

Oddballs & Orphans: Used importers ponder 3D cars

hile many used import dealers reported a buoyant start to 2012, the majority of the sales were of two-digit compliant vehicles. Figures from the IMVIA show that less than 25% of the vehicles sold last month would comply with the new rules.

And as dealers look to replace their stock, a question may be whether to take a punt on a tripledigit (3D) vehicle untested and unknown in the New Zealand market.

With many buyers searching

online, they're also often searching by model key word terms, rather than looking alphabetically through a dealer's stock list, meaning an unknown name won't get as many views online.

However with the numbers of compliant vehicles slashed, dealers could otherwise risk a yard of vehicles very similar to the guy next door.

Although used import sales in January were down some ten percent on January 2011's, with 6375 registrations, nevertheless many dealers were satisfied with the start, and February has also begun strongly. The lower numbers may be a direct result of the emissions rule.

Chris Henderson of Midway Motors in Dunedin says while the new rule kept him awake at the end of last year, buying of 3D vehicles has been easier than expected, though this could change.

"The issue we're going to have is that there are just so few vehicles available, I'm going to have to try and look outside the square because I don't want to be caught with the same cars as every other car yard.

"It's a problem and I can see it already, Mazda Axelas are arriving in the droves, and so are Suzuki Swift.

"And with the internet it will just come down to a price war, and no one wins from that."

While they're looking for new models, Henderson says he doesn't want to buy something that's 'very oddball'.

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January sales second highest on record

ew vehicle sales in 2012 have got off to a cracker start, with the January passenger sales total of 7,499 units the highest monthly total since January 2008, and the second highest monthly total since the Motor Industry Association (MIA) records began in 1975.

"The new vehicle industry has had a very strong start to the year which hopefully is an indication of things to come," says MIA CEO Perry Kerr.

Jim Wright, managing director at

Jim Wright Nissan in Hamilton, says that they're very happy with the start of the new calendar year, with January much stronger than usual.

While typically people head away over the month, the poor weather may have contributed to more people staying in town he believes.

Promotions on Nissan Qashqai and Navarra gave their numbers a lift says Wright.

Toyota was top of the heap, with 1,740 passenger car registrations (23% market share), Holden were second with 794 (10.6%), and Hyundai third with 780 (10.4%).

Sales to rental companies were only slightly higher than the previous January: 1825 this year compared with 1567 last year. See full sales stats on pages 18-23.

Commercial vehicle registrations remain impacted by the stock shortages resulting from the Thailand floods, recording 1,182 registrations, up on December 2011 but down on the previous January figure of 1,313.





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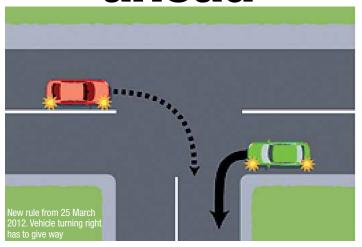


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YOKOHAMA	Thu 26 Jan		Fri 24 Feb					KIS Nisi Tel: Fax atic	WK KIW Kev Fax:
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Easier driving ahead



arch 25 is a date worth circling. At 5am on the 25th, a Sunday, many of our current give-way rules will be abolished, namely those which call for drivers to give way to vehicles turning right.

Instead, cars turning right will give way to those cars turning left.

From where I stand, the new rules will be a big improvement, and will be welcomed.

While in theory the current set of rules could work, in practice they don't.

The worst situations are busy intersections, where turning traffic is required to obey the 'chivalrous' giveway rules, while at the same time the driver who has right of way is scanning for traffic that isn't turning.

And for the driver turning left, there's little awareness of whether the right-turning driver is about to turn.

How many times have you come to a stop to give way to a rightturning vehicle, only for the vehicle driving behind to come around your inside? The right-turning driver remains in the middle, and you've needlessly come to a complete stop.

Under the current rules the leftturning driver has to guess at the intentions of the driver with right of way. This involves checking the rear vision for approaching traffic, and guessing whether the driver with right of way will consider it safe to turn based on the oncoming traffic.

A give-way rule where a driver has to guess at the intentions of other vehicles will never be a good one.

Former Transport Minister Steven Joyce described the righthand rule last year as "confusing", and rightfully so.

This confusion factor also helps to diminish the efficacy of the rule's functioning, for in cases where both vehicles are approaching an intersection there is a legitimate worry for the right-turning driver that the approaching driver doesn't understand their obligations under the rule. In many cases the driver with right of way will virtually come to a stop until he's satisfied that the other driver will stop too.

Doubtlessly the current rules were designed with the best of intentions (according to the AA they were implemented in Melbourne in 1977 to help trams navigate the busy streets without installing traffic lights, though they were subsequently repealed in 1993).

It's possible that because of the changes there are some busy intersections where it will become harder for right-turning vehicles traffic lights may be the answer.

Nevertheless, if this is the price we pay for a better functioning road system, so be it!

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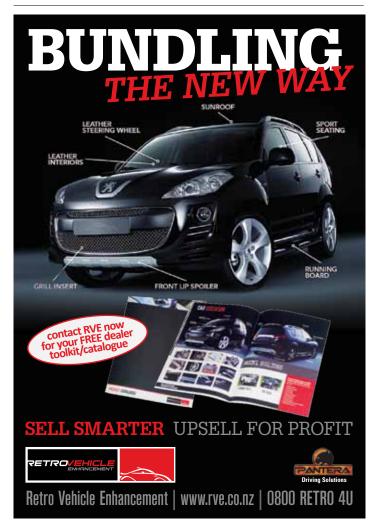
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Gibbs launches amphibian truck

ew Zealand entrepreneur and former motor industry figure Alan Gibbs has revealed his latest High Speed Amphibian (HSA) truck, which is capable of travelling up to 130km/h on land and over 60km/h on water.

The trucks were launched in the United States, and are expected to have a military use, as well as use in search and rescue missions.

The 'Phibian' is the fourth high-speed amphibious vehicle demonstrated by Gibbs Technologies, featuring proprietary technology, including in the suspension, water propulsion and wheel-retraction.

Other applications of the technology include the Quadski, which functions both as a quad bike and as a jetski, and is expected to be launched on to the market later this year.

Alan Gibbs along with Trevor Farmer acquired the Holden Franchise Tappenden Motors in the 1970s, then the biggest car yard in Auckland.

Gibbs built his first amphibious vehicle in 1995 so he could drive his boat from the water to his bach without the need for a trailer. He went on to form Gibbs Technologies the next year, and since then has reportedly spent more than fifteen years, \$200 million and more than two million hours of engineering time developing the technology, for which they have over 100 patents.



Gibbs says the vehicle would have a use in natural disasters, such as the earthquake and tsunamis in Japan, and the floods in Australia.

"When conducting search and rescue missions, whether it be for an individual or following a natural disaster, time is of the essence," savs Gibbs

"A vehicle that can perform as well as a multi-terrain vehicle on land while reaching planing speeds on the water means that response will be significantly faster and more seamless."

Gibbs was estimated by the National Business Review's Rich List to have wealth of \$450 million.

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ACC investigating risk-rating of vehicles

CC is currently investigating the use of available information on New Zealand's vehicle fleet, to determine if it can improve the risk-rating of vehicles a spokesperson has confirmed.

Risk rating of vehicles would result in the ACC levies, paid through vehicle registration, being set to reflect the accident risk and resulting injury-related costs associated with particular types of vehicle.

In effect, owners of safer vehicles would pay a lower amount, and if this was a fiscally-neutral exercise, a consequence would be higher costs for drivers of higher-risk vehicles.

As part of the process, ACC are currently working with NZTA to determine whether any proposed changes to ACC levies could be accommodated within the systems NZTA uses to calculate and collect levies from vehicle owners.

However Autofile understands that one major stumbling block could be the age of the NZTA vehicle registry, which does not include information on many vehicles in the fleet that could be used for risk-rating, such as the presence of Electronic Stability Control (ESC).

However the industry will get a chance to have its say if there are any changes.

"Under current legislation, ACC would seek the public's feedback on any changes we propose to the way ACC Motor Vehicle Account levies are set. Then, following public consultation, we would need to seek Cabinet approval for any proposed changes, before they could be implemented," says the spokesperson. 🕣

2012: 'Year of the Slow Payer'

t may be an inauspicious epithet to apply to the new vear, but one finance executive has already dubbed 2012 the Year of the Slow Payer.

It comes as data shows that the Kiwi businesses, particularly larger ones, are taking longer to pay their bills.

In the December quarter, business took an average of 44.6 days to pay their bills, where the standard payment period is 30 days.

According to debt collection agency Dun & Bradstreet, over half (52%) of businesses were more than a day late in settling their accounts, with almost five percent of all firms 30+ days late.

John Scott, General Manager of D&B New Zealand, says that as an economy is coming out of a recession, ironically that's the time of greatest danger for companies with regards to cash flow.

"As order books begin to increase again, people take on more staff, they take on more stock or orders, and so effectively their



cashflow can then be impinged if people don't pay them on time.

"So it is a definite period of further caution."

According to Scott, the impact of late payments is often less noticeable on a large firm's cash flow cycle than smaller firms but is just as, if not more important.

"Wherever possible, small businesses pay their bills as soon as they can because they have tighter cash flow cycles and if they are consistently delinquent, we see this reflected in increased failure rates."

"Conversely, large businesses with more generous cash reserves are more able to stem any shortterm cash flow problems and hence are less likely to fail. This is extremely worrying given the long-term implications of not paying on time," he said.

D&B figures show that larger companies are often the slowest to pay.

"Large businesses are very careful with their cashflow, and they're the ones who are taking longest to pay others."

