and low-mileage used Japanese imports are becoming more available.”

Vinsen points out most Kiwis' daily commutes are less than 60km, so there's potential for EVs in urban areas with people having something else to take out of town or tow their boats with.

“Big corporates in New Zealand are looking at options for buying EVs, which have to get more market penetration.

“Manufacturers are driving down prices and need to reposition these vehicles to be more affordable and attractive in each category from small cars to SUVs.

“The government has stated its support for EVs and New Zealand has a renewable energy model, so we could get to a time when all cars are driven on hydro-electric power.

“This would reduce our carbon footprint by cutting emissions and we wouldn't have to import so much oil, so there are national economic reasons for doing this as well as the public health aspect.”

As for Drive Electric, Vinsen says the IMVIA has a good relationship with it.

“Electricity isn't the only alternative under consideration because we have the likes of fuel-cell vehicles being developed,” he adds.

“The IMVIA isn't interested in backing one part of the market because issues always come along and are judged on their own merits. It's about how they fit into the market.”

ISSUES WITH TECHNOLOGY

The Motor Trade Association (MTA) describes the EV market as “an exciting new sector”.

Tony Everett, dealer services and mediation manager, says: “The MTA is well-placed to help educate and inform its members who will be involved in repairing, selling and charging these vehicles.”



Lamborghini's plug-in hybrid concept, the Asterion LPI 910-4, has a 5.2-litre V10 engine and three electric motors. Thanks to an electric-only range of 50km, it produces emissions of 98g/km. Visit www.autofile.co.nz for more from Paris Motor Show

PRICE IS DRIVING FACTOR

David Vinsen, chief executive of the

specification, cars with ownership not just by one individual – although that's crystal-ball stuff.

“But self-driving and self-parking cars may not be so far off, and EV use is accelerating.

“We may get to a stage when people – by using cellphones – can get into the back of cars, turn on laptops and work while being taken to destinations.

“This may be a few years down the track, but we've already had the convergence of the internet, phones and television sets. It could be similar with transport.”

Vinsen believes the debate around EVs is similar to the diesel versus petrol arguments of the past, such as people opting for more fuel-efficient diesels while others shunned them as being too noisy.

“I was in the UK recently and didn't even notice I was driving a diesel until I had to refuel it. The acceptance of EVs may also take some time.

“There will be some early adopters, who also have solar panels on their homes, but this technology will become more mainstream.

“The issue will be costs, public


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◀ He says Autofile's article of October 7 identifies and confirms many issues the MTA expects to see with new technology – such as infrastructure, market acceptance and end-of-life issues for batteries.

"The price of EVs has been a barrier, but this is coming down and the prospect of used EVs imported from Japan exposes the technology to the 'mainstream' market.

"The MTA's repair sector members have faced steep technological changes in petrol and diesel cars, so upskilling to service EVs will be no different."

Everett describes comments made by Drive Electric's chairman Mark Gilbert about the needs and costs of building the required knowledge base in the EV space as "very relevant".

He adds the MTA worked with APEV in the past and looks forward to doing the same with Drive Electric.

LEVEL PLAYING FIELD

The Motor Industry Association

"The price of electric vehicles has been a barrier, but this is coming down."

– Tony Everett, MTA



(MIA) has discussed Drive Electric and EV uptake at council level.

"The MIA is here to advance business and regulatory environments for original equipment manufacturers," says chief executive officer David Crawford.

"As an association, we don't get into marketing and promoting specific technologies because that can mean supporting certain marques and models over others. That's more correctly the role of each distributor.

"However, the MIA works to achieve a level playing field

for all of our members. When it comes to talking about incentives to kick-start technologies, Drive Electric's work can complement the MIA's regulatory focus by promoting issues, such as infrastructure components and power supply."

An example of this may be more charging points in public places, such as car parks.

"If the country and industry wants to see a rapid uptake of EVs or plug-in hybrids, Drive Electric may need to work on advocating this.

"That's the sort of issue it can

have a big influence on, as well as advocating on other promotional and marketing matters.

"The MIA already works closely with the likes of the MTA and AA. Some interests overlap but we don't see ourselves as in competition with them, which is also the case with Drive Electric."

Crawford says the MIA welcomes Drive Electric as a group, which is likely to go from strength to strength.

"The combined efforts of the MIA and other trade organisations mean we could see market growth if EVs and plug-in constraints are overcome." ☺

Did you know?

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Online presence gets makeover

A trade organisation has overhauled its website with more content and data now publically available.

The Motor Industry Association's (MIA) previous online presence was set up in 2002 and it needed a modern version that's easy to maintain.

"The old site was developed about 12 years ago," says David Crawford, chief executive officer.

"From a practical perspective, its language was so old no one was around anymore who knew how to programme changes.

"As such, no new pages could be created and we were restricted to providing updated information only in a few areas.

"We wanted a more contemporary feel and readily updatable site to post more of our decisions, documents and data."



A screenshot of the Motor Industry Association's website

The MIA emails out a lot of information, so having some of that available online makes sense.

For instance, its monthly vehicle sales statistics are sent to about 250 people and each month a few more are added its distribution lists.

"It makes sense to post this information for anybody who wants to reference it," Crawford told Autofile.

"We're planning to extend the

type and amount of data. There's also data online that wasn't in the past, such as motorbike sales."

A range of issues are covered in the website's documents section. There are policy positions on vehicle safety, the environment, fuels and intelligent transportation systems.

Another area hosts MIA codes of practice for safety-related recalls, crash repairs and recycling traction batteries.

As for the online statistics, they date back to 2010 with the association looking to go back even further over the next 18 months.

"We will also be creating a members-only area where we can keep minutes of meetings and recommendations. We've withheld from going live with that for now because we have more work to do on it."

Crawford says feedback from MIA members has been positive with most appreciating easy access to documents and statistics.

The website, which can be found at www.mia.org.nz, was built by a contractor with a design brief for staff to easily post content and create new elements.

"It's also cost-effective to maintain and manage. It allows us to keep on top of maintaining website content." ☺

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Vehicle owner access

Access to the names and addresses of registered vehicle owners and other information via companies such as MotorWeb and Motorcentral, as outlined in a previous Autofile article, makes life easier for dealers.

If companies didn't offer these services, details would have to be gathered in other ways – such as by completing the NZTA's MR31, which takes up to 10 working days to process.

The form's questions include the reason for needing the name and address, and if that person has consented for those details to be released from the motor vehicle register.

It asks who the information will be disclosed to, and how long it will be retained and reused.

Applications are considered under section 237 of the Land Transport Act (LTA) and against Official Information Act criteria.

This requires the NZTA to weigh

up public interest in releasing the information against privacy rights of the person concerned.

Public interest usually means for the common good or general welfare of all, but each case is determined on its merits.

Particulars on the application for the person's name and address will be stored and/or form part of the register, with collection and dissemination authorised by the LTA.

Under the Electoral Act, the NZTA can release details for data-matching purposes to the Electoral Enrolment Centre.

The Privacy Act provides rights of access to, and correction of, any retrievable personal information held by the agency, which may contact the individual to seek his or her views on releasing personal details via a MR31.

If disclosed in response to an application, it must supply to the person, on request, the applicant's name and reason for disclosure. ☺

Websites with users in mind

In our previous article, we spoke about the importance of understanding online audiences, how different generations may be drawn to your website and how to keep them there.

No matter who you're targeting, your audience members all have one thing in common – they are there to research buying vehicles.

Just like on the yard, you need to help them gather enough information to convince them your cars are for them.

Effective websites should be built with a user-centric design. This means keeping the person who clicks the mouse in mind. Essentially, it has to be easy for them to find what they are looking for.

All good dealer sites have key components that can help users to quickly navigate to what they are seeking and make the buying process simple.

There are five must-have components of any good website.

YOUR HOME PAGE

Think of this as the gateway to other sections on your site. Users should be able to navigate to the most important parts with a single click.

Your home page is an instant representation of your dealership, so it needs to create immediate trust. This can be delivered through strong visual imagery and quality content.

Dated sites turn prospective customers away, just like untidy yards, so ensure you put your best digital foot forward.

VEHICLE SEARCH PAGE

The principles ingrained into us

through Trade Me Motors' search engine is a good starting point, so have make, model, price, year, body style and so on as options because most buyers are familiar with them.

Stock should be displayed in gallery and list formats to suit users' preferences. Highlighting features, pricing and other key offerings are also must-haves to engage visitors.



DARREN MARMONT
Motorcentral

CLIENTS' TESTIMONIALS

Customers expect us to say the right things. They will take with a grain of salt sites that exclaim "best for price"; "our vehicles are hand-picked" or "we deal direct with the importer".

However, what other people say about businesses gives credibility and clients the

there's more chance of negotiating a trade-in.

Please note, there are more options for other pages on websites and what we've mentioned are guidelines.

Websites should be individual and customised to what you want to achieve taking into account yard size and budget.

Some of this advice may sound obvious, but many users have to think about finding their way around sites. It's important to answer all customers' questions and those they don't know, they need to be able to ask.

The less they have to think, the better chance of channelling them down the sales funnel to a shopping cart, which is desirably a phone call or email wanting to inquire further – or, better still, customers having enough confidence to buy sight unseen.

A good dealership is selling 10 per cent of its imports or more before they land in New Zealand. Also, car sales outside of where they are advertised are reaching the late 20 per cent mark.

These are great targets to aim for, but only if your digital footprint means customers can have confidence in the business and vehicle.

TAMING THE INTERNET

Next time, Darren Marmont will cover Google Analytics, how to set yourself up and improving customers' online experiences.

If you can't wait for future articles, call Motorcentral for help to get your business more visible. ☎



PUSH FOR FINANCE

With insurance companies showing finance penetrations being close to 50 per cent, it makes sense to talk finance.

Per-week pricing should be displayed whenever the retail price is shown and you should also have a page for finance information.

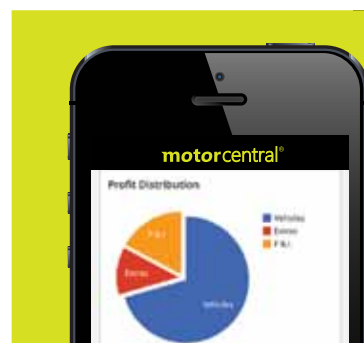
A user-friendly interface, which includes mobile compatibility, will allow customers to be in control and hopefully answer affordability questions. Use of a full or short application, or both, is at your discretion to suit the audience you're trying to attract.

confidence to buy from you. The more reviews or testimonies, the more trust customers will have in the brand.

CONTACT PAGE

Along with the obvious phone, email and address details, you can make your site more personable by adding staff photos and biographies. Building connections with clients helps them gain trust in you and your brand.

