Delivering an Effective Dealer Management/Oversight Program

Ian Christman
Registrar of Motor Dealers

Motor
Vehicle Sales Authority
of British Columbia
Overview

- A Brief History
- Mandate as directed by Government
- Structure, Budget & Size of Industry
- Vision, Mission & Registrar’s Philosophy
- Education & Partnerships
- “Regulatory Work”
- Results “Consumer Confidence in the Industry”
Brief History

• April 2004 - Motor Dealer Council of B.C.
• Doing business as MVSA of B.C. in 2007
• Created at request of:
  1) New Car Dealers Association
  2) Automotive Retailers Association (Independents)
  3) Recreation Vehicle Dealers Association
Brief History cont.

- Self-management of operations
- Self-funded - no government funding
- Operated as a non-profit society
- Set priorities
Mandate

- Licensing of Dealers & Salespeople
- Industry & Consumer Education
- Inspection & Investigation Program
- Consumer Protection
- Dispute Resolution
- Manage the Compensation Fund Process
Mandate cont.

• B.C. Government:
  - Monitors the operations of the MVSA (annual reports, business plans, audits and reviews)
  - Is responsible for the legislation
  - Has authority to temporarily take over operations if necessary or disband
Structure

• Not for Profit Society
• 11 Board members:
  3 - Franchise Dealers (NCDA)
  2 - Independents (ARA)
  1 - RV Dealer (RVDA)
  2 - Minister Appointments
  3 - Public-at-Large
Structure

• President – Overall operations
• Registrar – Regulator and independent
• Licensing
• Compliance
• Consumer Services & Compensation Fund
• Education & Communications
• Administration & Support
Budget

- Budget $4.5 million – no change since 2007
- Dealer Licensing (48%) $2.1 m
- Salesperson Licensing (26%) $1.1 m
- Courses (cost recovery) (20%) $894,000
- Administrative & Other (6%) $315,000
- 2012-13 surplus $157,000
- No revenue from the B.C. Government
Size of Industry 2012-13

- 1445 dealers
- 6744 salespeople
- 104 new dealer applications
- 1238 new salesperson applications
Size of Industry

2012 sales (est.) of personal vehicles 571,480:

- New cars 137,285
- Used by franchise 137,800
- Used by independent 129,694
- Motorcycles 6,911
- New RV’s 5,779
- Used by private sale 154,011
### Size of Industry

- **B.C. Population**: 4.6 m
- **Metro Vancouver**: 2.4 m
- **B.C. geography**: 364,764 sq. m
  - California: 163,707 sq. m
  - Washington State: 71,300 sq. m
  - Oregon: 98,380 sq. m
  - Colorado: 104,093 sq. m
Vision

A professional motor vehicle sales industry serving responsible consumers

• Professional – at a minimum, knows and abides by the law
• Responsible – researches, asks questions, takes active role in the purchase process
Mission

Continuing to build a successful motor vehicle sales marketplace through education and compliance

• Successful means:

Consumer confidence in the motor dealer industry.
Registrar’s Philosophy

• Seek voluntary compliance through education first
• Seek to remedy non-compliance and restore compliance …. not to punish
• Systemic issues versus errors
• New focus – amend internal policies and hold to account as part of an undertaking
Education

• Emphasis on Education
• Level I – Certification Course
• Level II – Managers & senior salespersons (started in 2008 ending October 2013)
• Continuing Education – business risks, legal updates, business office specific, privacy
• Focus on legal obligations and business risks
Education 2012-13

- Level I Classes: 50
- Level I Participants: 1150
- Level II Classes: 39
- Level II Participants: 871
Partnerships

- NCDA, ARA & RVDA
- Insurance Corporation of B.C.
- Commercial Vehicle Safety Enforcement
- Canadian Revenue Agency & B.C. Finance
- Consumer Protection B.C.
- Canadian Motor Dealer Regulators
- Real Estate, Securities & Insurance Councils
Regulatory Work 2012-13

- Consumer Enquiries: 2057
- Investigations/Consumer: 772/534
- Formal Compliance Actions: 70
- Consumer Restitution: $1.1 m
- Inspections: 1216
- Liaison Visits: 835
Consumer Confidence

- May 2013 Ipsos Reid survey on the level of consumer confidence in the motor vehicle sales industry.
- Commissioned by the MVSA of B.C.
Motor Vehicle Sales Authority of British Columbia
2013 Public Confidence Study
The primary purpose of this research is to measure public confidence in the motor vehicle sales industry in BC.

