

Getting stronger

Andrew Charman

The fortunes of SEAT dealers have improved with the network returning 2% RoS in 2018

As recently as 2015 SEAT was the perennially loss-making 'problem child' of the Volkswagen Group. No longer. Worldwide the group had sales of Euro10.2bn (£9.1bn) in 2018 with operating profit of Euro254m, up 33.4% on the previous year.

Richard Harrison, appointed UK managing director in 2015, has seen the brand's market share go from under 1.8% that year to 2.9% year-to-date in 2019.

"From a very marginal brand in UK we are now one of the more influential – we are becoming omnipresent, you see SEATs all around the UK," he said.

Harrison attributes the success to several factors, not least his dealers but also the brand controlling its expansion.

"We want to grow in retail private customers and corporate true fleet. We now do less than 1% short-cycle business such as daily rental, and as a result we now have class-leading RVs.

"This makes us really accessible to private and importantly fleet customers who find we rate in the top three brands for total cost of ownership. We are a top ten manufacturer in the true fleet market."

SEAT has also transformed its product range, notably adding SUVs. Earlier this year the flagship Tarraco joined the Ateca and Arona in dealer showrooms.

"In 2016 we only had product in 52% of the market. With the advent of our SUVs we now cover just over 80% by segment.

"For corporate customers especially we now have something for everyone. 80% of those driving around in our three SUVs did not previously own a SEAT and today one in three of our sales is an SUV."

The dealer network has seen an equal transformation. SEAT now has 125 dealers across the UK. They have invested in the latest retail concept, and Harrison believes the network is the right size.

"We have dealers in easy reach of the majority of UK customers – in 2016 we had a number of open points, but today groups want to take on our franchise and I don't have any open points with the exception of London."

Much of this interest stems from dealers enjoying profitability. From 23rd in the NFDA dealer attitude survey in 2016, SEAT has risen to fifth, a process which Harrison believes goes back to when in 2015 he offered dealers "a very open and honest assessment of how I thought the brand was working.

"It wasn't working particularly well. We needed to fundamentally change the way we went to market, to get out of some classical push activities and accept that would have a short-term volume impact, but if we got the foundations right, focused on the customer experience, residual values, the quality of our dealer colleagues and their profit potential, it would work.

"If you pull a brand up it's

No Cupra pressure on dealers

More SEAT dealers are likely to become specialist Cupra centres, after the former performance trim level was spun off as a standalone brand in 2018. Signs for Cupra are positive, sales doubling in 2019 despite its first bespoke model, the Formentor, not due until 2020.

While all SEAT dealers can sell Cupra product, 222 European outlets, including 25 in the UK, have become Cupra Centres, setting aside dedicated sales areas with bespoke decoration and staffed by a brand specialist. But Harrison will not force Cupra on his dealers.

"Cupra is probably the most exciting thing to happen to our brand in a decade. We see a clear gap in the market between traditional mass-market and premium marques. People are looking for something different, with a little more individual style rather than going with the mass market – and in the UK premium is mass-market. There is a really good opportunity for us."

However he insists Cupra will be built in a similar way to SEAT. "We are very pragmatic, it's not a huge cost investment for my dealer partners, they need to have decent-sized facilities and they need to be passionate and want to do it.

"The success of Cupra is less about physical facilities and more about product, people and the passion to bring them together. If we get that right it will then hopefully start to pull up and we will work with our dealer colleagues as to what we need next."

sustainable, but if you push it, when you take away what's providing the push, it falls down again."

While SEAT's UK volume in 2015 and 2016 was similar, moving away from short-cycle sales had a major effect on the network.

"We sold no more cars in 2016 but my dealers went from loss-making to a half-decent return on sales. From that we've stepped it up and last year my dealers met our target of making 2% return.

"When you strip it back this business is really simple. A profitable, attractive franchise attracts great dealer partners and they give you a great experience it becomes circular. My dealers are motivated and give me their best people who provide customers the best experience of our cars. That's how it's grown."

“ A profitable, attractive franchise attracts great dealer partners and they give you a great experience ”

The difficulties of trying to operate in the high-cost London environment led to the opening of a 'SEAT Store' in Lakeside shopping centre in 2016, followed by a second in Westfield in September 2017, but Harrison does not plan further stores.

"London is such a unique area and in 2015 SEAT brand awareness was quite low. But if you put a high-cost dealership in a traditional location you have to spend a lot of money telling people where you are and they have to want to come and see you.

"So we thought, let's put a smaller format in a higher-cost area where everyone walks past and will be drawn in out of interest. People

EASY DOES IT:
Richard Harrison believes SEAT needs to keep evolving rather than forcing growth





TOP STORES: The SEAT stores in Westfield White City and Lakeside have raised awareness of the brand



SEAT UK MARKET SHARE 2010-2019

Source: All data supplied by the SMMT

Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Market share %	1.62	1.86	1.9	2.00	2.16	1.81	1.76	2.21	2.66	2.98

shopping in Lakeside and Westfield have browsed in our stores and accept that we are a long-term creditable retail partner, and so sales have grown.

“The stores have been amazingly successful, we see more than 5,000 people each week in them and they are now among my largest dealers for sales volume.”

The innovations continue. The latest is SEAT Live, which allows potential customers to browse a virtual showroom and live chat with a specialist. “So far our longest chat has been two hours. It’s amazing what you learn when talking directly to customers.”

Looking ahead Harrison sees his first challenge is to keep pace with the progress. “We have to scale our business in terms of our dealer partners. Some will have to create more space and more capacity, but that is a good challenge to have.”

The second is electrification. SEAT’s first electric vehicle, a version of the Mii city car, launches early next year, with a plug-in hybrid Tarraco SUV and the first bespoke EV, the el-Born not far behind.

“Electrification is not just adding another car to the range, it’s a whole different conversation with customers – many don’t know if it is right for them and we have to help them understand what it means, what their

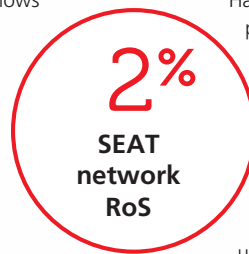
needs are and whether they need an electric or a traditional SEAT.

“We are preparing our dealer colleagues for this on a completely different scale – do it right and we will be in the heart of electrification. It’s like when we launched the Ateca – we weren’t the first with an SUV but we came to market with a really good one, which has spearheaded our success.”

Harrison’s road map as to where he believes SEAT UK can progress to does not include numbers. “If you fix a number, the world changes and you do everything to meet that number, you start doing the wrong things.

“We’ve built solid foundations around residual values, channel strategy and working with our dealer colleagues so I’m not going to undermine the growth momentum with short-term moves.

“I expect we will grow this year. By how much I don’t know yet, I’ll have the patience to balance the momentum – it’s less about outright volume and more about gradually evolving our share, even if the market turns down,” he said. [MOT](#)



FULL UP: There are no open points in the SEAT network except for London