Google mapping is a good idea to help clients easily get to yards and tell them you have easy parking. If they park on your yard,



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Business bodes well on the bay

Investment in the Hawke's Bay is set to continue to drive growth for motor vehicle dealers across the region.

"Although there are some difficulties out here, there's still a lot of development going on such as Kiwibank and New Zealand Post being relocated to Hastings," says James Ridley, dealer principal of Hawkes Bay Nissan in Hastings.

"This is creating between 200 and 300 jobs. It's an amazing coup for the bay and it doesn't take much more than something like that to really kick-start things again."

Despite business confidence dipping slightly in September in some parts of the country, it remained high in this region.

Wayne Walford, chief executive of Hawke's Bay Chamber of Commerce, says recent developments – including the opening of national distribution centres by Number One Shoes Warehouse and Big Save Furniture – have helped to create new employment and drive up confidence.

The number of vacancies listed on www.seek.co.nz has also grown with



Left to right, James Ridley of Hawkes Bay Nissan, Hawkes Bay Cars in Napier and Wayne Kirk of Wayne Kirk Mitsubishi

the current demand for local labour being underpinned by agriculture, construction and real estate.

Positive economic changes over the year ending June 2014 include an estimated population gain of 900, or 0.6 per cent, with a sharp fall in net international migration loss from the region.

There have also been more consented new rural buildings and total building alterations, and increased retail spending and new motor-vehicle registrations.

Overall, ANZ Bank's regional economic activity indicator shows 2.8 per cent growth for the Hawke's Bay in the quarter ending June.

On top of all that, Ridley, who has relocated to Hawke's Bay from the capital, says it's a great place to do business.

"People want to support local business," he told Autofile. "There are a lot of passionate Hawke's Bay people spending money locally and there wasn't that same sense of loyalty in Wellington."

OPPORTUNITIES ON OFFER

Wayne Kirk, dealer principal of Wayne Kirk Mitsubishi, is in the process of building a showroom for Chrysler, Jeep, Dodge, Fiat and Alfa Romeo, which are franchises he was awarded earlier this year.

"It's certainly a step in the right direction and our new showroom should be completed next month," he says.

"It's pretty hard to survive today with one franchise plus my son wants to take over the business one day, so we are always looking for ways to future-proof the business."

"New Zealand has got one of the highest rates of vehicle model mixes in the world, so you have to be competing in every market segment to avoid missing out."

"And the increasing number of dealers out there is also making the industry more competitive."

Kirk's future marques are already boosting the service side of this dealership, which is often booked out two or three times a week.

He is hoping that the Ruataniwha Dam will go ahead. The proposed project will provide irrigation for more than 30,000 hectares of drought-prone farmland in central Hawke's Bay.

"The resource consent process has been pretty complicated, but if it does go ahead it will be huge for the area and create many new jobs."

Hawke's Bay Regional Investment Company say the scheme's progression will depend on the outcome of appeals against resource consents, which are due to be heard in the High Court in November.

GROWTH IN SALES

New vehicle sales in the region are boding well with 2,193 being recorded during the past 12 months up to and including September – up by 17.3 per cent on September 2013. ►

Used car sales for Hawke's Bay - Sept 2013 to Sept 2014

	PUBLIC TO DEALER	PUBLIC TO PUBLIC	DEALER TO PUBLIC	TOTAL	PUBLIC TO DEALER %	PUBLIC TO PUBLIC %	DEALER TO PUBLIC %
Sept '13	323	1196	486	2005	16.1%	59.7%	24.2%
Oct '13	368	1251	515	2134	17.2%	58.6%	24.1%
Nov '13	426	1319	544	2289	18.6%	57.6%	23.8%
Dec '13	381	1213	566	2160	17.6%	56.2%	26.2%
Jan '14	379	1390	568	2337	16.2%	59.5%	24.3%
Feb '14	426	1338	566	2330	18.3%	57.4%	24.3%
Mar '14	401	1434	590	2425	16.5%	59.1%	24.3%
Apr '14	365	1326	509	2200	16.6%	60.3%	23.1%
May '14	418	1409	593	2420	17.3%	58.2%	24.5%
Jun '14	398	1261	534	2193	18.1%	57.5%	24.4%
Jul '14	383	1409	597	2389	16.0%	59.0%	25.0%
Aug '14	373	1364	531	2268	16.4%	60.1%	23.4%
Sept '14	374	1322	546	2242	16.7%	59.0%	24.4%
Annual total	4692	16,036	6659	27,387	17.1%	58.6%	24.3%
Change on Sept 2013	15.8%	10.5%	12.3%		National YTD average		
					18.5%	56.8%	24.6%

Area's vehicle sales - Sept 2013 to Sept 2014

	USED CARS	NEW CARS	USED COMMERCIALS	NEW COMMERCIALS
Sept '13	127	162	8	105
Oct '13	147	173	14	95
Nov '13	158	190	5	100
Dec '13	162	126	12	76
Jan '14	170	208	6	80
Feb '14	171	190	10	81
Mar '14	187	247	12	103
Apr '14	155	143	8	77
May '14	213	185	7	102
Jun '14	196	199	7	120
Jul '14	210	176	11	77
Aug '14	218	166	7	115
Sept '14	162	190	11	81
12-month total	2149	2193	110	1107
NZ sales - past 12 months	122,277	88,631	7597	35,663
% of national sales	1.8%	2.5%	1.4%	3.1%
Change on Sept 2013	27.6%	17.3%	37.5%	-22.9%
POPULATION	NEW ZEALAND		HAWKES BAY	
	4 242 051		151 179	
			3.6	

◀ Stephen Salkeld, general manager of Bay Ford, says these registrations are coming on the back of the success of the region's primary industries.

Hawke's Bay is renowned for its horticulture with large orchards and vineyards on the plains. On higher terrain, sheep and cattle farming predominate with forestry blocks on the roughest areas.

"When these industries are doing well, it's good for the other retailers and it's not like a metropolitan city where big business drives growth," says Salkeld.

"Sheep and beef are going well, and all indications are that growth will continue. Being a Ford dealer, the Ranger is going gangbusters because of this at the moment."

Used vehicle sales have come in at 2,149 units over the past 12 months and this represents a 27.6 per cent jump over the same time in 2013.

Glenn McCann, owner of Hawkes Bay Cars in Napier, attributes some of the increase to there being more licensed roadside traders.

"The pie is shrinking and there are more private importers," he says. "My yard is next to an AA compliance centre and there are so many more people importing who weren't doing that last year."

McCann says there are at least three roadside sellers operating on the same street as his dealership.

"More people are registering as motor vehicle traders and selling from locations such as this."

The roadside traders tend to sell what he describes as "commodity stock", such as the Nissan Tiida, Mazda Demio and Suzuki Swift.

BEST OF THE BAY

The region's population of about 155,300 means local connections are part of the mix for a salesperson to be a successful.

Salkeld believes getting involved with the community is essential for himself and the dealership's salespeople, and is also fun and rewarding.

"I encourage my staff to be involved in a club of some sort, and I'm involved in cycling and a local Rotary service club," he says.

"It's really important for feeding customers back into the business because people here are more likely to buy off someone they know."

The large size of the Hawke's Bay region also poses some difficulties for those operating there.

"Our reach is central Hawke's Bay, Takapau, far past Napier and Waioira," says Ridley. "We have a few challenges about reaching them and I'm working through those."

He currently has no plans to open a satellite site, although he's focusing on providing a premium service for those customers who live outside Hastings.

"However, I want the dealership to grow to a point where we have to put a satellite somewhere."

Ridley is already enjoying the change of lifestyle even though he has only been living in Hawke's Bay for little more than a year.

"It really is a stunning place to live and the time outside of work seems so much better. Most of our time outside of work in Wellington was spent doing stuff inside."

"It's about the lifestyle," agrees Salkeld. "Home is a two-minute drive away from the dealership through one set of traffic lights."

"There are better-paying jobs in Auckland, but you may have to drive for an hour to get to work." ⊕



Stephen Salkeld, of Bay Ford in Hastings

Photo: Bruce Tuten/Flickr



Name dates back to battle

The region was named by Captain James Cook in honour of Admiral Edward Hawke, who defeated the French at the Battle of Quiberon Bay in November 1759 during the Seven Years War.

In the mid-19th century, missionaries planted the first vines in Hawke's Bay and it's now an

important area for full-bodied red wines. As of January 2010, it had an estimated 75 wineries.

On February 3, 1931, Napier and Hastings were devastated by a 7.9-magnitude earthquake, which killed 256 people. Napier is now famous for its art-deco buildings constructed in its wake.



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IV/AUTOFILE

NEWS in brief

Sir Colin says McLaren was 'quintessential pioneer'

The McLaren P1, which incorporates technology derived from Formula 1, will headline Big Boys Toys at Auckland's ASB Showgrounds from November 7-9.

The supercar harnesses hybrid power with a 3.8-litre twin-turbocharged V8 petrol engine combined with an electric motor.

This gets the P1, pictured, from 0-100kph in 2.8 seconds and from 0-200kph in 6.8 seconds.

Late last year, McLaren Auckland became the 50th global retailer for McLaren Automotive.

"It's a privilege for us to be involved in continuing the McLaren story in New Zealand," says Sir Colin Giltrap, owner of the Giltrap Group, an official partner of McLaren Automotive.

"Bruce was the quintessential pioneer with a vision of combining sportsmanship with solid engineering and cutting-edge technical expertise.

"It's an honour for the Giltrap name to bring cars bearing the McLaren name back to the founder's home country."

Other car makers at the event include Jaguar, Land Rover, Mazda, Nissan, Skoda and Volvo, while some of the motorbike marques are Indian, Suzuki, Victory and Yamaha.



Online marketplace buys out card payments provider

Trade Me has bought Wellington-based online credit card payments firm Paystation for an undisclosed sum. The deal includes two related firms – web developer Face and server host Netspace Services.

The purchase price is confidential but "not material" as it's being funded through Trade Me's cash.

"It's no secret we want to make Trade Me faster and easier," says chief executive Jon Macdonald. "We think the mix of Paystation's payments nous and our trusted community holds a lot of opportunity."

Bridges takes over transport portfolio from Brownlee

Simon Bridges has taken over as Minister of Transport from Gerry Brownlee in the first post-election cabinet.

Bridges, pictured, is also Minister of Energy and Resource, Associate Minister of Climate Change Issues and deputy leader of the house.

Craig Foss has replaced Michael Woodhouse as Associate Minister of Transport. Visit www.autofile.co.nz for more changes in relation to the motor vehicle industry.



Japanese manufacturer comes in as top vehicle brand

Fourteen car companies are in this year's top 100 Interbrand global brands list, with Toyota leading the way in eighth behind Apple, which won, Google, and Coca-Cola.

