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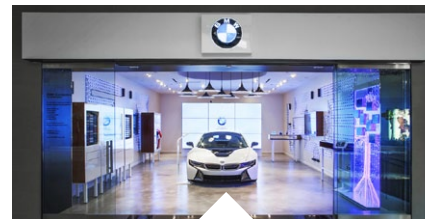
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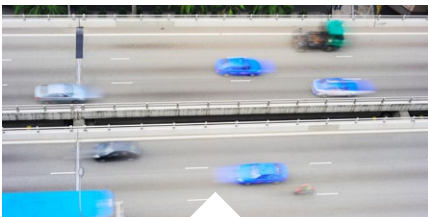
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AP Eagers to expand Carzoos

Used car trial sets stage for shopping centre rollout throughout Queensland and beyond

By NEIL DOWLING

■ **ONE** daring drive into the consumer-rich halls of a shopping centre is said to have paid off so well for AP Eagers that it plans to expand to five Carzoos used-car stores by the end of next year.

The company has told *GoAutoNews Premium* that its fresh way of selling used cars is part of a refocused AP Eagers and a stepping stone to

a more diverse future.

Speaking exclusively with *GoAutoNews Premium*, AP Eagers CEO Martin Ward said he expected a record profit before tax this calendar year of up to \$140 million and that Carzoos was an important driver in the forecast.

Mr Ward said he was heartened by the early success of Carzoos.

AP Eagers opened its second

Carzoos store last week in the recently redeveloped second stage of Westfield North Lakes, north of Brisbane. While the company was not yet prepared to discuss sales numbers, the company said it had already helped more than 100 people to buy and sell cars.

AP Eagers general manager of innovation and marketing Daniel Kemp said that “Carzoos is about taking away

every possible pain point that customers feel when buying and selling a used car.

“Our research showed that people – particularly women – experience enormous anxiety when walking into a car dealership. We are eliminating the anxiety by building a fully consumer centric model.”

He said that attendance at the new store was better than expected.

“We had 400 people visit the store in its opening week. You’d never get that at a used-car dealership,” he said.

The North Lakes store becomes AP Eagers’ second and now flagship outlet after launching a pilot store at Westfield Garden City in Mount Gravatt in September for what it refers to as an important beta testing phase.

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Mr Kemp said the pilot store would remain within the group. But by the end of next year, he has planned a total of five Carzoos used-car stores in shopping centres in Queensland.

“To date, we have been operating off organic traffic and word-of-mouth, which is extremely encouraging,” he said.

“From early December we will begin an active marketing campaign.

“From there, we will build up to five stores, targeting the major hubs in south-east Queensland. Then we will spread to other states.

“The strategy is to develop our properties around shopping centres because that fits with the convenience of our prospective customers.”

Though smaller than the second store, Carzoos first exploratory step into the concept will remain.

“We learnt so much from this

(Mount Gravatt) store and that’s been optimised when carried over to North Lakes,” he said.

“The flagship store has a far better use of space and is bigger at 140 square metres compared with Mt Gravatt at 90 square metres.

“There is also a new layout that breaks the shop into areas, while there is a new design in the self-service pods and placement of large screens.”

Mr Kemp said Carzoos was “lucky” to get a shop adjacent

to the entry to Queensland’s second Ikea store, which has a very large and constant shopper traffic flow.

“Everything in the development is new and has attracted lifestyle brands,” he said of the centre’s recent redevelopment.

“That suits our business model and also makes the centre attractive to early adopters and innovators.”

The North Lakes store has branded car bays that

are reserved for customers picking up their new car or for people having evaluations on their existing vehicle.

Carzoos also differentiates itself by employing staff – called Carzoos Buddies – who have no previous experience in the automotive retail industry. Simply put, Mr Kemp describes Carzoos Buddies as “customer advocates whose role is to help our ‘guests’ through the process”.

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“We have opted for people who have come from industries such as hospitality and fashion and who bring a fresh approach to automotive retail”, Mr Kemp said.

“Customers don’t like to feel anxious when buying or selling a car” he said. “So we’ve flipped the model with Carzoos. Our buddies are remunerated on guest satisfaction, as opposed to the typical used-car industry remuneration of commission on sales.

“We measure the performance in helping guests from the results of an iPad driven exit interview. To date we have a 96 percent hit rate for high satisfaction so it shows customers are enjoying – and

responsive to – the experience.”

