



The Future of Dealerships: The Case of Grupo Salvador Caetano

João Louçã

Dissertation written under the supervision of Professor Ricardo Reis, with the collaboration of Grupo Salvador Caetano.

Dissertation submitted in partial fulfilment of requirements for the MSc in Management with specialization in Strategy, Entrepreneurship and Impact, at the Universidade Católica Portuguesa, September 2025.

Author: João Pedro Cepa Louçã

Title: The Future of Dealerships: The Case of Grupo Salvador Caetano

Keywords: Direct-to-Consumer, Dealership Models, Direct-to-Consumer, Vertical Integration, Dynamic Capabilities, Resource-Based View, Core capabilities, Core rigidities, Automotive Retail, Automotive Industry

Abstract:

The automotive industry is undergoing profound transformation as traditional dealership models are increasingly challenged by new models, such as Direct-to-Consumer. This case explores how Grupo Salvador Caetano navigates this transition while operating under three distinct sales models, namely BMW under the traditional dealership model, MINI under an agency model, and Hyundai under a vertically integrated model. The study applies frameworks such as Resource-Based View (VRIO), Dynamic Capabilities, Core Capabilities/Rigidities and Strategic Responses to Crisis, to analyze how organizational resources and routines influence adaptation.

The current study applies as methodology four structured interviews with managers from Grupo Salvador Caetano across operations, strategy, and marketing/customer experience, as primary data, and literature on the industry, as secondary data.

Findings highlight the trade-offs of each model. BMW's traditional setup ensures autonomy and stability, MINI's agency model reduces stock risk but limits margins and increases complexity and Hyundai's verticalization provides efficiency, scalability, and integration across systems. Additionally, it is possible to understand that the Agency model shifts the power and decision making towards the automotive manufacturers, while vertical integration allows dealers to preserve their influence in the business.

In the Portuguese context, the digital adoption falls behind the European average, and dealerships remain crucial for customer validation and support. Grupo Salvador Caetano's case illustrates both the risks of organizational rigidities and the importance of dynamic capabilities to adapt across models.

The case study concludes that hybrid approaches seem to offer the strongest balance between efficiency, scalability, and customer-centricity in the Portuguese context.

Autor: João Pedro Cepa Louçã

Título: The Future of Dealerships: The Case of Grupo Salvador

Palavras-Chave: Modelos de Concessionários, Direct-to-Consumer, Integração Vertical, Capacidades Dinâmicas, Resource-Based View, Capacidades *Core*, Rigidezes *Core*, Retalho Automóvel

Resumo:

A indústria automóvel atravessa uma profunda transformação, à medida que os modelos tradicionais de concessionários são desafiados por novos formatos, como o Direto-ao-Consumidor (DTC). Este caso explora como o Grupo Salvador Caetano gere esta transição, funcionando sob três modelos distintos, nomeadamente a BMW no modelo tradicional, MINI no de modelo de agência e Hyundai com verticalização. O estudo aplica teoria como a *Resource-Based View* (VRIO), Capacidades Dinâmicas, Capacidades/Rigidezes *Core* e Reações estratégicas à crise, para analisar como os recursos e rotinas organizacionais influenciam a adaptação.

A metodologia baseia-se em quatro entrevistas estruturadas com gestores do Grupo Salvador Caetano nas áreas de operações, estratégia e marketing/experiência do cliente, como dados primários, complementadas com literatura da indústria.

Os resultados destacam os *trade-offs* de cada modelo. O modelo tradicional da BMW garante autonomia e estabilidade, o modelo de agência da MINI reduz risco de stock, mas limita margens e aumenta complexidade; a verticalização da Hyundai assegura eficiência, escalabilidade e integração. Além disso, percebe-se que no modelo de agência o poder é transferido para os fabricantes, enquanto a integração vertical permite aos concessionários preservar influência. No contexto português, a adoção do digital fica atrás da média europeia, e os concessionários mantêm-se cruciais para validação e apoio ao cliente. O caso do Grupo Salvador Caetano evidencia os riscos das rigidezes organizacionais e a necessidade de Capacidades Dinâmicas para se adaptar aos modelos.

O estudo conclui que abordagens híbridas oferecem o equilíbrio mais sólido entre eficiência, escalabilidade e centralidade no cliente no contexto português.

Acknowledgements

There are many people to whom I am thankful throughout my academic journey. This thesis represents the culmination of 17 years of education.

I would first like to thank Professor Dr. Ricardo Reis. Without your valuable guidance and encouragement throughout the development of this research, I would not have been able to deliver it.

Additionally, I am also deeply thankful to Grupo Salvador Caetano for the collaboration and to all the members who kindly made themselves available for the interviews, which provided fundamental insights for this research.

I would also like to thank Universidade Católica Portuguesa, for providing such an inspiring academic environment and for the resources that made this project come to life.

Finally, I cannot finish without thanking my family for all the possibilities and facilitations that provided me my whole life, their belief in my success filled me and made me better every day and in every point in life, for that, I want to thank specifically my mom, my dad, my brother and my grandparents for always being there for me and to inspire me to become my best version.

Additionally, I would like to thank my girlfriend for all her patience and for helping me through every challenge in life and for following me on every adventure. You inspire me every day, and I couldn't ask for a better partner in life.

Table of Contents

THEORETICAL FRAMEWORK.....	8
AUTOMOTIVE INDUSTRY	8
DEALERSHIP MODELS.....	10
<i>Traditional Dealerships</i>	<i>10</i>
<i>New Dealership Models</i>	<i>11</i>
DYNAMIC CAPABILITIES	14
RESOURCE-BASED VIEW - VRIO FRAMEWORK	15
STRATEGIC REPOSSES TO CRISIS	16
VERTICAL INTEGRATION.....	17
CASE STUDY.....	18
INTRODUCTION OF THE CASE STUDY.....	18
METHODOLOGY	18
CASE OF GRUPO SALVADOR CAETANO	19
<i>Grupo Salvador Caetano's History</i>	<i>19</i>
<i>Strategic Implications</i>	<i>20</i>
<i>Power Dynamics.....</i>	<i>25</i>
<i>Performance and Scalability</i>	<i>26</i>
<i>Digital Readiness of the Portuguese Market and Implications for DTC Adoption.....</i>	<i>27</i>
<i>OEMs Perspective</i>	<i>28</i>
TEACHING NOTES.....	29
TEACHING OBJECTIVES	29
SYNOPSIS.....	29
ANALYSIS OF THE CASE	30
CONCLUSION AND LIMITATIONS.....	37
BIBLIOGRAPHY.....	39
APPENDIX	42
APPENDIX A: INTERVIEW QUESTIONS	42

List of Abbreviations

ACEA – European Automobile Manufacturers’ Association

CRM – Customer Relationship Management

DC – Dynamic Capability

DTC – Direct-to-Consumer

EU – European Union

EVs – Electric Vehicles

GDP - Gross Domestic Product

ICE - Internal Combustion Engines

ICT - Information and Communication Technology

IoT – Internet of Things

IT - Information Technology

KPI – Key Performance Indicator

MaaS – Mobility as a Service

OEM - Original Equipment Manufacturer

OTA - Over-the-air-updates

RBV – Resource-Based View

R&D - Research and Development

TNR - The New Retail

VRIO – Value, Rare, Inimitable and Organization

List of Figures

Figure 1. Traditional sales model (three-tiered, mainly offline) vs agency sales model.
Reprinted from *Agency Sales Model: Accelerating the Future of Automotive Sales* (p. X), by Capgemini, 2020, https://www.capgemini.com/wp-content/uploads/2020/11/Automotive-Agency-Sales-Model_POV_Capgemini-Invent.pdf. Copyright 2020 by Capgemini.

List of Tables

- Table 1. Brand Comparison Table.
- Table 2. Operational Impacts Comparison.
- Table 3. Customer interactions in each model.
- Table 4. Revenue Models.

Introduction

The Automotive Industry has been a crucial pillar of the global economy for centuries, being subject of constant changes and disruptions since it exists, whether it's in the technology behind it, the mobility changes or the retail business.

For more than a century, franchised dealerships organized inventory and pricing, took care of customer acquisition, and were responsible for the after-sales service. However, over the last decade, Direct-to-Consumer (DTC) has been challenging that role, with the arrival of Electric Vehicle (EV) entrants, such as Tesla that brought this model to life, and with its increasing adoption by incumbent Original Equipment Manufacturers (OEMs).

Dealers are now asked to justify where they create value when the price is fixed upstream, when the inventory risk migrates to the OEM, and when part of the customer journey begins online. These tensions are acute in Portugal, where online purchasing adoption falls behind European Union (EU) averages, and in-person validation remains crucial on important purchases such as vehicles.