In the December quarter firms

with more than 500 employees averaged 49 days, while those with less than 20 employees averaged only 43 days.

Scott says the fact that large businesses often have more rigorous processes around payments, including one defined payment cycle per month, can cause these payment figures to stretch out.

However one clear trend was that publicly-listed companies were the slowest to pay in the December quarter, averaging payment terms of 51 days, 5.8 days longer than the same quarter a year ago, which is a concerning shift in their payment behaviour says Scott.

There were some regional differences: firms in Auckland tended to be the slowest, while those in Christchurch were the fastest.

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Hiccup in NZTA border inspection change over

few dealers presenting vehicles for compliance were disconcerted to be told that their vehicle didn't exist, when the vehicle most clearly did.

It came as MAF stopped doing their structural checks on used vehicles for NZTA, which are now done by a number of service provider companies, including AutoTerminal Japan and JEVIC, in Japan, and IVS and KMA in New Zealand.

One dealer who contacted Autofile believed that the new system was to blame, but it seems the problem was a transitional issue, and has now been fully resolved.

The problem lay with vehicles that had been checked prior to the change-over date of 16 January.

Data on around 500 vehicles were passed to NZTA, who were to upload information

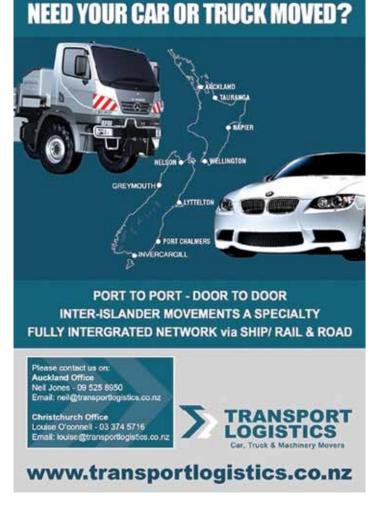
into their system so that it could be accessed by TSDAs for compliance.

However their system was not able to upload the volume of data, and an IT solution was needed

NZTA's Bill Hyslop has since confirmed that the issue has been resolved, and that any old records that are received by NZTA can be uploaded as soon as they are received.

Commenting on the new inspection regime, IVS's Peter Webb says that the new system is running smoothly, and that the checks are able to be conducted efficiently at the ports.

However some smaller importers who aren't aware of the requirement aren't organising with an inspection company to have the checks done, resulting in extra paper work and delays. 🕣



Time for importers to register for ETS

mporters of motor vehicles are being advised to register I for participation in the Emission Trading Scheme (ETS), if they believe they will import more than 110 cars this year.

By law, importers are required to register within ten working days of realising that they will exceed the threshold of 110 cars. The threshold for trucks is 64 units, or 30 for buses.

Motor vehicles are captured by the ETS because of the synthetic greenhouse gasses (SGG) contained within their air conditioning systems.

Imported Motor Vehicle Industry Association (IMVIA) chief executive David Vinsen says that while they had hoped that recommendations by the recent

ETS review committee, which could see a levy applied to SGGs and collected at the border, would be adopted quite quickly. But this appears not to be the case.

"Importers should register to make sure they're not running foul of the law.

"We're now advising our members they should register and open an account, that's all they need to do."

Importers are required to register even if it is not their name appearing on the customs docket.

"The definition of an importer in this case is the person who makes the decision to import the vehicle", says Vinsen.

Under the ETS timetable, 2012 is the year of mandatory reporting for SGGs. The full year's amount will have to be reported on by March 31st 2013.

Next year, if no changes are made, importers will have to record the number of vehilces they import, and then surrender carbon credits by the following March to account for the global warming potential (GWP) of the SGGs they have imported. Carbon credits can be bought at any time on the open market,

Motor Industry Association (MIA) CEO Perry Kerr says that he believes all his members have now registered.

New vehicle importers are able to specify the actual quantities of SGGs within vehicles, rather than relying on the default amount, an option that may also be available for used importers if they have

access to that information. New vehicles typically use less of the gasses.

And a European directive that entered into force on 1 January 2011 requires that all new models of vehicles use refrigerants with a GWP below 150. From 2017 onwards, this requirement will apply to all new vehicles.

The gas that is most commonly used, HFC-134a, has a GWP of 1430.

If vehicles are imported containing the newer gasses with a lower GWP this would require less carbon credits to be surrendered.

The registration form can be filled out online at: www.eur.govt.nz 🕣



Blain Paterson Ph.09 358 5515

Japanese domestic sales forecasted to rise

◄ he Japanese Automobile Manufacturer's Association (JAMA) is predicting a 20% increase in domestic demand for vehicles in 2012, following on from annus horribilis of 2011.

Domestic sales in 2011 were down 15% on the previous year, following the March earthquake and tsunami.

According to JAMA, "Market supply normalised at the

beginning of autumn, enabling the delivery of backlogged orders and a subsequent shift to more robust sales, supported by the launch of new and revamped models."

While global uncertainty continues to dampen expectations, JAMA

says that reductions in the national automobile tonnage tax, and the application of tax incentives and subsidies for the purchase of 'ecofriendly' fuel-efficient vehicles will aid vehicle sales.

In terms of standard and small passenger cars (excludes mini), JAMA is forecasting 2,896,000 units to be sold in 2012, up from 2.386,036 in 2011, but still down slightly on 2010's total of 2,927,602. ⊕



Old bangers dragging down road safety?

hile not much is known about the new minister's view on the transport portfolio, plenty is known about his officials' view after the Ministerial briefing was released by the Ministry of Transport.

One snippet that generated a few headlines was the revelation that the uptake of new safety technologies would be slowed by the relatively old age of the country's cars.

It's no secret that New Zealand has one of the oldest fleets in the world, and that the average age of the light fleet exceeded 13 years at the beginning of last year, and that this number is set to grow.

The briefing says that speed with which new safety features can penetrate our fleet will be constrained by the turnover of our vehicle fleet.

The Government, however, can make choices about policy settings that affect the uptake of these technologies says the briefing: "such as whether to mandate active safety features in motor vehicles, and how, and at what time to take advantage of new technologies, for example, in enabling road pricing."

While there is some discussion

of mandating active safety features, Electronic Stability Control seems to be the mostly likely candidate, and moves to make it mandatory could carry with them political risk.

While a very high proportion of all new vehicles sold in New Zealand have ESC, any move to make it mandatory on new vehicles only, and not include used imports, would

be protested by the new vehicle industry.

Yet with extremely low rates of penetration of ESC in the Japanese domestic market, and therefore in the pool of available imports, those in the used import industry view 'mandatory ESC' as a code-word for outright banning of used imports, something which certainly would not be popular with many voters.

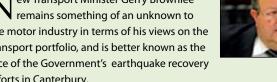
According to the ministerial

"The Government has choices about the extent to which it mandates new safety features in cars, and the timing of such mandates.

"It will be important to consider the benefits of further regulation to mandate advanced crash avoidance features against the costs of such measures, including on the costs and availability of cars."

New minister welcomed

N ew Transport Minister Gerry Brownlee remains something of an unknown to the motor industry in terms of his views on the transport portfolio, and is better known as the face of the Government's earthquake recovery efforts in Canterbury.



But some are welcoming the appointment of Brownlee to the role, given his seniority within the National Party, saying it signals the Government will have a continued focus on upgrading the roading infrastructure, and the transport portfolio generally.

CGA on Trade Me a step closer

world where the Consumer Guarantees Act will apply to all Trade Me sales is now one step closer, after the Consumer Law Reform Bill passed its first reading.

As has been covered extensively in Autofile, when passed into law the Bill will remove the sale category of 'competitive tender', which online auction sales such as Trade Me auctions currently fall under.

A Trade Me auction will presumably be treated as an ordinary sale, and the acceptable quality provision of the Consumer Guarantees Act will apply.

Dealers who are selling vehicles at their yard via a tender process will no longer avoid CGA guarantees.

Only sales by auction, which have to be conducted by a licensed auctioneer, will not have the acceptable quality provision of the CGA apply.

Many dealers have complained that it will make it impossible to dispose of lower value vehicles, such as trade-ins, except through auction houses.

Speaking after the bill was passed, Consumer Affairs Minister Chris Tremain called it "a vital update to New Zealand's consumer laws".

"The Fair Trading Act, Consumer Guarantees Act, and other consumer laws are relevant to everyone in daily life. These laws are sound, but have not been updated in over 20 years.

"Therefore, they are not adequately dealing with some modern transactions. The Consumer Law Reform Bill will update consumer laws to better cover Trade Me-style auctions, supermarket self-service systems, telephone sales using credit cards, and the sale of extended warranties," said Tremain. 🕣



The wheels come off Xtreme Motors

A father-and-son trading outfit well-known within the Indian Community in Auckland as motor vehicle dealers have allegedly skipped the country, leaving wholesalers and consumers out of pocket.

ahoor and Madiha Elahi operated Xtreme Motors, and Zahoor, is linked to another company that folded in 2010, Falcon Motors, owing one creditor \$85,000.

In a December motor vehicle disputes tribunal decision, a customer sought to reject a vehicle, saying it had an undisclosed security, after a wholesaler repossessed a vehicle sold to her by Xtreme.

The buyer, Gurpreet Kaur, told the dispute tribunal through a Punjabi court-appointed interpreter that she had seen the car at 42a Onslow Avenue, Epsom (a private address), where four or five cars were displayed for sale.

The car was shown to her by a man named as Zahoor Elahi, who a witness for the purchaser said is the father of the sole director of the company, Madiha Elahi.

Kaur agreed to buy the vehicle, a Honda Stream, for \$7000, and paid a deposit of \$500. The trader promised to post her a printed sales agreement which she never received.

