



Top Deal Auto - Business scenario report

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Part A

1.Executive Summary

Top Deal auto has been a successful used car dealer since being established by Bill Joyce in 1972. They have combined a model of quality cars, unbeatable deals and effective financing options alongside various promotions to establish an effective market of fleet customers and private buyers. The car industry is large and like all retail businesses is undergoing change. In this report we have undertaken an analysis of Top Deal Auto’s Business and made some significant recommendations. The report covers the following key areas:

- **Industry background**
- **Business Model and target audience**
- **Business Value**
- **SWOT Analysis (Strengths, Weakness, Opportunities and Threats)**
- **Review using Porters 5 forces.**
- **Part B provides a plan for Top Deal Auto Web site.**

We have highlighted some keys points for the management of Top Deal Auto to consider:

- **The need to add an online option to sell and market their cars plus use social media to engage with their customers.**
- **They need to develop key technology staff and make sure all their staff receive training in digital solutions.**
- **Their business model including suppliers needs to be modified to consider possible changes to the Australian market due to end of new car manufacturing and the gradual introduction of electric cars.**
- **The recent Covid pandemic shows all retailers need to have alternative business models.**

Finally in Part B we have provided Top Deal Auto with a mockup of a viable web site which will provide an effective alternative to sell and market their cars but will also be an effective marketing site for their existing car yards where the face-to-face model is very important.

1. Introduction

Top Deal Auto is a car sales company founded by Bill Joyce (now retired) in 1972 in Melbourne. Top Deal Auto aims to provide unbeatable deals and service on a wide range of quality used cars, their focus being on their staff and customers. Initially the company struggled to compete against Ford and Holden until 1978, but one of their loyal customers became a TV star and helped to promote their business using their car yard as a backdrop. They now are the preferred fleet supplier for many major businesses and government organizations. Top Deal Auto are able to provide finance to purchase a car. Top Deal Auto now has 3 car yards and showrooms throughout Melbourne with an intention to expand nationally to Queensland and New South Wales. They have a 10-year-old web site which is used to provide information and promote sales. They also utilize other 3rd party web sales sites like carsales.com and Gumtree but now wish to provide a more mature online and mobile presence with a desire to serve a national market. Through this report we will provide an analysis of Top Deal Auto including their history and analyse the future business model, value proposition, and current industry, environmental and socio-political factors facing the company. We will use Porter's five forces and a SWOT to rate the current position of the business when compared to its competitors and also identify possible forces that will impact the business performance. To assist Top Deal with their future website we will also present a non-functioning website providing recommendations and layout examples.

2. Industry Background

Charles Tarrant, a miner's son from Victoria, is credited with starting the first petrol driven car in Australia and then he later acquired the Victorian franchise for Ford in 1907 selling T model fords (Drive.com.au 2021). Gradually Australia developed a manufacturing industry producing mostly large size cars like Ford, Holden and Toyota. A natural progression of this was a used car market.

However, overtime easing of international trade rules and tariffs saw the introduction of many cheaper, fuel-efficient imported models resulting in eventually the Australian car manufacturers closing their factories while still maintaining a presence to sell new cars.

Top Deal Auto operates in the Used Motor Vehicle market in Australia with both large business and individual customers.

Motor vehicle retailing as a whole accounted for about 17% of all retail turnover in Victoria. Apart from its significance in terms of total retailing activity, the motor trading industry is also linked to other important sectors of the economy notably vehicle and

component manufacturing and service industries such as repairs, insurance and finance.

Unlike the new vehicle sector, the used car sales market is dominated by small car dealers, with the exception of new car dealers who re-sell trade-in vehicles either to the public or to the trade. These dealers tend to handle higher priced used vehicle stock. The used car sector also consists of a viable private market between individuals and not involving a licensed car trader. These transactions account for approximately 50% of used car sales although in metropolitan areas the figure is even higher. The trend to online sales sites is also an increasing factor especially the younger market. The large public auction of especially ex business cars is another avenue for the sale of used vehicles.

