

BULLETIN

Industry Divisions



Reference No: carsales.com.au/mm-12-20

Date issued: 21/12/2020

Members of VACC's Victorian Automobile Dealers Association (VADA), Used Car Traders Division (UCTD), Motorcycle Industry Division (MID) and Commercial Vehicle Industry Association (CVIA) have, over recent weeks, experienced a heightened level of concern and frustration at an announcement made by carsales.com.au on 4 December.

What was the message in the carsales.com.au announcement?

The announcement will see carsales.com.au national pricing regime increase for a new car or used car sales lead increase of \$2 per lead.

On a used vehicle this amounts to approximately a 30 per cent increase per lead. The new pricing regime is scheduled to take effect from 1 February 2021.

What has VACC done in reaction to dealer frustration?

Key dealer members from VADA, UCTD, MID, CVIA and the VACC CEO have met in a series of meetings with senior carsales.com.au executives looking to negotiate a situation where Victorian based members are provided with an exemption from the new pricing regime.

Further, dealers are also looking to an improvement to the rules, service element and functionality of the carsales.com.au platform.

What have been the key outcomes of those meetings?

The three key outcomes from the meetings include:

1. carsales.com.au have agreed to a request from the VADA Chair that will result in the formation of the VACC-carsales.com.au Dealer Advisory Board (DAB).
 - i. The purpose of the DAB will be for Dealers and carsales.com.au to meet quarterly to discuss systems issues, pilot new concepts and ensure carsales.com.au and industry are in constant dialogue with regards to the operational functionality of the system.
 - ii. The DAB will include dealers from all franchise sectors (new, used, motorcycle, truck) and dealers from a cross section of city, regional, listed, family and individually owned dealerships. At this stage VACC has identified eight dealers to participate, with a further two to be appointed this week.
 - iii. The DAB will convene in late January 2020. VACC will provide the secretariat for the DAB.
2. VACC to compile issues identified by dealers for documenting on an ongoing issue list to be addressed by carsales.com.au. This will enable the DAB to pursue to delivery of a premium service and delivery experience and outcome for the end user. Issues identified thus far include:
 - i. Autogate functionality is a key issue.
 - ii. Quality of carsales leads, including fake leads, repeat leads or leads for non-available stock have been included in the initial issues register.
 - iii. System functionality with regards to data search filters.
 - iv. Opting out of interstate accessibility.
 - v. Credit processes and rules.

Members are urged to email me at VACC with any issues that can be considered for review at the DAB meetings or added to the VACC-carsales.com.au issues list via mmckenna@vacc.com.au.

3. VACC was unable to negotiate an exemption on behalf of Victorian dealers from the new pricing regime.

It has been highlighted to the meeting that recent carsales.com.au support for Victorian dealers during the COVID-19 lockdown period was in the vicinity of \$1 million per week.

The support of carsales.com.au during the COVID-19 lockdown was gratefully received by Victorian dealers. The support from carsales.com.au generated a groundswell of goodwill from dealers and stakeholders towards carsales.com.au. However, dealers are perplexed at the new fee increase.

It was advised that carsales.com.au believed this contribution was necessary to combat the COVID-19 lockdown situation but the now "normalising" of trading conditions across the country translates to a consistent rate card.

Written confirmation from carsales.com.au this week reaffirms that the VACC request has been considered carefully. However, due to national consistency reasons carsales.com.au could not accommodate the VACC request. An announcement that is not well received by dealers.

carsales.com.au advises that:

"The lead fee start date 1 February 2020 for Victorian dealers cannot be amended as requested, but extension of 30-day payment terms to 31 May 2020 can be offered.

It is the view of carsales.com.au that a change to the payment terms will provide carsales.com.au Victorian customers an increased flexibility around cash flow, and peace of mind that their online presence can remain consistent."

VACC will continue to converse with carsales.com.au in best outcome pursuits for industry. Members of VADA, UCTD, MID and CVIA are encouraged to review and reconcile accounts for the new national rate increase.

Once again, members are urged to email me at VACC with any issues related to their carsales.com.au account that can be considered for review at the DAB meetings or added to the VACC-carsales.com.au issues list via mmckenna@vacc.com.au.

Michael McKenna MBA

Industry Policy

Industry Divisions

VACC

Level 7 | 464 St Kilda Road | Melbourne Vic 3004

P: 03 9829 1280 | **M:** 0418 822 939 | **F:** 03 9867 1795 | **W:** vacc.com.au