The purchaser says she then made two deposits amounting to \$6500, and on 13 June she transferred ownership of the vehicle into her name at VTNZ Takanini, when the vehicle was first registered in New Zealand.

But three months later a representative of Motor 1 arrived at her residence, claiming that the vehicle belonged to the company because a cheque paid by the trader to Motor 1 for \$7,500 (\$500 more than the retail sale price!) dated 13 June 2011 had been dishonoured on presentation by the trader's bank on 15 June 2011. Motor 1 towed the vehicle away.

At the hearing the tribunal ordered Xtreme Motors to pay the purchaser damages equal to the loss - \$7000.

However the copy of the hearing's date sent to the dealer had been returned by New Zealand Post, and the witness for the purchaser said that Madiha Elahi has left the country.

The witness, Mr Singh, gave evidence that the trader and its director were well known within the Indian Community in Auckland as motor vehicle dealers.

Investigations have revealed that AutoCo in Penrose, Auckland, were also defrauded by the dealer.

AutoCo Sales manager Paul Nicholson says that Madiha had been buying cars off them for several years.

"If you met the guy, you'd never think he'd doing anything like he's done. He was a nice guy, polite. Every Christmas he used to come in dressed to the eyeballs and give all the guys a present for helping him."

In this case AutoCo woudn't hand over the vehicle until payment was received, but Madiha arrived on a Saturday morning and paid by cheque.

By the time the cheque was banked the following week and dishonoured, the car had already been sold.

"Because we'd had cheques off him before and they went through no problem, we didn't rush to the bank till Monday. Then on Tuesday morning we found out."

Nicholson says they hired a private investigator to try to track him down, but he had disappeared.

"He was obviously working from home, and just selling to people at the church or whatever he was doing.

"We found the car but we can't get it back because it's in [the customer's] name.

The private investigator determined that he had skipped the country several days later along with his wife.

Nicholson says there have been rumours that he's taken people for money over payments for cars that never arrived, though it's unsubstantiated.

The investigations also revealed that he had previously gone bust two years prior, something unknown by AutoCo.

A search on the Companies Office website reveals that Xtreme Motors lists Madiha Elahi as the sole director and shareholder.

Devy [Debbie] Delecia was listed as the director and shareholder when the company was established, and the company was then signed over to Madiha two months later.

Delicia is also listed as the former director of a number of struck off companies, including Orient Cars Ltd, Car Plus Ltd, and Car Zone NZ Ltd. Car Plus and Car Zone were both signed over by Delecia to new directors/ shareholders some months after the company was established

treme Motors for \$7000, which was

\$500 less than Xtreme had

paid to the wholesaler for

the vehicle.

A search for Zahoor Elahi, the father of Madiha, reveals that he was previously the director of Falcon Motors Ltd, which was declared insolvent in February 2010.

The company owed slightly more than \$100,000, including \$2000 to a financing company, \$5000 to a lawyer, and \$85,000 to the unremarkably named International Holdings Ltd.

The subsequent insolvency process revealed no assets owned by the company which could be realised for the benefit of creditors, and no funds were recovered for their benefit.

Nicholson says that while Auto Co are out \$11,500 for the vehicle, it's taught them a valuable lesson.

"Times have changed. Where a business cheque was as good as cash now it's not anymore. You've got to have cash up front.

"It's either internet banking, bank cheque or cash, that's all we'll deal in now. "Obviously a lot of dealers that we've used a long time are a bit peeved off that we don't trust them, but they don't understand that we've got to do this just to protect ourselves." 🕤

Lessees turn to 2nd hand

Some companies are turning to leasing second hand vehicles, as businesses continue to clamp down on costs.

ance Manins, Managing Director at Driveline, savs I they've noticed their split of new versus ex-lease and second hand swing from 60/40 18 months ago in favour of new, to 60/40 in favour of second hand, which he says is a definite reflection on the economy.

And while monthly costs are lower, the company can also make significant savings in terms of the Fringe Benefit Tax (FBT), which is calculated from the vehicle's cost price.

A well-documented phenomenon of the Global Financial Crisis was businesses extending vehicle leases. One disadvantage was that companies were still paying FBT on the new vehicle price while the vehicle was in its fourth year.

Nigel Bell-Booth, Orix Sales Manager – Fleet, says that at the time there were certain factors that made rolling over leases advantageous.

"There has been an upwards shift in the average costs of leasing over the last couple of years, with movements in the second hand vehicle market [affecting residuals], but more importantly movements in the new cost prices of vehicles, and they have trended upwards.

"Four or five years ago many models were cheaper to lease than they are today, by a considerable margin, so people were looking to extend and keep that low release rate."

Orix have a used vehicle lease product, and Bell-Booth says that the savings on FBT are dramatic.

But he says, demand depends on the style of the company.

Front-line staff of larger companies typically demand brand new vehicles, and are likely to run them for a longer period of time.

Some industry sectors such as fast moving consumer goods (FMCG) could do up to 200,000km over the course of a full 45-month lease.

New vehicles also fit with the image of a large company, though Bell-Booth says a large company may lease second hand for incidental vehicles, for example for use by warehouse staff.

At the same time, some organisations will put all their staff into a second hand vehicle because they want to save on cost and FBT value.

Manins says that many businesses are seriously focused on cashflow, and so take a greater interest in the total running costs over three years.

"That's the kicker at the moment, you talk to the businesses out there and it's about cash flow.

"They might be making money on paper, but at the end of the day the cashflow is the determiner of being a successful business."

He says that business slowed right down 10 days before the RWC, and is only just now starting to pick up. Bad news from Europe also impacts on their vehicle decisions.

"It's amazing how simple that whole formula is, bad news drives sales down because people don't want to make a commitment to new vehicles."

Manins says that second hand stock can either be sourced within their company, or through auctions, the dealer network and other lease companies.

He thinks some dealers may not have twigged that late model cars may hold appeal as a leasing vehicle to an SME.

"There's some pretty good stock out there in the secondhand range. Something that

I don't find the dealers have picked up on that quickly is how they can promote it into other businesses.

"They've got fleet managers for new vehicles, but they don't have fleet managers for second hand," says Manins.

One corporate account manager with a major distributor says that lease companies are naturally looking to second hand leasing when they have a continual stream of vehicles to push to customers.

"One way for them to secure a customer, without that customer going to market, is to offer them a lease on a second hand vehicle when their lease is up. There will be lower lease

costs and lower FBT, and they tie that customer up for another two-three years without risking them going to market.

"There is a definite strategy by the lease companies in terms of retention. That's just the state of the market, and it's always been that way to some extent, but with business a bit tighter everyone's trying to guard their piece of the pie that much more."

He says they're still seeing positive new vehicle growth with all of the leasing companies.

"While it may be a phenomenon, we're still growing new vehicle business regardless of whether they're growing their used vehicle books." 🕣



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Will growth of SUV segment plateau?

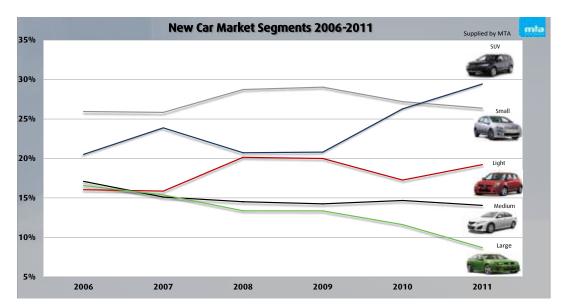
he growth of the SUV segment over the last two years has been relentless, and figures compiled by the Motor Trade Association (MTA) show that SUVs are now the top-selling segment in the new vehicle market.

The previous segment leader, small cars, continued to fall slightly in 2011, after its peak in 2009.

And the decline of large cars continued unabated, dropping to 9%. Light cars were the only other segment that saw a rise across 2011.

MTA Marketing and Communications General Manager lan Stronach says that the shift in buying preference is intriguing, given rising fuel costs and an increasing focus on environmental issues.

"More buyers than ever obviously feel that SUVs represent a better option in this regard, but



SUVs generally are at the heavier end of the scale, and are not usually renowned for their fuel economy."

Stronach says it's a world-wide trend, and doesn't see anything

stopping this growth, "Obviously the number of people offering an SUV-type vehicle is growing. Whether they're very capable off-road is a moot point, I think that style of vehicle just seems to be it. People identify with the sportier image."

Models such as Nissan's

Qashqai aren't segmented by the

manufacturer as a SUV, but definitely
share in some of the characteristics

Stronach notes that in 2006, SUVs and large cars together made up 38% of all passenger car sales, the same proportion as they did last year, only now in significantly different ratios.

And he believes that a lot of the SUVs aren't necessarily more economical, or more environmentally friendly than a large family six cylinder.

In 1987 Holden did 9988 units of the Commodore – 12 short of 10,000, and something that could never be repeated in today's far more diffuse vehicle market.

But Stronach believes that the excitement side of the big cars seems to have disappeared.

"They've had a good crack at it, the big boys, but there just seems to be really moderate demand for them these days.

"You know the wheel has really turned when Bentley are about to decide whether they're going to go into SUV production. When Porsche went in with Cayenne years ago I

SUV growth 2010-2011

	2011	2010	+/-
SUV	18656	16339	14.2%
Private	5866	5666	3.5%
Business	10790	8417	28.2%
Gov't	606	749	-19.1%
Rental	1394	1507	-7.5%

thought that this would be a flash in the pan."

Sales of SUVs grew 14.2% in the last calendar year, but the sales figures show that the bulk of this growth came from businesses.