A number of significant factors are occurring which is having a significant impact on the car industry. People will always need some form of transport and they love their cars or SUV's but the type of car they purchase and how they purchase it is seeing some changes.

Climate change and the need to reduce emissions is starting to see a trend towards electric cars which may be quickened by government regulation. The trend to complete retail sales online is continuing for all retail and the car market will be no exception. Of course, since this is a large purchase for any person there is still a desire to deal directly and inspect the car.

The Covid pandemic has upended many industries and the used car market is no exception. Continual lockdowns have forced all industries to advance their online contactless models. Due to social space restrictions, less people are using public transport and instead are looking to purchase another car. Also, the Covid pandemic upset the trade in semiconductors for new cars causing a shortage and buyers having to look at the used car market to purchase a car. Another impact is consumers holidaying at home rather than travelling overseas resulted in the need to consider another car. Lastly unable to spend money on travel and dining, consumers have looked at special purchases of older unique cars. As the effects of Covid will be around for at least the next couple of years it is critical its effects are included in our analysis.

While the above trends are happening, research indicates the existing brick and mortar used car industry still has legs as shown in the research below. Monitoring consumer behaviour in the industry the latest key industry insight for the industry highlighted the following key points (Deloitte 2021):

- 70% expect to focus in petrol/diesel for their next vehicle, compared to 18% for hybrid electric, and 4% for battery electric
- A cost/price premium (28%) and a lack of charging infrastructure (22%) are the greatest concerns regarding all-battery-powered electric vehicles
- 79% still expect to purchase their next vehicle the 'traditional' way – in-person, compared to virtually
- 61% would still prefer to interact with an authorized dealer

- 60% are also open to virtual servicing, (as long as it is free).

While the success of Top Deal Auto will be influenced by many of the decisions it makes for its own operations its success is also depending on economic and international factors beyond its control but it does need to make sure these risks are taken into account on any business decisions made.

3. Business Model, Target Audience and Current Environment

All businesses require a business model that shows the plan that a company will use to generate revenues, as well as the structure the business will undertake to control expenses. An Analysis of Top Deal Auto (refer to Figure 1 below) shows that a large part of its sales is from the traditional Australian manufactures Ford, Holden and Toyota tending to suggest Top Deal have an arrangement with these dealers to supply used cars. In the long term this model may not be ideal as the sales of these new cars are in decline since the close of manufacturing in Australia and other trends developing in new cars. A further analysis of Top Deal sales activity (refer to Fig 2) does seem to suggest they do rely heavily on their 3 main promotions during the year: End of Financial Year sales, Melbourne spring racing and end of year sales. This has been a very effective model for them especially in the Melbourne market. But if they have a desire to expand nationally, they will need to broaden their promotions. Their sales data would seem to indicate they have been targeting 3 main types of customers firstly the business and government fleet market, secondly the number of utilities (Refer to Fig 3) sold suggest suburban tradesman or outer suburban hobby block owners and thirdly the typical suburban family with SUV and larger sedans. This is an effective model and will fit in with a digital plan as well.