Carzoos operates by using an in-store app powered by iPads that shoppers can use to locate a vehicle and reveal a no-haggle price. The price is guaranteed and is fixed. Further benefits include a seven day, ‘no questions asked’ money-back guarantee – if you don’t love your car, you can just give it back. You also get a 175,000 kilometre warranty and 12-months free comprehensive motor vehicle insurance.

Vehicles offered by Carzoos are less than six years old and have travelled less than 100,000 kilometres.

According to Mr Kemp, Carzoos is more than a retail store and more than online.

“Carzoos is an entirely new

way to buy and sell used cars that leaves customers fearless,” he said. “We’re only getting started.

“We’re going to keep unpacking the whole car buying and selling process, because we believe everyone has the right to buy fearless and sell fearless”.

Footnote: AP Eagers chief Martin Ward has flagged that the company is unlikely in 2016-17 to keep up the frantic pace of dealership acquisitions undertaken in 2015-16.

“We are a \$1.75 billion company and we spent about \$200 million in expansions and acquisitions last year,” he said. “I don’t think you can expect that same level of spending this year.”

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From left: Anthony, Brad and Paul Warren

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Warren Group bulks up

Long-standing family dealer to team with equity company as it prepares for acquisitions

By NEIL DOWLING

■ **MAJOR** family-owned automotive retail firm Peter Warren Automotive Group has partnered with private equity company Quadrant.

The partnership will give Peter Warren the ability to move forward faster in the future, its CEO and chairman Paul Warren told *GoAutoNews Premium*.

“It gives us access to capital in order for us to grow and that required more funds than we, as a family-owned company, could raise ourselves,” he said.

“We have to look to the

future and structure of the company to grow in the best manner.

“We considered listing, along with other ideas, but we found that Quadrant was the better choice for the future for us. It has had experience in the past with similar company structures.”

Mr Warren has not ruled out a public listing.

“It is possible that down the track, if the opportunities present themselves, that we could look at a public listing,” he said.

The funds from the

partnership with Quadrant will be used for future growth.

Mr Warren said he was “looking at acquisitions.

“It all has to do with the availability of funds,” he said. “We are working with a few people at the moment.

“We won’t say who we are talking to or when we could embark on acquisitions but it’s something we are working on now.”

Quadrant, which places assets into a series of funds, has also partnered with Burson Auto Parts, Fitness First (which joins its involvement

with Goodlife and Jetts), Zip Industries and VIP Petfoods.

The Peter Warren Automotive Group has nine dealerships in NSW – including Macarthur Automotive and two franchises in Bathurst – and Queensland, including Sunshine Automotive. It started in 1958 by Paul’s father, the late Peter Warren, in the outer Sydney suburb of Liverpool.

It now turns over about \$1 billion, has 1100 employees, sells 21,000 cars a year and has 23 brands including Rolls-Royce, McLaren and

Mercedes-Benz.

Its flagship is the 10 hectare Warwick Farm complex that has 13 brands, two used-car outlets, a licensed restaurant and electric carts to transport customers.

A partnership with an equity firm was also used by Crick Auto Group to expand its capital base.

Crick joined with Sydney-based Archer Capital in December 2015. However, Mr Warren said the structure of that agreement was not the same as his relationship with Quadrant.

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Frizelle's investment in trucks

Gold Coast group expands into new truck and commercial vehicle dealership complex

By NEIL DOWLING

■ **JAMES** Frizelle's Automotive Group this week has announced it would begin work on a multi-million greenfields dealership for Isuzu trucks and Isuzu and Volkswagen commercials.

The group will gradually

move its franchises from existing premises through 2017 to the new location on a 4.4 hectare site at Kingston Drive, Gaven, which is within the Gold Coast boundary and has frontage to the Pacific Motorway north of Nerang.

Frizelle's dealer principal James Frizelle said the new dealership was the result of strong sales for Isuzu Truck, Isuzu Ute and Volkswagen commercials which meant they were outgrowing the existing sites.

Work starts next week on the first stage of the construction phase that will develop the showrooms and service centres for Isuzu Trucks and Isuzu Ute over a 6000 square metre complex.

The stage will include an

automatic truck wash and detailing centre and 1.5 million-litres of underground water storage to supply its truck and car washes, as well as irrigation for its landscaped areas.