Lance Manins, Managing
Director at leasing company
Driveline says SUVs have a strong
appeal as a company vehicle,
especially in the middle senior
management area, where the
vehicles are well-adapted for use in
family as well as business life.

"The Captiva for us is a huge seller because it has been right in the middle of a price range where people get the best of both worlds, in terms of a business vehicle and a vehicle to use around the home."

Marketing can also be a factor: a vehicle like the Nissan X-Trail can be branded with sign-writing and it will look a bit snazzier on the road than a run of the mill car like a Toyota Corolla he says, though this would be for a rep's car not a middle manager.

"People see what a vehicle can do for them on the road when it has

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Audi Vorsprung durch Technik



Ford betting on 4-cylinders

hile the large car segment dropped in 2011 by 18.2%, of the two volume vehicles - Commodore and Falcon - one of these was better able to weather the storm.

Commodore sales dropped 7%, from 2541 to 2361, while Falcon sales plummeted 41%, from 2407

It's true that Falcon is at the end of its model run, with the new 4-cylinder model set to be released in May, but the drop is significant.

One local account manager, commenting on the drop off in Falcon sales, says that it seems Holden drivers are a little bit more diehard in their commitment to

"Commodore is an iconic vehicle - as is the Falcon - but it seems the Commodore has retained its popularity with that hardcore.

"I can only guess that it's brand or model loyalty," he told Autofile.

"The new Falcon - it will be interesting to see how that affects the fleet vehicle market."

Both Ford and Holden are fighting for their survival to retain the right to continue to build large cars in Australia.

Their models have hit historic lows in Australia, and last year the Commodore was supplanted from the top of the sales list by the Mazda 3, after 15 years at the top.

"If you had said that five years ago to someone they would have laughed at you," another account manager comments. "They would have said, 'Nobody will ever outsell a Commodore or a Falcon.'

"I think they just need the new product to halt the reduction in the market."

But both models are more efficient than they used to be, he says, but have been hurt by the popularity of SUVs. There is also a fuel price advantage for diesel in New Zealand that isn't a factor in Australia.

Ford's new Falcon will have a 2-litre EcoBoost engine, expected to deliver an 18% saving on the current model, with a townand-around fuel economy of 8.1 litres/100km.

But power won't be sacrificed: the direct-injection EcoBoost engine delivers a claimed 179kW at 5500 rpm and 353Nm of torque at 2000 rpm.

Ford Australia president and

CEO Bob Graziano says that the new technology is the best way to achieve improved fuel efficiency and reduced emissions at a price consumers can afford.

The Falcon's old

inline six may soon be

relegated to museum exhibits

"Our goal has been to find the sweet spot for consumers, to give them the fuel efficiency they need, combined with the power they want. With its introduction to Falcon, we're expanding EcoBoost's reach," Graziano said. 🕣

[continued from previous page]

a good sign writing package. They really do look at what is the best vehicle to be able to promote the business in."

Overall Manins expects fleets to continue to grow into more economical cars, including offerings from Suzuki, Kia and Mazda.

Fleet operators are interested in the more economical brands, and he says vehicles such as the 1.4 litre Kia Rio hold attraction, when weighed against a larger car like a Mazda 3 or Toyota Corolla.

"Around town they're rationalising down to smaller vehicles if they don't need that open road power."

Cars driven by sales reps that clock up the miles are increasingly being pulled back, into cars with 2.5 or 2.4 litre engines, rather than the 3.0 litre plus.

He expects the decline of large cars to continue,"I can't remember the last time that we've regularly quoted Falcon and those types of vehicles. Even your standard run of the mill six-cylinder Holden has been drying up for us."

He agrees that Ford and Holden

may become synonymous with Territory and Captiva, rather and Falcon and Comodore.

Nigel Bell-Booth, Orix Sales Manager - Fleet, says that company leasing vehicles are dominated by light commercials and tool of trade vehicles such as a Mazda 6 wagon.

But he says they've seen growth with SUVs, particularly in the small to mid size SUV market, such as Qashqai, Rav 4, Highlander, which have become more popular, and are priced well.

SUVs have become popular as discretionary vehicles. Big increases in the cost of fuel, from a company point of view, will slow this, but he says fuel costs are being offset by the uptake of diesels.

He says they've seen a solid migration from larger engines to smaller, with large cars replaced by high specced vehicles such as Mazda 6 and Mondeo.

"Eight years ago, probably 35-40% of the fleet was Falcon-Commodore, now it's less than 5%. By far the biggest vehicle would be something like the Mazda 6 station wagon." 🕤



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News in brief

No worry on Volt battery packs say investigators

Federal investigators in the United States have closed an investigation into the safety of Chevrolet Volt battery packs, saying that the packs are safe, and endorsing minor safety improvements announced by General Motors.

The investigation came after a Volt which had been used in a side-impact safety crash test caught on fire three weeks later in the warehouse where it was stored.

The fire was believed to have been caused by a coolant leak within the battery pack, which caused it to short-circuit.

General Motors have outlined specific protocols for discharging power from the Volt's 235 pounds (106kg) battery pack, which it says is akin to removing liquid fuel from a conventional automobile

Investigators say they're satisfied with the steps taken to protect the battery, which include strengthening an existing portion of the Volt's underbody and installing a sensor in the battery coolant reservoir to monitor coolant levels.

A statement from the National Highway Traffic Safety Administration (NHTSA) read in part, "Based on the available data, NHTSA does not believe that Chevy Volts or other electric vehicles pose a greater risk of fire than gasoline-powered vehicles."

Kiwi announces direct UK/Europe sailing

Kiwi Car Carriers as NZ agents for Hoegh Autoliners have announced an increase in the monthly sailings from UK and Europe, from 3 to 4 vessels.

The extra vessel will also include a direct call to Auckland, with oncarriage to Wellington and Lyttelton.

The MV Hoegh Copenhagen is one of the largest PCTC (pure car truck carrier) in Hoegh's fleet of 50 purpose built vehicle ships, and can handle a full range of vehicles, rolling stock and static/project cargo on

"While the current service require a transhipment at Melbourne, it's expected that the direct sailing will be well supported by new car and commercial customers and with the recent interest in used imports from the UK, here's a viable competitive, drive on/off no fuss shipping option able to accept any size vehicle" says Kiwi's Terry Riches.

The UK load ports are Newcastle and Southampton, with calls at the European ports of Le Havre, Bremerhaven, Antwerp and Santander (Spain). The direct service has a 43-day transit time.

Australians can bet on vehicle sales

An Australian online betting website, sportsbet.com.au has set the odds for the top selling car in the Australian vehicle market this year.

Spokesman Ben Hawes says it's a two-horse race between the Mazda3 and the Holden Commodore, with both cars as AUS\$2.10 equal favourites to snare the crown.

Toyota's Corolla is on the second line of betting at \$5.50 followed by the Holden Cruze at \$11, the Toyota Hilux at \$15 and the Hyundai i30 at \$26, while the Ford Falcon is considered a massive outsider at \$81.

"2011 was the first time in 15 years that the Commodore was beaten to the top spot with the Mazda3 taking its crown by less than 900 cars so it will be very interesting to see what unfolds in 2012," says Hawes. 🕣

NZ LABOUR MARKET REPORT JAN2012

in association with Automotive Employment NZ Ltd

Mid-February through to April is the peak recruitment period for many of the strategic appointments in the New Zealand Motor Industry. New vehicle distributors are now rolling out planned recruitment activity and franchise groups are executing planned expansion and resulting hires. Some will be replacing non-performing managers. A number of these roles will soon be advertised and it may therefore be beneficial to pass on learning experiences from past successful hires at this level.

If 2012 is similar to most years employers will experience a combination of emotions relating to the staff they employ in the year to come. Many will argue that there is no silver bullet for ensuring a correct hire but after observing a range of hiring decisions over a twenty year period it is evident you can certainly improve the odds of getting it right. It would be hard to imagine an All Black selector choosing a critical team member on an ad hoc basis. Common sense tells us results and abilities would be tested and trialled and

a range of factors such as the physiological readiness of the player would all be considered. The recruitment process for your key staff can also be structured in a way where you get to choose from a wide range of talent, compare past results, test abilities, trial the top contenders and ensure the physiological readiness of the appointee. Ask yourself how many times placements have been made in your company without the correct planning and

the range of skills and abilities it takes to for a manager to truly perform and many have a limited understanding of how to locate the talent they are seeking. To add complication to the process the hiring manager needs to know how to measure and test for skills and abilities.

If the years I have been involved in recruitment has taught me anything it is that the truly skilled recruitment managers are the ones who

"Many will argue that there is no silver bullet for ensuring a correct hire, but after observing a range of hiring decisions over a twenty year period it is evident you can certainly improve the odds of getting it right."

execution of structured selection processes....are you sure the very best person was hired on each occasion or is there room for improvement?

Few managers, if any, in the recruitment assignments we are called into have already preplanned the desired outcome of what they want to achieve with the new hire. Fewer still consider plan, gain knowledge and use every resource to ensure they are selecting from the full pool of talent. These managers seek proof, and like the All Black selector, often get it right more often than not. The hiring decisions that have a greater chance of failure tend to be spur of the moment or ad hoc hiring decisions that have had little

comparative analysis.

Whether your next strategically important hire is through a Recruitment Company, the Human Resources department or Self-Managed, consider structuring the process. The best appointments in my experience are when all three parties work as a team, the assignment structured with the recruiter locating, shortlisting and testing and the HR team working with the hiring manager to help make the correct decision.