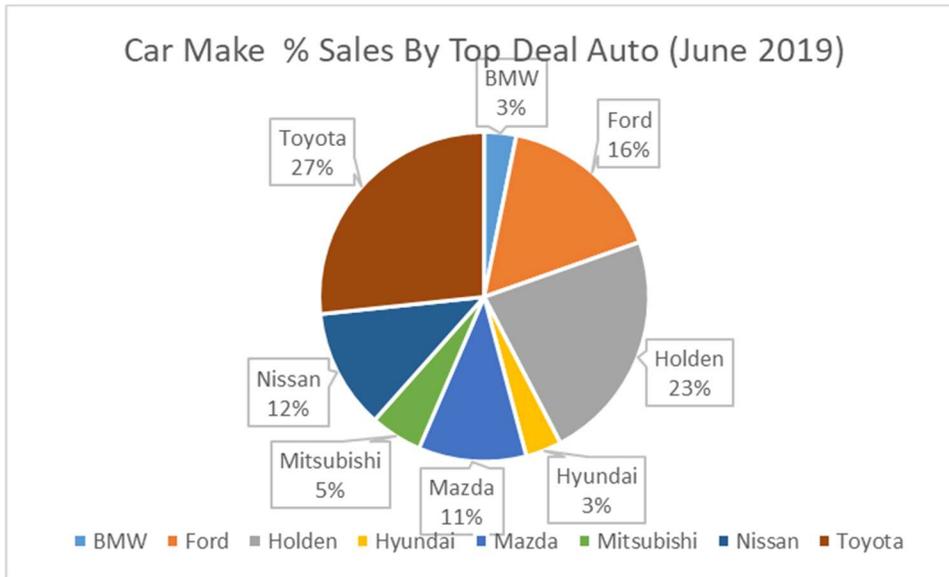


Fig 1 Car Make by percentage sold by Top Deal Auto June 2019.

