

# Network transition Subaru

Concrete proposal to improve sales numbers, based on market analysis and brainstorm session



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A bovitz case study, Q4 2016

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# The Dutch car industry is dying

## Long live the automotive industry !

Many of the outlets within the Dutch automotive industry owe their existence to historic market shares. Or they went from father to child.

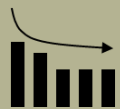
But these companies are in the middle of a world that is changing irreversibly. Consumers have different preferences and technological developments go fast. Internet takes over the information function of shops and showrooms.

Overcapacity exists throughout the industry. Costs of location are no longer in proportion to the yields. Profit of entrepreneurs is under pressure.

As the importer of Subaru, you face this challenges every day.

The current Dutch business model is also under discussion. It is stated that it is at the end of its life cycle. Cru said the business is "bankrupt". And that forces you to drastic measures

Sales new car  
The Netherlands



Consumer  
behavior



Information function  
shops disappears



Technological  
developments



Income  
offline shops



# The Dutch market is overwrought

## Also small companies are facing difficulties

We have asked some experts the following question:

"How many new cars, a single brand dealer must sell each year to achieve a profit of at least 2% taking into consideration country averages for his margins, costs and revenues?"

The answer: 400

When we plot this on the Dutch market there would be place for <1,200 outlets. However, the market has a lot of multi-brand dealerships. Therefore this number is distorted slightly.

At the beginning of 2014, almost 2,400 dealers were active in the Netherlands. Their number decreased slightly in recent years but quite fast in 2015.

Especially smaller dealers and companies that recently invested in expensive properties, are hit hard

2%  
profit

400  
per year

<1200  
sales outlets

# Subaru at the Dutch market

## Relatively small brand with loyal customers

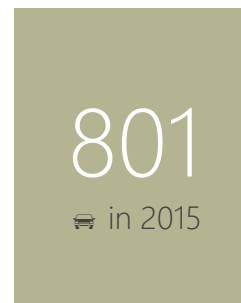
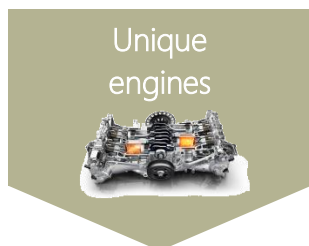
Subaru has been producing cars for more than 70 years and has been active long in the Benelux. Subaru is known for the use of four-wheel drive and boxer engines on almost every model.

Subaru is a relatively small brand in the Netherlands but well known for these unique characteristics. Especially buyers who travel regularly with caravan or trailer are fan.

If we look at the development of your sales numbers and your market share in the Netherlands, these loyal customers do not offer much hope.

2015: 801 🚗, market share 0.18% \*

When we compare these figures to the number of Subaru sales outlets in the Netherlands (34) we come to an average of 24 new Subaru's per outlet in 2015



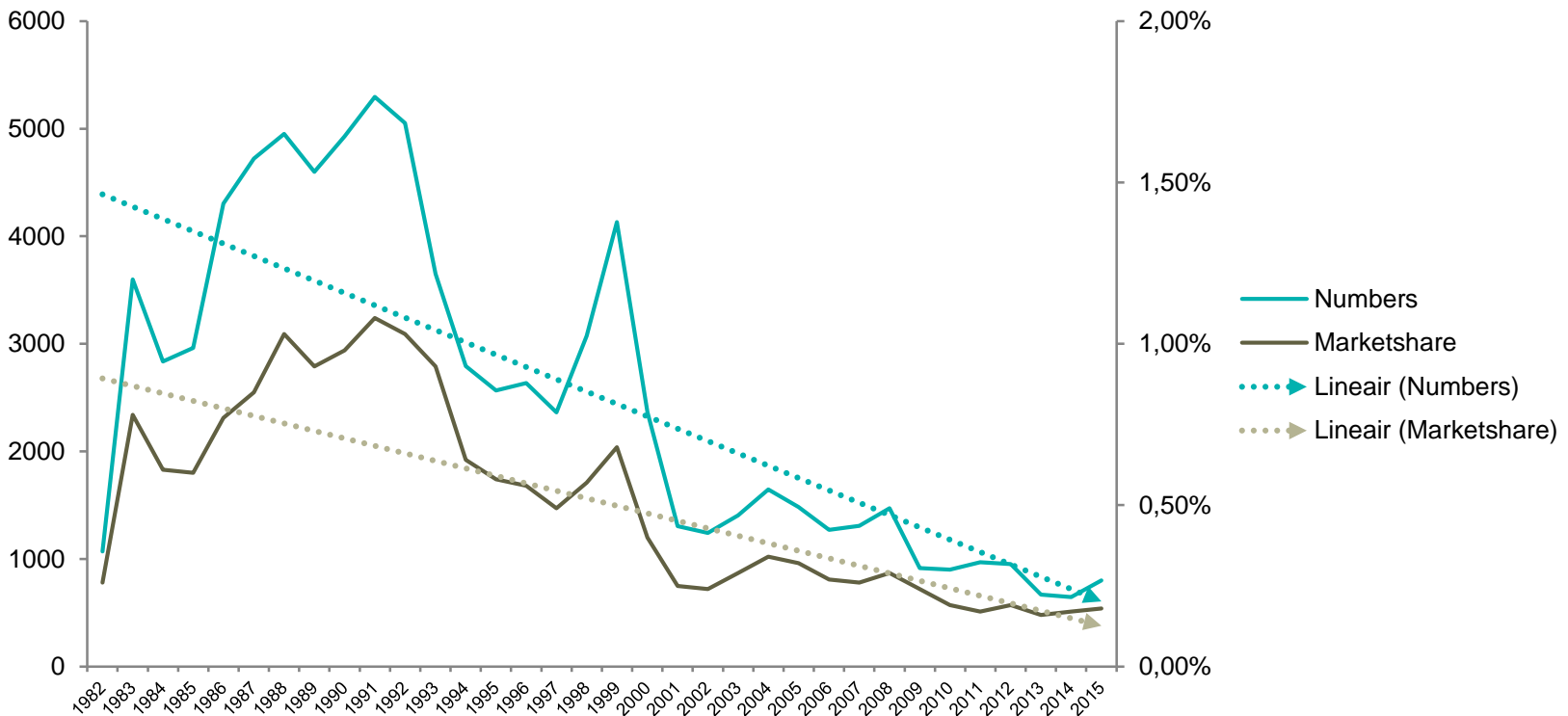
\* All numbers are branche numbers. These might be different from yours