For smaller companies the luxury of using a recruitment company or an HR department may not be possible but preplanning, structuring, testing, trialling and gaining a second opinion can all be achieved regardless of your recruitment budget. The rule of thumb is to remain emotionally removed from the recruitment decision. Just like buying a house, if you become emotionally involved inevitably the acquisition may not be as effective as it would if you had worked on the basis of well-studied facts and comparative analysis.

INDUSTRY MOVERS

JENINE CANTERBURY was recently employed by Datamotive and Redbook in the capacity of business development manager. Jenine had previously managed the Team Motor Group site in Newmarket and Takanini.

HUSQVARNA NZ recently appointed Richard Cuthbert and Hayden Ritchie in head office technical support roles. Richard had previously worked in a technical support role with Archibald and Shorter Jaguar and Hayden had been working with Turners Auctions.

VAUGHAN PHILLIPS, Son of Automotive Employment NZ founder Russell Phillips recently moved into the motor industry commencing in a Sales Role for AB Equipment, distributor/ suppliers of Toyota Forklift

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tags What are they all about?

ately we have had a few enquiries from dealers about QR Tags, or QR Codes. Namely what are they and should you be using them? You have probably seen these black and white boxes in newspaper ads, on bus shelters and billboards. OR stands for Quick Response, and anyone with a Smartphone can use QR tags. It is simply a code that is read by Smartphones with cameras. QR codes were invented by Toyota in 1994 to track vehicles during the manufacturing process, designed to allow the two dimensional bar codes to be decoded quickly. Now anyone can generate a QR code in about five seconds.

HOW DO YOU CREATE A QR TAG?

You can easily generate a QR tag using one of many websites. The website will convert a standard URL (web page), text, picture or number into a QR code. Once converted, you can download the QR image file and then attach it to your e-mail signature, upload it as a Facebook profile photo, print it or post it elsewhere online. Some QRconversion sites can also encode maps, text, phone numbers or RSS feeds. QR code-generating sites include Kaywa (below), Qurify and Delivr. I've typed a web page URL into this QR code generator and ticked URL:



I can put this QR code to a brochure and once scanned, it will take the user's smartphone to that website.

HOW DO YOU GET THE INFORMATION FROM THE

OR TAG? To read a QR tag, you need to download a QR reader on your Smartphone. These are free to download. Here are a



few that popped up when I checked the App Store on my phone.

When you see a QR tag, you can scan it using your phone. The QR code will send you to whatever has been coded, i.e. a website, text, a vcard (Outlook contact business card), a text message, a phone number or other data. Below, I'm using my iPhone to scan a QR tag of a vehicle I'm looking at online, so I can save it to my phone.



Once your smartphone scans the QR tag it uses a wireless network to find the hyperlink destination. This doesn't have to be a website - it could be a create a text message or go straight to a phone number, ready to call. When scanned the code above, my phone took me straight into the vehicle listing pagewhere I can now save the page to my phone for future reference.

WHY USE QR TAGS?

QR tags are FAST - instant gratification. Scanning a QR tag gives you information you need immediately, for example you may be on a PC at work, or your laptop. I have scanned QR codes I have seen

at bus stops to get information on the event or product the bus stop sign is advertising. You can scan a QR code on this listing and that listing web page will appear on your iPhone, ready to save and bookmark on your phone. Even if I am already looking at a computer screen, e.g. at work, I can scan a QR code onto my phone to immediately bookmark that page on my iPhone rather than cutting, pasting and emailing myself the link, or typing it into my phone.

A RETAIL CASE STUDY

In the US last Christmas, retailer Toys R Us used QR tags of their products in their catalogues, part of their pre-Christmas marketing drive to enable shoppers to learn more about the products before purchasing them. In the two weeks before Christmas, these tags were scanned tens of thousands of times. Toys R Us also use QR tags within in-store signage and on individual product packaging which show product demos, or provide additional information on how a particular program works.

"Mobile commerce is our fastest growing channel of consumer engagement, as shoppers increasingly use their smartphones to research gifts, get product reviews, compare prices, check availability of an item at a local store, save money with deals and pay for their purchases." says Greg Ahearn, Chief Marketing Officer, Toys R Us, US.

WHERE DO I PUT MY OR TAGS?

QR tags can be displayed on a website page, poster, business card, brochure, signage, Facebook or Twitter. Add QR tags of your website, promotions, competitions, special, mailing list sign-up or warranty and finance deals to instore signage and brochures. Add to your vehicle's signage on your





yard OR the vehicle's online listing:

- ▶ The vehicle's online listing web page
- ▶ The vehicle's CIN card
- ▶ The vehicle's Window Card
- ▶ Finance forms for that vehicle
- ▶ Trade In forms
- A video showing a demo of that vehicle
- A review for the make and model of that vehicle
- ▶ The mobile number of the Salesperson to contact in order to discuss that vehicle

When I was looking to buy a car recently, using QR tags and saving this information to my phone straight away would have been great. In New York, stickers with QR tags are being distributed to bus stops which Smartphone users scan to get immediate bus timetable and traffic status updates.



The options are endless, but the most effective way for dealers to use QR tags would be to drive viewers to their online listings or company websites. QR tags are still a relatively new technology in NZ, but their use is spreading fast. Use them to connect with your customers in a unique way and stay

by Mike Stock

April arrival for Barina with a boot

olden gets its first-ever small sedan with a four-door Barina which it says adds an upscale option to

Till now, Barinas have been hatchbacks, starting with the original re-badged Suzuki Swifts and moving through Opel Astras and on to cars based on Daewoo hatches.

Booted versions of small hatchbacks frequently look awkward, with styling that only the car's proverbial mother could love.

Famously, the man who led the design team for the first generation

of Tovota's

Yaris (sold here as the Echo or Vitz) disowned the sedan version which was cobbled together by Toyota designers in America.

It was a pretty appalling-looking car whose styling looked as if someone had given a swift kick in the rear end and added a luggage boot as not very well thought-out compensation.

Without seeing the car in the metal, it's difficult to know how successful Holden has been in turning the Barina into a sedan, but photographs suggest the stylists have managed to give it an individual and integrated look.

> The car doesn't look as if it's simply had a few

centimetres of sheetmetal tacked on; the lines are more cohesive than the average result of "lets add on a boot" and the car's overall look ties in nicely with the Cruze middleweight.

Dimensionally the sedan is 90mm longer than the five-door hatch and width rises 30mm. The rear track is 20mm wider and weight increases by 18kg over the five-door's, on both five-speed manual and six-speed automatic versions.

Cabin space is identical to the hatchback's save for rear seat headroom which drops by 5mm.

Mechanically the sedan is identical to the hatchback, using the same 85 kW, 1.6-litre DOHC 16-valve fourcylinder engine.

It got a five-star rating in ANCAP crash testing and has front side and curtain airbags, dual front seatbelt pretensioners, front seatbelt reminders, Electronic Stability Control, a collapsible pedal release system and head restraints for all seats.

Standard equipment includes Bluetooth phone and audio streaming,

USB input and iPod connectivity, cruise control and "follow me home" headlights. Boot capacity is 502 litres.

Clearly, Holden sees the Barina sedan as appealing to a different buyer than the hatchback. The word, upscale, is dotted throughout the media material for the four-door, saying it isn't "merely a stretched version of the hatch" and that a "painstaking design process has delivered a number of characteristics that contribute to a more upscale and sleek presence than many four-door (small) vehicles".

Holden suggests that the painstaking design has resulted in rearend styling that has the "more upscale aesthetic expected of a sedan."

Holden starts selling the Barina sedan in New Zealand on April 1, the automatic version's \$24,990 sticker price exactly mirroring the equivalent hatchbacks.

High-performance cats - in 2012 and 20 years ago

f you want the hottest version **⊥** of Jaguar's new XK coupe you'll have to make a special order for the XKR-S coupe and convertible which are available locally at \$260,000 and \$275,000.

The range topping XKR-S's 5.0-litre supercharged V8 engine develops 412kW and 680Nm, enough to catapult the car to 100km/h in 4.4-seconds and on to an electronically limited top speed of 300km/h.

Keeping the XKR-S firmly planted on the ground at high speed is an aerodynamic pack which includes

a rear carbon fibre wing and front splitter.

But though the current hottest Jaquar's top speed is electronically limited, Jaguar had no such thoughts when it developed the fastest-ever production Jaguar, the 342kph (214mph), XJ220 which has just celebrated its 20th birthday.

When it appeared in 1992, the XJ220 had the highest speed of any production car, and even among today's ultra-fast supercars is still no slouch, exceeding 320kph and hitting 100km/h in 4.0 sec.

> It had its origins in the XJ220

concept unveiled at the 1988 British Motor Show, and Jaguar signed it off for production a year later.

It selected motor racing outfit, TWR, Jaguar's motorsport partner, to hand-build the car in an all-new factory in Bloxham, Oxfordshire.

TWR completed the prototype in 1990, and delivered the first customer car in June 1992 with a retail price of 470,000 pounds Sterling. Production ended with the 275th XJ220 in 1994.

Built of an aluminum honeycomb, the 1470kg XJ220 was powered by a 3.5-litre, twin turbo 415kW V6, driving the 18-inch Speedline rear wheels

through a five-speed gearbox and an AP Racing twin-plate clutch. AP Racing discs brakes with four-pot callipers were fitted all-round.

The yellow car pictured is the first XJ220 S, built using spare parts from the cars raced at Le Mans, including single-piece carbon fibre front and rear clamshells, revised springs and dampers and a gutted interior with Kevlar seats and carbon trim. The yellow XJ220 S's V6 reputedly developed 522kW.





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Rust claim accepted on basis consumers don't regularly wash vehicle underbodies

Background

On 19 March 2007 A. McIntyre bought a new Ford Territory Ghia from Hawkes Bay Motors Napier for \$59,179. The purchaser claimed that in the four years that he has owned and used the vehicle it has been damaged by extraordinary rust due to a manufacturing defect.