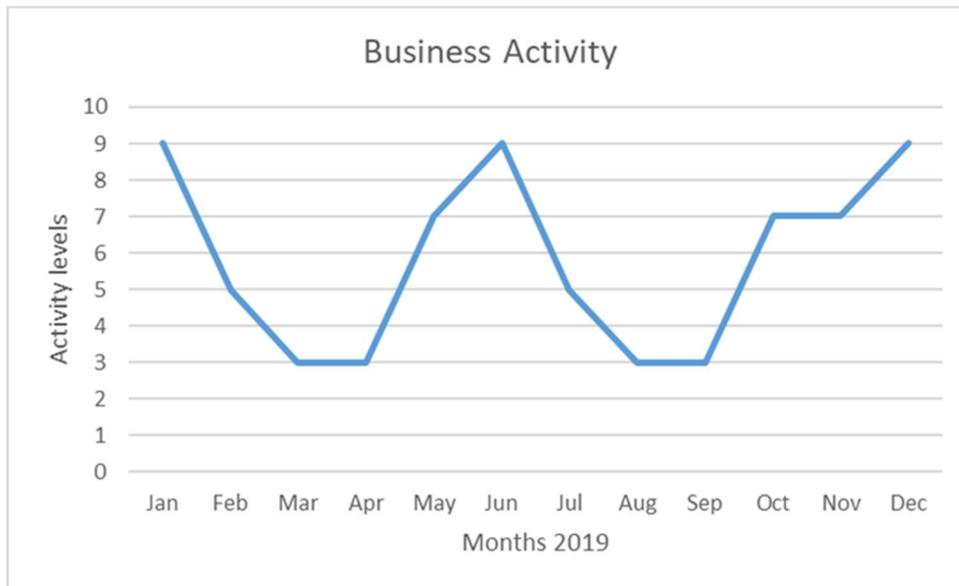


Fig 2 Business Activity levels for Top Deal Auto 2019

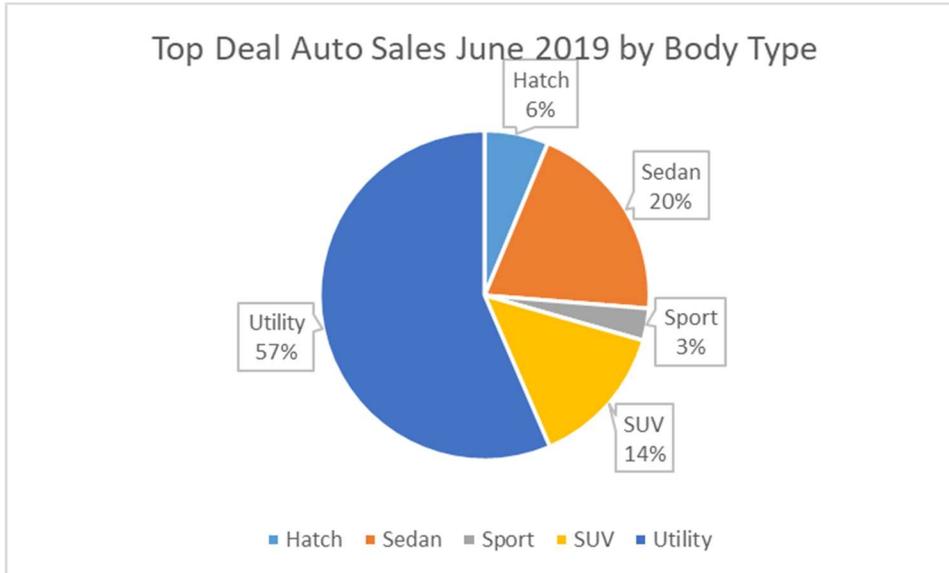


Fig 3 Car Body Type by percentage sold by Top Deal Auto June 2019.

4. Customer Value Proposition

A business value refers to the value a company provides to customers should they choose to buy their product. Top Deal Auto has four major value propositions: a strong link to its business fleet customers, a variety of high-end cars, affordable, unbeatable prices, and financial plans at competitive rates. The company trades high-quality used cars, targeting business and government fleets and tradesman as well as suburban private buyers. The company also provides an excellent financing option providing added business for the company. Since its founding in 1972 the ability to offer low-cost, quality and affordable cars, SUV'S or utilities in addition to provide finance and after sales service continue to form a major part to the success of the car dealer.

5. SWOT Analysis Table

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • The company has loyal and major business and government fleet customers in Melbourne, Victoria and developing in New South Wales, and Queensland. • Affordable, unbeatable rates. • Strong brand positioning as a result of the company’s history and ability to display its car yard in a renowned TV show and strong traditional promotional seasons. • Excellent sales staff with strong knowledge of existing products. • Good business communications • Excellent financing options 	<ul style="list-style-type: none"> • Currently have a low geographic outreach having only 3 yards in Melbourne. • Market Research data may be out of date with latest global events (Covid, Climate change, car manufacturing trends) • Purchase costs are usually higher, particularly for quality used cars. • Existing car models not fitting in with long term industry trends • Business lacks key technology staff
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • A fast-growing population in the surrounding areas of Australia. • Covid pandemic a short-term boost for used cars. • A rise in the demand for fast, quality, and affordable cars. • A rising suburban and rural demand for affordable cars and utility. • A high disposal rate of used cars in private sales creating products for first-car owners. 	<ul style="list-style-type: none"> • Changes in regulations which will affect the use and disposal of used • Covid lockdowns could prevent the car yard from opening. • Customers preferring to buy new cars than take the risk with used cars. • Competitors have a similar product • The breakup of the new car traditional market with Electric cars will also impact used car market.

- Competitors have launched a new advertising campaign
- Competitor opening shop nearby.
- Downturn in economy may mean people are spending less.
- **Disruptive model used by large online tech only companies to increase market share.**
- Long term threats will come from car sharing, on demand, connected vehicles, self-driving cars **which need to be considered.**

6. Porter Five Forces Analysis

“Porter developed the five forces model to help organizations determine the potential profitability of an industry (Porter, 1980). Over the years, this model has been applied for another purpose: as a way of understanding organizations’ competitive environments. That understanding is then used to formulate a competitive strategy. Porter’s five competitive forces can be grouped into two types: forces related to competition and forces related to supply chain bargaining power” (Valacich -2017). Buyer bargaining power is one of the key features in the used car markets. Large online car sales sites have given the consumer a wider knowledge of what’s out there and the consumer now comes prepared to the car yard with a good knowledge of prices. They now have better ways to make sure they can find the car, colour and features they want and will broaden their outlook, but used car dealers can also use their online sales portal to attract customers out of their geographic region as well. The threat of new entrants in the Australian used car dealership is high whether it be through traditional brick and mortar or digital only companies selling online directly or assisting private sales through digitizing the end-to-end purchase. Apart from the