The current case study aims to understand how one of Portugal's largest automotive retail groups, Grupo Salvador Caetano, is navigating this transition while simultaneously operating three distinct retail models under different OEM relationships, firstly BMW under a traditional dealership structure with stock ownership and margin control, secondly MINI (part of BMW Group) under an agency model, with fixed OEM pricing, OEM-owned inventory, and dealer remuneration via commission, and finally Hyundai under a verticalized model, whereby the group takes care of import, distribution, stock, and a unified backoffice system that orchestrates leads, offers, and revenue across its retail network.

Essentially, the research aims to extend the understanding of the literature frameworks and to provide a practical applicability to the concepts, regarding organization's strategic responses to crisis.

Regarding the current case study's structure, it begins with the theoretical background, more specifically, the context of the Automotive Industry and the different types of Dealership Models, as well as, recognized frameworks in the literature, such as Dynamic Capabilities, Resource-Based View (VRIO), Core Capabilities/Rigidities, Strategic Responses to Crisis and Vertical Integration. After that, starts the deeper assessment of the case study, with an introduction, followed by the methodology and comparing the evidence took from the three models across different dimensions, namely, Strategic Implications, Operational and Organizational Implications, Customer Experience, Power Dynamics, and Performance &

Scalability. After that, the teaching notes are followed, along with the pedagogical analysis of the case.

Finally, the limitations of the study are analysed and the conclusion drafted, reflecting on the possible futures for dealerships in Portugal.

Theoretical Framework

Automotive Industry

For decades, the automotive sector has stood as a cornerstone of the global economy, fostering innovation, generating employment around the world, and sustaining many related industries, such as Steel, Chemicals, Information and Communication Technology (ICT), Repair Services, Mobility Services, for instance (Capgemini, 2020).

Historically speaking, this sector not only provides means of transportation for the world's population and goods, but also contributes to global economic growth through commercial trade, industrial production and technological developments. As such, as the world evolves, the automotive industry has been always forced to reinvent itself and keep up with the diverse challenges that this sector requires (Inampudi et al., 2019).

In the more recent years, this evolution has demanded automotive companies to adapt quickly with the development of new technologies and environmental concerns that have started to arise. For instance, the regulations about vehicle Co2 emissions and environmental standards, has pushed manufacturers to develop new technologies, such as the EVs with zero-emissions to replace the Internal Combustion Engines (ICE). Moreover, the development of more connected vehicles through the Internet of Things (IoT), requires new technology, a lot of investment and heavy regulations, as well as the advance in cyber security to ensure protection against cyber-attacks. Also, the developments of new business models that recreate new ways to generate revenue such as Mobility-as-a-Service (MaaS), which has been an increasing challenge for the automotive industry, alongside, supply chain disruptions and increased costs caused by COVID-19, geopolitical instabilities, and the increased competitive power of Chinese manufacturers, has forced the automotive industry to continuously reinvent itself and upscale innovation (Augustine & Nava, 2016; European Parliament, 2024).

As a result, it is possible to understand that this sector is at a crossroads, where manufacturers must adapt to sustainability goals, technological advancements, and new business models. The future of vehicle distribution, particularly dealership models, will be shaped by these evolving dynamics.

In Europe, a lot of different industries depend on the automotive industry, being very important for these players and overall market, making up for 8% of the European Union's Gross Domestic Product (GDP) (European Parliament, 2024). It is also important to highlight that, according to data from the European Automobile Manufacturers Association (ACEA) and presented by the European Commission, in 2023 the automotive industry employed 13.8 million people in both direct and indirect jobs, which represent 6.1% of the total European Union (ACEA, 2024; European Parliament, 2024).

Nevertheless, even though the European Union is one of the largest vehicle producers, with a strong reputation of reliability and security, it is facing challenges due to several factors, causing car sales to be declining 15 to 20% since 2017 (Palmas, 2024). The decline can, potentially, be explained by different factors, such as the COVID-19, energy crises caused by the international conflicts and the change in consumer demand.

The German automotive industry has been particularly affected, due to the geopolitical instability affecting the world's economy, such as the loss of Russian gas following the war that coincided with the phase-out of nuclear power, leading to the increase of energy costs, or the rising protectionist policies that European car manufacturers have also faced with potential US tariffs threatening exports. Additionally, Germany's high labor costs when compared to other European countries, have decreased its competitive power (Leggett, 2025).

In France, the trend is similar, since car sales face very volatility comparing to other economies. In 2024, the French automotive production decreased 10%, due to the scars left by the pandemic and challenges faced related to the digital transformation and new technologies. For instance, Stellantis Group, which is known for owning different automotive brands, such as Opel or Peugeot, has dropped production by 23% with the decline in sales. The main causes pointed out were the transition to EVs that require a lot of investment and firm reorganizations, and problems originated by the semiconductor shortage during the pandemic (Julien, 2025).

Additionally, it is known that by 2035, all new cars need to be emission free, adding pressure on manufacturers to adapt and to invest widely in Research and Development (R&D) to keep the brands attractive and deal with the pressure from China that leverages 30% lower production costs and a more advanced EV supply chain (European Parliament, 2024).

When taking into consideration other markets, it is possible to understand that in 2024, global car sales increased 2.5% compared to the previous year, reaching 74.6 million units (ACEA, 2024). Even though there are markets with a decline in car sales, such as Japan and South Korea with -7% and -5.1%, respectively, the European Union's growth represented 0.8%, reaching 10.6 million units, which compared to stronger markets represents a slow growth. For

instance, North America and China saw a higher growth of 3.8% and 31%, respectively, of global car sales (ACEA, 2024).

Regarding car production, in 2024, were produced 75.5 millions of units worldwide. However, EU production dropped 6.2%, and North America saw a 3.2% decline as well. South America, led by Brazil's with 6.3% growth, recorded a 1.7% increase in total production. China, on the other side, upscaled its production in 5.2%, representing a total of 35.4% market share in the vehicle production, globally. Meanwhile, Japan and South Korea followed the same trends seen in sales and faced a decline in production, respectively -8.6% and -1.2% (ACEA, 2024).

Looking at Portugal, the country plays a very important role for vehicle production in Europe, accommodating manufacturing facilities and being a supplier to bigger economies such as Spain, France and Germany. That is, 97.4% of vehicles assembled in Portugal were intended to external markets. However, in January 2025, the production of vehicles in Portugal decreased 21.7% compared to the same period in 2024, with 23.573 units produced (ACAP, 2025).

Dealership Models

Dealerships represent the channel used from OEMs to distribute their vehicles and deliver after-sales service, playing “a critical role in shaping customer satisfaction, brand perception, and ultimately manufacturer performance” (Golar et al., 2021).

Nonetheless, it is possible to understand that automotive dealerships suffered a lot of transformations over the past few years, facing now challenges related to new business models, technological innovations and shifting in consumer behavior and preferences.

Traditional Dealerships

The first car dealership ever established was created by William E. Metzger in 1898, after obtaining a franchise from General Motors Corporation to sell steam vehicles (Deloitte, 2021).

When talking about traditional dealership models, it's clear that dealers and OEMs are independent identities, that is, “(...) a dealer is granted the right to sell and service motor vehicles from a manufacturer whereby they purchase stock at wholesale price from the manufacturer and set their own retail sale price to customers.” (Kalus Kenny InteleX, 2024).

In traditional conditions, dealerships are the distribution channels for vehicles and the ones that make the contact with the end-consumer inside their facilities, providing them with the vehicles.

On one hand, this model provides the flexibility for dealers to negotiate with customers on price and/or offer them other products such as accessories, discounts or related after-market services, offering also more liquidity in terms of cash flow to OEMs as dealerships pay to the manufacturers for the vehicles before they are even sold to the customer (Kalus Kenny InteleX, 2024). On the other hand, the opposite also happens to Dealerships, since they also have stock ownerships and associated costs.

With the use of the traditional dealership, OEMs can distribute their vehicles on a faster and easier way because dealers have extensive networks that facilitate the sales and distribution of vehicles that can result in cost saving for the manufacturers since they don't have to develop their own distribution channels and take care of all contractual obligations of selling vehicles, providing them with the time and resources to dedicate their efforts to production and innovation.

However, having “dealers as “middlemen” increases transactional costs, and OEMs can to some extent lose control over the retail price, or they may face higher anti-trust violation risks if they retain price control over dealers.” (Deloitte, 2021). Additionally, by not being able to interact with the end customer, OEMs end up losing control over the brand image that is being passed by the dealer through the customer interaction, which can endanger the brand reputation and the relationship with the end consumer. Moreover, in order to improve sales statistics, OEMs, can actually pressure dealers to buy excessive stock, which might cause some friction in the OEMs/dealerships relationship (Deloitte, 2021). Also, the growing popularity of EVs represent a challenge for the revenues in dealers, since these cars have fewer moving components, need less maintenance services and can do Over-the-air-updates (OTA), considering that “Dealerships generate the greatest share of their profits from providing parts and repair services (...)” (Augustine & Nava, 2016). Lastly, dealerships face a new generation adapted to the post COVID-19 that prefers contactless and easier process of ordering a car from the sofa.