# Subaru at the Dutch market (ii)

## Marketshare and sales new cars since 1982

The sales of new Subaru shows, in terms of numbers and market share, a declining trend in the Netherlands:

Between 1988 and 1993 Subaru achieved a market share of around 1%. Since 2010, it is hovering around 0.18%



# Is the customer of today good for Subaru?

## (PH)EV dominates the streets?

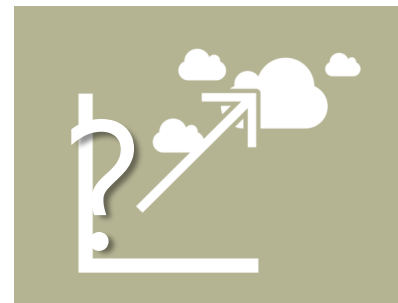
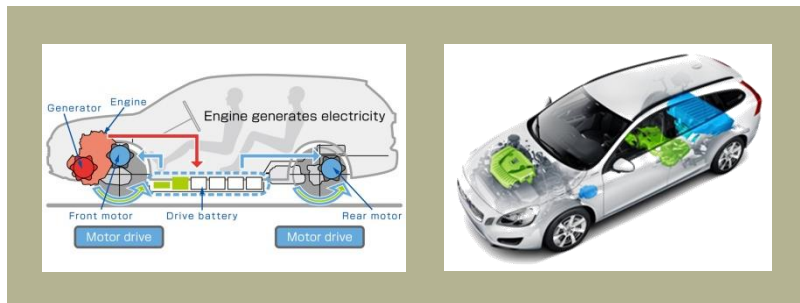
The Dutch car market has changed dramatically in recent times. Many tax-friendly (PH)EV's have emerged. These vehicles are often equipped with four-wheel drive.

It makes your situation not any easier. These models, sort of, have entered your market. So regardless of the unique characteristics of each Subaru, your customers have more to choose.

Despite the recent 20% growth of Subaru in The Netherlands, dealers are facing increasing challenges. They experience the small market share and the low number of sold Subaru's.

'Today' the dealer's margins might be good but 'tomorrow' the small vehicle fleet hurts him in the workshop. That is disastrous for his profitability. He has one recurring tough question:

What is my future with Subaru?



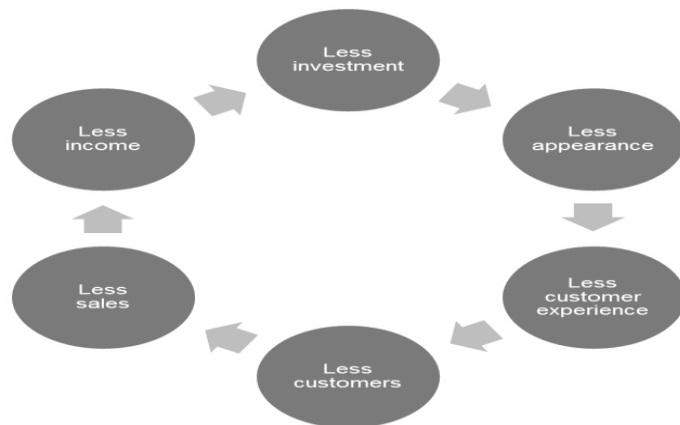
# There is work to be done

## What is your roadmap towards 2020?

Your dealer has a headache and that is not in your favor. A worrying dealer will not invest. Not in his outlet and not in himself. That's not good for the image of his shop.