rental costs or property values and government used car regulations there are few start up restrictions for car dealers. The independent used-car profit pool will likely decline an estimated 9 percent by 2030 as online penetration increases from around 6 percent to as much as half of all transactions. The large number of used car dealers and car sales in general does give a high bargaining power to the wholesale suppliers. Used car dealers do need to value add to the final product to justify the extra cost. The threat of substitute products is medium. Electric cars while not a threat to the industry, their introduction will need to be managed by used car dealers especially the warranty for the batteries which could very well be near end of life in a used car. The dealers will need to replace batteries in many instances. Also, the conversion to battery will also alter the new car market which will also impact how used car dealers source their product. Finally, the overall market competitiveness is high. Victoria alone has approximately 1500 car dealers let alone online and private sales. External economic conditions can also be a major threat to the industry as experienced during the recent Covid pandemic and the aftermath of the global financial crisis of 2009 when existing players competed for the shrinking base of buyers. Top Deal Auto does seriously need to add additional digital, marketing and business practices to remain competitive in the Australian car market.

Part B

7. Web Page Design

Home Page

The website design firstly provides a mockup of the home page (Fig 4). Designing good usable interactive interfaces requires the consideration of who the user will be and the environment in which they will be operating in. You also need to consider the type of activities that the user is engaged in whilst using the interface. "The appropriateness of different kinds of interfaces and arrangements of input and output devices depends on what kinds of activities need to be supported" (Rogers, Y & Preece J 2011). The design for top Deal Auto is responsive to all device types. We have provided a design for both a desktop and a single column mobile layout (Fig 5). Generally, users of a car sales web page want to quickly search for a particular make and model of vehicle checking prices. After then selecting a vehicle, they then would

like to see more detailed pictures etc. For this reason, the Top deals car search form is placed on the Home page. The Home page will also be the first page that all visitors access when they visit the website. It needs to quickly show potential customers what Top Deal auto offers. This page has a Header with menu (denoted by 3 lines on the mobile layout) which provides a link to all other pages including their main sales page, Finance, trade in, warranty, about us and contact us page. The page also has details on all the branches plus on the footer provides an option to subscribe to the Top deal auto newsletter. It also provides social media links to Top Deal Auto Facebook, YouTube and twitter site to deliver high-quality images, and to offer information with regards to the recent car arrivals and other information to their customers. On the header we have added what we believe is a good slogan for Top Deal Auto “Unbeatable deals on quality used cars”.