Criteria is based on product and service, the role the brand plays in influencing purchasing decisions and its strength to command a premium price or secure earnings. Mercedes-Benz was 10th, BMW came 11th, Honda was 20th and Volkswagen came 31st.

Marque to source more future models from Europe

Holden has confirmed about one-third of future models for Australasia will be sourced from Europe.

They include the Cascada convertible, Astra GTC and VXR three-door hatches and Insignia VXR performance sedan in the first half of 2015. ☺

Versatility with sporty appeal

The X4, an all-new sport activity coupe, follows in the footsteps of the iX6 and is now officially on sale in New Zealand.

With signature BMW X features and a distinctive design, the marque believes the X4 will appeal to sporty-minded customers wanting "high levels of versatility and premium motoring with a point of difference".

The front face of the new model means it's recognisable as a member of the X family with light bands around the headlights' outer edges slightly flattened at the top and back.

The radiator grille surround is in chrome and there are large front air inlets. In profile, the low coupe-style roofline extends into the rear.

The interior combines sportiness and high-level functionality. Every X4 has 40-20-40 split-fold rear seats, which allow for luggage compartment capacity of 500-1,400l.

The model is available with a choice of two TwinPower Turbo diesel engines and eight-speed automatic transmissions featuring gear-shift paddles on the steering wheel.

Standard features include performance control and variable sports steering, which combine for a higher level of dynamic cornering and handling with maximum grip, directional stability and steering precision.

The BMW X4 xDrive20d xLine is priced at \$99,500. It comes with a two-litre and four-cylinder diesel engine, which produces 140kW of power and 400Nm of torque.

Its fuel consumption is 5.2l/100km with CO₂ emissions of 138g/km.

The X4 xDrive35d M Sport has a three-litre six-cylinder in-line diesel

engine boasting 230kW of power and 630Nm of torque.

Its price-tag is \$129,900 with fuel consumption of 6l/100 km and an emissions rate of 157g/km.

All new BMW models come with standard five-year warranties and roadside assistance, as well as three-year scheduled servicing. ☺



BMW's new X4 sport activity coupe

Price gets plugged in

Mercedes-Benz says its hybrid S-Class luxury car will start at about NZ\$169,500 in Germany.

The S500 plug-in will be its first European model to feature technology available on the new C-Class from next year.

In the S-Class, this combines a three-litre V6 petrol engine with an 85kW electric motor to produce 353kW of power and a 4.2-second sprint to 100kph.

It takes about four hours to charge the lithium-ion battery, which offers a 32.2km electric range up to 140kph.

With or without charge in the battery, the plug-in features the same "intelligent hybrid system" as its conventional siblings.

This maps the road's topography before automatically selecting the most efficient use of electric and petrol power based on available regeneration opportunities.

The result is a combined fuel economy of 2.8l/100km and 65g/km in CO₂ emissions. Hybrid components will come with warranties for six years or 100,000km.

Likely to be popular with chauffeur fleets, the S500 plug-in is only available with a long wheelbase.

It has all-LED lights, a driving-assistance package with semi-autonomous motoring in traffic jams, adjustable front and rear seats, and panoramic sunroof.

Pricing and specifications for global markets are expected soon. ☺

The S500 plug-in hybrid



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Paradigm shifts since Henry Ford

I recently saw a late 1940s to early 1950s Bedford K model truck in a workshop. It reminded me of how far vehicle technology has come since I started working in the industry as an apprentice mechanic in 1962.

This truck was built using technology that dated back to the 1930s.

The engine was the old Chevrolet "Stove-bolt Six", which dated back to the 1920s. With refinements, it carried on into the A and J series, and into the TK series before production ended in the early 1980s.

The K series engines were originally equipped with four-speed gearboxes with straight-cut gears – a crash box – that involved double declutching when changing gear.

In later production, it moved to a four-speed box with synchromesh on second, third and fourth gears with first gear remaining straight cut.

The steering column was non-collapsible so in a frontal collision the driver could be speared by it, the brakes were vacuum over hydraulic, there were semi-elliptical leaf springs for the suspension and the interior was spartan – as were other trucks of the era.

Fast forward to today and truck engines are large-capacity diesels controlled by computers with computer-aided design technology optimising the airflow into the combustion chambers with exhaust systems designed to meet the latest environmental

standards for emissions and fuel economy.

The design of trucks has gone from the old conventional bonnet before cab to cab over engine with better appointments and safety features, steering columns designed to collapse and seatbelts.

Braking has improved with more sophisticated vacuum-over-hydraulic brakes used on only small trucks.

Medium-sized ones have compressed air-over-hydraulic systems, while all large trucks are utilising full-air computer-controlled systems to work braking and stability systems.

Brake-friction materials have also developed over the years with asbestos being replaced with non-asbestos organic compounds for better braking and environmental benefits.

While suspensions have



MALCOLM YORSTON
IMVIA membership and
technical services manager

developed into using pneumatics, old semi-elliptical spring suspensions are still the mainstay.

But these have more sophisticated designs using rubber and synthetic compounds for bushings in shackles, rather than old steel-

on-steel bushings that needed greasing all of the time and wore out with monotonous regularity.

Car technology has come ahead in leaps and bounds from the old Ford V8s and Popolars with side-valve motors you had to grind the bottom off the valves to adjust the valve clearance – because they had no adjustable tappets – with semi-elliptical transverse spring suspensions and rod-operated mechanical brakes.

These systems involved working from the foundation brakes – brake shoes and backing-

plate actuators – adjusting them, then back-adjusting all rods and pivot points until finally adjusting the brake pedal's height and travel of the handbrake lever.

Something many modern mechanics fail to understand when faced with problems is you must get back to basics and ensure the foundation brakes are right before trying to sort out other parts of the system.

Car suspension systems have also developed over the years with the McPherson strut appearing on Ford's Zephyr and Consul in the early 1950s.

This system has been developed since the 1950s and is still the mainstay in most modern cars.

Brakes moved on from rod-and-cable types to hydraulic, then vacuum-assisted hydraulics were the norm before anti-lock braking systems (ABS) became available on top-end cars.

They are now the norm on most modern vehicles, while ABS has been become more sophisticated and is the foundation for electronic stability control.

There have been many paradigm shifts since Henry Ford introduced the assembly line.

The next will be intelligent transport systems with cars communicating with each other and a central controller, which will lead to fully autonomous vehicles in the next couple of decades.

Have I seen changes in my years in the industry? You bet your life I have. Will I see more changes? Betcha. ☺



The Bedford model K truck from the late 1940s to early 1950s, which prompted Malcolm Yorston at changes in technology over the years

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Avoiding mistakes can save costs

As the old saying goes, "you never stop learning", and that's so true in the motor industry.

New makes and models are being released all of the time, there are upgrades to existing ones, and technology is advancing with its whiz-bang electronic gadgets and safety enhancements.

Your customers will know all these details when they decide to purchase, so how do you keep abreast of the market?

Another saying, "you learn by your mistakes", is not always true. Learning by your mistakes is usually costly – sometimes emotional, sometimes monetary.

Generally when your mistake at work is a monetary cost, it may not be for you but it almost certainly will be to the dealership. It could be the loss of a sale, customer or chance to sell finance and insurance (F&I).

So how do you learn? A number of studies have been done on this subject.



One of Protecta Insurance's business manager breakfast meetings

One of the best ways Protecta Insurance has found is to learn from your peers, which is one of the reasons we hold regular business manager breakfast meetings across the country.

They do have teaching components to them, but most of the learning is around the table with open and frank discussions, and listening to and sharing ideas – both successful and unsuccessful.

The theme of the meeting

changes each time and this month's subject is internet sales.

This is a growing section of business where if a business manager isn't skilled in phone and internet sales, the dealership usually doesn't get a chance to maximise its F&I profit.

With internet and phone selling, the basic rules are the

same – offer 100 per cent of your customers 100 per cent of your products 100 per cent of the time. The results will amaze you.

All you need is the proven process for success and this is what this month's meetings are arming attendees with.

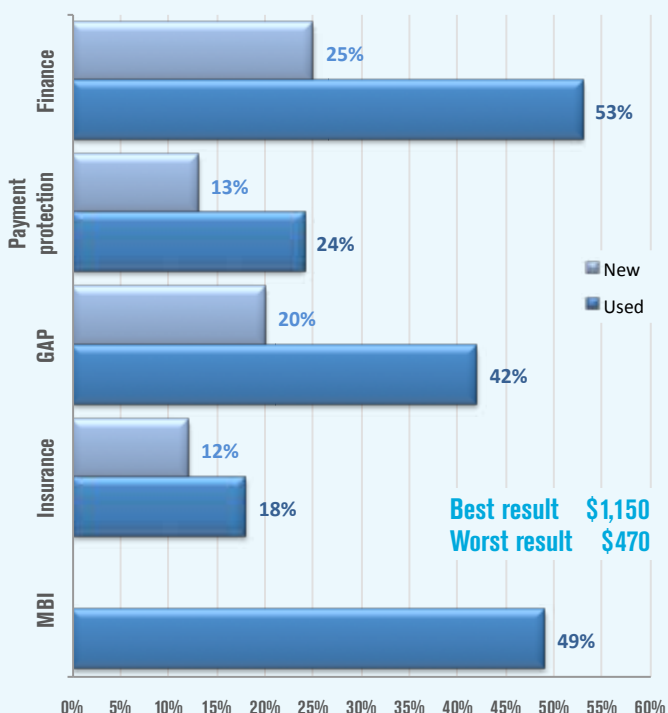
As well as teaching and learning components, our breakfast meetings give business managers time to chat and get to know each other.

Although franchise and non-franchise business managers attend, their goals, challenges and frustrations are the same – and this gives them the platform to network and share solutions.

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Seller failed to declare to buyer he was registered to trade motor vehicles

Background

Donald MacCarthy, of Opuā, bought a 1997 Mitsubishi Challenger from David Nelson, a registered trader in Hamilton.

He applied to recover \$3,117 for repair work after saying the SUV was of unacceptable quality.

Nelson claimed it was done without giving him a chance to fix the faults.

The case

MacCarthy saw the SUV advertised by Nelson on Trade Me, and agreed to pay \$4,000 for it subject to a test drive and inspection.

He travelled from his home to Hamilton on April 11, 2014, and bought it with 221,000km on its odometer.

MacCarthy asked Nelson if he was a registered trader. He said Nelson told him he had been a dealer, but this was a private sale.

The Register of Motor Vehicle Traders showed Nelson became registered in September 2013.

He didn't deny he was a dealer to the tribunal when he sold the SUV and failed to provide a new warrant of fitness (WOF) issued within 30 days of the sale.

