

Issue 24, July 2008

What future for a customer-driven system?

ICDP Autumn Forum 2008, Wednesday 22nd – Thursday 23rd October, St Paul de Vence, France

The Autumn Forum is the second of the two major member meetings we hold each year. It provides an opportunity for senior executives involved in all aspects of car distribution to immerse themselves in the critical ingredients of strategy. The sessions are based on the presentation of rigorous and focused research, but with the accent firmly on group networking and debate. The theme for this year's meeting is a highly topical question: what future for a customer-driven system? In a challenging marketplace, what will be the key elements for all industry players in developing and, critically, in maintaining a more customer-focused approach to new and used car sales and after-sales?

- ◆ We will present the highlights of our major European study into the performance of new car supply systems within franchised networks, and will debate the broader implications for distribution strategy as well as areas for more immediate improvement.
- ◆ We will give an updated assessment of the status of the Block Exemption debate in the run-up to the expiry of the current regulation in 2010.
- ◆ We will look at recent developments in car distribution in the USA, and at what lessons can be drawn for the industry in Europe.
- ◆ Our guest speaker, Kevin Gaskell, President of leading automotive data, solutions and business intelligence services provider EurotaxGlass's will look at developments in the used car market across Europe, and in particular at the impact of changes in the new car market on used car sales and residual values.
- ◆ We shall also present and debate our latest methodology for analysing the effectiveness of manufacturer-backed used car programmes across Europe.
- ◆ Finally, we will give our assessment of the broad range of challenges facing the industry over the coming years, and then go on to outline our plans for the next phase of ICDP research, commencing in Spring 2009.
- ◆ As usual, we will start the meeting by holding optional round-table workshops on topical issues; this time there will three different topic areas to choose from: logistics mapping, dealer groups, and after-sales developments.

This year's Forum will be returning to the cost-effective venue of Le Mas D'Artigny in Saint Paul de Vence near Nice. Le Mas d'Artigny is located approximately 20 minutes from Nice Airport, which has good connections to all the major European airports and is served by both the low-cost and the traditional carriers. Our Autumn Forum is always a popular event, so please complete and return the attached Booking Form to the Project Office in good time to secure your place.

An agenda and booking form are available to download [here](#).

Welcome to PSA Peugeot-Citroen and to Allianz

A warm welcome to two new programme members who have joined us over the course of the Spring, PSA Peugeot-Citroen and Allianz. We look forward to working with you both.

Presentation material from recent meetings available to download from [icdp.net](#)

We have held a number of member events over the past couple of months, and the presentation material from each is available for download.

- ◆ **Block Exemption Workshops, 18th-19th June.** These workshops looked in detail at DG-Competition's recent evaluation report on the Block Exemption 1400/02, and at the emerging shape of the regulators' preferred approach to the post-2010 legal framework for franchise networks. A section of the presentation looking at the contents of the evaluation report is also available as a Slidcast - presentation slides plus audio commentary - which will play from within your web browser.
Presentations from the Block Exemption Workshops are available for members to download [here](#). The Slidcast presentation is available for members [here](#).
- ◆ **After-sales and the customer Workshop, 17th June.** This session presented the detailed findings from our recent focus group research examining customers' expectations and experiences of franchised service and repair networks, concluding on the opportunities for different types of player within the sector.
Presentations from the After-sales and the consumer Workshop are available for members to download [here](#).
- ◆ **Used cars Seminar, 21st May.** This Seminar presented the findings of our research looking at the used car market across Europe. It firstly examined the evolving role of used cars within the overall sales and service system, then went on to look at the determinants of dealer performance in used cars, and at manufacturer used car programmes, introducing our new methodology for categorising and analysing manufacturer strategy in used cars. A snapshot of the used car market in Poland was given, and the seminar concluded by looking at examples of innovation and best practice across Europe, drawing lessons for the future. This research will also be detailed in the forthcoming report.
Presentations from the Used cars Seminar are available for members to download [here](#).

- ◆ **Germany Meeting, 20th May.** Under the heading of *Profitable dealers meeting customers' needs*, this meeting drew together a number of different areas of ICDP research, with a focus on the German market. We provided a detailed look at the Block Exemption evaluation process, and at the story of life under the current regulation in Germany, where manufacturer-dealer relationships have possibly been at their most turbulent. An Executive Briefing on this latter topic has also been produced, and is described in more detail below. The meeting went on to summarise our recent work looking at dealer groups in Europe, adding new material on groups in Russia, Denmark, Poland and Romania. Finally, we presented the findings of focus group research with customers looking at expectations and experiences firstly of the sales environment at the dealership, and secondly of franchised service and repair.