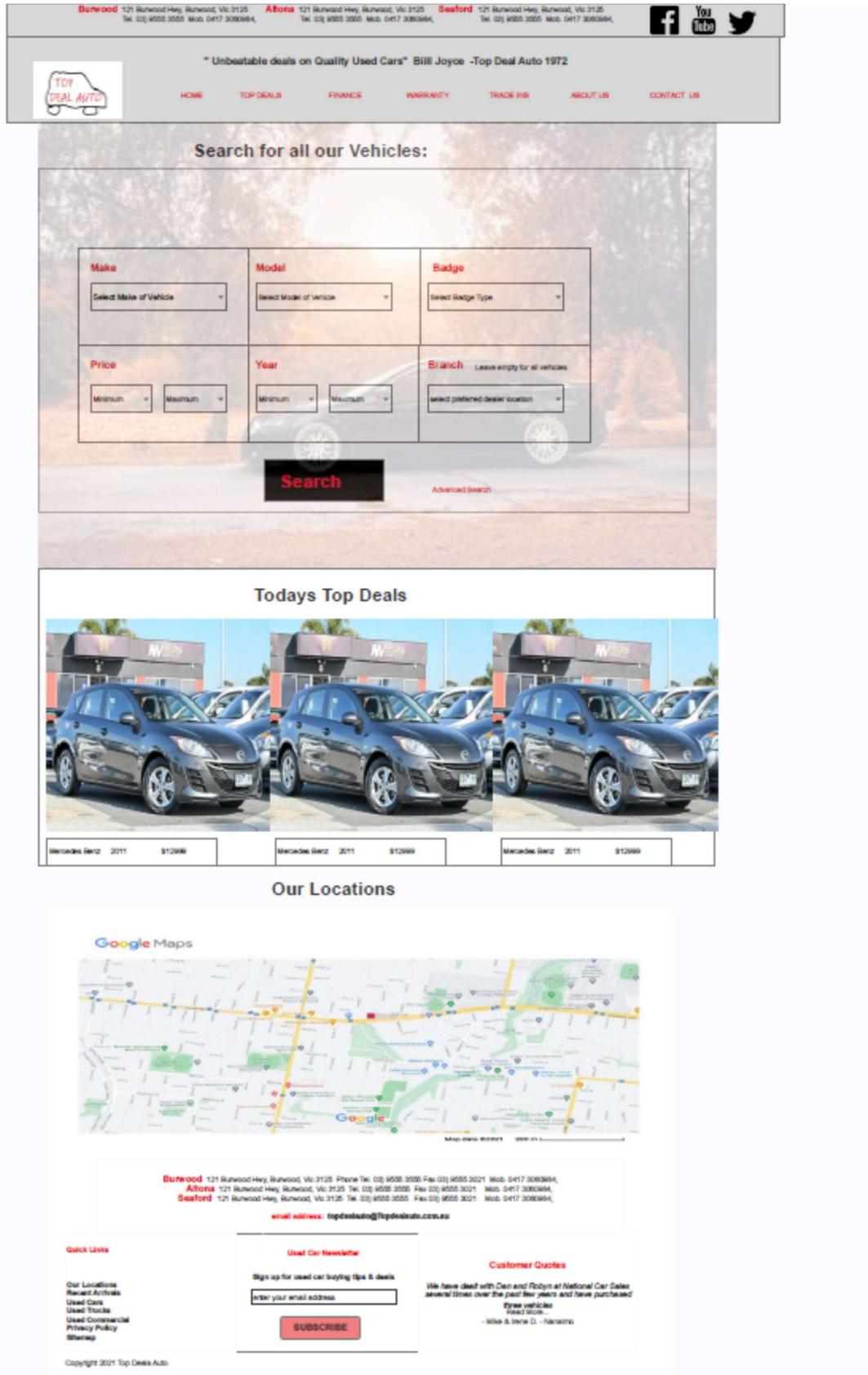


Fig 4 Desktop Webpage Mock up



Search all vehicles

MAKE

MODEL

BADGE

PRICE

YEAR

KEYWORDS

SEARCH

Today's Top Deals



Mercedes Benz 2011 \$12000

Our Locations



Our Branches

Burwood: 121 Burwood Hwy Burwood Vic :3121
Phone 0395553555 Mob 047286304

Altona: Burwood Hwy Burwood Vic :3121
Phone 0395553555 Mob 047286304

Seaford: 121 Burwood Hwy Burwood Vic :3121
Phone 0395553555 Mob 047286304

email: topdeleauto@topdeleauto.com.au

Contact Us

Quick Links

- Home
- Our Vehicles
- Finance
- Trade ins
- Service
- Contact us
- About us

Fig. 5 Mobile Layout Mock up

Finance

The Finance page (Fig 6) provides customers with a strong welcome and alternative to obtain finance through Top Deal Auto partners. To assist customers, the section also provides a calculator to help them work out or confirm what price vehicle they can afford. It also includes an apply for finance button which when opened the form will ask them for the relevant information and submit it to Top Deal sales department. The uniform Header, Location and footer page also provides the same links and contact details as the Home page.



Top Deal Auto Finance

You've found your perfect vehicle – our processes are transparent, and our customers can choose to cancel the sale at any point in time. With our onsite representatives from reputable financial providers means that you will not get a better car loan anywhere else. Contact a friendly member of our team for an obligation-free chat.

Try our finance calculator below to help you decide.

Can You Afford a Car ?

