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Aftersales becomes the key to FCA success

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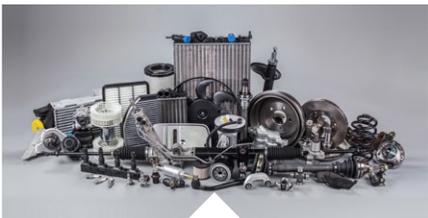
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Impreza

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# Lessons learned

## Subaru shares its insights in online build-and-buy with *GoAutoNews Premium*

By NEIL DOWLING

■ **CONFIGURING** and then buying a new car online has matured to the point where more than 1500 Australians have shown they are ready to make their first visit to a dealership to pick up a Subaru after ordering on the web.

They are the first of a steady stream of buyers who have adopted Subaru Australia's 'build and buy' online

purchasing concept that has its origins in 2012 when the company applied internet buying to its then new BRZ coupe.

Presently buyers can order the BRZ, the WRX, the WRX STI and from last month, the Impreza from the Subaru Australia website.

The company reports that already four customers have ordered and taken delivery of

an Impreza using the website system.

The remarkable thing about 'build-and-buy' is that it is a totally Australian concept that has gone from a simple platform to being recently overhauled for more complex purchasing procedures.

"We're the first in Australia and probably the world to do it this way," said Subaru Australia managing director

Colin Christie.

"The BRZ was a runaway success in terms of the product and in the way the online-buying process was adopted by Australians.

"One of our very first customers really shook us up because it broke all our expectations: the buyer was a lady octogenarian who lived in Manly. That was not what we were expecting from an

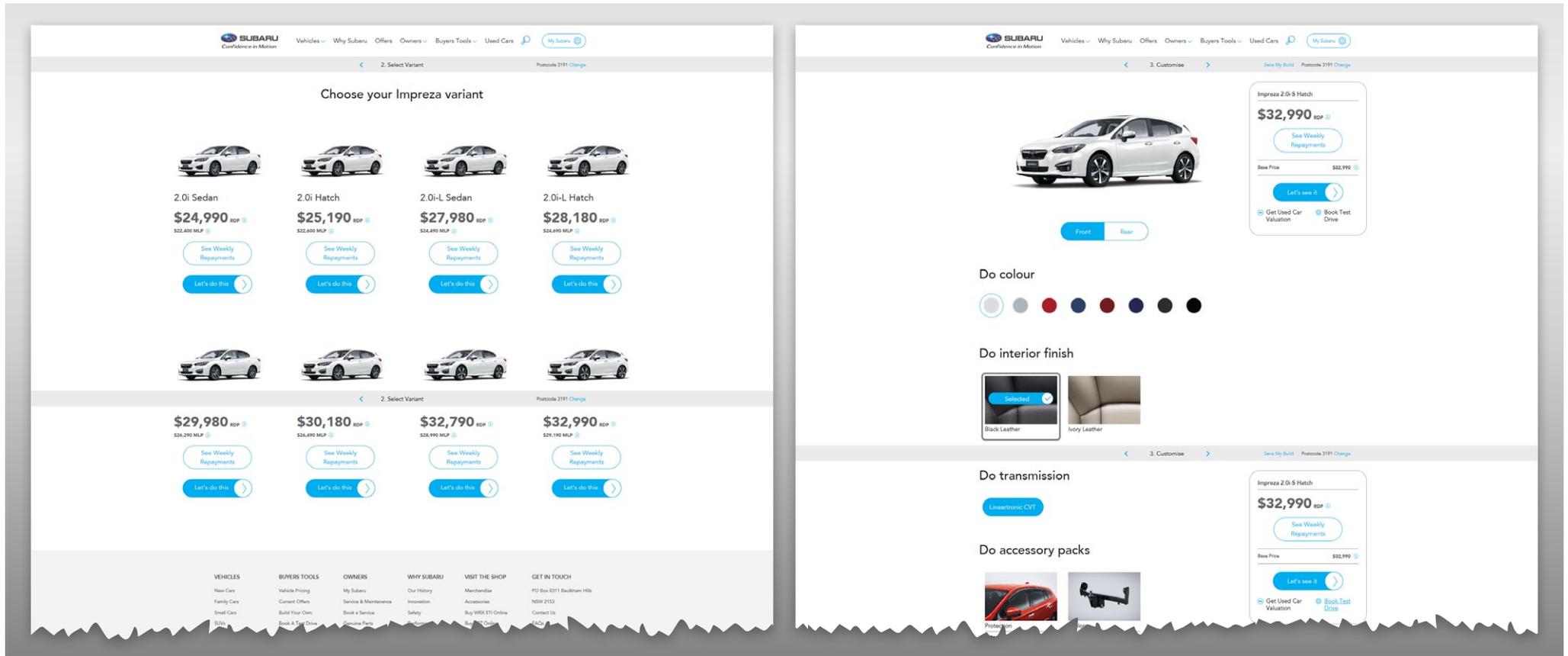
online sale of a sports coupe."

It taught Subaru a lot about what to expect from exposing the public to new tricks.

In 2014 the company added the WRX STI to the list and placed it on a new platform that made the build and buy process easier and quicker.

"We have sold about 1500 cars through our build-and-buy since then," Mr Christie said.

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“The number of people using our ‘build’ program alone is up 70 per cent this month compared with the same month last year.

“It proved to us that people are prepared to buy online.

“But it will not take over from bricks and mortar. People want the tangible experience of seeing the car and driving it – particularly when it’s a sportscar.

“I see online as being an important tool for buyers who know what they want. But it is also very important for people in regional areas who may not have access to a dealer or the dealer may not stock a BRZ or WRX or STI.

