



How Beldare Motors (VW Taiwan) Partnered with Polk to Optimize its Dealer Network

CHALLENGE:

Position the Dealer Network for Success

Beldare Motors Limited, the independent distributor of Volkswagen vehicles in Taiwan, has ambitious growth goals to support Volkswagen’s objective of becoming the number one global auto manufacturer. Asia is an important area of focus for Volkswagen, which aims for 20 percent market share in Taiwan. To help meet this goal, Beldare Motors is investing in both sales and service upgrades to its dealership network.

While Beldare Motors sees great growth potential in Taiwan, it suffered some setbacks during the 2008 global economic crisis. After becoming the Volkswagen distributor in 2000 and experiencing a few years of strong sales, Beldare Motors saw sales drop when the Taiwanese auto market suffered a 56 percent sales decline from 2005 to 2008. Dealers became frustrated and some were unprofitable.

Chili Huang, Managing Director of Beldare Motors, knew that he needed to act. He recognized the importance of optimizing the retail and service network to meet current and future customer demand. With import vehicle sales expected to increase, Chili realized the need to ensure that Beldare Motors had the right dealerships in the right locations.

To position Beldare Motors for long-term success, Chili turned to R. L. Polk & Co. to conduct a thorough network planning study based on best-in-class statistical analysis and expert consulting. His goal was to determine the optimal number and location of retail points – for both sales and service – that would meet the changing market trends while supporting his long-term sales targets.

SOLUTION:

Partner with a Proven and Credible Organization

Beldare Motors had a mature and established dealer network in Taiwan, which it wanted to analyze for potential efficiencies and growth opportunities. Based on a referral from another Volkswagen brand, Chili knew that Polk would be able to provide credible analysis regarding existing dealer performance and suggest changes necessary to improve the network.

Polk utilized its proven approach to conduct a comprehensive network planning study for Beldare Motors. As part of the study, Polk analyzed the

performance of the brand and each dealership by area against expected performance, profitability and service utilization targets to identify strong and under-performing dealers.

In addition to performance, the study analyzed dealer locations to determine whether retail operations and service bays were strategically located to match current and future predicted customer demand. In Taiwan, this is especially challenging because customers expect dealerships to be conveniently located, but Beldare Motors needed to make sure that the market wasn’t oversaturated.

“With Volkswagen’s 2018 aggressive growth plan, there is a lot of pressure to achieve high growth in the mature Taiwanese market. That’s why optimizing the dealer network based on credible and expert advice is so critical to our success.”

– Chili Huang, Managing Director, Beldare Motors

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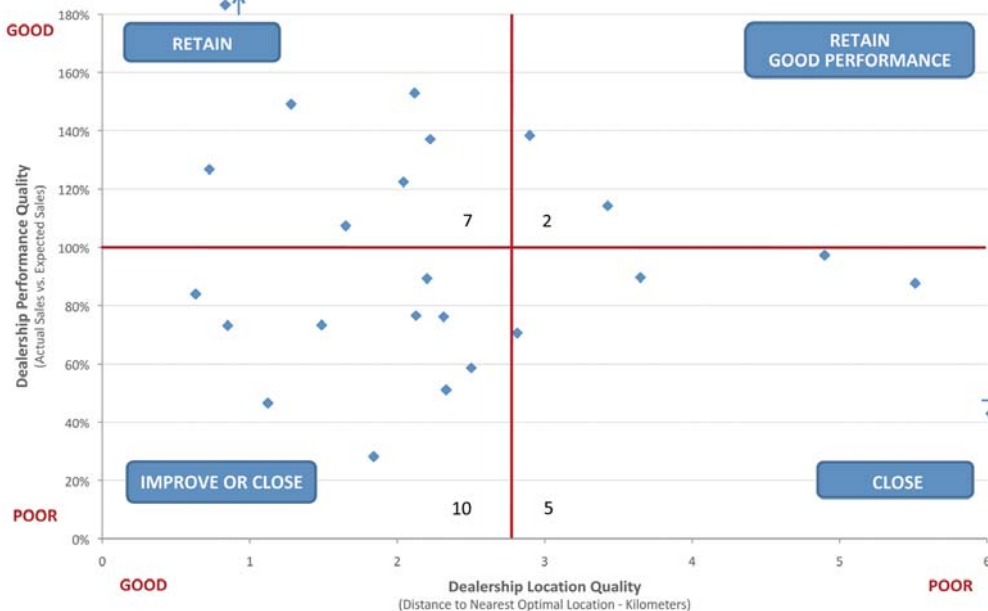


Figure 1: Dealership Performance Quality vs. Location Quality (2008)

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Polk's study utilized a number of data sources, including digital mapping data, new vehicle registrations, demographics, dealership historical sales and service data and future market forecasts. The existing location of both Volkswagen and competitive dealerships was also analyzed as part of the process. Polk's approach looked at customer behavior in terms of drivetime trends (an analysis of time and distance to travel to nearby dealerships) and the likelihood of customers by specific geographical area to purchase different brands and vehicle segments.