Ultimately, this also affects the brand experience under your (potential) customers. The entrepreneur is less enthusiastic, customers' willingness to buy decreases, and so on, and so on.

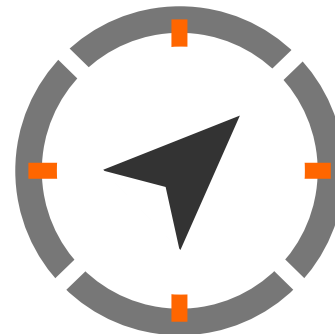
How do you intend to turn the tide?



You can continue with the current 34 sales outlets. It might be sufficient to gather the amounts. Your grip on these entrepreneurs, however, is limited due to their limited earning potential.

Moreover, your competitors do not stand still. They take advantage due to their vehicle fleet, their presence on every corner and their name. You are trying to break your vicious cycle, but how?

We like to take you into our vision.



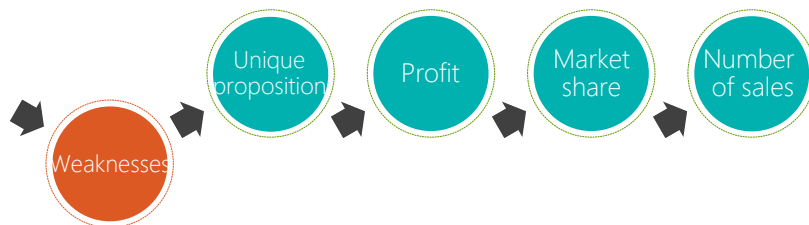
# It must change: network transition

## Your unique position redesigned

Subaru deserves a strong position in the Dutch market. In order to fulfill the European ambition of mister Kudo, we are convinced a transition of your dealer network is needed.

This transition aims for:

1. Reducing the weaknesses
2. Strengthening the unique proposition
3. Improving profitability
4. Increasing market share, and
5. Tripling the number of sales



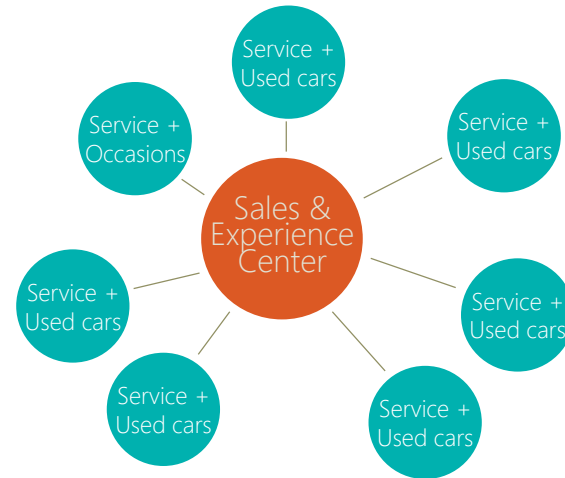


# The Sales and Experience Center

## Improved brand awareness, more sales

We recommend centralizing sales. In a Sales and Experience Center your visitors (customers and press) are shown all models, physical and virtual. One can experience them, with or without trailer.

The trade-in of used cars, also will be organized centrally. Your selected dealers can make good use of it. They will be transformed into service and Subaru used car outlets...



# Back to the situation before 2000

## From 2021 every year 2400 new Subaru's

In a nutshell: The Sales and Experience Center (SEC) enhances brand experience. Your dealers no longer suffer from expensive demos and stock. Their efficiency improves.

Thanks to the SEC your unique value proposition is strengthened. You show you know your customers and give them (and the press) every opportunity to experience your models in practice.

As you organize the trade in of used cars, customers know immediately where they stand. By doing this, you increase conversion, essential in a market where the average buyer makes one visit only.

The SEC makes it possible to stand much closer to the customer. This is good for the customer relationship. Marketing campaigns are also more effective and much cheaper.

The audited Subaru service centers are still close to the customer. Journey time will be limited. The service outlet employees are optimally trained to perform any kind of maintenance.

Subaru used cars are equipped with a 'mark'. Already made by the SEC is an inspection report. Upon delivery of the new Subaru, it is checked. This is good for the expectations of all concerned



# Do you have one hour for us?

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## Bovitz drives retail to performance

Bovitz develops network visions and strategies for OEM's, car importers and car dealers, and implements them

Bovitz helps leasing companies in creating preferred dealer networks, focusing on improved purchasing results

And bovitz gives advice to car dealers/holdings in how to manage their company whilst facing changing circumstances.

We would like to get in touch with you. So that we can explain our vision further. We would like to exchange ideas with you. That is all we ask for now: one hour of your time.

Would you like to know more already or make an appointment? Please feel free to contact us.

Want to know more?

Visit our website, send an email or call us:

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