As such, it is possible to understand that some OEMs have been reflecting and exploring new sales models when launching their new products (Deloitte, 2021), representing also potential opportunities for the traditional dealerships to leverage and to reinvent their position in the automotive retail market.

New Dealership Models

To address the fact that “Consumer preferences are evolving towards a seamless shopping experience, prompting brands to adopt omnichannel strategies that integrate various retail technologies and channels to enhance the shopping journey.” (Asante et al., 2025), OEMs

started to adopt the Direct-to-Consumer approach, which represents a significant transformation in automotive retail.

Regarding the Direct-to-Consumer (DTC) model, which was pioneered by Tesla, the vehicles are sold directly to the customer by the OEM online, or through their experience stores, without external intervention of dealerships (Deloitte, 2021).

However, since OEMs need to build all their operations and distribution network from zero, there is also the possibility to use current dealerships' network to distribute the vehicles, adopting the so-called Agency Model.

On the Agency Model, which is an adaptation of DTC, the dealer remains the face to the customer but is no longer the contractual partner and only acts as an agent, by following up on lead, providing customer with relevant information for their purchase decision and taking care of the after-sales services (Capgemini, 2020; Heuser et al., 2023). Moreover, "Under this model, the manufacturer retains ownership of new vehicles, sets the sale price and enters directly into sales contracts with customers. (...) the dealer essentially becomes a sales agent on fixed price commission for new vehicles." (Kalus Kenny Intalex, 2024).

This approach highlights the *omnichannel* customer journey, making the customer facing different touchpoints, both virtual and physical, before purchasing the vehicle, while improving transparency with the customer and therefore brand perception (Capgemini, 2020).

While consumers are adopting online purchasing with streamlined processes, personal interactions remain crucial. According to Cox Automotive, consumers want to have the possibility of purchasing the cars online, but with the possibility of experiencing the car in person, for instance, it is known that "84% of Tesla customers want personal contact with a dealer prior to buying online." (Capgemini, 2020).

From a dealer perspective, the transition to the Agency Model requires adaptation to this new reality. In a study conducted to 50 dealers across six different markets, 80% pictured its organization working as an agent rather than continuing as a traditional dealers in the future, contrasting with the 11% that see themselves continuing in the traditional role. Nevertheless, dealers emphasize the importance of a "fair and sustainable remuneration model,(...)" 94% identified as crucial to have a well-designed bonus system, together with an IT infrastructure capable of supporting this transformation, with "91% of dealers pointing out the importance of harmonized IT system landscapes across all sales levels" to ensure operational efficiency and seamless customer experiences (Capgemini, 2020).

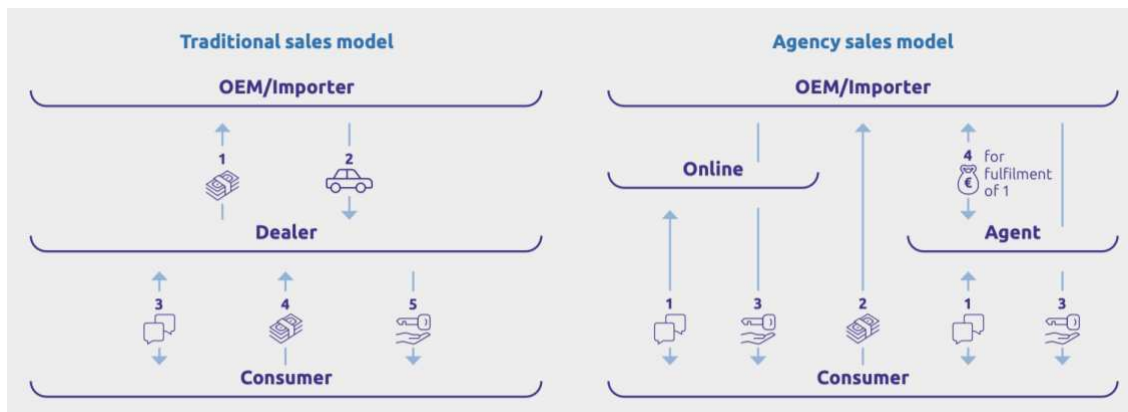


Figure 1. Traditional sales model (three-tiered, mainly offline) vs agency sales model. Reprinted from *Agency Sales Model: Accelerating the Future of Automotive Sales* (p. X), by Capgemini, 2020, https://www.capgemini.com/wp-content/uploads/2020/11/Automotive-Agency-Sales-Model_POV_Capgemini-Invent.pdf. Copyright 2020 by Capgemini.

Core Capabilities and Rigidities

Every organization has a different set of characteristics that makes them unique, either being capabilities, resources or even rigidities, defining them and the way they compete strategically. Understanding these capabilities is fundamental to see if they constitute a key to success or a barrier that limits the adaptability to crisis and continuous innovation.

Core Capabilities

Capabilities can be defined as core when they characterize the company in a strategic level, allowing firms to reach differentiation and achieve competitive advantage (Leonard-Barton, 1992). Going even further, Core Capabilities can be not only defined as a set of differentiated skills but also complementary assets and routines that provide a foundation for firm's competitive advantage in particular businesses (Teece et al., 1990).

However, it is important to highlight that according to the literature, these capabilities are not build instantaneously, that is, they require time, accumulated expertise, organizational routines, and shared values.

There are four dimensions defined for Core Capabilities. Firstly, the Employee Knowledge, which can be defined as the set of skills possessed by employees that can guide to innovation and increased efficiency; secondly, the Technical Systems, which represent the tools and processes left behind by previous employees that can facilitate the application of the knowledge and lead to more successful product development; thirdly, the Managerial Systems, that represent the organizational structures, policies, actions and decision-making processes that guide innovative activities; and, lastly, the Values & Norms, which are the cultural elements of firms, strategic plans, and problem-solving approaches (Leonard-Barton, 1992).

While core capabilities enhance a firm's competitive position, they also have an intrinsic contradiction, because the same strengths that contribute to success can create barriers to innovation. This results in core rigidities, which emerge when firms become too dependent on existing knowledge, routines, or cultural norms, making them resistant to external shifts (Leonard-Barton, 1992).

Core Rigidities

While core capabilities enhance a firm's competitive position, they also have an intrinsic contradiction, because the same strengths that contribute to success can create barriers to innovation. This results in core rigidities, which emerge when firms become too dependent on existing knowledge, routines, or cultural norms, making them resistant to external shifts (Leonard-Barton, 1992).

Core Rigidities are defined by the literature as the other side of core capabilities, more specifically, they appear when organizations fail to adapt their capabilities to current environmental needs and fail to adapt to changes, leading to stagnation and less competitiveness (Leonard-Barton, 1992).

To avoid core rigidities, firms need to evolve and develop mechanisms to keep them competitive on rapidly changing markets, which can be by reconfiguring their capabilities (Teece et al., 1997).

As such, this framework demonstrates that, while core capabilities are essential for competitiveness, they can become rigidities if not continuously updated.

Dynamic Capabilities

Companies that continue to invest in development, learning and foster cultures of experimentation and innovation are better positioned to sustain their competitive advantage, leading to the concept of Dynamic Capabilities, which can be quite relevant when talking about the automotive industry, given the constant changes that characterize this sector, naturally requiring players to react and adapt to these changes (Eisenhardt and Martin, 2000).

Dynamic Capabilities can be defined as the "(...) firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments." (Teece et al., 1997). For Leonard-Barton (1992) they, additionally, reflect the faculty that firms must have to develop new, innovative ways of competitive advantage considering their path dependencies and market positions.

It is also relevant to highlight, that according to the literature, these capabilities are different from core competences, since the latter represent and characterize the firm's

fundamental business, while Dynamic Capabilities represent an approach where firms use their resources and competences, transform or reorganize them in a way that can achieve and sustain competitive advantage (Teece et al., 1997).

Building on more recent perspectives Teece (2007) defines Dynamic Capabilities into the (...) capacity to sense and shape opportunities and threats, seize the opportunities and maintain competitiveness through enhancing, combining and reconfiguring firm's assets." (Teece, 2007). Barreto (2010), further complements this view by describing them as the "(...) the firm's capacity to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base." (Barreto, 2010).

Finally, according to the literature, dynamic capabilities are about adapting to change but not only, they are also powerful tools that companies possess that enables continuous improvement, redesign and innovation that is crucial to keep them relevant and give them the agility to shape to evolving competitive landscapes. The companies that master their use effectively manage to navigate uncertainty and outperform their competitors, maintaining or achieving leadership on dynamic market conditions.

Resource-Based View - VRIO Framework

With the role of dealerships being challenged, companies must assess which capabilities they possess that can help them to succeed in the market by creating a sustained competitive advantage. In this sense, OEMs must assess the resources and capabilities possessed by the dealerships and understand their importance and replicability in the customer journey (Sammut-Bonnici, 2015).

