

## THE ART OF APPLYING ALTERNATIVE RETAIL FORMATS.

*Scientific Insights with Simon Bradley, Global Practice Director - Network*

Network planners have always sought ways to fortify their networks, and with Alternative Retail Formats there are a number of attractive benefits to consider. By design, Alternative Retail Formats are intended for deployment in places where it may not be feasible to build a full dealership. They can offer one or more services and may not even resemble the traditional brick-and-mortar automotive dealer store. Alternative Retail Formats can also help address changing consumer-shopping preferences through mobile and digital touchpoints.

At Urban Science, we understand the need to find innovative solutions to difficult market challenges. In the case of Alternative Retail Formats, we are advising a pragmatic approach that first assesses the health, convenience and viability of a market-specific network before committing additional time and resources to implementing alternative retail formats - as they should complement and support the network.

There is an art in applying Alternative Retail Formats, and it's best revealed through science.

## THE CASE FOR ALTERNATIVE RETAIL FORMATS.

- Creating awareness and a presence in places where standard format dealerships are prohibited or not cost effective, such as busy city centers.
- Omni-channel retailing; moving prospects from being 'digitally engaged' to 'physically engaged.'
- Multiple micro-format locations needed to support emerging mobility trends, vehicle subscriptions and service convenience.

All of these reasons have, at their core, the objective to address the changing automotive marketplace and how consumers are interacting with it. In an ideal scenario, Alternative Retail Formats allow OEMs to be “where their customers are” in a cost-effective manner. These new formats allow OEMs to engage and interact with current customers while simultaneously attracting new ones.



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## THE CASE FOR CAUTION.

When considering Alternative Retail Formats, it's critical to validate your assumptions using a fundamental scientific process with relevant data. Factors to consider in this process include:

- **Are you missing the forest for the trees?** Although a particular market may seem ripe for an Alternative Retail Format, don't pass up other markets that offer more opportunity through traditional representation.
- **Assess the health and convenience of your network:** Make sure your dealership network is strong enough to support representation needs and can provide adequate levels of convenience.
- **Study viable locations for what they can offer:** Many locations have restrictions limiting the services you can provide; know what those restrictions are before you commit.
- **Will your customers travel the distance?** A small boutique shop may not have the same draw as a Mega-Dealership, and you need to know how your customers will behave.
- **Clear goals are essential:** What do you hope to achieve by adding an Alternative Retail Format to your network, and what metrics are you putting in place to measure them?
- **Remembering the all-important intangibles:** How will the proposed Alternative Retail Format locations support your existing dealerships?

Before making any decision, it's important to critically review how the main functions of your dealership network are interacting – including sales, service, mobility and awareness – and what role Alternative Retail Formats might have in augmenting them.

Science takes the guesswork out of decision-making and provides a solid, logical platform for Network Planning. Alternative Retail Formats are only the latest of the many disruptive changes for which we have been able to apply science to help guide our clients in achieving their goals.

If you would like to talk to someone about Urban Science or your Alternative Retail Format questions, call or email us. And let us show you how we can apply the power of science to your challenges.

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