Nelson also failed to supply a consumer information notice in breach of the Consumer Information Standards (Used Motor Vehicles) Regulations 2008, so the matter was referred to the Commerce Commission for any action to be taken.

After paying, MacCarthy drove the car back towards where he lived. When he reached Kamo, the oil warning light came on and he took it into a service station to top up. The next morning, a lot had leaked out.

On April 14, MacCarthy took the vehicle to Opuā Auto & Marine, which found a leak behind the cambelt cover. There was a sticker under the bonnet stating the belt had recently been replaced.

Opuā found the crankshaft seal was leaking and "deep scratches caused when the old seal was removed, which wouldn't allow it to seal".

On receiving the certificate of registration and transfer history, MacCarthy discovered Nelson wasn't a private seller, but a trader, and had bought the car from Turners on December 20, 2013, for \$1,000.

The previous owner told MacCarthy it had a leak when Fairview Motors bought it, which then on-sold.

MacCarthy produced adverts showing Nelson had been trying to sell the car since February and adverts for six vehicles he offered for sale in June to prove he was a dealer.

On April 28, he emailed Nelson information about the leak and asked for suggestions about what could be done.

The trader replied on May 1 to say his mechanic had a solution and he would speak to Opuā the next day.

MacCarthy didn't hear back from Nelson and Opuā had trouble getting a sleeve to fit the crankshaft.

He believed Nelson agreed to have the leak fixed by a sleeve for the shaft being made, which Kawakawa Engineering did for \$271.

Opuā replaced the cambelt, tensioners, a crank bolt and pulleys. The original bolt had its thread stripped and the gears were logged out. It also replaced a

sprocket and oil-soaked timing parts, and charged \$2,297 for parts, labour and GST.

On May 21, MacCarthy sent Nelson the two invoices and a bank statement showing he had bought three litres of oil.

He asked Nelson for \$2,614, but the trader ignored this until June 19 when he offered to pay \$1,000, which was rejected.

Nelson said they spoke on April 29, by which time the car had been stripped. He said he asked MacCarthy to get a quote for the sleeve, but he didn't get back to him.

Nelson said the next time he heard from him was after May 21 when MacCarthy asked him to reimburse \$2,614.

Nelson said it was unreasonable for MacCarthy to have paid that sum because the trader paid \$736 to have leaks repaired and the sleeve should only have been "a few dollars".

He said when he bought the car, he showed MacCarthy an invoice dated February 3 from Speedwell Tune & Service Centre. Nelson claimed this proved he paid \$736 to have the leaks fixed.

The invoice showed the work wasn't to fix leaks, but to replace the cambelt. It comprised \$340 for a cambelt kit and \$300 plus GST for labour.

The finding

The tribunal was satisfied the car probably had an oil leak from the crankshaft seal that hadn't been repaired at the time of sale.

Its assessor thought it was probable Speedwell damaged the shaft while removing the old oil seal.

The case: The buyer applied to recover money for repairs after saying a vehicle wasn't of acceptable quality, but the trader claimed the work was done without giving him an opportunity to remedy the problems.

The decision: The tribunal didn't consider a reasonable consumer paying \$4,000 even for a 17-year-old high-mileage SUV would expect to have to deal with a serious oil leak on the day of purchase.

At: The Motor Vehicle Disputes Tribunal, Hamilton.

The tribunal didn't consider a reasonable consumer paying \$4,000 even for a 17-year-old high-mileage vehicle such as this would expect to have to deal with a serious leak on the day of purchase.

It failed to comply with the guarantee of acceptable quality in the Consumer Guarantees Act (CGA) because it wasn't fit for purpose, wasn't free from minor defects and wasn't durable.

The tribunal was satisfied the leak was substantial because the car wouldn't have been acquired by a reasonable consumer aware of the problem and the cost to fix it was 62 per cent of its purchase price.

MacCarthy's losses were \$271 for the sleeve and \$2,297 for faults caused by oil contamination.

The cost of a WOF was included because Nelson didn't provide him with a new one, and MacCarthy was also allowed recover \$46 he spent buying oil.

The tribunal decided against ordering Nelson to pay for the starter motor because this was wear and tear – and he wasn't asked to replace it.

Order

The trader had to pay \$2,964 to the buyer, which included \$350 for hearing travelling costs. ☺

GET THE LATEST IN AUTOMOTIVE NEWS

Customer loses claim against dealer two years after purchasing car

Background

Karl Smith bought a 2003 BMW 540i from Christchurch European for \$16,995 in May 2012. He said its engine failed in April 2013 after travelling 15,900km in it.

Smith, who was quoted between \$3,357 and \$3,857 for the work, claimed the car wasn't of acceptable quality and applied for the trader to pay for repairs.

The dealer denied the vehicle breached the Consumer Guarantees Act (CGA), and said it was durable for its age, mileage and the distance Smith travelled in it.

The case

Smith, a vehicle inspector from Wellington, saw the car on Trade Me. He bought it sight unseen on May 7, 2012, when its odometer was on 153,940km after talking to the dealer about its origin, condition and service history.

He was told it was New Zealand-new and had been regularly serviced.

Smith received the vehicle on May 15 and said he was happy with his purchase. His photos appeared to show it was in good condition for its age and mileage.

About three months later, its alternator failed and a front seat-back wasn't going up properly.

The trader paid for a replacement alternator, but not the cost of coolant or the seat.

Smith serviced the car himself on October 5 when the odometer was on 159,998km.

The tribunal noted the previous service was after 39,845km – two years and five months earlier. It understood the recommended gap was every 20,000km or 12 months.

Smith said that on April 3, 2013, the engine started to run rough,

misfire and died within 90 metres.

He had the car towed to his home and, because he was having surgery the next day, didn't examine it until May 24.

He did a compression test and found low compression in cylinder number four, and found its bore had score marks and small holes.

Smith said he was unaware of any rights he might have had under the CGA until March 2014, didn't have the engine repaired and asked the dealer to repair it on March 24, 2014.

He sent a report dated March 4 from Stephen Hamilton, of That Car Place in Upper Hutt, who stated he found number-four cylinder contained excessive fuel.

Hamilton removed the injector, which was jammed open allowing full fuel flow into the cylinder and said the bore had been washed resulting in it being scored. He added the engine needed to be removed for reconditioning or replaced.

Smith said the reconditioning costs were uneconomic because the engine needed all cylinders re-sleeved and associated work.

Hamilton quoted \$1,357 to remove and install a replacement engine, excluding the cost of the engine.

Smith believed one could be sourced for up to \$2,500 making the total repair costs between \$3,357 and \$3,857.

He also obtained a report from JK Southern Euro Ltd, which confirmed the compression readings on the right-hand bank were 175, 190, 135 and 80psi, and stated 80psi was no compression and 135psi was too low.

The last cylinder with no compression had excessive scoring

and two holes in the bore, and the cylinder with 135psi was also badly scored.

The fuel-injector pulse was correct, but it was jammed open and it appeared the engine was over-fuelled by the part causing scoring.

JK Southern Euro's report added the coolant was low and it suspected the hole in the cylinder wall had penetrated the coolant jacket.

It stated it was uneconomical to recondition the engine. But with a second-hand one, new injectors and replacing the right-hand catalytic convertor it could be repaired for \$6,000 to \$7,000.

Niki Mills, director of the trader, said that after selling the car and paying to replace the alternator, he didn't hear from Smith for about 20 months.

He said the vehicle was well-maintained, but was nine years old and had travelled 154,000km when it was sold.

The trader offered Smith a mechanical breakdown insurance policy and had he bought it the car would have been repaired.

Mills said Smith travelled 15,900km over 11 months before the engine failed due to, the trader accepted, a fuel injector jamming open and damaging the bore.

The dealer said that period and mileage was too great to be considered for a lack of durability, so it was unwilling to accept responsibility to replace the engine.

The trader sought advice on the matter of what Smith would have noticed if an injector was over-fuelling the engine.

If it was this, it would have been unlikely to have occurred overnight, and there would

The case: The buyer of a BMW 540i wanted the trader to replace the engine after claiming it failed. The dealer denied that the car breached consumer legislation because it was reasonably durable for its age, mileage and distance driven.

The decision: The tribunal noted that durability could only be measured retrospectively. It decided a reasonable consumer would probably regard the vehicle as being durable.

At: The Motor Vehicle Disputes Tribunal, Christchurch.

probably have been excessive smoke and some misfiring beforehand.

Smith denied there was any indication the injector was jammed open and over-fuelling number-four cylinder. He added the misfire before the engine stopped was the first sign of a problem.

The finding

The tribunal noted it was a New Zealand-new BMW 540i and was sold for \$16,995 when its odometer was on 153,940km.

It had apparently been serviced by Jerry Clayton BMW at regular intervals with the last one taking place on May 6, 2010.

It then appeared to have missed a service in 2011 before Smith changed the oil in October 2012 – about 19,800km after the recommended service interval.

He travelled 15,900km in the car from May 15, 2012, until April 3, 2013.

Apart from the alternator failing and a seat not working properly, it appeared to have performed satisfactorily while Smith used it.

The tribunal decided a reasonable consumer would probably regard it as durable.