The Resource-Based view is the analysis and interpretation of firm's resources and capabilities in order to understand if they lead to competitive advantages (Madhani, 2010).

In order to evaluate this, the VRIO framework (Barney, 1991) could be used, given that it provides a Resource-Based View (RBV) approach that evaluates a firm's internal resources and capabilities to determine sustainable competitive advantage. More specifically, the VRIO framework is comprised by four components: firstly, the Value, which aims to answer the question of whether the resource provides customer values or efficiency improvements; secondly, the Rarity, which measures if the resources or capabilities of a company are unique or difficult for competitors to acquire; thirdly, the Imitability, which aims to understand how easily can the competitors replicate or substitute a companies' capabilities; and lastly, the Organized, which aims to analyze if the company is structured to fully exploit its resources.

As such, if a resource or capability meets all these four components, it provides a source of sustainable competitive advantage.

Strategic Responses to Crisis

After evaluating their capabilities and resources, managers and decision-makers must agree on a plan of action to strategically respond to the changes in the external environment in order to maintain their position in the market.

According to the literature there are four main strategies that organizations can adopt when faced with crisis, and each approach has different impact and outcome, namely, Retrenchment, Persevering, Innovating, and Exit (Wenzel et al., 2020).

The first approach is defined as Retrenchment, which aims to stabilize performance drops and focus on core business areas, providing a basis for strategic renewal, more specifically, “Reductions in costs, assets, products, product lines, and overhead” (Pearce & Robbins, 1993, p. 614; Wenzel et al., 2020). However, while this strategy might be effective in the short-term, its long-term use can damage capabilities, resources, and organizational culture (Ndofor et al., 2013).

Secondly, there is one approach defined as Persevering, which aims to sustain the firm’s operations during a crisis by “preserving the *status quo* and mitigating adverse impacts” (Wenzel, 2015). This strategy can show better results when compared to retrenchment, but only when crises are in the short-term and the company has sufficient resources. (Wenzel et al., 2020).

Moreover, the third approach is Innovating, which is characterized by proactive strategic change, such as developing new products, exploring new markets, or investigating new business models, to adapt to or exploit the crisis. According to the literature, this strategy is more relevant in the medium to long-term, and in organizations where there are enough resources, managerial skills and foresight, in order to create successful innovation and help firms emerge stronger (Wenzel et al. 2020).

Finally, the fourth strategy is named Exit, which requires withdrawing from markets with lower performance, divesting assets, or abandoning some of the business activities. Although this strategy represents a loss of resources, exit can prevent further deterioration and allows the organization to focus on more strategic aligned or profitable areas (Wenzel et al. 2020).

In the lights of this case, we can see that innovating has been a useful strategy for the reorganization of the Grupo Salvador Caetano when facing different business models, investing

in new systems and exploring ways to remain competitive during a period of technological disruptions.

Vertical Integration

One other aspect of dealing with crisis and adapting to change is to improve operational efficiency, for that, Vertical Integration is something that companies can consider, by integrating every stage of the value chain under their own control.

Vertical integration can be defined as "the unified ownership and operation of successive production and distribution processes by a single firm", which can provide varied benefits for organizations, given that "(...) enhances operational efficiency by improving investment incentives and reducing bargaining costs" originating, indeed, a competitive advantage" (Riordan, 2007).

In the current automotive industry environment, it is possible to understand that OEMs are, naturally, evolving their businesses following this logic, particularly those where the DTC is becoming part of their business, since all the processes from manufacturing to retail sales are being internalized with this model, without using external entities, with the belief of achieving higher efficiency. As such, "vertical integration is a business strategy where the business itself controls the supply chain and multiple stages of its production process, thus eliminating or reducing third-party vendor dependencies" (Forbes Technology Council, 2022).

On the other hand, surprisingly, Grupo Salvador Caetano, as a dealership group, took his own approach to vertical integration in partnership with Hyundai, where together, they developed a verticalized model that brings the entire Hyundai business in Portugal under Grupo Salvador Caetano's roof, from importing and distributing the vehicles to the group's own dealerships, to having a centralized platform that monitors and controls all the retail sales operations for this OEM business in Portugal. This process is done without adding responsibilities to individual dealers and by centralizing all the data within a unified system managed by a single entity within the group.

Case Study

Introduction of the Case Study

The automotive industry is undergoing significant transformation, facing many current challenges. For instance, it is possible to witness a global decrease in production and demand, alongside legal and regulatory changes that are requiring OEMs to heavily invest in restructuring processes and transformation of business models. Simultaneously, the growing adoption of new sales models, such as Direct-to-Consumer (DTC), is adding pressure on the dealerships and threatening their traditional role as we know today.

The current case study will analyze how Grupo Salvador Caetano navigates these dynamics through representing different OEMs in Portugal, focusing specifically on comparing its operations with BMW Group (BMW and MINI) and Hyundai.

Moreover, Grupo Salvador Caetano shows particular interest, since while it represents these three automotive brands, each follows a different strategy in their sales model. More specifically, BMW continues to use the traditional dealership sales model for its core vehicles. However, MINI, part of the BMW Group, is transitioning to the DTC model with an Agency type of approach, not committing with an experience 100% digital. This transition is transforming the role of Grupo Salvador Caetano's teams, particularly in the way they interact with MINI customers and how they distribute responsibilities, build revenue structures and measure performance under this new retail framework.

Meanwhile, Grupo Salvador Caetano's relationship with Hyundai has taken a different path. In Portugal, the group is following the verticalization strategy, making efforts to integrate everything from import to the sales process and controlling, aiming to streamline and automate everything. This end-to-end integration is expected to boost operational efficiency and improve sales performance, which could benefit the brand in a market such as Portugal.

As such, the current study aims to compare these contrasting approaches, that is, BMW's traditional model, MINI's DTC, and Hyundai's verticalization, in order to understand how Grupo Salvador Caetano is adapting to each.

Methodology

With the aim of obtaining a more holistic view of the industry context, this research required both primary and secondary data collection, in order to have not only the perspective of Grupo Salvador Caetano but also a broader viewpoint of the current automotive industry's reality that can be observed in the literature.

The primary data was obtained through structured interviews with four employees of Grupo Salvador Caetano, responsible for different areas inside their retail business area, in order to capture the different perspectives of the topic and managerial opinions, more specifically, three employees from the BMW Group, who were responsible for operations, strategy, and marketing/customer experience, and one employee from Hyundai, who single-handedly represented the three areas during the interview process.

The interviews followed two predefined structures, one structure for the BMW Group employees, where the questions compared MINI and BMW sales models, and also touching base with Hyundai's sales model. On the other side, for the Hyundai manager, the structure was longer and organized in a way that could cover the three topics in one single interview, to ensure equivalence in the quality and depth of information.

Furthermore, the secondary data was gathered from academic articles, industry reports, and previously developed studies. These sources provided insights into the current dynamics of the dealership business, the state of the automotive sector both in Portugal and globally, and the reality of e-commerce in Portugal, which is particularly relevant to the discussion of DTC strategies in the current case study.

Case of Grupo Salvador Caetano

Grupo Salvador Caetano's History

Grupo Salvador Caetano is one of Portugal's most successful and emblematic groups in the automotive retail industry, playing a pivotal role for the evolution of the automotive sector in Portugal and the countries where it operates.

It was founded in 1946 by Salvador Fernandes Caetano in Vila Nova de Gaia, starting as a workshop dedicated to bus body manufacturing.

A crucial moment in the group's history was in 1968, when Grupo Salvador Caetano established the first partnership with Toyota, becoming the brand's official importer and distributor in Portugal, stemming the inauguration of the first Toyota factory in Europe, located in Ovar, in 1971 that remain active as we speak and with more than 200 employees.

Throughout the following years, the group continued to expand its presence both geographically and operationally. More specifically, in the 1980s, Grupo Salvador Caetano obtained the exclusive distribution of BMW in Portugal, and later in 1998, signed a distribution deal with Lexus in Portugal, reinforcing its position in the automotive market. After that, during the 1990s and 2000s, it was able to expand and initiate operations across Africa, Latin America, and Europe.

At the same time, it launched new business areas such as Automobile Distribution, Industrial and Workshop Equipment, Toyota Caetano Portugal Factory, Marketing, IT & Logistics Services, and Energy & Mobility Services.

Investing beyond cars, in 2014, the Group entered the aerospace industry through Caetano Aeronautic, a joint venture to produce aircraft components. More recently, it has invested in sustainable mobility, and formed partnerships to support electric vehicle distribution, including BYD, XPENG, and others.

As of 2025, Grupo Salvador Caetano operates across more 45 countries in 3 continents and employes more than 8.900 employees. It holds exclusive distribution rights for several global brands, such as Toyota, Lexus, Hyundai, Honda, Nissan, and Renault/Dacia in different countries, and encompasses multiple services, such as vehicle manufacturing, distribution, mobility solutions, fleet management, energy transition, and aerospace.

