**Auto Hub Week 9 – The Retailers- “Digital Retail” June 8th, 2020**

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**This Weeks Topic “Used Car Domination”**

**Ron Leggero Jr. - Dir, consulting sales, CDK Global**

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**Brian R. Murphy - VP, Canadian Black Book**

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**Call count 30 plus**

**Ric:** Mr. Brandon is moving on from Auto Hub Co-Host. He has a beautiful brand-new facility at Medice Hat to manage and focus his efforts. I would do the same.

**Ric:** Ian has a wealth of knowledge to be joining our team. As Co-Host Ian will be bringing to the table enthusiasm and outside the box ideas.

**Vendor’s speak Friday sessions “More Details Soon”**



**Ian:** Passion for all things automotive from young age**. My vision for Auto Hub** is to build the community from inside out. Platform to add value and having fun while growing the Auto Nation.

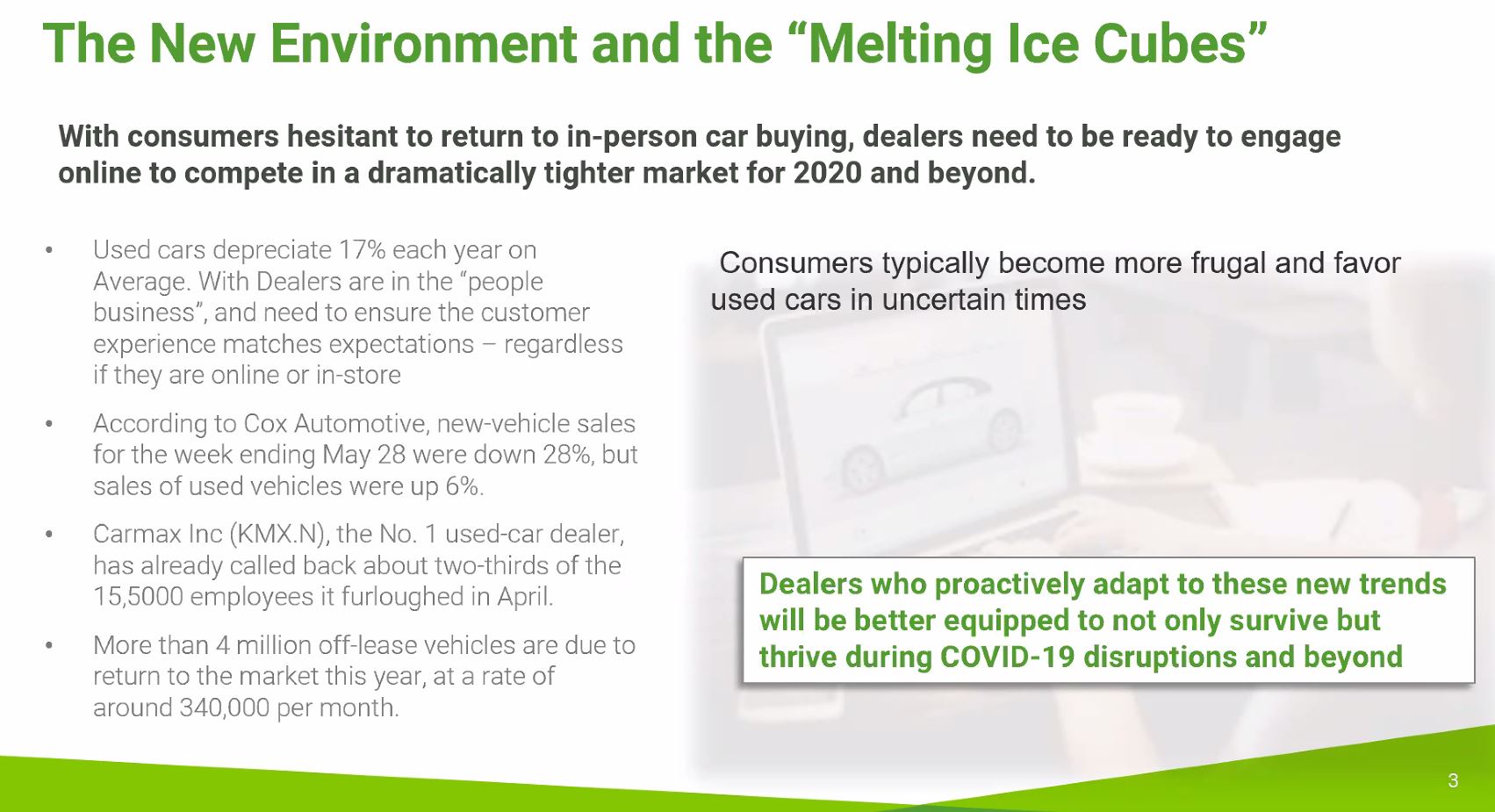


**Ric:** House keeping items standard as usual. Ask question, chime in, no selling of your products

**Ric:** Introduced Ron Leggero Jr. - Dir, consulting sales, CDK Global and Ron Leggero Jr. - Dir, consulting sales, CDK Global check their LinkedIn for complete profile.