“In these cases, it may mean a trip to the city to see the cars so online can play an important role in us looking after the customer.”

All Subaru models in

Australia are available to be configured – or built – using Subaru Australia’s online program. The idea is that buyers can build the specifications of the Subaru they want and have time to adjust the features to suit their needs and budget.

When completed, the build menu can be taken to a Subaru dealer and the buying process can be completed in the traditional manner.

Adding the “buy” feature is a bit more complex. Only the WRX, STI, BRZ and Impreza can follow through the build program into the buy program.

Mr Christie said that at the present time there were 124 online Impreza buyers who had moved past the build level into the buy program.

“Of those, 25 have completed the buy section and of those, four have completed the transaction

online and are waiting to pick up their car.”

Mr Christie said his company was delighted the way the online system works and the fact it was being tried and picked up by many Australians.

“But we still want customers to drive the car, look at the accessories and engage in conversations with the dealerships,” he said.

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Colin Christie

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“We expect that the online process will attract more females and younger buyers to Impreza than the traditional buyer who visits a dealership.

“But the majority of increased online use will be for the ‘build’ component that asks for no personal details. We see that some people are reluctant to move to the ‘buy’ program because it requires more details about the buyer.”

Mr Christie said the ‘build-and-buy’ concept had the full support of the national dealer group.

“It brings more people to our products and even those who use the online components

will visit a dealer,” he said.

“The relationship with the dealer doesn’t disappear – the customer builds on that from the moment they take delivery of the car.”

Subaru Australia has made a “significant” investment in capital and in manning the online site.

It has revamped the platform to make it easier to use and capable of adding in the Impreza.

The company has also employed a specialist who handles the interaction between the company and the customer.

“We saw it necessary to have that human element available

to prospective buyers using the online service,” Mr Christie said.

“It means customers can ring the specialist and will be guided through the process and have all queries answered. Buying a product online can seem clinical so we see the need for a large degree of human interaction and because of that, we have had positive feedback from customers.”

Mr Christie said adding more models to the ‘build-and-buy’ program was possible but it was “early days”.

“We’re still learning about what customers want and what they don’t want.”

## Subaru loans 101 Imprezas to Uber and car-share group

By NEIL DOWLING

■ SUBARU is getting its new Impreza into the hands of as many potential customers as possible under an agreement it has forged with Australia’s biggest peer-to-peer car-sharing business, DriveMyCar and is providing cars to Uber drivers as well.

The rental company, which claims it rents at up to 62 per cent less cost than traditional car-rental businesses,

will take 101 Subaru Imprezas and put them on the road from March 15 as Uber rides and for rental customers in Sydney, Melbourne and Brisbane.

Subaru Australia managing director Colin Christie said the idea will get the new Impreza small car in the hands of hundreds of Australians and he hopes they like the car so much they will consider a purchase.

It’s not the first time Subaru has lent its cars to rental outlets.

“We started with 10 Levorg wagons last year when we wanted to put our toe in the

water in car sharing,” Mr Christie said.

“It was very well accepted and certainly created interest both from the Uber drivers and from the people hiring the ride. Anecdotally, scores of people got to know about Subaru and Levorg.

“Now we’re kicking it up a gear by offering 101 Imprezas through the peer-to-peer platform.

“This supports our ‘101 stories’ initiative, which we used to launch new Impreza, with huge success, based on customer uptake.”

Subaru Australia provides DriveMyCar with the Impreza cars at no cost and takes them back after a predetermined time.

Mr Christie said it gives new-car buyers a chance to get used to the car before purchase. It is being offered for rent at a low \$199 a week to make it a low-cost way of sampling the Impreza.

▶ CONTINUE ONLINE

Steve Zanlunghi (left)  
and Stephane Lamari

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# FCA turns the ailing ship around

## Aftersales becomes the key to FCA success

By NEIL DOWLING

■ **OVER** the past three years, well-documented angst by Jeep owners has echoed loudly through showrooms, boardrooms and on social media, damaging both the parent company FCA Australia and prospective buyers' trust with the Jeep brand.

Then, last year two things

happened. The previous FCA Australia president and CEO Pat Dougherty sought answers and mid-2016 employed aftersales specialist Stephane Lamari out of FCA in Europe, and the factory switched presidents and promoted former customer-care expert Steve Zanlunghi to the top job in Australia in late-2016.

The accent on customer care

and aftersales was clearly market driven and aimed at quelling customer unrest that was eroding prospective sales. But it needed a long gestation period.

Now, after eight months, FCA Australia director of aftersales Stephane Lamari talks to *GoAutoNews Premium* about the changes he has implemented, the

results of those changes and the need for FCA – and indeed all automotive businesses – to recognise the need to keep the customer satisfied.

“We had to put the basics in place before we could improve our relationship with the customer,” he said.

“For example, adding the capped-price service program required us to adopt a one-

year service schedule in all new models, with the only exception being for those vehicles operating in harsh environments such as the centre of Australia.

“We then had to revise the parts prices so we could then make the capped-price service cost competitive in the market.

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“Then we had to incorporate the option for customers to have a pre-paid maintenance program which had to be priced and up-to-date.

“So there were a lot of small steps needed just to get to the point of offering capped-price servicing.

“Then we had to do a similar exercise with the warranty which we have now extended to five years from three years. In addition, we have introduced a lifetime roadside assistance program for new-vehicle buyers who keep their servicing with an FCA authorised dealer.

“To do that we had to find a provider with the right coverage around the country for roadside assistance, have

the right price and offer the right service.