Order

The application was dismissed on August 27. ☹

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AROUND THE COUNTRY

September 2014

BIGGEST INCREASES/DECREASES BY TOWN YEAR-ON-YEAR

(SEPTEMBER 2014 vs SEPTEMBER 2013)

BIGGEST INCREASES

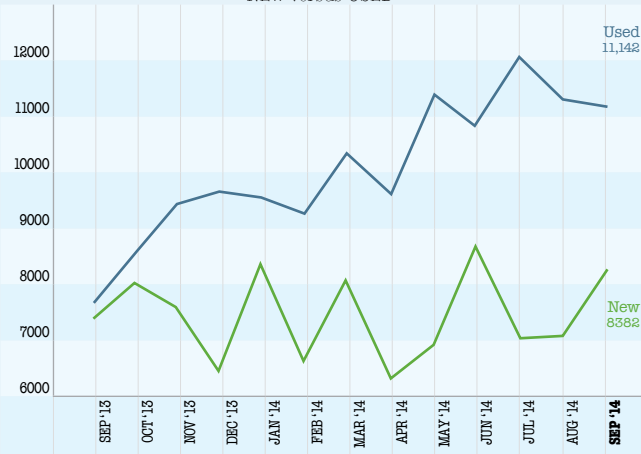
NEW		USED	
Westport	▲ 100.0%	Greymouth	▲ 153.3%
Dunedin	▲ 38.1%	Wanganui	▲ 150.0%
Christchurch	▲ 37.5%	Rotorua	▲ 135.1%

BIGGEST DECREASES

NEW		USED	
Rotorua	▼ 54.9%	Gisborne	▼ 19.5%
Masterton	▼ 8.3%		
New Plymouth	▼ 7.5%		

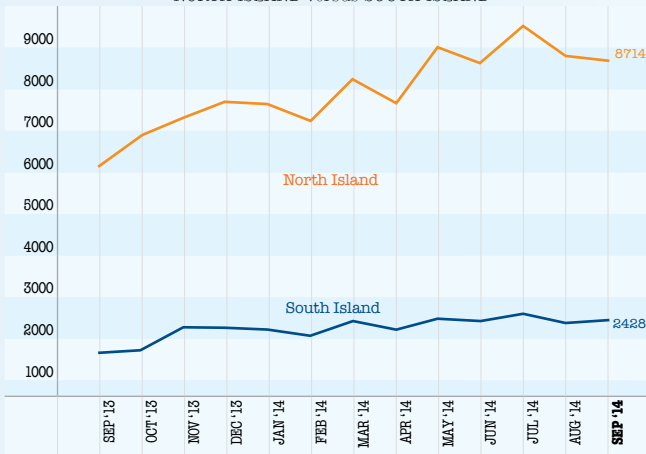
PASSENGER VEHICLE REGISTRATIONS

NEW versus USED



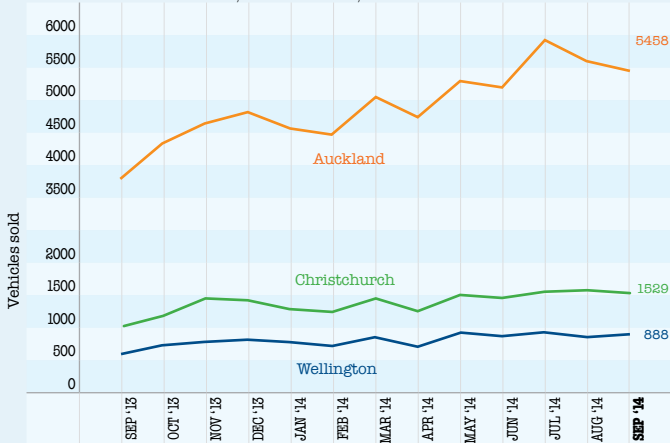
USED VEHICLE REGISTRATIONS

NORTH ISLAND versus SOUTH ISLAND

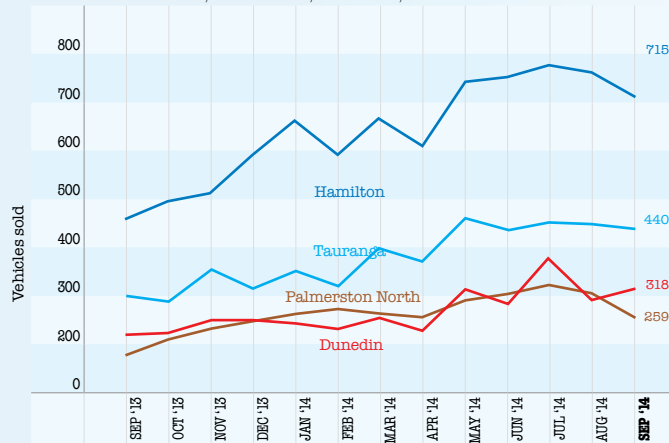


USED IMPORT PASSENGER VEHICLE REGISTRATIONS BY CITY

AUCKLAND, WELLINGTON, CHRISTCHURCH



HAMILTON, TAURANGA, DUNEDIN, PALMERSTON NORTH



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LATEST SCHEDULE

Port Calls	Liberty V8	Dream Diva V1	Morning Miracle V13	Liberty V9
Osaka	17 Oct	1 Nov	16 Nov	2 Dec
Nagoya	18 Oct	2 Nov	17 Nov	3 Dec
Yokohama	19 Oct	3 Nov	18 Nov	4 Dec
Auckland	5 Nov	17 Nov	6 Dec	19 Dec
Wellington	12 Nov	24 Nov	13 Dec	27 Dec
Lyttelton	7 Nov	28 Nov	9 Dec	26 Dec

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Rise in imports after slowdown

The total of used imported passenger vehicles crossing the border in September came in as the fourth biggest month of 2014 and ended a run of two consecutive decreases.

Last month, 11,203 units were imported compared to 9,054 in August and 10,861 in July. August was the second lowest month of 2014 after January, while this year's high was May with 16,451.

The year-to-date total now stands at 100,383 units with the fourth quarter coming in at 31,118 – and sandwiched between 40,111 in the second quarter of 2014 and 29,154 in the first.

During September, there were 10,615 used imports from Japan for a market share of 94.8 per cent.

Australia was second on 266 and 2.4 per cent. Last month's total

from across the Tasman was that country's second highest of 2014 after 285 in May.

The UK returned its second-highest total of 2014 with 181 for a 1.6 per cent share of the market.

Its best month was January with 208 units, while the US took fourth spot on 103 and 0.9 per cent.

Nick Owens, of Automotive Inspection Services, says the past six to eight months have been very busy at the vehicle compliance shop in Christchurch.

He told Autofile: "We were looking at 70,000 to 80,000 units annually two years ago, in 2013 it was 100,000 and this year could even nudge 150,000 while 2015 could be back down around 100,000 again."

"Other markets have been opened to used imports from

Japan, so New Zealand isn't where it used to be as the major player for export, and I can't see greatly increased volume from the UK."

Owens says the business is seeing more people bringing back vehicles from Australia, including the occasional one they took with them.

"We get three or four private units a week from there at the moment," he says. "For a while, we had a noticeable increase in workers moving there to work in the mines."

"We aren't getting huge numbers from Australia, but they are noticeable compared to a couple of years ago."

Owens is also seeing a few more private imports from Japan each month. Some people argue it's worthwhile, "but you don't get

to see their cars two or six months down the track".

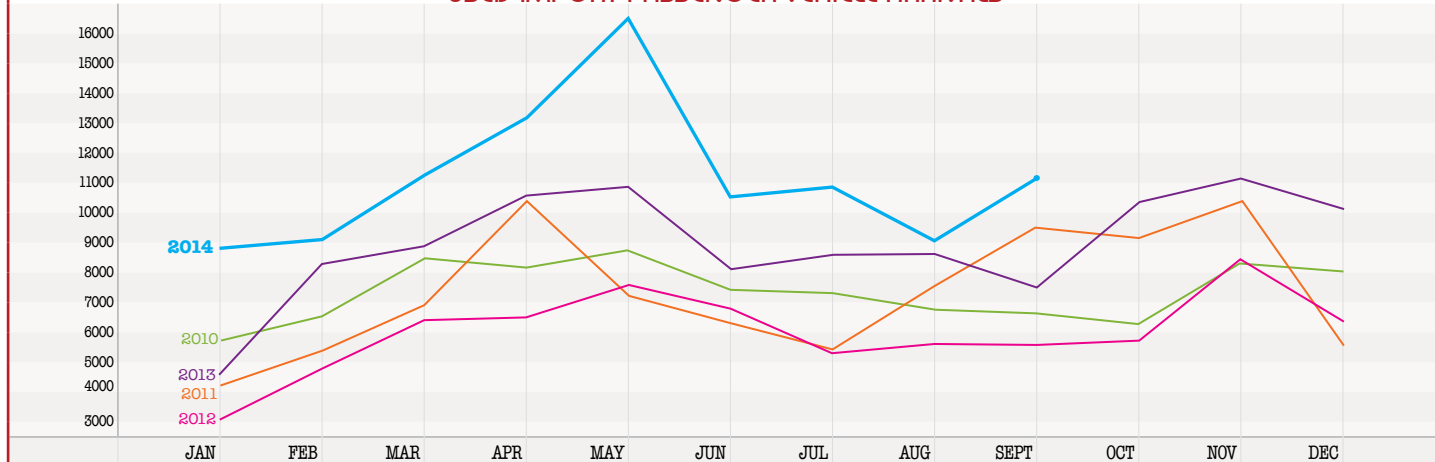
More people are querying vehicles in regards to compliance before buying them, while there are some more "oddball imports" with dealers wanting something different than a Nissan Tiida or Toyota Corolla.

"There has also been more inquiry about hybrids, electric vehicles and those that are wheelchair accessible," says Owens.

"Every so often we get dealers who want to import used Hiluxes from Thailand because they're so cheap until they find out they aren't certified to suitable export standards into New Zealand."

"A few dealers have been looking at stock that's 20 years old, but that's a niche market and you need a good agent overseas for that." ☺

USED IMPORT PASSENGER VEHICLE ARRIVALS



Used Import Passenger Vehicles By Country Of Export

COUNTRY OF EXPORT	2014											2013		2012	
	JAN'14	FEB'14	MAR'14	APR'14	MAY'14	JUN'14	JUL'14	AUG'14	SEP'14	SEP SHARE %	2014 TOTAL	2013 TOTAL	MRKT SHARE	2012 TOTAL	% TOTAL
Australia	208	264	238	263	285	263	238	233	266	2.4%	2258	1990	1.9%	1199	1.6%
Great Britain	208	133	142	151	165	125	138	133	181	1.6%	1376	2908	2.7%	2730	3.7%
Japan	8268	8599	10,695	12,544	15,858	10,044	10,304	8,527	10,615	94.8%	95,454	100,784	93.9%	67442	92.6%
Singapore	15	19	19	29	17	18	22	27	14	0.1%	180	146	0.1%	154	0.2%
USA	81	60	148	104	105	89	141	124	103	0.9%	955	1205	1.1%	976	1.3%
Other countries	27	18	12	11	21	19	18	10	24	0.2%	160	251	0.2%	336	0.5%
Total	8807	9093	11,254	13,102	16,451	10,558	10,861	9054	11,203	100.0%	100,383	107,284	100.0%	72,837	100.0%

Dealers' sales trend upwards

September proved to be a healthy month for dealer-to-public sales of second-hand cars.

There were 17,756 of these transactions compared to 16,154 in the same month of 2013 – an increase of 9.9 per cent.

Trade-ins also fared well. They rose by 6.1 per cent from 12,036 units to 12,769 and private sales increased by nine per cent.

Tony Frost, of Millars Car Centre in Henderson, West Auckland, says: "Over the past couple of months, there have been no real changes. We did notice some pre-election drops, but nothing significant.

"Trade has been steady and strong for the past year. There has been a lot of repeat and referral business rather than new business, but that's a reflection on how we're operating.

"There's neither rhyme nor reason as to what stock is going well. We are selling everything from \$2,000 sedans right through to \$29,990 Hiace vans."