Throughout its history, it is possible to understand that Grupo Salvador Caetano’s successful growth is interconnected to its philosophy of innovation, excellence, and global vision, while keeping its Portuguese identity. With nearly eight decades of history, Grupo Salvador Caetano stands today as a symbol of entrepreneurial resilience and industrial leadership.

Strategic Implications

Considering the strategic implications that dealerships face with the growing trend of transitioning to Direct-to-Consumer (DTC) models it is important to analyze how the group adapts not only to general market transformations such as digitalization and shifting customer behaviors but also to the diverse preferences and commercial models imposed by different OEMs.

In this sense, it is important to highlight that Grupo Salvador Caetano operates with several OEMs and each of them have distinct strategic approaches and different strategic implications, which in this case study will be mainly focused on BMW, MINI and Hyundai, as it is possible to understand on Table 1.

Table 1. Brand Comparison Table.

Brand	Model	Strategy
BMW	Traditional Model	Direct sales, stock ownership, personalized deals, high dealer autonomy
MINI	Agency Model	Commission-based, no stock ownership, fixed pricing, limited flexibility
Hyundai	Verticalized Model	Centralized stock, full CRM/IT integration, front end empowerment

While some manufacturers, such as BMW, maintain a traditional dealership structure focused on autonomy and margin-based sales, others, such as MINI, are starting to give the first steps with the agency model, or as the group defines, as The New Retail (TNR), effectively repositioning dealerships as intermediaries with reduced pricing control and fixed commissions. Meanwhile, together with Hyundai, the group has pursued a vertically integrated strategy, streamlining operations and digital tools to maintain efficiency while preserving the role of the dealership. As such, it is defined by the group that one approach does not replace the previous well-established methodologies, “We try to verticalize the value chain as much as possible, but we are not removing players like BMW.” (Manager 4, Strategy, Operations and Marketing of Hyundai)

This diversity of models requires Grupo Salvador Caetano to simultaneously operate under multiple strategic logics, adjusting its internal processes, salesforce incentives, stock management, CRM systems, and customer experience strategies to suit each brand. These adaptations are not purely operational, they also involve redefining the value proposition of the dealership moving from a transactional sales point toward a consultative, brand-aligned service role, especially in DTC contexts, that is, “(...) the role of the dealer, shifted from direct seller to brand agent.” (Manager 2, Marketing of BMW Group).

Through this lens, Grupo Salvador Caetano is a case that demonstrates how a major dealership group can maintain relevance, protect performance, and strategically adapt its role in a rapidly evolving and OEM-driven ecosystem.

For BMW, the traditional dealership model remains in place. Grupo Salvador Caetano continues acting as the point of contact between the brand and the customer, with the dealerships owning stock and steering direct sales, providing more autonomy and bargaining power to the dealership, particularly in corporate and fleet sales. As one interviewee noted, “I don’t see this agency model easily adapting to higher-volume brands like BMW, especially in fleet sales.” (Manager 3, Operations of BMW Group), comparing the traditional BMW model with the Agency adoption of MINI.

On the other side, MINI’s transition to an Agency Model significantly transforms the dealership's role. Grupo Salvador Caetano no longer owns stock and now operates under a commission-based structure. The price is fixed by MINI, and the dealership receives a commission only upon delivery. This has required significant operational restructuring, including sales process changes and back-office adjustments. "I used to invoice a car for €40,000, now I invoice a commission for €1,000," said Manager 1, Strategy of BMW Group,

reflecting on the margin reduction. Despite losing autonomy, the dealership benefits from reduced financial burden regarding stock, but must adapt its value proposition to remain relevant to customers who still expect personal interaction and physical presence. However, this is still a very recent adjustment, and the impressions are that MINI is being used to test this model, “(...) as a brand with less volume and less impact (...)” (Manager 1, Strategy of BMW Group).

With Hyundai, Grupo Salvador Caetano controls a big portion of the value chain in Portugal, from importation to retail. Stock is centralized, and the group has invested in a unified IT ecosystem that integrates CRM, stock, lead management, and commission tracking in real-time. This model allows for agility and operational efficiency without eliminating dealership autonomy, which similarly to the Agency model, don't have stock ownership once the stock is owned by the group and distributed to the different dealerships. According to Manager 4, Strategy, Operations and Marketing of Hyundai, "We can alter national sales campaigns in under 20 minutes, and all dealerships are updated instantly." This model gives a more modern approach to the traditional dealership, while still answering the needs for digitalization and “(...) by eliminating waste in the value chain and enabling time-to-market that is unbeatable.” (Manager 4, Strategy, Operations and Marketing of Hyundai) and not eliminating the need for dealerships but providing them with the tools and systems required to gain efficiency.

Operational and Organizational Implications

Operating under three different models requires Grupo Salvador Caetano to maintain a high degree of operational flexibility. Each brand, BMW, MINI, and Hyundai demands a different organizational setup and way of working.

For MINI, the shift to the agency model brought profound structural changes. Dealers no longer own stock and moved to a commission-only revenue system. The role of salespeople also changed, moving away from negotiating sales to acting more like consultants. Backoffice teams had to adapt as well, with new CRMs, more specifically, what was previously BMW's SA3 is now a separate Salesforce system, and accounting adjustments to keep performance indicators consistent. As Manager 3, Operations of BMW Group explained, even the KPIs had to be adapted in order to keep the tracking systems working, because for instance, MINI has no invoices, only the emission of commissions, making it difficult to measure results, “if I do the same thing that I used to do, MINI's salespeople, wouldn't get paid because they don't have invoices”, which illustrates the added complexity of operating under the agency model.

For BMW, by contrast, operations remain stable, as the brand continues to follow the traditional retail approach, that is, stock is dealer-managed, cars are invoiced directly, and

revenues still come from margins, which is a familiar system that keeps operational disruption to a minimum.

For Hyundai, the model is often described internally as “the best of both worlds.” It brings the efficiency of centralized systems together with the empowerment of a strong dealer network. Operations are supported by real-time integration across stock, CRM, and sales processes, which provides both transparency and agility. As Manager 4, Strategy, Operations and Marketing of Hyundai emphasized, “From the moment the client generates a lead on the website, that lead is automatically sent in real time to the dealer chosen.” The Hyundai Power Kit CRM reinforces that this developed CRM “(...) lets the salesperson consult stock in real time and block a car, automatically starting the delivery process.” facilitating the progression and empowering the staff. In addition, Hyundai places after-sales at the core of its operations, building long-term customer loyalty and stabilizing performance beyond the initial purchase.

Table 2. Operational Impacts Comparison.

Brand	Stock Ownership	Pricing Control	CRM System	Back-Office Complexity
BMW	Yes	Yes	SA3 (Configuration Platform)	Low
MINI	No	No	Salesforce	High
Hyundai	Yes (but Group-Owned)	Yes	Integrated CRM	Low

Marketing/Customer Experience

Customer interaction and journey are deeply influenced by the model adopted by each brand.

For BMW, the experience is highly personalized and continues to follow a traditional format. Customers typically begin and end their journey in the dealership, and the sales staff have flexibility in tailoring offers, which helps build loyalty and trust. This premium, human-centered service remains a critical differentiator. According to Manager 2, Marketing of BMW Group, “The BMW client continues to value the traditional premium experience, with personalized negotiations.”

MINI, however, under the agency model, encourages a digital-first journey, and can also be complete without any dealership involvement. On the other hand, most customers start online but often finalize their decisions in-store, largely due to the emotional nature of car purchases, where “The purchase of a car is too important for not coming to the dealership and sit in the car, for the majority of customers” (Manager 1, Strategy of BMW Group), therefore customers feel safer and more confident after physically seeing and experiencing the vehicle,

even for MINI customers that “(...) are younger and more digital, but still want to validate the purchase emotionally in the dealership.” (Manager 2, Marketing of BMW Group). Despite the Agency model premise, dealerships still play a key role in supporting clients throughout the process, often completing online purchases on their behalf, and specially in subjects around credit and vehicle trade-in. At the moment, as Manager 3, Operations of BMW Group stated, “Customers don’t really notice the difference. They come in and we end up creating the online account and finalizing the purchase for them.” “In general, many customers are still unaware of the structural differences, but they notice subtle changes, such as price uniformity and a more consultative approach from salespeople.” (Manager 2, Marketing of BMW Group).

With this newly introduced model, there are no price adjustments, however, dealerships find ways to offer value by adjusting credit conditions or through the valuation of used vehicles, adding complexity and creating a dealignment between the intention of the self-service model and the actual customer expectations. “If the client has no trade-in and has the money, they can buy the car online through TNR. But if it’s a normal customer, with a trade-in and financing, this is a problem for TNR.” (Manager 1, Strategy of BMW Group).

