

# Stellantis

Formed in January 2021, Stellantis is now the sixth-largest automaker worldwide. What this means for the sector is only now beginning to unfold.

The industry-shaking merger between Fiat Chrysler Automobiles (FCA) and French auto giant Groupe PSA signalled the birth of a new automotive superpower, and one that is not afraid to disrupt the industry as we know it.

While the name Stellantis may still not have impacted the broader public consciousness, its portfolio of manufacturers could hardly be more high-profile.

Among its collection of globally renowned brands are Abarth, Alfa-Romeo, Chrysler, Citroen, Dodge, DS Automobiles, Fiat, Jeep, Lancia, Maserati, Mopar, Opel, Peugeot, Ram, Vauxhall, Free2Move and Leasys. It is a line-up that brings massive global reach and commercial power, not to mention vast economies of scale in all aspects of the business.

To underline the group's strength in the marketplace, Stellantis reported Q3 2021 net revenue of €32.6 billion. It explained that this success was a result of significant commercial actions and new product launches which mitigated the continued impact of semiconductor shortages – actions which may not have previously been possible without the joint strength of FCA and PSA.

Not an organisation to stand still, Stellantis has wasted no time in making moves to shake up the industry. In May, just four months after the merger, Stellantis began a transformation process by terminating its distribution contracts and, at the same time, consulting its networks on the future distribution model.

Effectively, where dealers used to be the end point of a traditional linear buying journey, Stellantis sees its future role as part of a set of inter-connected touchpoints that the customer can decide to activate at any time.

A future is being mapped out where they will become agents acting on the OEM's behalf, with sales conducted directly between the OEM and the customer both online and in person.

Within this scenario, the dealership becomes more of a 'centre' for customers to retain the ability to have a sales consultation, complete test drives and collect their vehicle when it is ready. But Stellantis will have the opportunity to set more of a consistent pricing strategy, thus reducing competition between dealers.

For all of this to happen however, there will have to be a serious shake-up of a current model that has existed for years.

It is no secret that Mercedes-Benz and Volkswagen have also said they will be moving to this model, and every OEM is now looking to follow suit. Currently, most brands operate through franchised models, selling cars to dealers and dealers selling them on to customers. The process will ultimately become more brand-owned.

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The change has its attraction for dealers, though there is also fear of change and loss of control over price. There are also many unanswered questions surrounding how it will work, particularly the handling fee. Stellantis is in consultation with its network partners to determine the eventual agreement terms.

While some of Stellantis' franchisees have hopes for a future partnership with the OEM, others have not been shy about airing their frustrations, with one retail group boss criticising the consultation process in an AM Online article: "This isn't a consultation," he said. "A consultation is where there's some element of discussion, of give and take."

Like it or not, the reality is that the role of dealers is going to alter significantly across the sector. Stellantis may be leading the way, but others will surely follow.