Glenn McCann, of Hawkes Bay Cars in Napier, says the dealership's price point is between \$14,000 and \$18,000 with Mitsubishi Outlanders and Mazda Atenzas being the top sellers at the moment.

"I don't tend to stock people movers or hatchbacks because everyone else has got them and they tend to sell more on price," he told Autofile.

"New vehicles are a lot cheaper, so some people are buying them instead of second-hand ones.

"People will come onto the yard, look at a Mazda3 and say they can buy it in Auckland for \$2,000 less.

"About 50 per cent of my clients are repeat customers. Quality is better than quantity, and I'm in the process of developing my business to sell less and make the same by having stock that's different."

James Ridley, dealer principal of Hawkes Bay Nissan in Hastings, says: "It's now a national market for used cars.

"This means our vehicles are in competition with those in Invercargill, so we have to price nationally.

"There are so many well-informed buyers now. They can walk in and quote five or six vehicles for sale elsewhere when they come in.

"As soon as you change the price of a car, the phone rings off the hook."

On the overall market, Ridley believes nothing kills consumer

confidence like uncertainty.

"You can't help but be affected by it one way or another, and it only takes the loss of a bit of confidence to shake up the market," he says.

"That has happened for a bit.

We had a reasonably strong August, but leading into September it was like a bubble came down. People were wondering if it was going to be a long process to get the government settled. But when we came back on the Monday, the workshop was full and inquiry returned."

Gisborne topped last month's ladder for the biggest proportional increase in sales of used cars by dealers to members of the public last month.

The city's total rose from 131 in the same month of last year to 195 this September, which was an increase of 48.9 per cent. ☺

SECONDHAND CAR SALES - September 2014

	DEALER-TO-PUBLIC				PUBLIC-TO-PUBLIC				PUBLIC-TO-DEALER			
	SEPT '14	SEPT '13	+/- %	MARKET SHARE	SEPT '14	SEPT '13	+/- %		SEPT '14	SEPT '13	+/- %	
Whangarei	568	516	10.1	3.20	1774	1615	9.8		237	253	-6.3	
Auckland	5849	5368	9.0	32.94	13558	12864	5.4		4405	4246	3.7	
Hamilton	1465	1425	2.8	8.25	3168	2832	11.9		1277	1184	7.9	
Thames	222	178	24.7	1.25	474	416	13.9		94	80	17.5	
Tauranga	1005	797	26.1	5.66	1937	1707	13.5		572	537	6.5	
Rotorua	295	266	10.9	1.66	707	581	21.7		86	174	-50.6	
Gisborne	195	131	48.9	1.10	334	348	-4.0		111	86	29.1	
Napier	546	486	12.3	3.08	1322	1196	10.5		374	323	15.8	
New Plymouth	456	449	1.6	2.57	1004	984	2.0		271	264	2.7	
Wanganui	177	167	6.0	1.00	435	417	4.3		145	112	29.5	
Palmerston North	847	714	18.6	4.77	1671	1403	19.1		675	638	5.8	
Masterton	157	165	-4.8	0.88	354	298	18.8		103	77	33.8	
Wellington	1453	1382	5.1	8.18	2725	2544	7.1		1151	1074	7.2	
Nelson	315	326	-3.4	1.77	978	839	16.6		214	243	-11.9	
Blenheim	200	156	28.2	1.13	428	318	34.6		147	112	31.3	
Greymouth	89	74	20.3	0.50	203	212	-4.2		48	38	26.3	
Westport	24	24	0.0	0.14	76	85	-10.6		-	2	-	
Christchurch	2366	2225	6.3	13.33	5112	4701	8.7		1788	1634	9.4	
Timaru	273	228	19.7	1.54	504	447	12.8		170	136	25.0	
Oamaru	75	72	4.2	0.42	194	165	17.6		27	25	8.0	
Dunedin	745	614	21.3	4.20	1685	1488	13.2		532	467	13.9	
Invercargill	434	391	11.0	2.44	935	842	11.0		342	331	3.3	
NZ total	17,756	16,154	9.9	100.00	39,578	36,302	9.0		12,769	12,036	6.1	

- ✓ Consumer Guarantees Act 1993
- ✓ Motor Vehicle Sales Act 2003
- ✓ Sale of Goods Act 1908
- ✓ Fair Trading Act 1986
- ✓ Energy Efficiency and Conservation Act 2000

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Passenger Car Sales by Private/Business split - MIA statistics

MAKE	PRIVATE	% PRIVATE	BUSINESS	% BUSINESS	TOTAL
Alfa Romeo	2	16.7	10	83.3	12
Aston Martin	2	66.7	1	33.3	3
Audi	70	38.0	114	62.0	184
Bentley	1	100.0	0	0.0	1
BMW	55	30.9	123	69.1	178
Chery	20	71.4	8	28.6	28
Chrysler	0	0.0	6	100.0	6
Citroen	13	52.0	12	48.0	25
Dodge	38	53.5	33	46.5	71
Fiat	48	70.6	20	29.4	68
Ford	156	33.2	314	66.8	470
Great Wall	9	24.3	28	75.7	37
Holden	270	25.9	774	74.1	1044
Honda	294	75.6	95	24.4	389
Hyundai	202	31.9	432	68.1	634
Isuzu	1	11.1	8	88.9	9
Jaguar	1	8.3	11	91.7	12
Jeep	55	45.1	67	54.9	122
Kia	126	49.4	129	50.6	255
Land Rover	25	43.9	32	56.1	57
Lamborghini	0	0.0	1	100.0	1
Lexus	9	16.7	45	83.3	54
Maserati	6	66.7	3	33.3	9
Mazda	213	31.7	458	68.3	671
Mercedes-Benz	59	32.4	123	67.6	182
MG	5	100.0	0	0.0	5
Mini	24	46.2	28	53.8	52
Mitsubishi	221	42.9	294	57.1	515
Nissan	215	44.7	266	55.3	481
Peugeot	38	35.5	69	64.5	107
Porsche	7	70.0	3	30.0	10
Renault	7	17.1	34	82.9	41
Skoda	20	29.4	48	70.6	68
SsangYong	28	25.9	80	74.1	108
Subaru	65	37.1	110	62.9	175
Suzuki	195	64.6	107	35.4	302
Toyota	318	20.1	1264	79.9	1582
Volkswagen	158	48.6	167	51.4	325
Volvo	14	41.2	20	58.8	34
Other	2	25.0	6	75.0	8
Total	2992	35.9	5343	64.1	8335

*Business sales include rental and government sales, and the totals include passenger cars and SUVs. SOURCE: MIA

Strategic focus on private sales

Sales of new passenger cars and SUVs came in at 8,335 last month with 64.1 per cent – or 5,343 units – going to businesses.

Toyota topped the ladder during the biggest September for transactions since 1986 on 1,582 units with 1,264 – or 79.9 per cent – being sold to the business sector.

Holden came second with 1,044 registrations and 774, or 74.1 per cent, were to businesses.

Mazda, in third, had a lower proportion of business sales with 458 out of 671 amounting to 68.3 per cent.

Hyundai dropped one place to fourth last month on 634 registrations. Its private-business split came in at 31.9 and 68.1 per cent respectively.

Another Korean marque – Kia – had a more level split with 49.4 per cent of buyers being private, or 126 of its 255-unit total.

Todd McDonald, general manager of Kia Motors NZ, says it traditionally focuses more on private sales to build a larger client base.

He says business transactions also require internal investment and infrastructure to support head-office direct sales, which some of its competitors have done to cope with bulk and fleet volumes.

“For example, Toyota may sell 5,000 to 6,000 units a year in rentals, so that completely changes the percentages of private versus fleet purchases,” McDonald told Autofile.

“There can be dangers with a high-level viewpoint of data not being accurate or assumptions being made and these often require additional analysis.

“For example, by looking at

dealer and head-office registrations, you get another perspective of the New Zealand market and the industry’s recent growth so it comes down to interpretation.”

Last year, Kia analysed the SUV market as growing by 34 per cent with about one-fifth of the total consisting of demonstration and head-office sales.

McDonald says the marque’s specification and price ranges are based on “fair recommended retail prices targeted at private individuals and small to medium-sized businesses [SMEs]”.

He explains: “In New Zealand, Kia traditionally introduces high-specification models and suggests real-world recommended retail pricing to remain competitive.

“Strategies used by other brands in New Zealand include, in our opinion, higher retail prices supported with large discounts based on attracting fleet volumes.”

As for Kia, McDonald says Korea continues to develop new products supported with a high rate of research and development investment to make it one of the biggest among mainstream manufacturers in this area.

“The past six years or so have seen Kia evolve and then re-evolve through the design work of Peter Schreyer, who was formerly with Volkswagen and Audi.

“He has provided a consistent visual approach across the range, which has increased the desirability of all models to all types of buyers globally.

“When combined, the design and quality improvements have resulted in increased global demand.” ☺

CONNECT & ENGAGE

Conditions ripe to beat 1984

Economic confidence and competitive pricing are combining to fuel strong demand for new vehicles.

If sales continue at current trends, the total for this year may exceed 124,000 passenger and commercial vehicles – and beat the previous best of 123,247 set in 1984.

There were 11,840 registrations last month, which included 3,458 commercials and 6,218 cars.

The sale of SUVs made up the strongest segment in September with 28 per cent of all new vehicle sales.

They were followed by pick-ups and chassis-cabs on 19 per cent, and small passenger cars with 16 per cent.

James Ridley, dealer principal of Hawkes Bay Nissan in Hastings, says: "The Navara is about to be changed

in the first quarter of next year and – as a result – there are some amazing deals on the current model.

"The Qashqai has been outstanding, especially for our dealership, and we are increasing our X-Trail share. More often than not, an SUV is what people want and Nissan has done a good job with its line-up. It only takes one strong model to make a huge difference to a business plan."

Ridley, who has experience in selling premium vehicles, feels the biggest market difference is the high-end features now found in more mainstream models.

"The latest technology in the Qashqai, which is priced at \$35,990, includes some of the same features the Germany luxury brands are

showcasing, but we already have them here in the Nissan product."

Vern Walker, of Nelson Bays Holden and Nissan, says inquiry "tapered off" recently.

"During three or four months of strong inquiry and sales, we'll have a reasonable month and a lot of that will be due to carry-overs," he told Autofile.

"The industry is so fickle. When it goes quiet, we're always looking for the reason. If I searched for one, I could find it but whether that's what the punters think, I just don't know."

Julian Stone, who is the dealer principal of John Andrew Mazda in Auckland, says the business has been experiencing good product inquiry. "The big launch for us will be the new Mazda 2 in November."

Stephen Salkeld, sales manager of Bay Ford in Hastings, says the Ranger is selling well because the business is located in a rural area.