The trader and Ford Motor Company of New Zealand Limited denied the purchaser's claims, and say his use of the vehicle in a harsh marine environment has caused metal on the vehicle to corrode.

The case

The purchaser told the Tribunal the vehicle was for his personal use and had been driven almost exclusively on road. He says he has not driven it on the beach. He has used it to tow a trailer and to tow a launch and retrieve his 5 metre boat in both fresh and salt water. The vehicle has been regularly serviced by Stevens Motors and Capital City Ford, both of whom are Ford franchised dealers in the Wellington area. The purchaser lives in Eastbourne, a seaside suburb of Wellington.

In February 2011, while removing some dents in the rear panels of the vehicle, panel beaters noticed rust behind both front strut towers under the bonnet. The purchaser contacted the manufacturer to make a claim under the manufacturer's Five Year Perforation Corrosion Warranty.

The manufacturer, after viewing photographs of the rust took the position that some of the rust damage - including rust in the roof, the rear bottom hatch seam, by the door seam on the bottom of the 'B' pillar, the engine bay and around the rear window of the vehicle - would be covered by the warranty, but the majority would not.

On 28 April 2011 the vehicle failed a warrant of fitness check because of rust behind both front strut towers under bonnet. The WOF checksheet also noted that there was surface rust under the vehicle.

In July the purchaser paid \$1265 to have the underside of the vehicle sand-blasted to remove the rust and protective primer and underseal applied. He did not contact the trader to require it to do the work. The vehicle then obtained a WOF.

An expert witness for the purchaser identified significant rust, and said that in his opinion the fault with the vehicle was a manufacturing fault caused by the poor quality of the paint finish to the inner guards, bonnet, door cavities and all internal panels which are finished in base coat without a clear lacquer top coat application.

He believed this would impact on the value of the vehicle, since remedial repairs would need to be disclosed to any potential buyers if they made enquiry. He believed that the vehicle would have to be sold in a de-registered condition, and estimated this would reduce its value by \$23,000.

The purchaser told the Tribunal he had regularly washed the exterior of the vehicle, but had not washed the underbody of the vehicle or under its bonnet.

A C Sterritt for the manufacturer said that the manufacturer disputed that there is a manufacturing fault with

the vehicle and believes corrosion has occurred because of the harsh marine environment in which the vehicle was used. He says the manufacturer has seen no evidence of perforation; only surface rust. He believed also there was no basis for the claim that the vehicle, which had a current WOF, would need to be sold deregistered.

An expert witness for the manufacturer said that from analysis of the scrapings of corrosion product removed from the vehicle, the primary cause of the corrosion to the underbody is exposure of the vehicle to marine salts.

Sterritt referred to the warranty which excludes the manufacturer's liability for corrosion caused by or resulting from salt and says that the vehicle was not cared for in the manner recommended in the Owners Handbook, which required that the underbody to be regularly washed, especially in areas of heavy concentrations

The finding

The Tribunal does not have have iurisdiction to determine contract based claims, and accordingly could not determine whether the purchaser has any legal basis to claim against the manufacture under the manufacturer's warranty, a matter which could be persued before the Disputes Tribunal.

However the Tribunal did not consider that any reasonable consumer of a vehicle which had corroded to such an extent would regard that as being acceptably durable.

The Tribunal was required

The Case:

A four-year old Ford Territory was driven in a harsh marine environment, and had significant rust.

The Decision:

The dealer was ordered to repair the rust. Although the vehicle handbook stipulates that the underbody must be washed, the tribunal considered consumers don't regularly do this so a lack of cleaning didn't constitute misuse.

At: the Motor Vehicle Disputes Tribunal, Napier

to ask whether the vehicle had been mis-used, or used in a manner consistent with a reasonable consumer. Whilst the Tribunal thought that there are several good reasons why, given his location and use of the vehicle the purchaser should have washed the underside of it and the metal under the bonnet from time to time, it was not willing to find that the purchaser's failure to do so satisfies the "consumer misuse" test in the CGA because the Tribunal does not think that reasonable consumers regularly clean the underbody and under bonnet areas of their vehicles.

Therefore the vehicle was not as durable as a reasonable consumer would expect. The trader was ordered to pay \$1800 towards the cost of repairs it initially agreed to, before withdrawing that offer. The purchaser should also return the vehicle to the trader and require it to repair the other rust faults at the trader's expense.

The Tribunal did not accept that the vehicle's condition is such that the rust in the vehicle cannot be rectified and sold in the ordinary fashion. The claim for damages and consequential losses was dismissed. 🕣

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Smokey engine on 15-year-old car rejected by buyer

Background

On 31 May 2011 Mr Davis bought a 1998 Toyota Corolla diesel for \$4,000 from Motive Trading Limited. The purchaser wished to reject the vehicle because he says its engine is smoking badly and using excessive oil as a result of the engine being badly worn.

The trader's director, S Keit, said that the purchaser has owned and driven the vehicle for over 5 months and travelled nearly 7.000kms in it since he purchased it. The vehicle is over 13 years old and has travelled 178,000kms and he considers the vehicle was of acceptable quality for its age and mileage when it was supplied to the purchaser.

The case

The purchaser inspected and test drove the vehicle before agreeing to buy it for \$4,000 on 31 May 2011. The vehicle's odometer was then 171,220kms and it was sold with a new WOF.

The purchaser says that two days after he purchased the vehicle it overheated on a trip between Takapuna and Belmont. A mechanic found the main cooling fan to be faulty and replaced the radiator fan at a cost of \$203.72. The purchaser did not contact the trader before having the radiator fan replaced.

He noticed later that month a drop in the vehicle's oil level, and on 5 July the vehicle was taken back to the trader to have it inspected for a possible blown head gasket, lack of power, and a smoking engine. The trader claims it had "the appropriate tests completed on the engine", though there were no proofs of this. Mr Keit told the Tribunal he drove the vehicle for 200kms during which it did not use water or overheat. The trader says the vehicle's 2.2 litre four cylinder engine was delivering the correct amount of power and the vehicle was not underpowered. He sent the purchaser a letter saying smoke was simply valve stem seals (valve guides).

The purchaser was not satisfied with that response from the trader and says he took the vehicle to Bruce Clarke of Shore Power Diesels who apparently confirmed the vehicle was not overheating but was burning oil. Mr Clarke's statement was unsigned, undated, and was typed on a blank piece of paper. The Tribunal considered it to be as unreliable as evidence as a statement from Mr Keit as to what he says Mr Clarke told him.

On 17 July the purchaser's father, Julian Davis wrote to the trader asking that the trader refund the purchase price of the vehicle within seven days.

On 1 August the purchaser took the vehicle to VTNZ for a "pre purchase inspection", although by that time he had owned the vehicle for 2 months and driven 2,203kms. The VTNZ report included, "Engine oil level very low, has major oil leaks, Oil pressure switch leaking". After receiving the report he took a copy of it to show to the trader, and asked for a refund.

The purchaser continued to drive the vehicle although he says he had a friend change the oil and oil filter. He claimed the engine was consuming one litre of oil to every tank full of diesel.

Nearly two months after the VTNZ check he took the car to a mechanic who reported the main cause of the excessive oil usage was due to the engine pistons

rings not sealing properly and causing blow by into crank case, and estimated \$5,200 to remove, recondition and refit the engine.

Keit for the trader said that he was unaware the vehicle had overheated until he got the application although he acknowledges that was one of the reasons Mr Davis returned the vehicle to him for inspection on 5 July.

Keit said the 1 August VTNZ report does not mention fuming and he says the compressions noted by Wynyard in its 20 September report are fairly average and consistent.

Keit says that the purchaser could have used a heavier grade of oil to limit the smoke emissions.

The finding

The tribunal considered that the main issue was whether the vehicle's high oil consumption meant that the vehicle was as durable as a reasonable purchaser would regard as acceptable. The Tribunal did not think that a vehicle with an engine which consumes 1.3 litres of oil in 500kms is durable. The Tribunal noted that the fuming or smoking issue was first raised with the trader on 5 July and was confirmed as a problem in the Wynyard report on 20 September which was 5,096kms and four and a half months after sale. The Tribunal believes that on balance, a reasonable consumer would expect to obtain more than 5,000kms of use for a vehicle costing \$4,000. Accordingly the Tribunal finds that the vehicle was not of acceptable quality at the time of sale.

The Tribunal considered that

The Case:

The buyer claimed that the engine was using excessive oil, and mechanics told him that the engine would have to be replaced.

The Decision:

The Tribunal considered that a buyer would expect to get more than 5000kms usage from a \$4000 vehicle.

At: the Motor Vehicle Disputes Tribunal, Auckland

this vehicle would not have been acquired by a reasonable consumer aware of how badly worn the engine was, of its excessive cylinder leakage which requires that the engine be replaced. This was a failure of substanital character, meaning the purchaser is entitled to reject the vehicle and obtain a refund of the purchase price.

Having regard to the trader's refusal to accept rejection of the vehicle, the Tribunal has decided to uphold the purchaser's rejection of the vehicle and order the trader to repay the purchase price of \$4,000 and the cost of two reports, \$389.10, a total of \$4,389.10.

Bruce Dell's comment

The Tribunal considered the usual aspects of acceptable quality; whether failure was one of substantial character and whether there was an entitlement to reject.

Considering all of the facts. the Tribunal actually upheld the right to reject the vehicle and the Dealer was required to pay back the full price.