“We have an extended warranty but we had to make sure it offers exactly the same mechanical and electrical benefits as a new-car warranty.

“Even as we have introduced these features to a new Jeep, there is still work to be done.”

To measure the changes, FCA uses the net promoter score that uses a point-scoring system from one to 10. Only a nine or 10 score rates as an improvement.

“The scores have improved 35 per cent compared with one year ago. I still see room for improvement but it shows that the improvements are on the up,” he said.

“Zagame Automotive, for example, has extremely

good results.”

The important measurement of customer satisfaction in the “fixed first time” rate is also up, this time by 18 per cent.

Customer care is being outsourced with Allianz winning the bid. Allianz also runs FCA’s roadside assistance program.

“The call centre is trained only to deal with FCA products and concerns,” Mr Lamari said.

“Even though the job is outsourced, I treat Allianz and its staff as part of FCA. The results are already impressive; they solved 91 per cent of all problems and inquiries from customers in the period December 15 to January 15.

^ CONTINUE ONLINE

## Jeep wrangler turns patriot



### DestroyMyJeep founder supports FCA moves to mend fences over problem cars

By NEIL DOWLING

■ **DISGRUNTLED** Jeep Cherokee owner Ashton Wood, who became an online national hero for owners of lemon cars by videoing his anger with his near-new car as it was crushed, torched and buried on a vacant property in Queensland, has now become an advocate for the brand.

In a turnaround from the conflicts with the brand in 2014, Ashton Wood, who works in IT, is a vocal supporter of Fiat Chrysler Automobiles after taking his repeated complaints to the car-maker’s new Australian president and CEO, Steve Zanolunghi – and getting what he says was “the right approach”.

“I heard there was a new CEO of FCA and I simply

reached out. Steve Zanolunghi answered,” Mr Wood told *GoAutoNews Premium* from his Queensland home.

“I had a meeting with him and Stephane Lamari (FCA director of aftersales) and I presented four cases that I knew about with Jeep owners having grievances with the company.

“He told me the cases were closed but after an hour and a half meeting, he asked me what he could do.

“So I said to him, ‘please have a look at some of your closed cases that I would like to send you and tell me honestly if you believe these were handled in line with the Australian Consumer Law’.

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# Benz pick-up excites local dealers

Nissan-Mercedes JV concept  
 “already attracting orders” in  
 Australian and NZ showrooms

By NEIL DOWLING

■ **THE** first Mercedes-Benz four-wheel-drive pick-up was reported to be a hit with 250 Australian and New Zealand dealers when it had its closed-room debut last week in Melbourne.

The pre-production Mercedes X-Class concept – flown in from Germany for the conference – is a double-cab 4WD pick-up that is a joint

venture between Mercedes-Benz and the Renault-Nissan Alliance.

The concept ute was the star of the second day of the Mercedes-Benz Vans Australia and New Zealand two-day national dealer conference held at the Atlantic Group suites in Melbourne’s Docklands.

Mercedes-Benz Vans spokesman, Blake Vincent, told *GoAutoNews Premium*

that “there was a lot of confidence in the room” when dealers saw the X-Class.

“Everyone is excited about this product. We have no launch date for Australia – though it will be in 2018 – and we don’t know the pricing.

“But the dealers said they are already getting a lot of inquiries from prospective buyers and orders are being taken.”

Dealers at the conference had a detailed briefing of the ute from Mercedes-Benz head of product management and marketing for the X-Class, Christian Pohl.

Mr Pohl is organising the Australian team being assembled to launch the pick-up Down Under before the production model’s arrival next year. While the concept was in Australia, the team

undertook photo shoots for the development of sales and marketing material.

The X-Class is based on the Nissan Navara.

The new ute will be made in Barcelona featuring a Mercedes-sourced drivetrain. Major body components will be shared with the Navara and an upcoming version from Renault to be called the Alaskan.

Rod Sims

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# ACCC's numbers don't add up

## Regulator's extreme focus on the car industry may not be warranted

Comment by

**DANIEL COTTERILL**

■ **THE** chairman of the Australian Competition and Consumer Commission (ACCC), Rod Sims, is fond of quoting figures. He often alludes to the fact that the ACCC alone received some 1300 complaints from new-

car customers in 2015-16.

On the face of it, that looks like a the makings of a problem. Cars are expensive and no-one likes to be on the rough end of the pineapple when the purchase turns sour.

Yet more than a million cars are sold in Australia each year (almost 1.2 million

last year in fact).

That means that about one in 1000 new-car sales generates a complaint to the ACCC. The problem is that there is no publicly-available data to indicate the severity or validity of those complaints.

The ACCC cannot possibly deal with every breach of

Australian Consumer Law and therefore has to prioritise its efforts.