"We're also selling the Focus, Kuga and Fiesta, while the Mazda 2 and 3 are also rolling out the door.

"The poor old Falcon has slowed up considerably, but those people have moved into SUVs and the high-end Ranger as well as smaller cars.

"Mazda has some great products that are great fun to drive. The marque focuses on a lot of research and development to ensure it has the right product that's accepted by the market at the right time."

When it came to vehicle segments last month compared to September 2013, 81.3 per cent more people movers were sold. ☺

NEW VEHICLE SALES BY BUYER TYPE - September 2014

	SEPT '14	SEPT '13	MTH%	2014 YTD	2013 YTD	% YTD
Passenger	5,003	4,519	10.7	38,468	37,647	2.2
Private	1,693	1,649	2.7	14,704	14,275	3.0
Business	2,063	1,772	16.4	18,000	17,348	3.8
Gov't	224	163	37.4	1,889	1,918	-1.5
Rental	1,023	935	9.4	3,875	4,106	-5.6
SUV	3,332	2,728	22.1	28,033	22,722	23.4
Private	1,299	876	48.3	11,084	8,403	31.9
Business	1,546	1,548	-0.1	14,248	12,376	15.1
Gov't	75	29	158.6	568	460	23.5
Rental	412	275	49.8	2,133	1,483	43.8
Light Commercial	2,869	2,424	18.4	23,759	19,855	19.7
Private	534	452	18.1	5,563	4,094	35.9
Business	2,068	1,753	18.0	16,568	14,168	16.9
Gov't	159	103	54.4	1,029	1,069	-3.7
Rental	108	116	-6.9	599	524	14.3
Sub Total	11,204	9,671	15.9	90,260	80,224	12.5
Private	3,526	2,977	18.4	31,351	26,772	17.1
Business	5,677	5,073	11.9	48,816	43,892	11.2
Gov't	458	295	55.3	3,486	3,447	1.1
Rental	1,543	1,326	16.4	6,607	6,113	8.1
Heavy Commercial	512	357	43.4	3,424	2,734	25.2
Other	124	34	264.7	755	369	104.6
Total	11,840	10,062	17.7	94,439	83,327	13.3

NEW VEHICLE MARKET SEGMENTATION - September 2014

	SEPT '14	SEPT '13	MTH% DIFF	2014 YTD	2013 YTD	% YTD
Passenger	5,003	4,519	10.7	38,468	37,647	2.2
SUV	3,332	2,728	22.1	28,033	22,722	23.4
Light Commercial	2,869	2,424	18.4	23,759	19,855	19.7
Heavy Commercial	512	357	43.4	3,424	2,734	25.2
Other	124	34	264.7	755	369	104.6
TOTAL MARKET	11,840	10,062	17.7	94,439	83,327	13.3
Micro	194	204	-4.9	1,277	1,575	-18.9
Light	1,550	1,124	37.9	10,366	10,046	3.2
Small	1,915	1,994	-4.0	16,283	15,027	8.4
Medium	684	721	-5.1	5,201	6,007	-13.4
Large	405	279	45.2	3,421	3,129	9.3
Upper Large	22	30	-26.7	239	184	29.9
People Movers	145	80	81.3	833	676	23.2
Sports	88	87	1.1	848	1,003	-15.5
SUV Small	1,055	675	56.3	7,736	4,979	55.4
SUV Medium	1,319	1,197	10.2	10,535	9,298	13.3
SUV Large	924	815	13.4	9,399	8,124	15.7
SUV Upper Large	34	41	-17.1	363	321	13.1
Light Buses	41	69	-40.6	449	356	26.1
Vans	582	480	21.2	4,477	3,767	18.8
Pick Up/Chassis Cab 4x2	975	746	30.7	7,332	5,851	25.3
Pick Up/Chassis Cab 4x4	1,271	1,129	12.6	11,501	9,881	16.4
Heavy Commercial	512	357	43.4	3,424	2,734	25.2
Other	124	34	264.7	755	369	104.6
TOTAL MARKET	11,840	10,062	17.7	94,439	83,327	13.3

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Plants flat out to meet demand

There have been 74,789 new cars imported into New Zealand so far this year, while 66,845 have been sold – a difference of 7,924.

September saw a difference of 1,240 between 9,622 new cars imported and 8,382 being registered for the first time.

These figures increased the national total level to 48,876 units, which was the third straight month for it going up.

Last month, the daily sales rate increased by three to 243 based on a 12-month rolling average, while the number of days' stock on hand rose by two to 201.

Michael Gapes, chief executive officer of Manukau Toyota, says: "There is still significant supply for some models with the marque having strong sales around the world.

"Toyota's plants are running at 95 cent capacity and demand is

high for vehicles such as the RAV4, Highlander and Corolla.

"Supply depends on model and colour. With the higher end RAV4s and Highlanders, people can wait for up to four months for the specific colour they have ordered.

"We are comfortable with the volume of the new Yaris because Toyota launches its cars as best as it can to ensure the supply of certain models.

"It's a worry some people have got a lot of choices, and won't wait and will look at alternatives, so it's frustrating for everybody when supply is tight."

Gapes says the company has seen continued growth in the US, which is putting further pressure on the marque's supply chain.

He says his dealership in South Auckland hasn't considered taking on another brand.

"With 20 per cent of the market,

it's big enough," Gapes told Autofile. "We are comfortable with Toyota and have no issues with its quality, so we're not looking to supplement with others."

Vern Walker, dealer principal of Nelson Bays Holden and Nissan, reports there's a wait on the Qashqai and the Navara.

"It's generally the wrong colour or is fitted with the wrong transmission," he says.

"The Colorado is virtually sold out and there are waiting lists for it, as well as for the SSV Commodore."

Walker says the reality of the new vehicle market is that there are still supply and pipeline issues, but many people are prepared to wait because the dealership can offer them price protection if they have deposits.

"I think the biggest change in the market is the aggressiveness of pricing for new cars," he says. "We haven't ever seen vehicle pricing

like we have witnessed this year.

"With our two franchises being Nissan and Holden, we have had aggressive marketing campaigns but if you lose your aggressive pricing and profiling, your models and price points you just seem disappear.

"This does have a negative impact on the used car side of the business."

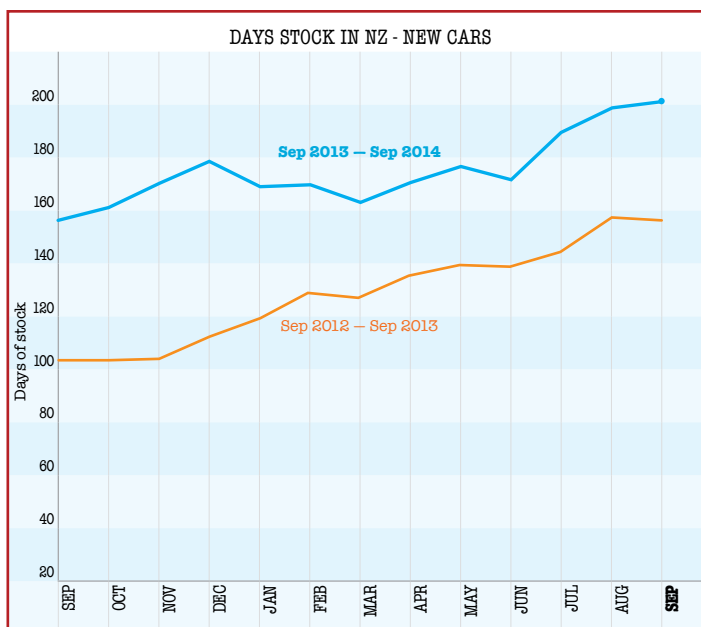
"We are pretty tight with the factory, but have no supply issues at all," says Gary Periam, general manager of Giltrap Audi in Grey Lynn, Auckland.

Stephen Kelly, general manager of Volkswagen with Miles Continental in Christchurch, says: "Getting the Golf GTi line is very tough and August was the first month we had stock."

He adds the waiting times for products are coming in at around two or three weeks, but there is usually enough vehicles going through shipping processes. ☺

Dealer stock of new cars in New Zealand

	CAR SALES		VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
	IMPORTED	REGISTERED				
Sep '13	6996	7272	-276	34,208	221	155
Oct '13	9362	7962	1400	35,608	222	160
Nov '13	9591	7453	2138	37,746	225	168
Dec '13	8826	6371	2455	40,201	226	178
Jan '14	6437	8293	-1820	38,381	228	168
Feb '14	6724	6572	157	38,538	230	167
Mar '14	7174	7992	-764	37,774	234	162
Apr '14	7994	6150	2101	39,875	234	170
May '14	8447	6802	1696	41,571	236	176
Jun '14	7620	8517	-569	41,002	238	172
Jul '14	11,106	7071	4035	45,037	239	188
Aug '14	9665	7066	2599	47,636	240	199
Sep '14	9622	8382	1240	48,876	243	201
YTD total	74,789	66,845	7,924			
Change on Sep 2013	37.5%	15.3%		42.9%		
Predicted sales for 2014		88,631				



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Used car imports hit 100k

A total of 11,203 used passenger vehicles crossed the border in September with 11,142 being sold here to increase the stockpile to 16,697.

The numbers were somewhat higher compared to the same month of 2013 when 7,481 units crossed the border and 7,615 were registered. The stock level at that time was 7,248 used cars.

Last month's figures also represent a turnaround on August when the variance was 2,236 in favour of sales with 9,054 imports stacking up against 11,290 transactions.

So far this year, 100,383 used passenger vehicles have been imported compared to 94,840 being sold for a variance of 5,543.

Average daily sales of 335, based on a 12-month rolling average, created a new annual high, while the number of days' stock at hand decreased by one to 51.

Michael Gapes, chief executive officer of Manukau Toyota, believes there is currently a huge oversupply of used vehicles on the market.

He told Autofile: "There are a lot of new cars at the lower end of the scale at very favourable prices and they are taking away a lot of buyers who would have usually purchased a year-old car."

Nick Owens, of Auto Inspection Services in Christchurch, says the compliance shop has been doing up to 20 units a day, while everyone has got over the backlog caused by recent high volumes.

"I have been expecting a slowdown over the past month or two and we've only just got to that stage now," he says.

"Imports from Japan are still selling and I hope at the right money. The supply from there and what's available has been good.

"The exchange rate with the yen

has been high, but that's the same for most other overseas markets sourcing used stock from Japan.

"Dealers' sales have been good although they seem to have slowed recently and everyone around town has got good stock levels, although some may have a bit too much."

Glenn McCann, of Hawkes Bay Cars in Napier, says a big development in the market and on stock supply has been Turners rebranding and realigning its business.