**Ron:** Handles USA and Canada consulting for CDK. Learned a lot about Used Car. Take a step back before you talk about strategy.

**Ron:** In the beginning, lets streamline online digital processes. Processes vs Behavior are particularly important. Process that look at your inventory, remember the melting ice cubes analogy.



**Ron:** 30.000 – 40.000 lease cars are coming back in Canada/USA per month.

**Ron:** Don`t make bad decisions on trade in. Make an exit plan for every car you take in. Car appraisals are critical to success. The silo of bad communication is preventable.

**Ron:** Used car department can work hand in hand with the service department. Top 20% of dealers are able to recondition and have their cars customer-ready in approximately five days.

**Ron:** Ask questions to the people that work on the process. You will find things that you don`t know.

**Ric:** What is the difference between process and recommented behaivior?

**Ron:** SMART question to answer the behaivior. How many calls to hit our numbers? Are we doing this right? Is it happening daily/weekly/monhtly?

**Ric:** Every vehiche has to have an exit strategy, would you sign for 15-17% loan? Every vehichle has a different shelf life. Aging paramethers are different by OEM. Core inventory strategy vs other brands.

**Ric:** If you have a Lexus on inventory on a Chevrolet delaership what would you do Kevin?

**Jason:** A car like Lexus needs to be priced to move in 30 days.

**Ric:** Have a core and non-core strategy for shelf life is very imporant.

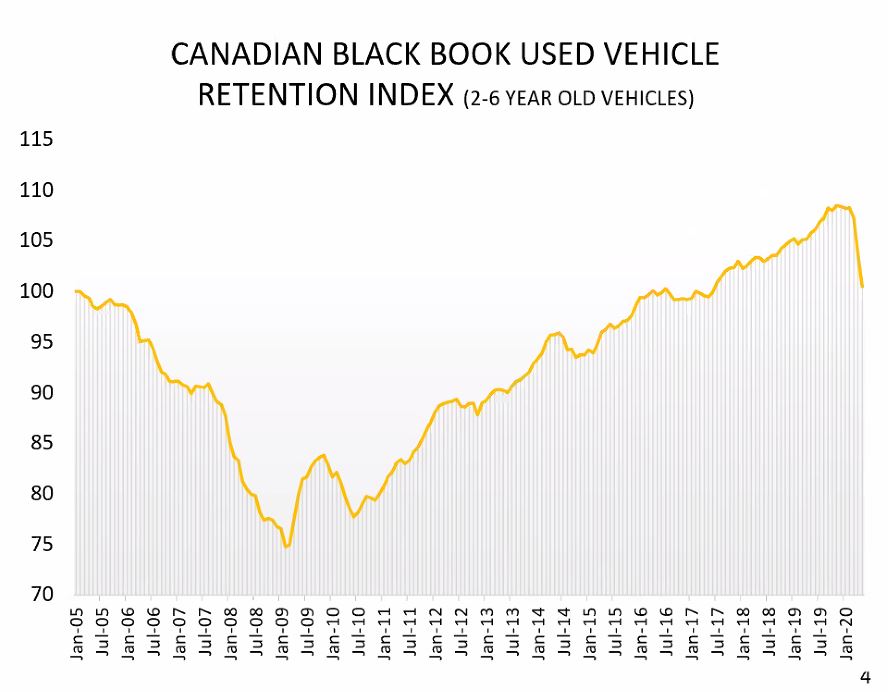
**Jason:** It has to be different you are right on that point Ric.

**Jason:** Sometimes if the colour is different also afffects the aging deadline.

**Brian:** Business as usual but not. We are doing our forecast looking at how the market is behaving. May car sales was down -44%.

**Brian:** Consumer confidence is what we will struggle coming out of COVID-19.

**Brian:** Negative GDP growth in Q1-Q3, drop in consumer confidence most likely scenario. A jump on unenmployemtn should lead to 25% drop in new sales in 2020. New level of sales of 1.4 milion units.

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**Brian:** We think the botton of retail price should be down average 17%. Short term.

**Brian:** Lease rertun record levels expected for 2020 and 2021. Probanally in November bottom of pricing on retail.

**Ian:** What is your advise in the shoes of used car manager?

**Brian:** I wouldn`t have stuff on the lot that your are not 100% sure you will be selling. Expectations are slow declines every week.

**Ian:** Do you expect prices will be recovering on January 2021?

**Brian:** Slow receovery on January in 2021.

**Ric:** What is your take away on rental cars?

**Brian:** We expect that rental cars will start liquidade their inventory. Low millage could be a great opportunity. I have heard opportunity with no millage.