This research will provide valuable information about attitudes and perceptions toward the industry, which will enable the VSA to make informed marketing decisions to most effectively accomplish its goal.

The objectives of this research are to:

• Measure public confidence in the motor vehicle sales industry in BC among the general public as well as vehicle buyers/leasers;
• Assess perceptions of the motor vehicle sales industry overall and on relevant attributes;
• Measure the progress the industry and the VSA has made in accomplishing their mission of improving industry professionalism and public perceptions over time; and,
• Measure awareness of the VSA and its role within BC.
Confidence in the Motor Vehicle Sales Industry

Base: All British Columbia respondents & Among those who bought/leased a vehicle through a dealership, excluding don’t know

C3. Overall, excluding private sales, how confident are you in the motor vehicle sales industry in BC? Where 1 = not at all confident and 10 = extremely confident.

<table>
<thead>
<tr>
<th></th>
<th>Rated 10, Extremely confident</th>
<th>Rated 9</th>
<th>Rated 8</th>
<th>Rated 7</th>
<th>Rated 6</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Custom Survey</td>
<td>6%</td>
<td>9%</td>
<td>22%</td>
<td>30%</td>
<td>13%</td>
<td>80%</td>
</tr>
<tr>
<td>Past 12 Months</td>
<td>9%</td>
<td>10%</td>
<td>23%</td>
<td>27%</td>
<td>14%</td>
<td>83%</td>
</tr>
<tr>
<td>1 to 2 Years Ago</td>
<td>5%</td>
<td>8%</td>
<td>25%</td>
<td>28%</td>
<td>17%</td>
<td>83%</td>
</tr>
<tr>
<td>2 to 5 Years Ago</td>
<td>5%</td>
<td>8%</td>
<td>21%</td>
<td>32%</td>
<td>11%</td>
<td>77%</td>
</tr>
<tr>
<td>Total Omnibus</td>
<td>6%</td>
<td>5%</td>
<td>12%</td>
<td>21%</td>
<td>16%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Significantly higher than others within sub-group.

Significantly lower than others within sub-group.
Overall Rating of Purchase/Lease Experience & Salesperson
Among those who bought/leased through a dealership

Base: Among those who bought/leased a vehicle through a dealership

C1. Still thinking of the last time you bought/leased a vehicle from a dealership, please rate your vehicle purchasing/leasing experience overall.
C2. Please rate your experience overall with the salesperson who sold you the vehicle.
## Comparison to Last Purchase
Among those who purchased through a dealership

![Bar chart showing comparison to last purchase among those who bought/leased a vehicle in the past 5 years.](chart.png)

<table>
<thead>
<tr>
<th>Region</th>
<th>Better</th>
<th>Same</th>
<th>Worse</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Custom Survey (n=597)</td>
<td>35%</td>
<td>51%</td>
<td>12%</td>
<td>2%</td>
</tr>
<tr>
<td>Lower Mainland (n=333)</td>
<td>33%</td>
<td>51%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>All other BC (n=264)</td>
<td>38%</td>
<td>50%</td>
<td>10%</td>
<td>2%</td>
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</table>

<table>
<thead>
<tr>
<th>Most Recent Purchase/Lease</th>
<th>Better</th>
<th>Same</th>
<th>Worse</th>
<th>Don’t know</th>
</tr>
</thead>
<tbody>
<tr>
<td>Past 12 Months (n=201)</td>
<td>41%</td>
<td>42%</td>
<td>11%</td>
<td>6%</td>
</tr>
<tr>
<td>1 to 2 Years Ago (n=189)</td>
<td>40%</td>
<td>49%</td>
<td>10%</td>
<td>1%</td>
</tr>
<tr>
<td>2 to 5 Years Ago (n=207)</td>
<td>29%</td>
<td>56%</td>
<td>12%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Base: Among those who bought/leased a vehicle in the past 5 years

E5. Compared to any prior experience buying/leasing a vehicle was your most recent purchase experience...
**Mechanical Inspection – Used Vehicle Buyers**

Among those who purchased through a dealership

- **Dealership Total (n=232)**
  - Offered mechanical inspection or results of an inspection without asking: 34%
  - Asked for mechanical inspection or results of an inspection and received them: 10%
  - Asked for mechanical inspection and was allowed to have vehicle tested offsite: 7%
  - Asked for mechanical inspection and was NOT allowed to have vehicle tested offsite: 2%
  - Did not ask for and was not offered mechanical inspection: 38%
  - Don’t know: 9%