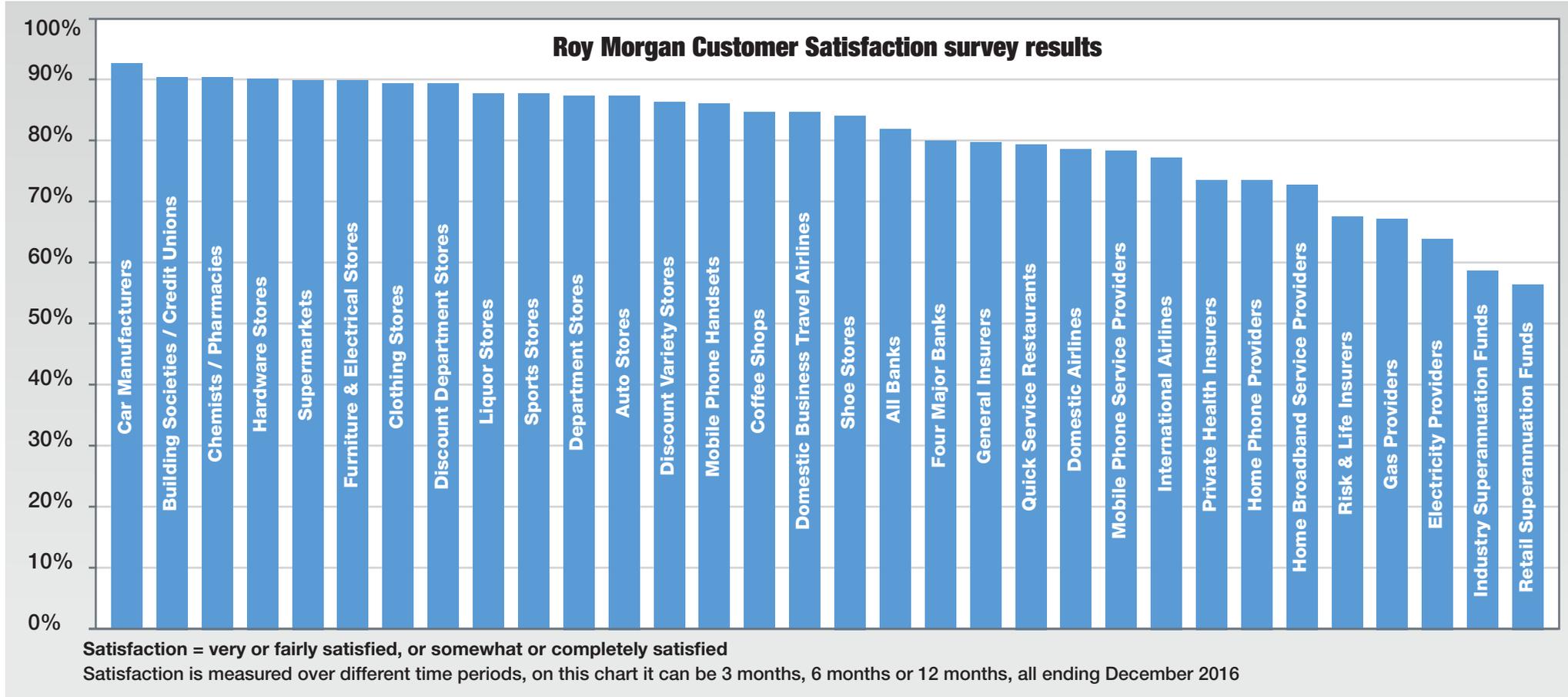
“We cannot, and do not, deal with all breaches of the Act,” said Mr Sims. “Clearly we are not resourced to do so, by a long way.

“We receive around 200,000 reports from businesses and

the public, and around 500 of these are escalated for further consideration and investigation and a much smaller subset for in-depth investigation.”

Of the 200,000 reports of potential misconduct a year about 30 lead to the ACCC taking court action.

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 Mr Sims cited ACCC staffing figures of around 65 investigators in each of their competition and consumer enforcement areas, around 40 people working in consumer product safety, and some 15 in consumer and small business compliance.

But the question needs to be asked whether it is a good use of resources that 1300 reports

of potential misconduct related to new cars from 200,000 complaints to the ACCC in total, or just 0.65%,

*“I think it’s wrong to constantly portray the industry as some kind of monster that needs to be brought to heel. There is a consistent unwillingness to accept that the industry runs very, very efficiently and ethically.” – David Blackhall*

is enough to justify the auto industry its ongoing place in the spotlight?

Not according to Australian

Automotive Dealer Association chief executive officer David Blackhall who says, “It (1300 out of 1.2

million sales) is not a data set that anyone who is familiar with statistics would be interested in.

“I think it’s wrong to constantly portray the industry as some kind of monster that needs to be brought to

heel. There is a consistent unwillingness to accept that the industry runs very, very efficiently and ethically.”

Recent research into customer satisfaction levels published by Roy Morgan in December last year seems to bear this out. Car manufacturers rank top of the pile, with satisfaction levels over 90 per cent.

This puts the car companies well in front of banks, insurers, airlines and energy providers – with superannuation funds right at the bottom of the heap.

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If the figures really had anything to do with it, the ACCC would realise it could do more for more consumers by shifting its attention to other industry sectors that a higher number of people are unhappy with.

So here is a challenge to Mr Sims.

Given that he is so keen to portray the car industry and retailers in such a bad light, it's time he laid out the full breakdown of the numbers.

We need to know the exact nature of the complaints, how many were genuine, how many were fatuous, how many were easily resolved and so on until we get down to the nub of exactly how many serious complaints existed that were worthy of the direct attention of the ACCC. And we need to see that same breakdown compared

with other industry sectors.

The least the industry deserves is that Mr Sims makes a case.

Then we can all be the judge of whether the industry is as bad as the ACCC (and ASIC for that matter) are making out through their constant investigations and public statements.

If he makes his case then the industry will have to face it has a problem.

If he does not make his case then we can only assume that his rhetoric is apparently deliberately elevated to justify what could turn out to be simple self-serving grand-standing at the industry's expense because auto businesses are seen as an easy target.

**^ VW BOSS HITS BACK AT ACCC**  
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# ACCC to further target auto industry

## Car dealers remain firmly in the regulators' gun sights this year

By DANIEL COTTERILL

■ AUSTRALIAN Competition and Consumer Commission (ACCC) chairman Rod Sims, in a recent speech in Sydney, has made it clear that the automotive industry is well and truly on the ACCC's agenda for the rest of 2017.

