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In the age of the PCP, there is no room for Arthur Daley clichés

By Professor Jim Saker

A few weeks ago, I was asked by AM to write a short piece on the death of George Cole, who played the used car dealer Arthur Daley in the immensely popular TV series Minder, which first aired in 1979 and ran, including breaks, well into the 1990s. George Cole was an excellent actor, who created a character that was both humorous and convincing. The difficulty was that in so doing, he did our industry a great deal of damage.

The image of used car salespeople has never been that good, but a weekly reminder of ‘dodgy dealings’ being broadcast into living rooms did little to persuade the public that the image wasn’t justified. Our sector has been battling to improve its image since and has made strides to improve the professionalism how we deal with our customers.

One of the big issues that underpinned the distrust of car sales people epitomised by Arthur Daley was the ethical base upon which people in the sector were working. It was believed that in some way the ‘rip-off Brits’ mind-set was solely based in the area of car sales. A standing joke at the time was that, in the car industry, ‘ethics’ was simply a county north of the Thames.

Things have changed, and virtually every dealer group I come across is acutely aware of the need to act with integrity and behave ethically, especially towards their customers.

Is this new ethical behaviour by choice or force?

One of the interesting questions is whether the industry is being forced to behave more ethically by outside forces or has made the decision itself to reclaim some form of moral high ground.

Recent MSc research by Jonathan Grudgings, of Bob Gerard, a family-run dealership in Leicestershire, attempted to explore the area of ethical sales behaviour and I draw from some of his findings in this article.

Ethics in sales is not a new quandary – Aristotle wrote in 330BC that “by doing acts that we do in our transactions with other men we become just or unjust”. In other words, the sales situation provides a perfect arena in which to showcase our ethical or unethical behaviour.

It is a situation in which customers know they will potentially be exposed to unethical treatment. They are expecting this type of behaviour and, as a result of this distrust, have a heightened awareness and will be looking for anything that could be interpreted as being underhanded.

Academic writers conclude that sales people can generate and sustain trust by showing competence, customer focus and reliability. However, the willingness to exercise honesty and fairness is of equal importance.

One of the most interesting insights is that a number of empirical studies have shown a strong correlation between employee compensation and ethical behaviour.

These studies support earlier theoretical work that suggested ethical behaviour is directly affected by whether the remuneration is salary- or commission-based. The argument is that commission-based systems will inevitably create a conflict of interest for the salesperson – it rewards them for acting in the company’s interests, as well as their own, but it fails to directly reward sales people for acting in the interests of the customer.

A number of organisations within our sector have moved away from commission-driven pay packages towards the Apple retail approach, with ‘geniuses’, or in Rocker’s case ‘angels’, who are salary-based, have product knowledge and facilitate the sales process as opposed to directly selling the product.

The discussion over whether this is the most effective way of driving sales has been going on for years and people are experimenting with a range of different approaches. However, I am increasingly convinced the argument is becoming immaterial.

PCPs increase ethical treatment of customers

Changes in the market and in legislation have started to lead to a level of transparency that was not known in the past.

Scrutiny by the Financial Conduct Authority is driving dealerships to be more transparent in their transactions and customers now receive legal protection unheard of in the Arthur Daley era. Regulatory compliance has forced dealers to look at their processes and ensure they are not levied with a hefty fine.

The other driving force has been the rise in PCPs. By their nature, this type of contract has to be spelt out clearly, with the obligations of both parties being understood. The relative transparency of the plans makes any unethical behaviour difficult to hide.

The move from outright ownership to a lease arrangement also has a major psychological impact. The perceived risk in taking out a PCP is much lower from a customer perspective than an outright purchase. The customer knows the arrangement has an end time and any financial exposure is limited.

What PCPs have done is to redress the perceived imbalance between the customer and the dealer. The customer is no longer on the look-out for unethical behaviour because it is no longer an issue in their mind.

If Arthur Daley were around today, in a world of PCPs, one would hope the scriptwriters would be forced to come up with different story lines that portrayed our sector in a slightly more positive light.

Whether the sector is more ethical by choice or being forced is open to debate. Whatever your view, the net result would not be the stereotype represented by Arthur Daley. Long may he rest in peace.

“...PCPs have done is to redress the perceived imbalance between the customer and the dealer. The customer is no longer on the look-out for unethical behaviour because it is no longer an issue in their mind.”

Professor Jim Saker is director of the Centre for Automotive Management at Loughborough University’s Business School and an AM Awards judge. He has been involved in the automotive industry for more than 20 years.