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Stages two and three will create a new Volkswagen Commercial dealership and workshops, a used-car reconditioning centre and a used-commercial vehicle showroom.

Development approvals for stages one and two have been granted by Gold Coast City Council and an application for stage three was recently submitted.

Mr Frizelle said the development was also good news for the Gold Coast economy.

“The success of our Isuzu and Volkswagen Commercial

dealerships in particular has been driven by the growth of other local businesses, large and small, which have decided to invest in new trucks, vans and utes,” he said.

“This expansion will allow us to meet their needs even more effectively than we do now, by offering state-of-the-art servicing, greater capacity and even a lounge for drivers to unwind in while we maintain their vehicles.”

Frizelle’s existing Gold Coast Isuzu and Volkswagen Commercial dealerships are in Nerang and Isuzu Ute is in Southport.

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BMW pop-up South Coast Plaza, California

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BMW to 'rethink' dealerships

German luxury brand plans to move outside the showroom for future retailing

By NEIL DOWLING

■ **BMW Group** is investigating more flexible retail outlets for its cars and considering joint ventures outside the automotive industry and into cycling and even BMW hotels.

BMW Group head of premium retail experience Michele Fuhs told a conference on the future of retailing – recently

reported by the UK website, *AM Online* – that BMW had to “completely revolutionise” its network strategy for the future, including a major rethink on dealerships.

He said BMW was planning to work with corporations such as Lufthansa and Deutsche Bank to explore future retail models.

Mr Fuhs suggested that BMW could embrace changes in mobility solutions by moving into entirely new areas.

“Can I imagine a BMW hotel in future? It has to do with mobility and if we can offer E-bikes (electric bicycles) and some cars for mobility, then absolutely,” he

is reported as saying.

“We’d definitely need partners, but that seems to be an increasing trend among our brands also.”

Mr Fuhs was one speaker at the conference that included representatives from other car brands, architects and designers.

The theme was the change

in store for automotive retail and the effect of new mobility issues, urbanisation and growing product ranges.

Ideas that were discussed about future retail solutions included the possibility of boutique-style stores, more experience-based brand spaces, and both physical and digital presences.

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BMW pop-up South Coast Plaza, California

Source: www.olsonarchitect.com



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He told the conference, ironically held in the showroom of BMW's flagship dealership in Amsterdam, that "in future we won't talk about car dealerships".

Mr Fuhs pointed out that BMW has so many variants these days that the conventional dealership was no longer capable of displaying them.

"Even this place doesn't have enough room to display them all," he said of the flagship showroom.

"We simply could not accommodate a 24,000 square metre facility in the centre of Amsterdam. So we have to be completely revolutionising our network strategy."

Dealerships were "another touch point for the brand," he said, and there were pressures in the automotive industry to take the business to where the customers are.

"Nothing will happen in 10 days, but I can't tell you that automotive retail will look the same in 10-15 years," he said.

Mr Fuhs said small changes

to BMW's dealer network would be made in the near future but there were no plans for a large-scale investment and dealer overhaul.

BMW does plan a more interactive retail experience to be in place in 2018 and Mr Fuhs said a "fully experiential retail experience" could be expected in 2020.

He did not elaborate on the retail plans other than indicate it would involve flexible showrooms and would be of minimal investment outlay by dealers.

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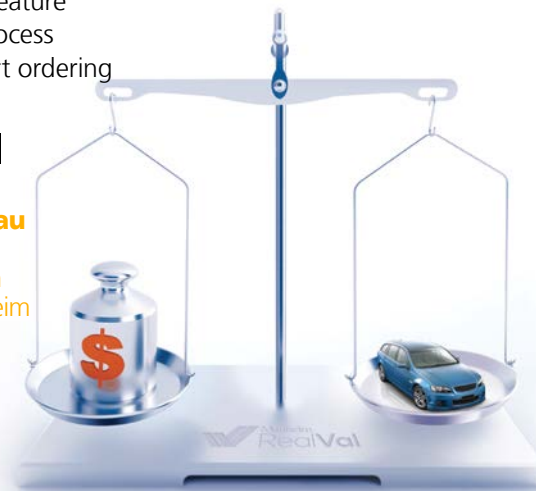
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Car2go gone in US cities

Daimler car-share business closes down in three locations; tax and car choice is blamed

By NEIL DOWLING

■ **WARNING** bells sounded this month as the strongly-backed car2go car-sharing business, owned by the North American arm of Daimler AG, closed its doors in two prime US locations.