Outlining his organisation's priorities for 2017 at a meeting of the Committee for Economic Development of Australia, Mr Sims said: "Misleading conduct and non-compliance with consumer law are two issues that have dogged the new-car retailing industry in recent years," he said.

"Our work in relation to new motor vehicles, both through our existing market study and current investigations, will explore the application of consumer guarantees to high-cost items that can experience

a number of problems."

Mr Sims went on to outline several specific priorities for detailed examination including:

- Consumers' options for seeking a remedy if their new car is defective with a particular focus on the interaction between consumer guarantees, manufacturers' warranties and dealers' extended warranties;
- How complaints are handled by the car industry including recurring failures not resolved by repeated repairs, refusal to repair particular defects or to provide a refund or replacement for significant failures, and consumers having to engage in protracted negotiations to have issues resolved;
- Customers having

difficulty enforcing their consumer guarantee rights and non-compliance by car manufacturers and dealers; and,

- The use of non-disclosure agreements in relation to the remedy provided for a defective new car.

The ACCC has several current interests in the automotive industry.

It is conducting a wide-ranging investigation into car retailing in Australia and just recently issued a draft determination rejecting a plan, backed by the Australian Securities and Investment Commission and the insurance industry, to allow collusion between 16 insurance companies to cap commissions on so called 'add-on' insurance sold by car dealers.

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# New look for Porsche in Parramatta

## Sime Darby opens multi-storey Porsche jewel in Sydney's growing business district

By NEIL DOWLING

■ **PORSCHE** Centre Parramatta last week officially opened its extensively redeveloped \$20 million complex in Church Street, coinciding the event with the launch of Porsche's new Panamera model.

The new dealership, owned by Sime Darby, is headed by dealer principal Christiaan Knaap and is a four-level showroom building with a 13-bay workshop and is purpose-designed to be able to be expanded when needed.

It can at present display 40 cars.

Sime Darby had been using small sales and workshop

premises since 2012 when it bought the Porsche dealership from Trivetts. It began trading in August 2012 and then moved to temporary facilities that split the sales and service divisions.

It then took possession of the ex-Marshalls Motors Mercedes-Benz property in March 2015 and structured the redevelopment in two parts, starting with building a new workshop.

Mr Knapp said one of the initial challenges was the showroom, which needed collaboration with the architect, builders, owners and Porsche to design the building using Porsche's corporate identity.

After delays including council approval, the building started in February 2016 and the business opened on Christmas Eve 2016. It began trading on December 27.

The building's four showroom tiers put Porsche sportscars on one level, SUVs and the Panamera range on another, and the other two levels consist of Porsche approved vehicles and prestige used cars. Mr Knaap said up to 40 cars can be displayed.

Porsche Centre Parramatta now employs 32 staff and in 2016 recorded 338 sales, up from 122 from when the business was acquired in 2013.

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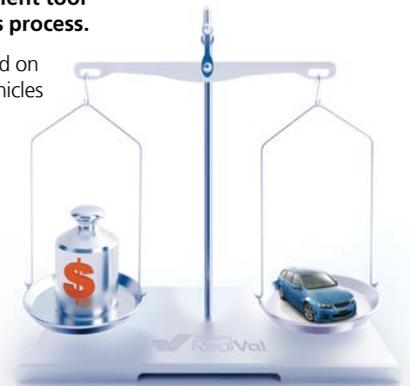
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# Jeeves, take me to Shell

## JLR rolls out an in-car app for fuel location, payment

By NEIL DOWLING

■ **A CAR** that pays for the fuel itself through an onboard app is just one slice of hands-free technology that is available today and will be joined by a series of handy apps to be trickled down to Jaguar Land Rover owners.

The latest feature was introduced in the UK this

week in a deal done between Jaguar Land Rover (JLR) and Shell. It works via an app that is downloaded into the car's infotainment system and when the fuel tank is getting low, will prompt the driver to follow the sat-nav to the nearest Shell station.

Payment for the fuel – that currently remains the labour-

intensive bit – is done through the same app by deducting the fuel cost from the owner's credit card.

JLR said this week that it would be rolled out to other markets outside the UK. *GoAutoNews Premium* asked JLR Australia for comment and was told it's on the cards – just not yet.

JLR Australia product public relations manager James Scrimshaw said, “we’ll be looking at it when it is available for Australia. It has only just started in the UK”.

“I expect that it is most likely to be here in 2018 and there is still some testing to be done before we announce it

for Australia,” he said.

Jaguar Land Rover said in a statement that its “new in-car cashless payment app will be available across every Jaguar ... equipped with Jaguar InControl Apps, as well as the latest Land Rover models fitted with Land Rover InControl Apps.”

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The Shell app, downloaded to the InControl infotainment system, can locate the nearest Shell station using the car's navigation system.

The driver can then choose the grade and amount of fuel from the comfort of their car using the Shell app.

JLR in the UK said the transaction is processed using a PayPal or Apple Pay account with Android Pay to be added later this year.

"Upon purchase, a receipt is displayed on the infotainment system screen and can also be sent to a preferred email address for integration into expense-tracking software," JLR said.

This will be the first cashless

transaction from the driver's seat.

JLR director of connected car and future technology, Peter Virk, said the company was working with other companies "to enable our customers to enjoy cashless motoring via their car's touchscreen".

"Whether it's paying for fuel, parking, tolls, or even at a drive-through restaurant, the aim of cashless motoring is to make life easier for our customers," he said.

JLR opened the program for owners of 2018 Jaguar F-Pace, XE, and XF vehicles in the UK. It will now expand the models and the available services.