"With changes to the Consumer Guarantees Act, it's a lot more particular about what it sells," he says. "Turners is also becoming stronger competition for dealers because it's selling the same tier of stock."

McCann is importing fewer used cars than in the past.

"The Japanese are pretty smart and when the yen goes up, their prices do tend to remain the same."

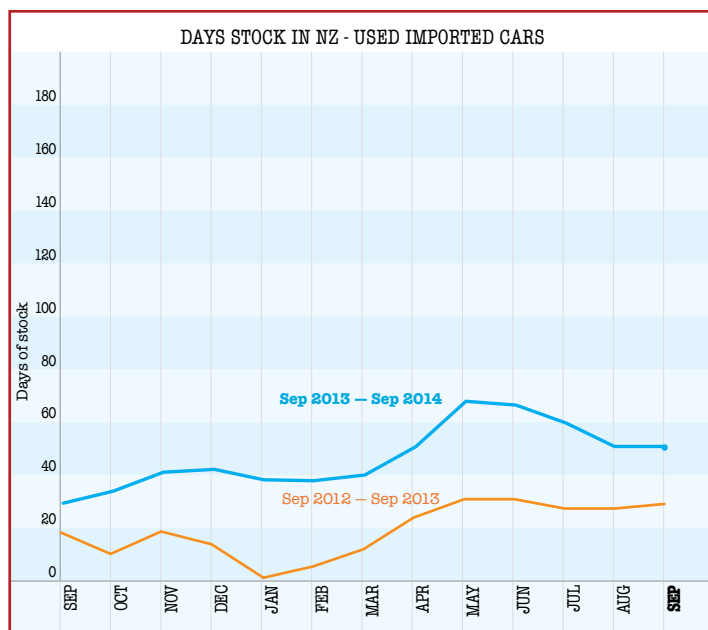
Wayne Kirk, dealer principal of Wayne Kirk Mitsubishi in Napier, says New Zealand-new vehicles are hard to come by.

"I always tend to go for go for them because they generally have a service history and I feel more confident buying them," he says.

"Quality used stock is always difficult to buy in," comments Henry Belt, director and vehicle sales manager at IC Motor Group in Whangarei. "We rely heavily on our new car trades to supplement our stock.

"Imports are a small percentage of our used stock, but we're expanding in line with the national growth of used imports.

Visit www.autofile.co.nz for more stories on industry statistics, including sales of new cars, new commercials and used imports. The website also publishes market reports on Japan and Australia. ☺



Dealer stock of used cars in New Zealand

	CAR SALES					
	IMPORTED	REGISTERED	VARIANCE	STOCK	DAILY SALES - 12-MONTH AVERAGE	DAYS STOCK AT HAND
Sep '13	7,481	7,615	(134)	7,248	254	29
Oct '13	10,364	8,545	1,819	9,067	259	35
Nov '13	11,184	9,360	1,824	10,891	265	41
Dec '13	10,067	9,534	533	11,424	271	42
Jan '14	8,807	9,470	(663)	10,761	277	39
Feb '14	9,093	9,155	(62)	10,699	283	38
Mar '14	11,254	10,247	1,007	11,706	290	40
Apr '14	13,102	9,501	3,601	15,307	296	52
May '14	16,451	11,223	5,228	20,535	304	68
Jun '14	10,558	10,760	(202)	20,333	311	66
Jul '14	10,861	12,052	(1,191)	19,142	318	60
Aug '14	9,054	11,290	(2,236)	16,906	325	52
Sep '14	11,203	11,142	61	16,967	335	51
YTD total	100,383	94,840	5,543			
Change on Sep 2013	49.8%	46.3%		134.1%		
Predicted sales for 2014		122,275				

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Celebrating the 25th anniversary of the used vehicle import association



IMVIA 25th anniversary celebration

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Founding members of the Licensed Motor Vehicle Dealers Importers Association were recognised on the night. From left, Alistair Sheard, Dick Gray, Phil Pacey, Peter Johnston, Rod Milner and Chris Stevenson receiving Fred Lewis' award



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Founders' service honoured

About 420 people joined the silver anniversary celebrations of used car importing into New Zealand with a black-tie gala dinner at Auckland's Pullman Hotel being voted as a resounding success.

There was plenty of reminiscing about times past at the event on October 17 – as well as anticipation of future challenges.

Founding members of the Licensed Motor Vehicle Dealers Importers Association (LMVDIA), which was one of the forerunners to the Imported Motor Vehicle Industry Association (IMVIA), were recognised for their contributions.

Awards were presented to its first chairman Rod Milner, Alistair Sheard, Dick Gray, Phil Pacey and Peter Johnston with Chris Stevenson receiving Fred Lewis'.

Founding members of the LMVDIA unable to attend included Neil Cottle, Graeme McVicar, Donna Silvester and Martin Todd.

Milner, who was also presented with the supreme award by the IMVIA, said: "Just over 25 years ago, the association got together because Customs raided my place and took a lot of documents away, so I called the boys and said it was time to form a union.

"Who would have ever thought that after such a small start, it could turn into an industry such as this? It's a huge employer of people of all different trades and has exceeded all expectations.

"We are in an industry that



Rod Milner receiving his supreme award from Maurice Williamson

gets no favours through famine, drought and recession.

"We live on our wits and if someone goes broke, that just leaves more opportunity for the rest. But there's always someone else who fills the gap pretty quickly.

"I'm proud to be part of the industry and to have been surrounded by such able people."

As for setting up the LMVDIA in 1988, Milner said: "All we needed was money for the seatbelt anchorage scheme

and you handed it to us. There were 500 people in the room and I remember thinking, 'this audience is good, we've got them'. We collected \$2.5 million that day and it was spent wisely.

"What I'm really proud of is the fact that over all those years nobody has ever accused us of pilfering the money – and we're car dealers."

Milner, who wrote his speech's notes on the back of an appraisal card, added: "I'm proud of the statistics, particularly the road

toll. In 1986 it was 766 and in 2013 it was 254.

"In 1986 as a percentage of the population, 23.1 out of every 100,000 people in New Zealand would be killed. Today it's 5.7.

"There were 10.8 people per car back in 1986. Today, it's 0.8 and that's one of the big benefits of the used importers in New Zealand."

Milner said many some people in the industry have now gone, although the new generation is coming on board.

"But never let it be forgotten that us old fellas do know a few things, so if you need a bit of advice never forget to come and ask us.

"I would like to mention my late wife Lee, who was the original secretary and shared my passion, and my lovely wife Shanlee, who I've been married to for 18 years now. She has always been by my side.

"I'm a lucky man to see my son Darren here tonight, he's my successor, and I have every right to feel proud of you and all of us."

MORE WITH AUTOFILE ONLINE
Autofile's website has galleries with dozens of pictures from the gala dinner, and edited versions of speeches by David Vinsen, Rod Milner and Maurice Williamson.

And visit www.autofile.co.nz/ book to order copies of a new book on the industry. Written by Jackie Russell, it's called *From the Rising Sun to the Long White Cloud – the history of used car importing to New Zealand.* ☺



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Amber Johnston and Wendy Irvine



Jeremy Corbett raises a laugh



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Comedian and host of TV3's 7 Days, Jeremy Corbett, explaining the contents of guests' goodie bags



Darren Risby, Jackie Russell and Brian McCutcheon



Lis and Nick Owens



Maurice Williamson providing some entertainment



Vanessa and Graeme Macdonald

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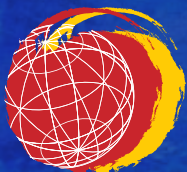
From left, the IMVIA's Lloyd Wilson, Bev Purchase, Graeme Macdonald and Malcolm Yorston



Rod Milner gives his speech



Dick Gray, one of founding members of the Licensed Motor Vehicle Dealers Importers Association



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'Proud of achievements'

David Vinsen looked back over the past two-and-a-half decades in his speech during the gala dinner of the Imported Motor Vehicle Industry Association (IMVIA).

He described the silver anniversary as a significant milestone for any organisation, but particularly for the used imports sector considering the numerous challenges it has overcome.

"Many people didn't even think we should exist, let alone last this long," said Vinsen.

"After 25 years, it's a good time to look back. Since we started as the Licensed Motor Vehicle Dealers Association, we've been committed to advocating for the issues of those importing and selling used vehicles."

More than 2.5 million vehicles have crossed the border since 1988, which means more than 60 per cent of them started life here as used imports.

"It's not an exaggeration to say this has changed transport in New Zealand," said Vinsen.

"The international trade of used vehicles is a good thing. It has delivered benefits to all Kiwis, who now own safer vehicles than they otherwise could afford.

"The road toll dropped when New Zealand started importing used vehicles, consumers had greater choice and competition ensured better prices.

"And the economy, cost of living and rate of inflation are direct results of used imports.

"It's also about opportunities

David Vinsen, chief executive of the IMVIA, making his speech



for importers, exporters, dealers and service providers.

"New Zealand was the first country to import used vehicles in commercial quantities and today more than 100 countries import them from Japan.

"We've had to break new ground and overcome obstacles, but we have succeeded – due in no small part to the commitment of people in the association over the years. Our industry should be proud of its achievements."

Two IMVIA staff members were recognised during the

evening for their long service.

Administration manager Bev Purchase has notched up 21 years while Malcolm Yorston, technical services and membership manager, has chalked up 20.

"Thank you for this recognition," said Yorston. "Bev and I are part of the furniture.

"It has been interesting, there have been some challenges and I'm sure there will be some in the future, but the industry is able to adapt quickly and I'm sure we will be around for the next 25 years."

There were also some words from Maurice Williamson – ex-Minister of Transport and a keen supporter of the used motor vehicle industry.

"You need to know you've done more for the economic well-being of this nation than just about anybody else," the current National Party MP told his audience.

"It's important everybody else knows this country was where Triumph Heralds came too die and we had a fleet of crap cars. It was good things changed when I got into parliament in 1987.

"Until then, we had about 1,000 imported vehicles a year. In my first year in parliament that lifted to 12,000 – then 17,000, then 50,000 and in 1990 we were up to 85,000.

"There are a lot of New Zealanders out there driving very good-quality cars we would never have been able to dream of without your industry and don't ever let anyone say, 'we need to bring it up to the modern standard' and so on.

"Relative to what people were driving and the prices they were paying, you have done the most phenomenal service to the economy.

"It's all very well having wealthy people driving fancy cars, but to see families, young people and students in halfway reasonable vehicles that are as good as we can expect for our GDP is because of your industry.

"Good on you and I pay a tribute to your whole industry." ☺

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Peter Johnston



Athina Sallander and Sam Martin



Katie and Darren Milner



Maurice Williamson with Jackie Russell, author of
From the Rising Sun to the Long White Cloud



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The history of used car importing to New Zealand



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