This is one of those very cases where I believe the decision is questionable because surely when someone buys a car for \$4,000.00 with 178,000 kilometres, they must presume that it is near the end of its working life or at least one would expect it to burn some oil and not be in great shape. 🕣



Bruce Dell Law – "problem solver"

Bruce Dell has been closely associated with the auto industry for 37 years, during this time he has handled many complex legal issues on behalf of dealers both in Auckland and Palmerston North

autofile are delighted to have Bruce as part of the Autofile team advising our readers on past Motor Vehicle Disputes Tribunal cases. If you require legal advice give Bruce a call on 09 570 5036

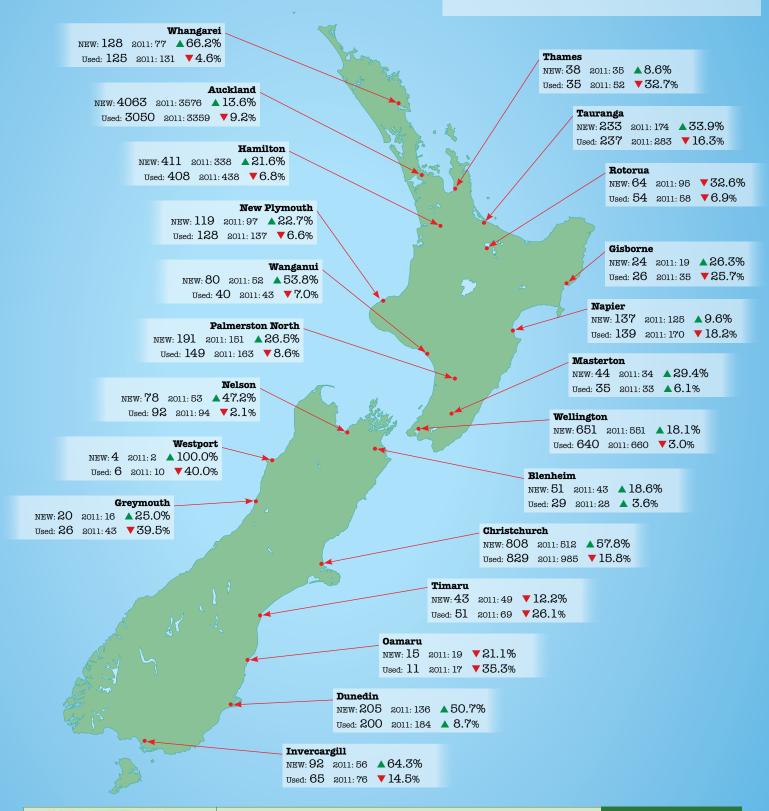
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79.8%





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Yokohama	30 Jan	30 Jan	28 Feb	28 Mar
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[continued from page 1]

Oddballs & Orphans: Used importers ponder 3D cars

"Kiwis have always been a bit scared to get into something new, and there are some weird and wonderful names I've seen that might be mainstream in Japan, but they don't look like they would fit in the market here."

Henderson says while some of the vehicles are oddly shaped, customers also are wary about whether they will be able to source spare parts.

"If the owner clips a tail light, how is he going to get a replacement? That's something I'm very aware of."

He doesn't believe people movers are a problem area in the market, and says he's picking the Mitsubishi Grandis to be the new Honda Odyssey.

"It's easy to buy, at the right money, and fits to retail for

under that \$14,000 mark with just over 100km on the clock. It's a late model vehicle and they brought it into New Zealand [new]. So that certainly ticks the box after Estimas have become a bit dear."

Neville Harper, director at Bay of Plenty Motors, says while January went well in terms of sales, buying remains the biggest problem. He says 2-digit vehicles are still being sold at auction here by importers, and suspects this will continue for some time.

"It's going to be interesting times this year, in terms of buying and price."

Mark Morrell at Morrell Motors says January was "surprisingly good", and above expectations.

"We were up 30% on previous Januaries, so it's quite good."

He believes that the change in emission standards may have prodded a few more buyers into the market.

"We've tried to educate customers that if they want to do something, then they need to do it reasonably quickly, so I think that's probably worked to our advantage a little bit."

Recent stories on the news have focused on the likelihood of price rises. Clark says it's a point they've always stressed with customers.

"I think it's probably kick-started them in the looking-phase for vehicles. It's definitely helped."

Jeff Purvis at Smithburn Wholesale in Christchurch says that January was overall a strong month strong to start, soft in the middle, and then a strong finish.



But looking at what's available in Japan, Purvis says he suspects a lot of the prices are out of reach of the average kiwi buyer.

"We're buying now '05-'06-'07, which unfortunately doesn't always have a budget price tag."

In terms of models, he believes buyers like to see a name that they know, rather than 'orphans'.

"But I'm sure some orphans will be quite successful, as they have been in the past. A lot of the cars that we have, like the Primera, started off as orphans, but the Primera has turned out to be one of the top imported cars out of Japan.

"You can't say that they're all not going to make the cut. Some will, but a lot of them aren't, and possibly a lot of them may not get tested. A lot of people are treading a little cautiously."

He's expecting a strong year for

used car sales in Christchurch, saying that there's good growth and levels of inquiry.

'It's back to work as normal." Lawson Hoggard, of Auto Imports & Wholesale in Masterton, says while many of the dealers he sells to went well in January, it seems that most of the sales were of vehicles which no longer comply.

He thinks once the older cars are gone things will be hard for a while.

The 3D stock they've brought in are "obviously better cars", being later model, but Hoggard believes the price range puts a lot of these outside the average buyer's financial ability.

"I'd love to be dealing in \$20-30-40,000 cars, but when you've got the situation in New Zealand where the average person is only happy to pay \$60-100 per week for a car, it just puts all those cars out of the equation."

Of the compliant models that are coming through, he says that generally a lot of these are smaller cars.

He says models new to New Zealand will start coming through.

"I believe that there are a lot of good cars in Japan that could come in, but time will tell how many make it.

"New Zealand can be a little bit of a 'follow-the-sheep' market, once someone sees a car driving around they're interested in buying it, but they don't want to be the first, they don't want to be the guinea pig."

And with relatively tough trading conditions, dealers don't want to take a punt on something that might or might not work.

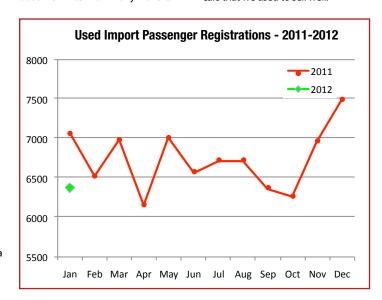
"They'll buy a car that they know they can sell, rather than one they think they can sell."

Hoggard says that dealers are now frequently buying one or two cars, whereas in the past they'd buy five or six. Dealers are overall being more conservative in their approach to the business.

"When the market was good, dealers were prepared to buy stock that they didn't know how they'd go on it, just to try it, knowing that the cashflow was good.

Hoggard says one vehicle they've recently landed is the Toyota Porte, which he believes could do well. New shape Suzuki Swifts continue to do well, and some Subaru Legacy remain viable.

"I guess time will tell how it will go. It's taken out a lot of our mainstream cars that we used to sell well." $\,\,\,\oplus$





CHOICE.



Used Passenger	Vehicle Sc	ales by Make	- Januai	ψ 2012
MAKE	JAN '12	JAN '11	+/- %	JAN '12 MKT Share
Toyota	1677	1964	-14.6	26.3%
Mazda	1033	904	14.3	16.2%
Nissan	1011	1084	-6.7	15.9%
Honda	651	783	-16.9	10.2%
Subaru	435	650	-33.1	6.8%
Mitsubishi	311	397	-21.7	4.9%
BMW	230	279	-17.6	3.6%
Suzuki	218	171	27.5	3.4%
Volkswagen	176	193	-8.8	2.8%
Ford	96	131	-26.7	1.5%
Audi	80	85	-5.9	1.3%
Mercedes-Benz	63	60	5.0	1.0%
Hyundai	53	42	26.2	0.8%
Chevrolet	45	45	0.0	0.7%
Peugeot	39	44	-11.4	0.6%
Volvo	35	27	29.6	0.5%
Jaguar	29	19	52.6	0.5%
Daihatsu	19	11	72.7	0.3%
Chrysler	18	25	-28.0	0.3%
Isuzu	17	14	21.4	0.3%
Land Rover	14	12	16.7	0.2%
Opel	13	19	-31.6	0.2%
Holden	12	9	33.3	0.2%
Mini	12	12	0.0	0.2%
Jeep	11	14	-21.4	0.2%
Alfa Romeo	8	7	14.3	0.1%
Dodge	8	4	100.0	0.1%
Porsche	6	4	50.0	0.1%
Renault	5	6	-16.7	0.1%
Smart	5	4	25.0	0.1%
Citroen	4	1	300.0	0.1%
Lexus	4	8	-50.0	0.1%
Mercury	4			0.1%
Other	33	40	-17.5	0.5%
Total	6375	7068	-9.8	100.0%