**Brian:** Could be a new source of opportuniy for dealers to buy from rentals car companies.

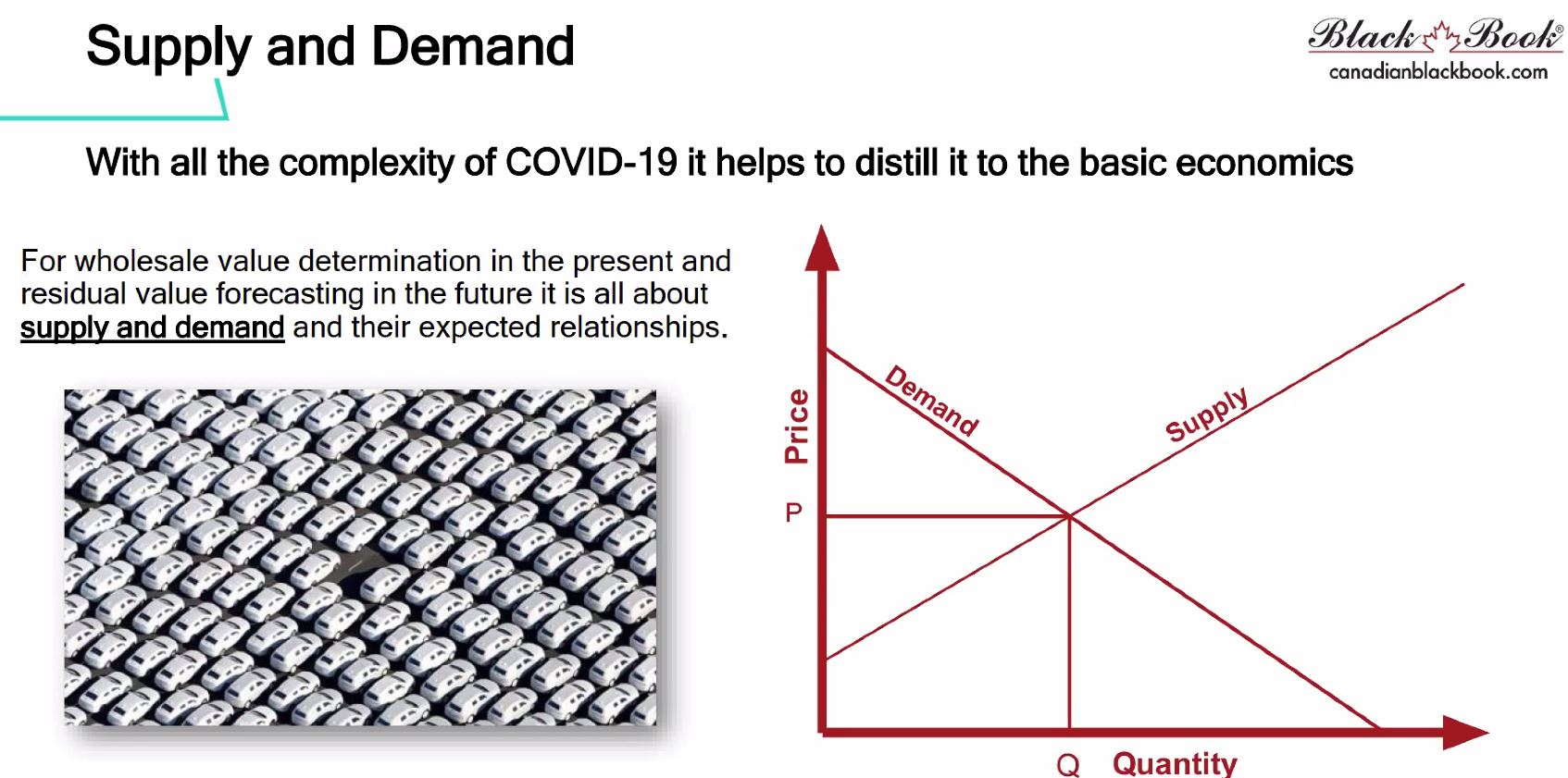
**Ian:** Thank you very much for your time!

**Tiago:** Would you expect that pricing to get back to normal to be 36 months?

**Brian:** That is correct that is the current trend of recovery.

**Ric:** What would you do if you were a dealer today?

**Brian:** I would be focusing on turning what I got as fast as possible as far as inventory. Your cost of goods are doing down so that is critical point to focus.



**Brian:** Lot rots over 90 days can be worth 6-7 point less. Don`t do that.

**Ric:** Would you cary 50 cars a your dealer lot?

**Brian:** We do expect that will be some shortage of new cars. I would not change the number, I would focus on inventory velocity as mentioned.

**Ric:** I would watch my margins. Have accountability to manage the positive demands that are available.

**Ric:** Thanks everyone!

**Tiago:** Thanks evveryone!

**Auto Hub:** Thanks everyone!

**Ian:** Ends meeting with a smile 😊.