The data analysis fed Polk's proprietary simulation models, which were used to determine the optimal number, sales potential and locations of dealerships from a retail perspective. As part of this process, Polk looked at whether it would make more sense to renovate existing dealerships in their current locations or to close down and relocate them into new flagship facilities that could support higher volume sales. Similar simulation models were used to calculate the optimal number and locations of service workshops and workbays to meet projected service demand.

An additional and critical aspect of the study was analyzing projected sales volume by segment in order to determine the most effective product mix for the future. Volkswagen models were mapped against competitive models in the same vehicle segment. Beldare Motors anticipated volume expansion; therefore, the retail network would need to support projected higher sales.

Based on the sales volumes, dealer performance information, dealership locations and customer behaviors, Polk performed a comprehensive

analysis to determine the ideal dealership network to support the goals of both Beldare Motors and Volkswagen.

RESULTS:
A Roadmap for Future Success

Based on Polk's network planning study, Beldare Motors has a roadmap for future success with a timeline and specific milestones. By following the advice from the study, Beldare Motors is confident that it will be able to increase sales and service revenue while treating dealers fairly.

- *Immediate plans:* Announce locations where dealerships will exist
- *Within next six months:* Determine which dealerships will stay in current locations and be renovated
- *Within next 18 months:* Determine which dealers will represent flagship stores in new locations
- *Ongoing:* Track sales and service performance to assess success of optimized dealer network from network planning study

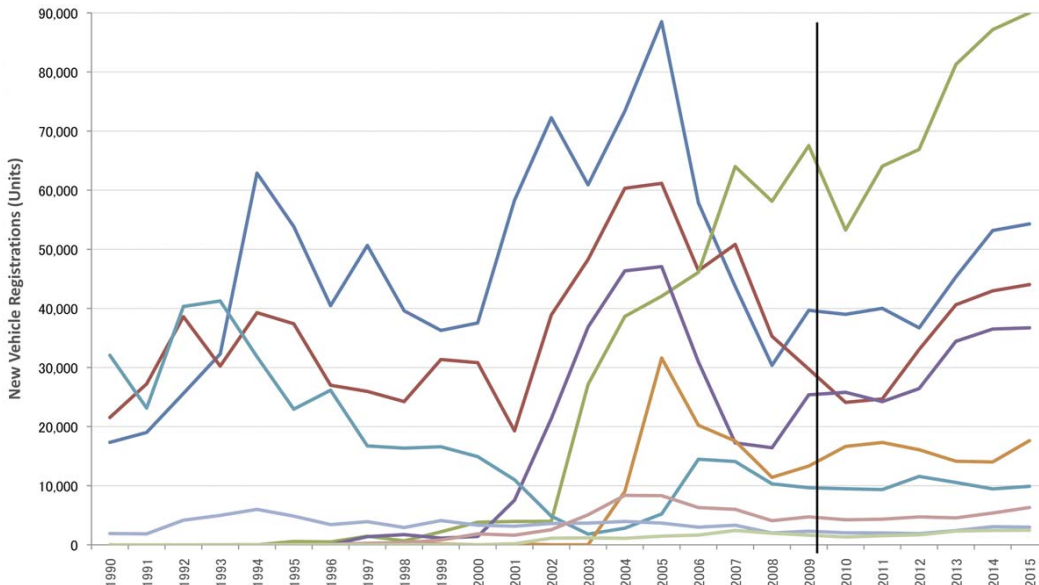
“The dealer network is critical to achieving our growth goals.”

– Chili Huang, Managing Director, Beldare Motors

SUMMARY:
Credible Information to Optimize the Dealer Network

Challenge
Optimizing dealer network to support sales goals and future predicted customer demand
Solution
Network planning study based on credible data, analysis and consulting
Results
Dealer optimization plan for long-term success

Figure 2: Segment Development & Forecast



About R. L. Polk & Co.

R. L. Polk & Co. is the premier provider of automotive information and marketing solutions. Polk collects and interprets global data, and provides extensive automotive business expertise to help customers understand their market position, identify trends, build brand loyalty, conquest new business and gain a competitive advantage. Polk helps automotive manufacturers and dealers, automotive aftermarket companies, finance and insurance companies, advertising agencies, media companies, consulting organizations, government agencies and market research firms make good business decisions. A privately held global firm, Polk is based in Southfield, MI with operations in Australia, Canada, China, France, Germany, Japan, Spain, the United Kingdom and the United States. For more information, please visit www.polk.com.