Naturally, the approaches are different between BMW and MINI even though they belong to the same group and Grupo Salvador Caetano has to adapt to them, as such, for MINI the group “(...) invest more in digital, lifestyle events and direct communication. For BMW, (...) a more traditional approach, focused on premium service and personalization.” (Manager 2, Marketing of BMW Group) “Even before moving to the agency model, we were already introducing processes focused on exclusive digital content, online booking and service tools, and data-driven campaigns, which now help us shape a distinctive customer experience.” (Manager 2, Marketing of BMW Group)

In Hyundai’s case, the customer journey is designed to be seamless across digital and physical channels. Clients can reserve a vehicle online, have all their data integrated into the CRM, and complete the transaction either online or in person with minimal friction. According to Manager 4, Strategy, Operations and Marketing of Hyundai, this integration increases efficiency and improves the overall customer experience by reducing wait times and making processes more predictable. Hyundai’s customers benefit from better transparency and accessibility, without sacrificing the option of dealer interaction. It represents a hybrid model that adapts to evolving consumer behavior while maintaining essential human touchpoints.

What emerges from the interviews is a shared conclusion that the DTC transition does not yet eliminate the need for local customer contact. Most customers continue to seek in-person validation, especially in emotional or high-involvement purchases. While MINI’s model

assumes a higher degree of customer autonomy, the market still expects dealer guidance and assurance and for the group the “(...) focus is on retaining the customer through after-sales, which is even more important than the initial sale.” (Manager 4, Strategy, Operations and Marketing of Hyundai) and “(...) investing in digital platforms, integrated CRMs, artificial intelligence for personalization, and continuous training of our teams to meet new consumer demands.” (Manager 2, Marketing of BMW Group).

Table 3. Customer interactions in each model.

Brand	Customer Journey	Notes
BMW	Traditional relationship, emphasis on premium service	Greater ability to personalize deals
MINI	Mostly begins online, ends in dealership	Customers still expect in-person validation (test drive, discussion)
Hyundai	Digital-first, full-funnel CRM	Seamless experience, even if customers buy offline

Power Dynamics

A key tension in the direct-to-consumer (DTC) transformation lies in the struggle over who truly controls the customer relationship, whether it remains in the hands of local dealers, who have historically cultivated trust and loyalty from the customers, or shifts upward to the manufacturer and importer, who now commands the stock, pricing, and increasingly, the flow of customer data.

For MINI, the shift to the agency model has repositioned power on the OEM side, with MINI now owning the stock, defining the pricing models, and commanding the terms of the transaction, leaving dealers with no flexibility over discounts or negotiation, and creating complications in fleet and corporate sales. As Manager 3, Operations of BMW Group noted, "If a company wants to buy 500 cars, MINI's system requires 500 different customer accounts, it's operationally inefficient and impractical". Moreover, the Agency model, as seen with MINI, shifts power towards the OEM, potentially marginalizing the dealerships' role in customer engagement and commercial decision-making, as stated by Manager 1, Strategy of BMW Group, "In TNR we become intermediaries. We lose direct intervention in the business".

In contrast, BMW retains a traditional dealership structure, where the dealer owns the stock and manages the full sales process, including price setting and negotiation with the end-consumer. This allows Grupo Salvador Caetano to retain robust influence over customer interactions and commercial strategy, and given more autonomy to the dealer, which is particularly crucial in large-scale, high-value operations. Manager 1, Strategy of BMW Group

emphasized this autonomy: "We still close the deal with the client. The negotiation and sale are completely ours."

Hyundai, on the other hand, presents a hybrid scenario. Although the stock is centralized and owned by the group rather than individual dealerships, the brand has developed an internal integration model that allows for strong coordination between OEM and dealer. This structure enables the benefits of efficiency and control, without undermining the dealer's operational autonomy. As Manager 4, Strategy, Operations and Marketing of Hyundai explained, "With a centralized system, we achieve consistency across the network but still allow each dealership to manage the client relationship and close the deal." As such, Hyundai's internal distribution strategy protects the group's strategic role by enabling control through vertical integration while preserving local adaptability.

Performance and Scalability

Performance and scalability outcomes are very differentiated across the three models, that not only differ in revenue structures but also in the operational complexity, resilience, and adaptability. While the traditional model offers more stability, the agency model introduces less autonomy and lower margins, Hyundai's verticalized approach, on the other hand, positions itself as both agile and scalable, combining efficiency with dealer strength.

MINI's commission-based structure has had a direct impact on profitability, incentive systems, and performance tracking. Without control over pricing and stock, and with only a fixed commission per delivery, dealers may face reduced motivation and less flexibility to influence sales outcomes. Manager 1, Strategy of BMW Group noted, "We've seen a drop in sales volume because we simply have fewer tools to work with, and the margins aren't ours to manage anymore." The fixed pricing limits the ability to make attractive offers, and the system creates additional accounting complexities that impact KPI visibility and team performance. Additionally, since the stock does not belong to the dealerships, the staff does not feel as accountable as before, which might bring barriers. Overall, MINI's model presents scalability challenges unless further streamlined or supported with new tools.

On the other side, BMW operating under its traditional model, allows a stronger alignment between sales efforts and financial performance. The margin-based system ensures that sales staff remain motivated, and KPIs can be measured in a straightforward and transparent way, as usual. The ability to negotiate prices and respond to local market dynamics gives BMW a clear advantage in both maintaining volume and adapting to changing customer demands. As

such, BMW is able to maintain a strong, scalable foundation through autonomy and sales-driven motivation.

Hyundai, however, leveraging its vertical integration and centralized IT infrastructure, demonstrates high scalability and performance potential. Manager 4, Strategy, Operations and Marketing of Hyundai described the improvements: "Everything is tracked in real-time, leads, proposals, commissions. We know exactly what's working and where to act." This structure allows Hyundai to maintain strong sales performance, shorten delivery times, and expand without adding operational friction. Since the stock is owned by the group and not individual dealerships, local units can focus on service and client interaction without being burdened by inventory risk.

In this sense, Hyundai seems to represent the most adaptive and efficient model due to its tight system integration and group-wide strategy. "Hyundai's model is the best between the three, traditional, Hyundai, and agency." (Manager 3, Operations of BMW Group).

Table 4. Revenue Models.

Brand	Revenue Model	Sales Incentives	KPI Visibility	Scalability Potential
BMW	Margin-based	High	Normal	Medium
MINI	Commission-based	Lower	Complex	Limited (Currently)
Hyundai	Margin-based	High	Transparent	High

Digital Readiness of the Portuguese Market and Implications for DTC Adoption

To analyze the implications of the shift toward direct-to-consumer (DTC) models it is important to consider the level of digital maturity of the different markets, as important indicator. In Portugal, the focus of this research, the level of online purchasing is still comparatively low when measured against the broader European Union and against larger markets such as Germany. According to ANACOM (2024), only 48.9% of the Portuguese population aged 16–74 made an online purchase in the previous three months and 59.3% had done so at least once during the previous twelve months. In addition, almost one quarter of the population (24.2%) has never made an online purchase, which indicates a significant degree of digital reluctance within the population.

This places Portugal in 23rd position within the EU27 in terms of the percentage of residents purchasing online. By comparison, in the EU, 77% of individuals aged 16–74 made an online purchase during the last twelve months, and in markets such as Germany the percentage is 91%. This gap suggests that the Portuguese consumer is still more cautious

regarding online transactions and relies more heavily on physical points of contact (Eurostat, 2024).

These findings are consistent with recent evidence from EY's "Mobility Consumer Index", which surveyed 15,000 consumers across 20 countries and shows that, although 25% of global car buyers would now be willing to purchase a vehicle online, 61% still prefer to complete the transaction in the dealership. More importantly, 66% of respondents state that physically experiencing the vehicle is a critical part of the purchase decision. (EY, 2024)

In the case of Portugal, where general e-commerce penetration is lower than the EU average, this preference for physical interaction is likely even more pronounced. For this reason, a fully digital DTC model risks being misaligned with consumer preferences. A hybrid or vertically integrated model (similar to Hyundai's approach) may therefore be more appropriate for the Portuguese market, as it combines the efficiency of digital tools with the reassurance of a physical retail presence.

OEMs Perspective

From the perspective of manufacturers, the shift toward Direct-to-Consumer (DTC) and agency models is driven by the strategic need to own the customer relationship, ensure brand consistency, and capture efficiencies across the value chain, and even the interviewees from Grupo Salvador Caetano stated that this model provided stronger transparency to the end-customer, and following this logic BMW Group announced "2024 will see the BMW Group launch the rollout of its new sales model... MINI will start in Italy, Poland and Sweden on 1 January 2024. The remaining European countries will gradually follow" (BMW Group, 2023). Behind this move is the goal to consolidate customer data and interactions directly under the OEM, thereby enabling long-term loyalty.