- **Most Recent Purchase/Lease**
  - **Past 12 Months (n=83)**:
    - Offered mechanical inspection or results of an inspection without asking: 44%
    - Asked for mechanical inspection or results of an inspection and received them: 8%
    - Asked for mechanical inspection and was allowed to have vehicle tested offsite: 9%
    - Asked for mechanical inspection and was NOT allowed to have vehicle tested offsite: 32%
    - Did not ask for and was not offered mechanical inspection: 7%

  - **1 to 2 Years Ago (n=70)**:
    - Offered mechanical inspection or results of an inspection without asking: 41%
    - Asked for mechanical inspection or results of an inspection and received them: 10%
    - Asked for mechanical inspection and was allowed to have vehicle tested offsite: 7%
    - Asked for mechanical inspection and was NOT allowed to have vehicle tested offsite: 2%
    - Did not ask for and was not offered mechanical inspection: 31%

  - **2 to 5 Years Ago (n=79)**:
    - Offered mechanical inspection or results of an inspection without asking: 27%
    - Asked for mechanical inspection or results of an inspection and received them: 11%
    - Asked for mechanical inspection and was allowed to have vehicle tested offsite: 7%
    - Asked for mechanical inspection and was NOT allowed to have vehicle tested offsite: 4%
    - Did not ask for and was not offered mechanical inspection: 44%

- **Significantly higher than others within sub-group.**
- **Significantly lower than others within sub-group.**

*Small base size, interpret with caution.

Base: Among those who bought/leased a used vehicle either through a dealership or private sale

**E9. When buying/leasing your most recent used vehicle, were you offered or did you ask for a mechanical inspection by a qualified, independent mechanic?**
**Vehicle History Report – Used Vehicle Buyers**

Among those who purchased through a dealership

<table>
<thead>
<tr>
<th></th>
<th>Dealership Total</th>
<th>Past 12 Months*</th>
<th>1 to 2 Years Ago*</th>
<th>2 to 5 Years Ago*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offered vehicle</strong></td>
<td><strong>44%</strong></td>
<td><strong>51%</strong></td>
<td><strong>53%</strong></td>
<td><strong>36%</strong></td>
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<tr>
<td><strong>history report</strong></td>
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<tr>
<td><strong>without asking</strong></td>
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<tr>
<td><strong>Asked for vehicle</strong></td>
<td><strong>24%</strong></td>
<td><strong>23%</strong></td>
<td><strong>19%</strong></td>
<td><strong>17%</strong></td>
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<tr>
<td><strong>history report</strong></td>
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<tr>
<td><strong>and it was provided</strong></td>
<td><strong>5%</strong></td>
<td><strong>6%</strong></td>
<td><strong>4%</strong></td>
<td><strong>6%</strong></td>
</tr>
<tr>
<td><strong>Obtained my own</strong></td>
<td><strong>19%</strong></td>
<td><strong>17%</strong></td>
<td><strong>15%</strong></td>
<td><strong>31%</strong></td>
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<td><strong>vehicle history</strong></td>
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<td><strong>report</strong></td>
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<td><strong>Did not ask for</strong></td>
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<td><strong>2%</strong></td>
<td><strong>4%</strong></td>
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<td><strong>offered vehicle</strong></td>
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<td><strong>history report</strong></td>
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Base: Among those who bought/leased a used vehicle

_E10. When buying/leasing your most recent used vehicle, were you offered or did you ask for a vehicle history report (e.g. from ICBC or CarProof)? Please choose as many as apply._
Comparison to Last Purchase
Among those who purchased through a private sale

Private Sale Total
(n=147)

<table>
<thead>
<tr>
<th>Better</th>
<th>Same</th>
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</tr>
</thead>
<tbody>
<tr>
<td>41%</td>
<td>46%</td>
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Dealership Total
(n=597)

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Significantly higher than others within sub-group.
Significantly lower than others within sub-group.

Base: Among those who bought/leased a vehicle in the past 5 years
E5. Compared to any prior experience buying/leasing a vehicle was your most recent purchase experience...
Confidence in the Motor Vehicle Sales Industry
Among those whose most recent purchase was through a private sale

Base: Among those who bought/leased a vehicle through private sale
C3 /D3. Overall, excluding private sales, how confident are you in the motor vehicle sales industry in BC?
Questions