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# Fuchs oils wheels of growth

## New lubricants production facility to underpin expansion in Australasia

By DANIEL COTTERILL

■ **LUBRICANTS** company Fuchs has invested tens of millions of dollars in a new state-of-the-art manufacturing facility at Beresford near Newcastle in NSW.

Fuchs' new plant will be two-and-a-half times larger than its existing facility in Newcastle which, given the company's rapid growth, is

now a relatively confined space that did not allow for expansion.

"It's an exciting project, there's not too many people in Australia building brand new plants," said Fuchs Australia managing director Wayne Hoiles. "The new plant is part of our investment in Australasia to help grow our business in the future and to

support local industry.

"We believe it's about service. We are large suppliers to the automotive industry, we are a large supplier to the mining industry and we are a large supplier to the industrial sector as well.

"Our new Beresford plant is very close to the mining areas in the Hunter Valley, and if a mine site needs a B

Double of lubricants in quick time it's very hard to put that on a plane and fly it in from overseas if you don't have it in stock."

Fuchs has taken the position that local infrastructure is best to service local requirements.

"Some of our customers are working 24 hours a day, seven days a week," said Mr Hoiles. "In those situations

you need to make sure you have infrastructure available to satisfy the needs of the customer."

That heavy industrial type of customer is also likely to look to their suppliers for technical support, and to that end Fuchs has two laboratories, one each in Melbourne and Newcastle.

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Oil storage tanks at Fuchs' new blending plant

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“We have application engineers throughout our whole organisation, and that technical expertise is available at all times of the day,” Mr Hoiles said.

High-level technical expertise is also helpful when blending a large range of lubricants. Fuchs has over 10,000 products worldwide and the knowledge of which formulations go into what application is crucial.

The new Beresford facility is a blending operation. Fuchs buys the necessary raw materials, some locally and some imported, then blend, pack and despatch the final product to customers.

Getting the new plant approved and constructed has been no short or easy process. It has taken over 10 years to get it through Fuchs' internal approval processes before the requirement was signed off.

Fuchs globally is considered to be an industrial lubricants company. Worldwide it is the largest independent lubricants company. Independent in this context means Fuchs only does lubricants and is not a player in the energy business as many of its competitors are.

However, in Australia the industrial sector has been declining for some time so the company has moved into the

automotive aftermarket and has pushed into mining in a much stronger way.

“We have been building the brand,” Mr Hoiles said. “We started our marketing with motorsport but now we have launched a broader program that sees us advertising on both TV and radio.

“It's a slow build, our competitors have been around for 50 or 60 or 70 years, where Fuchs has only been around as a brand for 15 years. As a company, we have been around since 1931.”

Fuchs' new plant is scheduled to open by September.

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# Market Analysis: Peugeot 2008

## Rationalisation key to sales growth

By NEIL DOWLING  
 ■ PEUGEOT'S updated 2008 compact SUV entered the market this week, armed with a better value proposition and inducements including an introductory extended warranty.

The French car-maker is clearly chasing some sales justice for the 2008 after

barely registering on the 2016 new-car data.

This is Europe's fastest selling compact SUV and is second in its market to the Renault Captur.

But in Australia, buyer reaction is not as strong.

Sales of the 2008 in 2016 were a modest 359 units, up on 2015 by 14 per cent but

still one-quarter of the sales of the Renault Captur SUV and under one-half of the slow-selling Jeep Patriot.

Peugeot Australia general manager, Kai Bruesewitz, said the new SUV deserves better. As the first of three new SUVs to be launched by Peugeot this year – the 3008 and larger 5008 arrive before

July – the first move was to reduce existing stock levels of the old model.

“We had to ensure the stock on the ground did not affect the future models, so we cleared the previous stock by 60 per cent,” he said.

“We introduced an eight-year warranty on the outgoing

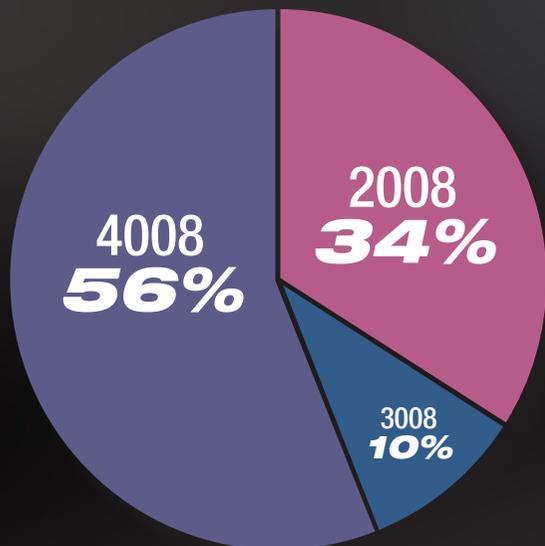
models as an incentive.

“Now we are lean and ready to launch new models.”

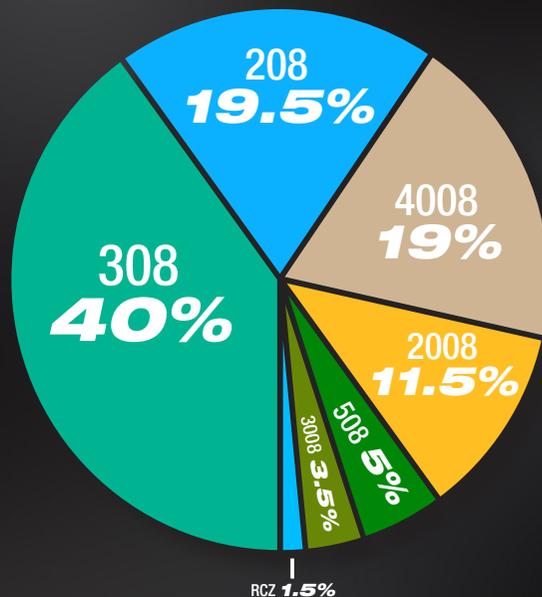
The second move was to rationalise the range. The previous 2008 had two petrol engines and one diesel engine, manual and automatic transmissions, and three trim levels.