What is the maximum regular payments you can afford:

What is your preferred payment frequency:

How long can you afford to pay:

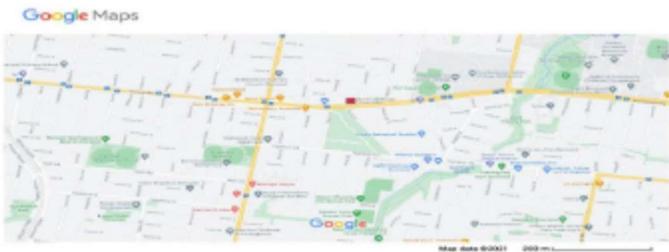
Your input indicates possible affordability of cars priced up to:

\$00000

This is based on payments of \$xxx for y years, at % interest.
Click below to submit a finance enquiry or view cars in this price range

[Apply For Finance](#)

Our Locations



Burwood 121 Burwood Hwy, Burwood, Vic 3125 Phone (0) 4555 3555 Fax (0) 4555 3521 Mob. 0417 308364
Albion 121 Burwood Hwy, Burwood, Vic 3125 Tel: (0) 4555 3555 Fax (0) 4555 3521 Mob. 0417 308364
Seaford 121 Burwood Hwy, Burwood, Vic 3125 Tel: (0) 4555 3555 Fax (0) 4555 3521 Mob. 0417 308364

email address: topdealauto@topdealauto.com.au

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Used Car Newsletter

Sign up for used car buying tips & deals

[SUBSCRIBE](#)

Customer Quotes

We have dealt with Dan and Robyn at National Car Sales several times over the past few years and have purchased 3 new vehicles from them.

- Mike & Irene O - Naratrio

Copyright 2021 Top Deal Auto

Fig 6 Finance Page Mock up

About Us

The About us (Fig. 7) page is trying to portray to the customer how long and reputable Top Deal Auto has been in the auto industry. Used car salesman do often suffer from a bad reputation so any information to boost the image of Top Auto will be helpful. The added picture of the founder Bill Joyce provides an added positive identity. Many of the long-term customers fondly remember Bill's connection to the media. The uniform Header, Location and footer page also provides the same links and contact details as the Home page.