The company, which operates in the US and Europe,

shuttered an operation in the Minnesota “Twin Cities” of St Paul and Minneapolis, and another in San Diego, California. It follows the closure of an outlet in southern Florida in the Miami/Miami Beach area in March.

Poor business results in San

Diego and high tax rates in Minnesota and Miami were apparently to blame.

The average tax applied to a rented car in Minnesota is 22 per cent and at that rate, car2go said it was difficult to provide affordable transport. It costs US41 cents (A55c) a minute for

short trips, less for longer use.

In Miami, the ride rate is the same and the tax is equivalent to about \$US1 a day per driver.

Car2go had 300 Mercedes-Benz owned Smart ForTwo cars in Miami, 400 in the Twin Cities and 255 in San Diego.

Critics have said that it is

the choice of the tiny ForTwo two-seater car that has affected business and car2go has last month introduced the larger Mercedes-Benz CLA and GLA models in some European cities and is now trialing these cars in Canada.

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In the affected cities, car2go has 101,000 members who have signed up for life. They can still use car2go services in other cities.

The company still operates in nine US cities and 19 other cities worldwide in countries including Canada, Austria, Germany, Italy and Spain.

Car2go has operated in the US for five years and has recently had a sharp increase in competition from similar companies.

These include independent groups such as Turo,

Enterprise and City Carshare, as well as traditional rental firms such as Avis (Zipcar) and Hertz, and car-makers such as General Motors (Maven and Lyft), BMW (DriveNow), Ford (Credit Link and GoDrive), Getaround (Toyota) and Silvercar (Audi).

Car2go recently stated that its 14,000-car service passed the two-million global member level. In the US and Canada it has 800,000 members and in China, where it started in April, it has 100,000 members.



Car-sharing spreads to Singapore

French giant signs with nation state to build charging stations and supply EVs

By NEIL DOWLING

■ **SINGAPORE** will next year rollout an electric-vehicle car-sharing program that aims to have 1000 vehicles by 2020.

The program starts in June next year with 125 EVs and 250 charging stations. By 2020, the country plans to have 2000 charging points.

The Singapore Economic Development Board and the

Land Transport Authority reported they had an agreement with BlueSG, a unit of Bollore Group, to operate the electric car-sharing program.

Bollore is a diverse European conglomerate with energy and plantation interests but specifically runs the Velib bicycle rent and Autolib car-sharing program in France, and manufactures

the Bollore Bluecar EV.

It also operates Autolib services in Turin, Italy and in Indianapolis, USA.

The agreement with Singapore is for 10 years and Bollore will invest about \$A100 million. Bollore is expected to charge about \$A10 for use of a car for 15 minutes.

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From left: Christian Petracca, Melbourne United basketball star Chris Goulding and Jesse Hogan
Image Source: Melbourne Football Club Facebook page



AHG signs again with the Demons

Australia's biggest motoring group stays with world's oldest professional football club

By NEIL DOWLING

■ **THE** AFL Melbourne Demons will enter 2017 with a goal-kicking sponsorship extension from Automotive Holdings Group Ltd (AHG), which has just signed up for its fourth season of support for the club.

AHG CEO John McConnell

said the partnership for 2017 will give it strong brand exposure and be particularly effective in Victoria where the company has 39 car and truck franchises at 22 dealerships.

He said there were synergies with the Melbourne Football Club – the world's oldest professional football club

– and Australia's biggest motoring group, AHG.

The club gives AHG retail exposure to its influential membership, supporter base and coterie groups, he said, which have produced strong business partnerships.

Melbourne's on-field and off-field performance were

also important factors in extending the sponsorship.

This included AHG's support for the "Freeze MND" campaign led by former Melbourne coach Neale Daniher.

"The AHG Walk to the 'G' has been an outstanding community initiative over the past two years

and reflects our shared values," Mr McConnell said.

"The smooth transition from Paul Roos to Simon Goodwin as head coach and having Peter Jackson as CEO and Glen Bartlett as president gives us great confidence that we are working with a complimentary leadership culture."