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Peugeot SUV models by % (2016)



Peugeot total sales share (2016)



*“We want to increase sales so we have to be open about marketing the products.” – Kai Bruesewitz*



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Now there is one turbo-petrol engine, one automatic transmission and two trim levels – though a third will join in March – and despite increased equipment, prices for the Allure model remains the same and only the entry-level Active gains a price rise of \$1000.

“We had a poor uptake on diesel so it was dropped from

the range,” he said.

The 2008 is presented as an SUV but there is no all-wheel drive available. The same philosophy will be carried over to the 3008 and 5008 which are also front-drive only.

Will buyers of an SUV want all-wheel drive? Mr Bruesewitz doesn’t believe so.

“We have Grip Control (a five-mode traction control

driver-select system) on the Allure and GT-Line models and we believe that feature will cater for 90 per cent of

*“We had a poor uptake on diesel so it was dropped from the range.”*

– Kai Bruesewitz

buyer needs,” he said.

“It’s not four-wheel drive but it allows traction in areas away from bitumen. I don’t

think it will be an issue for buyers in this segment.”

Pricing is now \$26,490 plus on-road costs for the Active automatic that claims \$2000 more equipment despite gaining only \$1000 in price; and \$30,990 for the more spec-rich Allure, also up \$2000 in equipment but without any price rise.

The GT-Line will be the

flagship model when it arrives in late March. It will cost \$32,990 and adds red-coloured body highlights and sports pedals.

The third move by Peugeot Australia was to introduce a five-year warranty (three years is standard) to the new car until April. However, Mr Bruesewitz said he would consider making the five-year warranty a standard feature.

Continued next page

## Sime Darby dispels rumours of Citroen sale

By NEIL DOWLING

■ **CITROEN** is staying put in Australia and Sime Darby Motors Group has no plans to relinquish the distributorship, according to Peugeot Citroen/DS Australia general manager Kai Bruesewitz at the launch last week of the Peugeot 2008.

Rumours have been circulating that SDMG was preparing to exit the distributor agreement with PSA Group, the catalyst being the closure of the Citroen showroom in Parramatta and the recent end of Citroen imports into the right-hand-drive market of South Africa.

“It was just speculation,” he said, adding that he could see that “joining the dots” could have led to that conclusion.

He said the closure of the Citroen showroom in Church Street, Parramatta, was related to the lease agreement with the property owner and had nothing to do with the sale of cars.

Mr Bruesewitz said the business “was on track,” with Peugeot launching

another two major models in Australia over the next six months.

But global plans by Peugeot and Citroen parent PSA Group to split off Citroen’s opulent sister, the DS brand, are unlikely to impact Australia.

The split would separate Citroen and DS in the showroom but increasingly it appears the sister brand won’t have her own room as she prepares to settle into the Australian market.

Mr Bruesewitz said plans to provide separate showrooms for the the Citroen and DS brands are unlikely to follow the overseas trends.

“I don’t see that will happen in the near future,” he said.

“The numbers are not justified for a stand-alone operation in Australia. It is suited more to the larger sales areas like China – and recently in Hamburg – where it makes more sense.

“It is certainly not a priority for us. We are busy with new models this year and in 2018.”

He said that by the end of

this year “we will have the best model line-up we have ever had”.

“The clearance activities have made way for the new models and I am confident we will have a car for everyone by the end of the year.

“The 2008 is for younger families looking at SUVs; the (new) 3008 will be strong in Australia for us; and the 5008 seven-seat SUV will suit the larger family and people with the need for more space.”

New models won’t see any change in the dealer network. “We don’t have any plans for our dealerships,” he said.

“We will keep our dealership numbers and we have no plans to change any of our dealers. We have a solid team and the location of the dealerships covers Australia.

“Even with the higher volumes of vehicles expected this year, we see the existing dealer network as being more than capable of servicing customers.”



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He indicated that the eight-year warranty – which would be Australia’s best – applied only to the outgoing models last year. Though it was successful in helping move stock and was included in discussions with PSA in France for future models, he was dubious about it making it to the market.

Volume expectations are high although Mr Bruesewitz won’t talk numbers.

“We certainly don’t want to go backwards and so we have aspirations,” he said.

“We were selling 50-60 a month and we can expect more with the new model, especially with an increase in metropolitan areas.

“We also plan a strong advertising and marketing campaign.”

Mr Bruesewitz said there was a fine line between being a successful brand and how that is measured.

