

## DIGITAL RETAIL. BUYING A CAR WITHOUT EVEN TOUCHING IT.

Posted by: [TIMES FAMOUS](#) JUNE 24, 2020

German article: Posted by: [DER SPIEGEL](#) June 24, 2020

**Internet instead of car dealership: Manufacturers like Audi and Volvo want to sell their vehicles differently – and in doing so, find a way to escape the crisis faster. This is a double-edged development for dealers and customers.**



Mercedes and other car manufacturers can now deliver new cars ordered online free of charge

Driving to the car dealer, checking out the vehicles in the showroom, talking shop with a salesperson, then negotiating, sleeping for a night about the offer and finally signing the purchase contract - for decades, this was for most, the way we went about buying a new car. Then the Internet was added as a sales channel. Digital platforms such as Carwow or MeinAuto have been selling vehicles online for years.

Now more and more manufacturers are discovering this sales channel themselves. Electric car pioneer Tesla announced last year that it would only sell its models over the Internet. Since the beginning of the corona crisis, this has developed into a trend: with digital car dealerships, salespeople with smart glasses who act as the customer's avatar, or free delivery of the new car to the front door.

**So does this development endanger classic car dealerships? And what do car buyers benefit from?**

"There is no question that the online share in the car buying process is gaining importance and is fueled by the crisis," says Jan Burgard, Managing Partner at the strategy consultancy Berylls. Mercedes plans to generate a quarter of all sales revenue from online car sales by 2025.

The brand launched a nationwide new car shop back in 2016. The cars ordered there have been delivered to the desired location free of contact since April. Daimler reports that online vehicle orders have "increased significantly" with the free delivery service.

Volvo and the PSA group brand DS Automobiles have been offering a similar service for several weeks. Volvo's "Stay Home Store" went online at the end of April. The SUV models XC40, XC60 and the Kombi V60 are available for leasing there. The free delivery to the front door is only planned for a limited time across manufacturers, but the online shops will remain.

## **Real-time advice via smart glasses**

A look at what Amazon and Co. have done to retailers suggests that the trend can have serious consequences. The most recent example: the closure of many Karstadt branches. So far, the physical experience has been almost exclusively decisive for the purchase of a new car. For technology-savvy young people in particular, the Internet offers the advantage of finding the next car faster, cheaper and with more choice than at the local dealer, says traffic officer Gregor Kolbe from the Consumer Advice Centre.

How the manufacturers react to the increased online demand can be seen at Audi, for example. Since the beginning of the year, customers have been able to virtually visit dealers from the Ingolstadt-based manufacturer without leaving their living room. Interested parties contact salespeople who wear smart glasses online. The customer examines the model "through the eyes of the seller" and collects live impressions. 60 Audi dealers in Germany are already equipped for this. Since the start of the corona pandemic, demand has increased noticeably, Audi said. Around 15 smart glasses consultations are currently requested in the "Audi City Store" in Berlin.

## **Youtube replaced the test drive**

And what about the test drive? Usually this is only asked by those who have not yet decided on a vehicle, according to Audi. However, this happens less and less. Because dealers - whether digital or real - are now often only visited when the dream car has already been determined. "In many cases, the customer comes to the store, loaded with information from YouTube and Co.," says Berylls consultant Burgard. The digital Audi process will continue to be offered even after the corona restrictions have ended. "The topic of e-commerce, flexible mobility concepts and digital advice and services are becoming increasingly important for us," says an Audi spokeswoman.

When it comes to e-commerce, automakers always emphasize that dealers are involved in these offers. Because the majority of the business still runs through trading partners, who should in no way be alarmed. On the other hand, Tesla and the Volvo subsidiary Polestar show that sales can also work without a dealer network. Polestar sales, for example, have been consistently tailored to the Internet.

"Our branches and Mercedes-Benz partners remain the most important customer contact point for all activities." Stated Mercedes.

Although customers order online - the local dealer continues to do business. It is a similar story with the brands of the PSA group: The dealers from Citroën, Peugeot, Opel and DS have been digitally displaying their vehicle inventories on their own platforms since April.

## **Traders become agents**

Approximately 700 dealers are present on the net in the Opel store. And at Citroën there are more than 7,000 new cars from the dealership in the digital showroom. The hope is to boost business quickly and digitally. And with the dealers, albeit in a different position.

"Classic car dealerships will continue to play a crucial role in the buying process and in the ownership phase," says consultant Burgard. "However, the structure of the retailer itself, but also of the network, will change." At the consumer center, there are fears that small car dealers will not be able to implement the organization, which is increasingly geared towards online business. From the customer's point of view, their survival is particularly important, since they would often also act as a workshop. The direct, personal contact person in the event of problems with your own car is in danger of being lost, said traffic officer Kolbe.

A structural change, the scope of which is not yet fully understood, is emerging at VW. For all upcoming electric vehicles based on the MEB platform (modular electronics kit), such as the VW ID.3, the Wolfsburg-based company has provided "agency sales".

The dealers only act as intermediaries. The purchase contract is concluded between the customer and the group. The customer data ends up with the manufacturer.

Many traders, on the other hand, find their new role as agents not so bad. The remuneration is reliable, regardless of whether the customer buys a car online or in a car dealership. The manufacturer is also responsible for the marketing and residual values of the vehicles.

From a customer perspective, the new constellation could turn out to be less pleasing: Receiving a discount from the manufacturer is almost impossible.

German article: <https://www.spiegel.de/auto/auto-kaufen-im-internet-audi-mercedes-opel-und-co-auf-neuen-wegen-a-82cd536e-3795-46a8-a48f-fa4758166b0d>

[www.berylls.com](http://www.berylls.com)  
[media@berylls.com](mailto:media@berylls.com)

**CONTACT**

Christian Bangemann  
Maximilianstraße 34  
80539 Munich  
Germany  
Phone: +49 171 11110261  
Email: christian.bangemann@berylls.com