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Genuine parts under AAAA attack

Need to fit genuine parts may be a myth says AAAA national awareness campaign

By NEIL DOWLING

■ **THE** Australian Automotive Aftermarket Association (AAAA), in a national campaign to workshop operators this week, has questioned the validity of genuine parts and the need for manufacturers to

demand their fitment.

The AAAA has said the definition of genuine parts could mean the components are made on behalf of the manufacturer by third party suppliers and then sold in manufacturer-branded packaging.

To clarify the matter, the AAAA is distributing online a brochure titled *"The Truth about Genuine Parts – a Workshop Guide to Dispelling the Myths"* to workshops around the country.

AAAA executive director Stuart Charity

said the brochure would inform workshops of "best practice" procedures to parts ordering and in informing customers of the parts being fitted, definitions used to distinguish the different sources of parts and previous Australian Competition

and Consumer Commission guidance on car parts.

"Most consumers are completely unaware that they have extensive statutory rights under Australian Consumer Law when buying a new car," he said.

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Stuart Charity

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“Car companies cannot restrict these rights by forcing car owners to use their dealerships and branded parts when servicing their new car.

“The AAAA believes in free and open competition as the best way to ensure that all Australian car owners have access to affordable, high quality repairs and parts.

“To achieve this, we must ensure that consumers have access to factual information, so they can exercise their statutory rights under Australian Consumer Law.”

Mr Charity said that if a part was non-genuine, but is interchangeable with the genuine part, it would be viewed as being fit or appropriate for the purpose

and would therefore not void the manufacturer’s warranty.

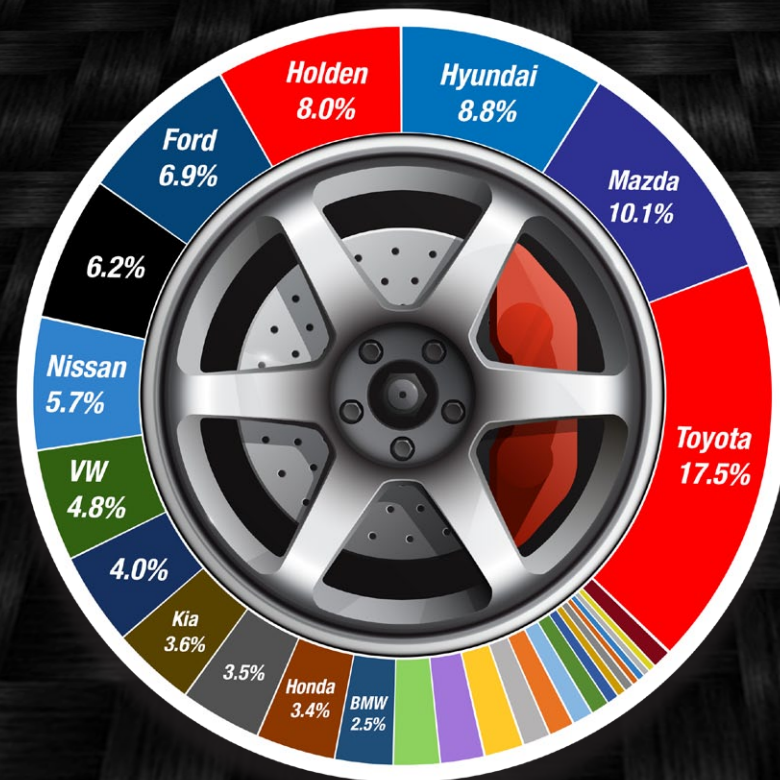
“However, if the aftermarket part fails, or causes damage to the vehicle, the vehicle manufacturer would not be liable for any damage caused by the failure of that part,” he said.

“It is therefore important to ensure that both workshop operators and their parts suppliers provide reliable warranty support and have adequate insurance.

“The critical point for independent workshops is to only source parts, lubricants and accessories from reputable manufacturers and suppliers.”

The brochure can be downloaded via [this link](#)

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"It's great that (Premium) have done this (interview). We have had such a lot of responses from your previous article and when you did your last piece we had quite a few emails (16 enquiries) from Australian businesses asking us to talk to them."

"We wanted to concentrate on the UK first but the level of interest we have had from Australia means we have had to look at gearing up internally so we can now meet demand from Australia."

Simon Dixon - Rockar founder



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