All the presentations from the Germany Meeting are available for members to download [here](#).

New report on manufacturer-franchised service operators in Europe

ICDP has recently undertaken a piece of research focusing on the role and evolution of vehicle manufacturer-franchised service operators, by which we mean 'any franchisee of the brand that is not a main dealer'. Before the implementation of the current Block Exemption, these operators were variously known as sub-dealers, agents or service providers. The splitting of sales and service in the regulation led vehicle manufacturers to different strategies regarding the management of their franchise service operators, and these have in turn given rise to different definitions, standards and contracts. In *"Manufacturer-franchised service operators in Europe: network structure and role in car distribution"*, Thomas Chieux and Christophe Guillaneuf provide an in-depth categorisation and analysis of these service operators across France, Germany, Italy and Spain, and draws lessons related to their strategic role and likely future evolution.

"Manufacturer-franchised service operators in Europe: network structure and role in car distribution" is available for members to download [here](#).

New Management Briefing on the evolution of the top 50 dealer groups in Italy

Charting the evolution of dealer groups across Europe is a major area of ICDP activity, and is also a topic of growing interest for many of our members. In *"Towards larger retailers: evolution of the top 50 dealers in Italy"*, Luca Montagner and Leonardo Cescon provide a summary of detailed research carried out in 2007 by the ICDP team in Italy with the support of Quintegia, an associated Italian company which has created the Top50 Club, a network bringing together the largest car dealers in the market. Data were collected through direct contact with each of the groups concerned, giving a level of detail not previously available in Italy. The Management Briefing charts the evolution of the top 50 against a number of measures, draws conclusions as to their likely future growth, and provides an assessment of the key strategic elements of successful dealer group performance.

"Towards larger retailers: evolution of the top 50 dealers in Italy" is available for members to download [here](#).

New Management Briefing on pharmaceutical distribution and the lessons for the car industry

From time to time, ICDP goes beyond purely automotive-based research to investigate the distribution and retailing strategies and operational characteristics of other industry supply chains, for lessons to be applied in the automotive sector. In *"Pharmaceutical distribution: insights, parallels and lessons for cars and parts"*, Peter Bailey examines a sector which, in contrast to what one might expect, displays a number of parallels to car distribution in the development and application of different network strategies, the role of regulators, responses to growing wholesaler and retailer power, and the need to balance brand promotion against market coverage. The picture of innovation and experimentation which emerges provides a valuable lesson for our sector.

"Pharmaceutical distribution: insights, parallels and lessons for cars and parts" is available for members to download [here](#).

New Executive Briefing on life under the Block Exemption in Germany

Germany is perhaps the European market where life under the current Block Exemption has been most turbulent for both dealers and for those within manufacturer national sales companies and importers charged with franchise network management. Widespread network rationalisations around the time of the changeover from the previous Block Exemption 1475/95 in 2002/3 left behind them a legacy of ill-feeling, and the pressure of ongoing franchise requirements since then has caused continued tension in manufacturer-dealer relationships. In *"Reviewing the Block Exemption 1400/02: life in Germany"*, Uwe Stratmann and Andrew Tongue recall some of the key events in the life of 1400/02 in Germany.

"Reviewing the Block Exemption 1400/02: life in Germany" is available for members to download [here](#).

Future meetings

Wednesday 22nd to Thursday 23rd October — Autumn Forum, Saint Paul de Vence, France. Agenda and Booking Form available [here](#).

Thursday 27th November — France Meeting, Paris, France

Thursday 4th December — New Vehicle Supply Workshop, Hen House, UK

TBA — Block Exemption Workshop, venue TBA

Wednesday 18th to Thursday 19th March 2009 — Spring Meeting, Warsaw, Poland

ICDP is an international organisation carrying out research and providing strategic advice, specialising in the automotive retail sector. Its collaborative programmes investigate all aspects of vehicle distribution, including the supply and retailing of new and used vehicles, after sales, network structures and operations. Separate programmes focus on cars and on commercial vehicles. ICDP is funded by participants from vehicle makers, dealers, suppliers, and associations.

ICDP does not represent any of its members or their individual policy views.

Project Office: 5, The Hen House, Oldwich Lane West, Chadwick End, Solihull, B93 0BJ, UK
Tel.: + 44 (0) 1564 784200 Fax.: + 44 (0)1564 782555 E-mail: projectoffice@icdp.net Web: www.icdp.net

ICDP is a limited company registered in the UK, no. 2860398.
All requests to reproduce this material should be directed to the address above