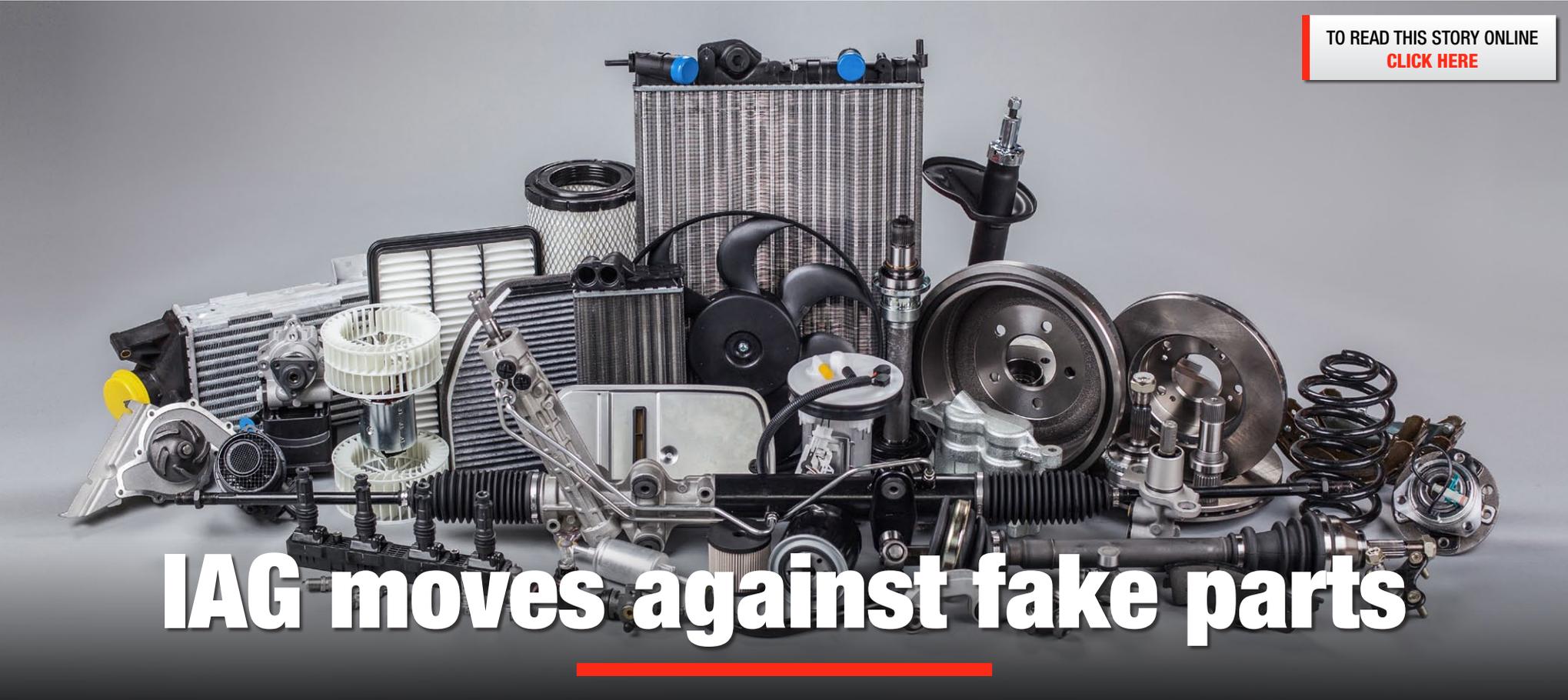
“We don’t want to become a mass-market brand,” he said.

“But at the same time we want to increase sales so we have to be open about marketing the products.

“It is important that we adjust our message to (head office) Paris to suit the needs of the Australian market.

“This can be from specifying what equipment we have in our cars to marketing the brand in events such as our support of the French film festival.”

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# IAG moves against fake parts

## Australian insurance giant confirms it wants repairers to use genuine parts

By NEIL DOWLING

■ **INSURANCE** giant IAG will encourage its partner smash repairers to use only genuine parts following a recent critical examination of the safety and durability of non-genuine car parts.

The move makes IAG the only Australian insurance business to pursue a genuine-only policy, and follows industry concerns about non-genuine parts – including fake

Commodore bonnets and Mercedes-Benz alloy wheels – failing to meet the safety and durability standards of the car-maker.

It has positive implications for dealers who supply genuine parts from car-makers, as well as the potential to improve the safety of the occupants of repaired vehicles.

The move is thought to have significant benefits for car owners who:

- will have parts fitted to their cars that are fit-for-purpose in terms of safety and reliability because they are designed for that specific vehicle;
- will get their cars repaired sooner because parts will come from one supplier (the car-maker) rather than have to be sourced from a variety of parts warehouses as is the case now;
- will save the cost of repairers having to juggle to fit non-genuine parts versus the ease of fitting the genuine item; and,
- should benefit from the increased sales of genuine parts which it is said will allow car-makers to reduce parts prices due to increased volume on each part.

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Fake Holden bonnets



Chinese-made fake parts

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IAG said it has been developing this policy over the past four years via a “parts trial” in Sydney and Melbourne, and more recently in Brisbane and the Gold Coast.

The company refuted a suggestion that the use of genuine parts would increase repair costs and therefore increase premiums.

A company spokesperson said that the recent trials using genuine manufacturing parts had no impact on repair costs.

“We don’t believe that our new parts proposition will lead to increased premiums,” IAG said.

“This means our customers no longer have to wait for their repairers to source thousands of parts from several suppliers and will have fewer hassles in the repair process,” the spokesman said.

IAG senior category manager, Brad Sayer said the feedback from customers had been “fantastic”.

“It shows how IAG can work with vehicle manufacturers, dealers and repairers to give the customer a better experience,” he said.

“We believe new genuine parts, sourced from an Australian authorised dealer, provide the best option available – in terms of quality,

availability, efficiency and ease of use.”

One of the most vocal car-maker opposing the use of fake car parts has been Mercedes-Benz Australia/Pacific (MBAP).

MBAP’s senior manager,

public relations, product and corporate communications David McCarthy said the move by IAG “sends such a strong message to policyholders that here is an insurance group that cares about your safety”.

“As recent tests found with

a Holden Commodore bonnet, you can’t replace a genuine aluminium bonnet with a steel bonnet and expect it to work the same in safety and strength.

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