

The added value of flagships for German car manufacturers

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Problem statement

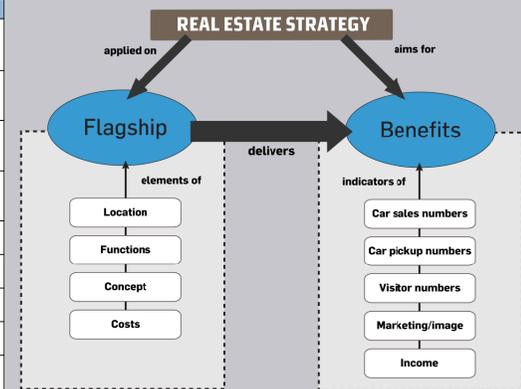
Shifting consumer behaviour from goods to experiences and keeping sales on a steady pace ask for measures from companies to respond to these developments. German car manufacturers have been giving customers more individual treatments since the 50s but constructed experience centres the last decade to showcase their products. The development of these buildings has a certain value to them and actively contributes to the business strategies of these manufacturers. It is however not clear in what way they add value to the company (and its stakeholders) and which specific benefits these flagships have.

Main research question

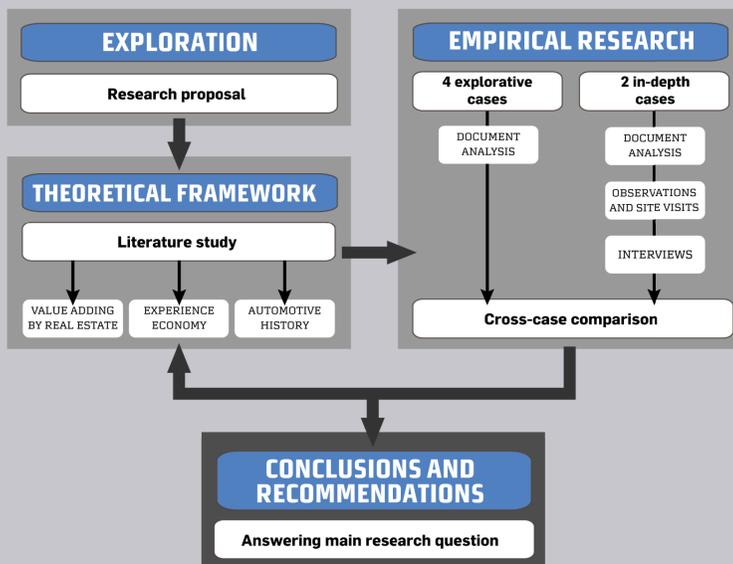
What are the benefits of flagships for German car manufacturers?

Conceptual model

Variables	Sub variables	KPI's	Research unit
a. Flagship	1. Location	Next to Headquarters In the middle of a city Rural	- Documents and fieldwork - Interviews with Henn architects and BMW/VW
	2. Functions	Number and description of functions	- Documents and fieldwork - Interviews with Henn architects and BMW/VW
	3. Concept	description	- Interviews with Henn architects and BMW/VW - Documents
	4. Costs	Building costs Operating costs	- Interviews with Henn architects and BMW/VW - Documents and fieldwork
b. Value	1. Car sales numbers	# of Euros # of units	- Documents/Data analysis (annual reports)
	2. Car pickup numbers	# of units	- Documents/Data analysis (annual reports)
	3. Visitor numbers	# of people	- Documents/Data analysis (annual reports)
	4. Marketing	In Euros	- Documents/Data analysis (annual reports)
	5. Income	- Entrance fees - Car pickup fees - Extra activities	- Documents/Data analysis (building information) - Interviews with Henn architects and BMW/VW



Research design



Case studies Flagship comparison

	In-depth cases		Explorative cases			
	Volkswagen Autostadt	BMW Welt	Gläserne Manufaktur	Mercedes-Benz	Porsche	Audi Forum
Year of opening	2000 (Porsche pavilion 2013)	2008 (extension 2012)	2002	2006 (museum)	2009 (museum)	2000
Location	Wolfsburg, Germany	München, Germany	Dresden, Germany	Stuttgart, Germany	Zuffenhausen, Germany	Ingolstadt, Germany
Locational context	Next to factory/ Headquarters/ railroad	Next to factory/ Headquarters and highway	Factory, main road and green area/park	Next to factory/ Headquarters and highway	Next to factory/ Headquarters	Next to factory and residences
Functions	Pick-up, exhibition, cafes, museum, auditorium, shops, park with pavilions	Pick-up, exhibition, shops, cafe, museum, auditorium	Pick-up of three premium type VW's, shop, restaurant	Pick-up, museum, car sales, shop, restaurant,	Pick-up, museum, shop, restaurant,	Pick-up, museum, exhibition, cafes, auditorium
Single/multiple brands	Multiple	Multiple	Single	Single	Single	Single

Conclusions

The main benefits of flagships with regards to the overall businesses of German car manufacturers are related to marketing. They use the building to support their image and create brand awareness amongst consumers. These are the companies' main uses for the building.

The flagship showcases the brand in all its aspects, stimulates brand awareness, improves the marketing of the brand. This is reached through a real estate strategy that focuses mainly on supporting the image and offering its visitors an experience.

Benefits

	In-depth cases		Explorative cases			
	Volkswagen Autostadt	BMW Welt/Museum	Gläserne Manufaktur	Mercedes-Benz	Porsche	Audi
Location	Wolfsburg	München	Dresden	Stuttgart	Zuffenhausen	Ingolstadt
Visitor number (in 2012 unless otherwise stated)	2,297,000	Welt: 2,450,000 Museum: 500,000	145,000 (2011)	722,000	370,000	400,000
Admission fee (normal/reduced)	15 / 13	Welt: free Museum: 9 / 6	5 / 3	8 / 4	8 / 4	2 / 1
# of car pickups	173,374	20,000	2,000 (2011)	n/a	n/a	67,000
Pickup fee (standard package)	350	595	350	Free	700	500
Extra activities offered	- Safety track - off-road track - Golf-E test-drive	Guided tour of: - BMW Welt - Museum - factory - And Junior programme	-	-	-	-
Number sold	10,250, 13,210, 10,900	Total: 100,000 (2011) JP: 16,000	n/a	n/a	n/a	n/a
Price	25, 35, free	7, 3, 8, 5	-	-	-	-
Admissions revenues	(32,923,667-7,166,667-25,757,000)*	4,000,000	628,333	4,813,333	2,466,667	666,667
Pickup revenues*	60,680,090	11,900,000	700,000	0	-	33,500,000
Revenues extras	718,600	680,000	-	-	-	-
Total revenues	94,322,357	16,580,000	1,328,333	4,813,333	2,466,667	34,166,667

Images of some flagships