Similarly, Mercedes-Benz emphasized the value of greater price consistency and customer experience when introducing its agency sales agreements in Europe, stating that "With agency sales, we will be able to offer our customers a seamless luxury experience across all channels and ensure price transparency" (Mercedes-Benz, 2023, as cited in Autovista24). Other OEMs have also highlighted the efficiency argument, Stellantis described the agency model as an opportunity to "improve customer experience and efficiency, while simplifying processes and enhancing transparency" (Stellantis, 2023, as cited in Reuters). On the other side, Hyundai, not yet fully adopting DTC in Europe, has underlined its intention to reinforce control over the sales funnel, noting in its Investor Day presentation that "In Europe, Hyundai Motor is expanding its dealer network and sales organization" (Hyundai, 2024).

The opinions differ and some brands are also distrustful about this model, for example Volkswagen announced that is reconsidering its full agency sales model for electric vehicles, as the slower EV transition and the need to run parallel systems create unsustainable complexity.

Collectively, these statements show that OEMs see DTC not as a short-term experiment, but as a structural realignment and a way to secure direct access to customer data, strengthen brand positioning through consistent pricing, and create operational efficiency in increasingly competitive and consistency across the different markets, but it's still a long way to go and some more tests need to be run, and the process solidified.

Teaching Notes

Teaching Objectives

The current case is designed to illustrate the strategic and operational challenges facing automotive dealership groups in the context of digital transformation and the emergence of Direct-to-Consumer (DTC) business models. The pedagogical goals are:

- To analyze how dealers in Portugal are dealing with the transition to DTC and how they adopt their business models, highlighting key areas such as strategy, operations and marketing, according to the different OEM strategies.
- To apply key theoretical frameworks in evaluating organizational responses to the industry disruption.
- To promote critical thinking on the role of dealerships in this industry with undergoing digital transformation, focusing on the tensions between OEM's strategies and dealership-level realities.
- To provide students with an opportunity to discuss managerial implications in multi-brand corporate structures and assess possible future pathways for dealership businesses, based on literature.

The case is appropriate for bachelor courses in Strategic Management, Marketing Strategy, Retail Management, and Digital Transformation, as well as executive education sessions on innovation in traditional industries.

Synopsis

This case focuses on Grupo Salvador Caetano, a major automotive retail group in Portugal, and its different retail model according to the automotive brands, namely BMW, MINI and Hyundai. The primary data is the result of interviews with managers of Grupo Salvador

Caetano, responsible for the areas of operations, strategy, and marketing/customer experience, and is complemented by secondary data on dealership business models, the global automotive sector, and industry trends.

The case highlights the differences in brand positioning and customer experience between BMW, MINI and Hyundai, while exploring how dealership groups are adapting and must adapt their role as OEMs increasingly adopt Direct-to-Consumer (DTC) models.

The key challenge lies in exploring how Grupo Salvador Caetano adapts to the different needs of multiple brands while facing the risk of OEMs shifting toward DTC completely, potentially eliminating the need for dealerships and challenging their traditional role, requiring the organizations to prove its relevance and sustain its position in the automotive value chain.

Analysis of the Case

The case analysis should rely on strategic frameworks in the literature review and follow a structured approach. The total duration should be 90 minutes, separated into 15 minutes for introductory discussion, 45 minutes for group work and analysis, and 30 minutes for in-class discussion.

1. **Contextualization (Pre-class preparation):** Students should be required to read the case in before the class and prepare key takeaways.
2. **Opening Discussion (15 minutes):** The class instructor should start the class by opening space for a discussion on students' opinions and main insights from the case reading.
3. **Group Work (45 minutes):** Students work in pairs to answer the assigned case questions.
4. **Plenary Discussion (30 minutes):** Each group should present its answers, which must then be contrasted with views from other groups to enrich the debate, followed by a discussion of the situation from the perspective of the Customers, OEMs and Dealerships, with a focus on the Portuguese market.

Questions

1. **Which core capabilities and rigidities can be identified in Grupo Salvador Caetano's operations? Furthermore, which dynamic capabilities should the company strengthen or develop in order to successfully adapt to the automotive industry's transition toward Direct-to-Consumer (DTC), ensuring sustained competitiveness?**

Purpose in class: The goal of this question is to connect Leonard-Barton's (1992) framework on core capabilities and rigidities with the concept of dynamic capabilities,

showcasing that organization's strengths can become weaknesses if they are not continuously adapting. The class should reflect on how internal routines and resources shape the ability to respond to external disruptions.

How to approach: Students should begin by identifying Grupo Salvador Caetano's distinctive strengths, such as its after-sales services and infrastructures, premium customer communication and OEM partnerships. Afterwards, students should identify, which of these strengths might have been transformed into rigidities due to disruptions, such as the culture-based on in-person interactions, that might result with misalignments with digital processes and new customer journeys. Finally, students should associate these rigidities with dynamic capabilities, explaining their importance and highlighting the ones possessed by Grupo Salvador Caetano, for instance students can mention the capacity they had to vertically integrate Hyundai vertically.

Example: Grupo Salvador Caetano's history reveals different strong capabilities that to shape its operations. Its after-sales infrastructure, which generates much of the profitability of dealerships, remains a vital core capability across all three models. Portuguese consumers, still rely heavily on dealerships for trust, validation, vehicle maintenance, which places after-sales services as a very important asset for the group's success. Additionally, its long-standing partnerships and capacity to maintain them with OEMs such as Toyota, BMW, and Hyundai, relationships is a very important capability that is very difficult to replicate and provides a source of sustained competitive advantage. Another one might be the strong dealership network that gives recognition to the group together with geographical coverage and consistency in quality is also a very important capability. However, the very strengths that made the group successful in a traditional dealership environment now risk becoming rigidities. Its sales teams, for instance, has been trained for decades to negotiate prices and close deals based on stock ownership, which makes adaptation to MINI's agency model particularly challenging. To overcome these rigidities, Grupo Salvador Caetano must strengthen its dynamic capabilities by merging their strong network of dealerships with the DTC approach that is increasingly expanding, as what was done with Hyundai's the vertical approach where parts of the value chain were internalized and an integrated system was introduced, providing a competitive model to the ones introduced by OEMs and that might be a source of adaptation to the group. Extending this ability across other brands will be crucial. In essence, Grupo Salvador Caetano must learn to preserve the value of its after-sales strength and OEM trust while simultaneously developing the agility to operate effectively in a hybrid landscape.

2. Considering the context of the Portuguese market, how should Grupo Salvador Caetano redefine its role (e.g., experience hub, service center, mobility platform) if OEMs increasingly take over direct sales? Which strategic response from the literature (retrenchment, persevering, innovating, exit) is the firm using to deal with disruptions and why is it the best?

Purpose in class: This question encourages students to apply Wenzel et al.'s (2020) types of strategic responses to crisis and discuss which is most suitable for Grupo Salvador Caetano. It also pushes them to consider the unique characteristics of the Portuguese market, particularly its slower digital adoption when compared to the EU and reflect on how dealerships should reposition themselves as OEMs increasingly move toward DTC.

How to approach: Students should assess the four strategic responses, which are retrenchment, persevering, innovating, and exit, and discuss which one the group is using the most and why is this one the most viable for the group. Students must focus on how the group is dealing with disruptions and the possibilities for Grupo Salvador Caetano to reinvents their role in the value chain, whether as an experience center, a service provider or a mobility solutions intermediary. The goal should be to connect efficiency, customer centricity and characteristics of the Portuguese market.

Example: The DTC models are growing and spreading across different regions and, although the adoption of e-commerce in Portugal falls behind EU averages, the tendency of use is growing and expected to be much higher in the next years. This showcases why retrenchment, or persevering strategies would not work, these strategies would only delay the inevitable transformation and would not prepare Grupo Salvador Caetano for sustained competitive advantage. Exit is also not a realistic option for a group as big as Salvador Caetano. Therefore, the most appropriate response, is Innovating. Grupo Salvador Caetano have already demonstrated their capacity of innovating with Hyundai and the plans for future digitalization of customers interactions. However much more can be accomplished by transforming dealerships from simple sales intermediaries into experience hubs and that are capable of complementing OEM-driven digital journeys. Interview evidence confirms that customers, even those of younger and more digitally oriented brands, such as MINI, still want to visit the dealership to validate their purchase emotionally and physically. In practice, this means that Grupo Salvador Caetano can leverage its physical infrastructure and team's expertise to position itself as the essential point of reassurance in the buying journey, even when OEMs own pricing and contracts. With Hyundai, the company has been demonstrating an innovative approach by integrating the value chain under their company and consolidating all system into

a centralized platform, allowing dealers to focus on customer service rather than stock management and operational complexities, providing them with the tools to succeed in today's hybrid reality. Applying a similar mindset to other brands together with integration AI and invents to bring customers to dealerships, would enable the group to innovate its role without losing relevance and positioning itself as a provider of experience-based services.

3. What risks appear from simultaneously operating under three different models (traditional, agency, verticalized), and how can Grupo Salvador Caetano mitigate them?

Purpose in class: The goal of the question is to push students to recognize the challenges of managing multiple business models at the same time. This requires them to think not only about operational complexity but also cultural misalignment and performance measurement across these heterogeneous structures.