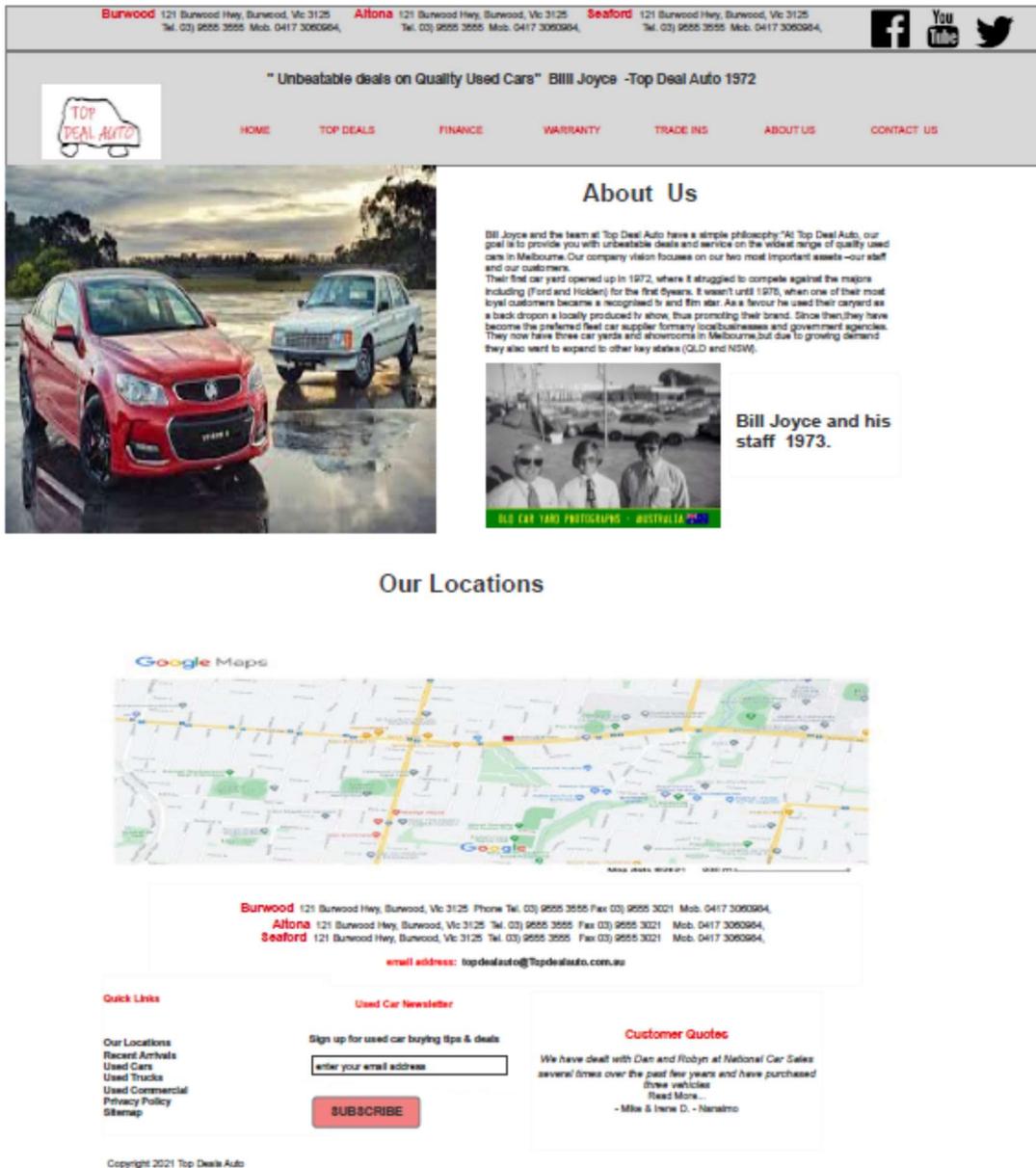


Fig 7 About Us page Mock up

8. Customer Engagement Techniques for the Website

Social Media Links

The better customer engaging and more competitive web platforms usually use social media more effectively than less competitive ones. In the digital age and even more so during the Covid lockdown, consumers are attracted to web platforms that feature better user-experience, fast navigation, and clear graphics to achieve this we have included three engagement tools: social media icons, a finance calculator, and newsletter subscription.

Social media is a common phrase which refers to applications including Facebook, Twitter, YouTube. The social media links will be synchronized to make sure any information that is posted on the Top Deal auto website, displays automatically in the social media. This direct link will improve the display of vehicles and enhance customer interaction and communication flow. Social media will provide a competitive edge, particularly when linked with the primary website.

Finance Calculator

The finance calculator provides an interactive experience for a potential customer that tells the customer that Top Deal is serious and cares about the customer finances. It also provides factual information to inform the customer what value car they can afford. Any engagement with the customer to improve Top Deal Auto's image with the customer will help. When someone buys a car the image of the person they are buying the car from is important.

Newsletter Subscription

Many consumers especially business customers will be always looking to purchase another car. It is not a one-off experience. It is important to try to engage with the customer even after they have purchased a used car. You need to do everything possible to make sure customers come back to Top Deal for their next car. Unlike new car dealers they may not bring their car back for service but if you do provide service, a newsletter subscription will also connect with them to get them to come back. A newsletter will also advise customers of new vehicles or products.

9. Conclusion

The Australian auto dealership industry is a growing sector with multiple players. Top Deal Auto has operated a very successful business since its founding in 1972. The analysis shows that Top Deal has a potential for growth based on the SWOT analysis assuming it adapts its sales and supplier model to the latest digital and industry trends. It needs to make sure key staff receive digital and technology training. Also, it should broaden its marketing to capture a large number of people intending to upgrade their cars. Top Deal Auto needs to maintain its strong relationship with business and government fleet customers. One of the biggest challenges Top Deal Auto will face will be sourcing its products as the result of the breakdown of the car manufacturing industry in Australia continues. The Top Deal Auto sales model is well established to generate sales which will only increase if it is combined with an interactive and user-friendly website digital platform from which it can also market its products.

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