Used Passe	enger Vehicle	Sales b	y Model -	January	2012
MAKE	MODEL	JAN '12	JAN '11	+/-%	JAN '12 MKT Share
Toyota	Corolla	378	478	-20.9	5.9%
Mazda	Atenza	315	273	15.4	4.9%
Subaru	Legacy	263	390	-32.6	4.1%
Mazda	Demio	232	164	41.5	3.6%
Toyota	Estima	193	245	-21.2	3.0%
Toyota	Vitz	190	234	-18.8	3.0%
Mazda	Axela	182	173	5.2	2.9%
Suzuki	Swift	140	84	66.7	2.2%
Nissan	Tiida	139	59	135.6	2.2%
Bmw	3 Series	136	181	-24.9	2.1%
Toyota	lst	136	99	37.4	2.1%
Honda	Odyssey	130	163	-20.2	2.0%
Nissan	Primera	125	173	-27.7	2.0%
Nissan	March	118	97	21.6	1.9%
Honda	Stream	117	131	-10.7	1.8%
Subaru	Impreza	115	175	-34.3	1.8%
Honda	Civic	109	128	-14.8	1.7%
Nissan	Wingroad	105	131	-19.8	1.6%
Mazda	MPV	104	92	13.0	1.6%
Mitsubishi	Lancer	103	116	-11.2	1.6%
Honda	Accord	101	118	-14.4	1.6%
Toyota	lpsum	100	108	-7.4	1.6%
Honda	Fit	99	108	-8.3	1.6%
Nissan	Bluebird	97	99	-2.0	1.5%
Volkswagen	Golf	89	101	-11.9	1.4%
Toyota	Altezza	76	109	-30.3	1.2%
Toyota	Funcargo	75	77	-2.6	1.2%
Toyota	Caldina	70	87	-19.5	1.1%
Toyota	RAV4	62	62	0.0	1.0%
Mazda	Premacy	61	50	22.0	1.0%
Nissan	Elgrand	59	66	-10.6	0.9%
Mitsubishi	Colt	57	67	-14.9	0.9%
Mazda	Tribute	52	71	-26.8	0.8%
Other		2047	2359	-13.2	32.1%
Total		6375	7068	-9.8	100.0%

100,000 vehicles per week

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VW's reinvention pays dividends

'ew Zealand-made advertisements, massmarket prices and a solid flow of new models seems to be a winning formula for Volkswagen.

While a number of margues out-performed the overall market growth last year, Volkswagen was easily the pick of the bunch, growing its passenger business by 28.1%, and in the process becoming the first European brand to sell more than 2,000 vehicles in New Zealand in a year, selling 2551 passenger units.

It's now the ninth most popular marque when commercials are included, and its ahead of Kia and Subaru in the passenger stakes.

Growth in 2010 was just over 20% in passenger, and they're forecasting growth of 24% this year - much of it obviously set to be conquest given the overall market predictions.

Volkswagen New Zealand National Sales Manager, Passenger Rodney Gillard, says the company is changing quite rapidly in what they class as a 'niche street to main street philosophy'.

It started in 2010 with their Volkswagen Realignment programme, based around improved spec on vehicles, and with the partnership of the Volkswagen factory, getting vehicles priced better for the market.

Gillard says that with the new prices - the Polo sits at \$25,750, Golf at \$38,500, The Passat at \$47,000, and entry-point Touareg starts at \$92,000 - the marque's product is competing directly with the Japanese and Korean brands.

"It really does line us up against the main players, and some key models."

Part of the effort is an attempt to

chose Volkswagen because they wanted to project the message that they're about quality, not just about size savs Gillard.

He believes small businesses will look to Volkswagen, and dealers are seeing that business.

"We're now starting to see small businesses buying off dealers,

Global Financial Crisis, which is seeing fruition in the new models savs Austin.

Pricing also an obvious factor. and a larger range of buyers are in the market.

"It used to be we'd trade Volkswagen on Volkswagen, but now we're finding we're trading in all sorts of vehicles," says Austin.

Oliver Gazley, Dealer Principal at GT Continental Volkswagen says that the new model range, as well as the realignment, has been making the sales come a lot easier.

"It's now a volume brand, it's no longer a premium European brand."

The brand has retained its very strong following of loyal customers says Gazley. "You've got your volume part of the business, but you've still got your luxury parts of the business like your Touaregs and your cult cars like the Golf GTI and Sirocco."

The Touareg has a big following and repeat clientele, as do the iterations of the Golf.

They're currently redeveloping their whole dealership to cater for the growth, which Gazley says is across their brands.

He saw the new Volkswagen Beetle in the flesh at the recent Tokyo Motor Show, and says he believe it's a really stunning car that will capture the public's imagination.

"I think it's going to be a winner, it's certainly more aggressive than the previous model."



impress upon buyers the value via the total cost of ownership (TCO); lower running costs with diesel, strong residual values, and they've introduced fixed servicing costs.

"We've really started to push to the retail sector that even though we're a European product, the price and benefits you get with that product are mainstream."

Part of the process has been using a local advertising agency to write and produce ads locally, using New Zealand actors, rather than importing a European advertisement with its standard 'filmed on overseas roads' disclaimer.

Volkswagen has always been strong on retention of retail customers, with 80% of customers who buy one Vee-Dub buying another one.

However one area where previously they've had little exposure is to corporate business, and growing this market is essential. Gillard says they're looking to get a better balance in their retail-business split.

"Our biggest opportunity is to get on the wish list of not only the retail buyer but also the corporate."

However it is an area of growth, and he says more companies are coming to them. Coca Cola are one example, currently running a fleet of over 80 Golfs.

The company explained they

quality and it is better product. "One of the challenges is to get Volkswagen on the list of desirable

because the perception is that it is

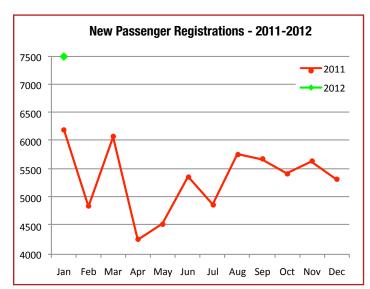
vehicles. on SMEs' shopping lists. Would they see us as a competitive product? It's a medium to long term goal." Mathew Austin, vehicles sales

consultant at Miles Continental in Christchurch, says that their Volkswagen sales grew 40% last year.

He credits a strong flow of new models with bringing customers into the show room, including the recent Golf Cabriolet soft-top. launched last week.

Volkswagen continued to pour money into R&D during the





New Passenger	Vehicle Sal	les by Make	- January	2012
MAKE	JAN '12	JAN '11	+/- %	JAN '12 MKT Share
Toyota	1740	1450	20.0	23.2%
Holden	794	742	7.0	10.6%
Hyundai	780	470	66.0	10.4%
Ford	710	605	17.4	9.5%
Suzuki	569	422	34.8	7.6%
Mazda	501	413	21.3	6.7%
Nissan	318	206	54.4	4.2%
Mitsubishi	284	241	17.8	3.8%
Kia	244	158	54.4	3.3%
Volkswagen	242	246	-1.6	3.2%
BMW	174	161	8.1	2.3%
Honda	154	258	-40.3	2.1%
Subaru	144	137	5.1	1.9%
Audi	114	142	-19.7	1.5%
Dodge	93	15	520.0	1.2%
Mercedes-Benz	75	92	-18.5	1.0%
Peugeot	71	60	18.3	0.9%
Land Rover	59	38	55.3	0.8%
Skoda	55	52	5.8	0.7%
Ssangyong	54	38	42.1	0.7%
Jeep	50	41	22.0	0.7%
Mini	41	44	-6.8	0.5%
Daihatsu	32	2	1500.0	0.4%
Volvo	28	22	27.3	0.4%
Lexus	24	30	-20.0	0.3%
Porsche	21	27	-22.2	0.3%
Jaguar	19	5	280.0	0.3%
Chery	18			0.2%
Renault	18			0.2%
Citroen	16	21	-23.8	0.2%
Alfa Romeo	12	12	0.0	0.2%
Fiat	11	4	175.0	0.1%
Great Wall	7	8	-12.5	0.1%
Other	27	48	-43.8	0.4%
Total	7499	6210	20.8	100.0%

New Passe	enger Vehicle	Sales by	Model -	January S	2012
MAKE	MODEL	JAN '12	JAN '11	+/-%	JAN '12 MKT Share
Toyota	Corolla	828	907	-8.7	11.0%
Suzuki	Swift	382	265	44.2	5.1%
Hyundai	130	312	176	77.3	4.2%
Mazda	Mazda3	291	204	42.6	3.9%
Holden	Cruze	268	163	64.4	3.6%
Toyota	Rav4	241	218	10.6	3.2%
Holden	Commodore	239	380	-37.1	3.2%
Ford	Focus	227	156	45.5	3.0%
Toyota	Yaris	219	89	146.1	2.9%
Holden	Captiva	186	104	78.8	2.5%
Toyota	Camry	163	44	270.5	2.2%
Ford	Mondeo	162	74	118.9	2.2%
Mitsubishi	Lancer	159	24	562.5	2.1%
Toyota	Highlander	124	86	44.2	1.7%
Nissan	Qashqai	112	69	62.3	1.5%
Hyundai	Santa Fe	111	87	27.6	1.5%
Ford	Falcon	110	226	-51.3	1.5%
Ford	Territory	107	31	245.2	1.4%
Hyundai	lx35	103	63	63.5	1.4%
Hyundai	120	82	12	583.3	1.1%
Volkswagen	Golf	75	81	-7.4	1.0%
Holden	Barina	72	38	89.5	1.0%
Toyota	Previa	72	21	242.9	1.0%
Mazda	Mazda6	71	96	-26.0	0.9%
Suzuki	Sx4	70	53	32.1	0.9%
Ford	Fiesta	69	116	-40.5	0.9%
Hyundai	145	64	62	3.2	0.9%
Mazda	Mazda2	64	47	36.2	0.9%
Honda	Jazz	63	50	26.0	0.8%
Nissan	Juke	61			0.8%
Mitsubishi	Outlander	60	81	-25.9	0.8%
Subaru	Legacy	60	35	71.4	0.8%
Kia	Sportage	57	57	0.0	0.8%
Other		2215	2095	5.7	29.5%
Total		7499	6210	20.8	100.0%

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