How to approach: Students are expected to identify risks such as conflicting incentive systems, different CRM platforms, different objectives for sales teams, and resource pressure. Afterwards, students should propose ways to mitigate these risks, such as standardized reporting systems, differentiated teams for each model, and adjustment of incentive programs.

Example: Grupo Salvador Caetano operates BMW under a traditional model, MINI under an agency model, and Hyundai under a verticalized model. Each of these models creates a different internal logic. BMW sales teams negotiate directly with customers, own the stock, and are incentivized by margins. MINI salespeople, on the other hand, work on commissions, have no pricing flexibility, and depend on fixed OEM systems. Hyundai staff benefit from an integrated CRM that centralizes stock and streamlines processes, making their role more about efficiency and customer support. The coexistence of these three models simultaneously can result conflicts and operational challenges. Moreover, having separate KPI tracking systems and CRM platforms adds back-office complexity and reduces efficiency. To mitigate these risks, Grupo Salvador Caetano needs to adopt a centralized approach able to compare all the different OEMs KPIs in and homogeneous way, having all the reporting information available on demand and train their teams in order to create “product genius” adapted to each model and with incentive programs tailored to them to preserve motivation and high-performance.

4. How does OEM-driven verticalization differ from Grupo Salvador Caetano's vertical integration efforts? What are the strategic implications of each model for efficiency,

customer experience, and long-term competitiveness in the Portuguese automotive market?

Purpose in class: This question has the goal of challenging students to analyze verticalization while doing the comparison from the two existing perspectives in this case, one where the verticalization is done by the OEM when transitioning to DTC and the other led by the dealer, as seen in Hyundai's sales model. The goal is to help students recognize that verticalization is not an uniform concept and its efficiency and strategic outcomes vary from the two different approaches mentioned in this research. This discussion also emphasizes the role of negotiation power and customer interaction in shaping sustained competitive advantage.

How to approach: Students should begin by explain the motives that lea OEMs to drive verticalization, taking over stock, pricing, and in some cases customer interaction, leaving the dealer in a challenging position. Students should contrast this perspective with the example of Grupo Salvador Caetano in Hyundai, where the vertical integration is managed by the dealer, owning the import and retail business in Portugal, building efficiency with centralized systems and stock ownership, while preserving in-person customer interaction. The students must take under consideration the two perspectives and explain why vertical integration might result, or not, in improved efficiency for each.

Example: In the Portuguese market, the contrast between OEM-led and dealer-led verticalization is particularly visible in the experiences of MINI and Hyundai. Under MINI's agency model, that showcases strong elements of verticalization, the manufacturer sets fixed prices, controls customer data, and manages customer interaction. Dealers are limited to executing test drives, facilitating the handover, and providing after-sales services. While this reduces stock risk for Grupo Salvador Caetano, it also undermines its autonomy, limits its ability to adapt locally, and reduces profitability, as revenue comes only from fixed commissions, however, for the OEM this model responds to clear strategic goals such as brand consistency and pricing transparency, ensuring that customers across different markets face the same offer and brand experience, simplified operations that result in less costs. On the other hand, Hyundai's model illustrates a dealer-driven approach to vertical integration. Here, Grupo Salvador Caetano controls the value chain from importation to after-sales, using centralized systems that allow real-time updates and efficient lead management. The dealer-led verticalization improves groups's scalability and operational efficiency while preserving Grupo Salvador Caetano's influence in the customer relationship, something especially valuable in Portugal, where customers still value physical validation before purchase, while, on the other hand, the OEM-led model increases dependence and reduces bargaining power. For long-term

competitiveness, the solution lies in how Grupo Salvador Caetano balances these two dynamics, complying with OEM-driven integration where required, but simultaneously building internal capabilities that allow it to capture efficiency and maintain a central role in customer experience.

5. Does the MINI agency model improve or challenge long-term profitability compared with BMW's traditional approach and Hyundai's verticalized strategy? From a strategic perspective, which model appears most viable for Grupo Salvador Caetano in Portugal, and why?

Purpose in class: This question is designed to create space for a debate about the viability of each model, namely the traditional, agency, and verticalized approaches, and pushes students to think about performance and scalability indicators and discuss it based on case information, market data and literature evidence.

How to approach: Students should compare BMW's traditional model that is highlighted by providing more autonomy to dealerships, MINI's agency model underlined for the commission-based agency model and by not having the responsibility of owning and managing stock, and Hyundai's verticalization that was described and the best of both worlds by the interviews. Students should then argue which model balances with more success profitability, scalability, and answers to the needs of customers in Portugal.

Example: The evidence present in the case study suggests that MINI's agency model displays challenges for long-term profitability for dealerships. On one side, dealers no longer own stock which releases them from having these costs, however the revenue comes only from fixed commissions, and staff motivation is reduced because they have fewer tools to influence sales outcomes, especially in fleet sales. BMW's traditional model, by contrast, offers stability and autonomy. Dealers retain control over margins, can negotiate fleet sales, and maintain a direct relationship with the customer. However, this model is not following the increasing pressure from OEMs seeking to own customer data and standardize pricing, which may harm the profitability in the long-run. Evidence places Hyundai's verticalized model as the most adaptive and strategically viable. By centralizing stock and integrating systems, it achieves both efficiency and preparation for future scalability, while simultaneously conserving the role of the dealership in customer interaction and after-sales service. This verticalized approach equally fits the Portuguese context, in this market customers still value personal interaction and negotiation, however new generations ask for digital convenience. Interviewees reinforced by noting that Hyundai's model enables waste reduction in the value chain and unbeatable time-

to-market, with the ability to update campaigns in minutes. For this reason, Hyundai's verticalized model represents out of the three the strongest balance of efficiency, scalability, and customer-centricity, making it the most strategically viable option.

Conclusion and Limitations

The current study examined how organizations strategically adapt to disruptions and transform their business model. Through the case of Grupo Salvador Caetano and its transition in the current retail dealership models, it's possible to better understand how theoretical strategic management frameworks are applied to real-life situations.

The growing pressure for digitalization, has been causing this industry to develop new business models that were not seen before, threatening the traditional dealership approach that has always existed.

The findings highlight how Direct-to-Consumer has disrupted a stable business model, forcing dealership groups to adapt to new realities implemented by OEMs. More specifically, it is possible to understand that the three models used across Grupo Salvador Caetano present its opportunities and challenges. For instance, on one hand, Grupo Salvador Caetano continues to play a crucial role in the purchase journey, valuing professional guidance and in-person experience, which represents a valuable capability for this organization, that is difficult to replicate. On the other hand, the avoidance of DTC sales is not an option in the current situation of the automotive industry, so failing to innovate and adapt to these trends might endanger the scalability and long-term competitiveness of the business, even in Portugal, where technological adoption and online purchasing remain relatively limited compared to EU.

As such, it is necessary for Portuguese dealerships to put in practice their dynamic capabilities, embracing omnichannel strategies, building new competencies, and preparing for different strategic scenarios, whether OEMs move fully to DTC, retain traditional dealership models, or agree with vertically integrated approaches such as Hyundai.

Despite these insights, the study presents several limitations. First, it reflects a one-sided perspective, since only Grupo Salvador Caetano retail employees were interviewed. As such, incorporating the views of OEMs would have provided a more comprehensive picture of the shift towards DTC. Second, the target of the analysis was mainly Portugal and comparisons with markets such as Germany, where DTC adoption might be more advanced and legislation is different, would strengthen the findings. Third, Grupo Salvador Caetano's significant investment in Hyundai's systems and infrastructure introduces potential bias, as employees may be more inclined to justify or favor this method. Finally, as the DTC model at Grupo Salvador Caetano is still in its early stages, it is too soon to evaluate performance outcomes, current conclusions rely primarily on impressions and expectations rather than measurable results.

As the automotive industry evolves rapidly, and the adaptation in the automotive retail sector is just starting, defining the present is very close to defining the future.

The global crises, such as pandemics and geopolitical tensions, make organizations rethink their business models, internalize processes, and rapidly adapt to challenges that might come in their way.

Overall, in the current pedagogical research, students have the possibility to apply theoretical frameworks to the real-life situation of dealerships and have a better understanding of how these can be useful to develop strategies in other businesses and sectors faced with crisis. In this regard, ultimately, it would be relevant to extend this case study and explore other industries and sectors facing similar challenges.

Bibliography

Academic Papers

Asante, I. O., Jiang, Y., & Luo, X. (2025). Leveraging online omnichannel commerce to enhance consumer engagement in the digital transformation era. *Journal of Theoretical and Applied Electronic Commerce Research*, 20(1), 2. <https://doi.org/10.3390/jtaer20010002>

Asuncion, J., Murphy, M., Prutow, N., Siantar, M., Tyre-Vigil, J., & Awwad, M. (2023). Benefits and effects of Tesla's direct-to-customer sales model. *Industrial and Manufacturing Engineering Department, California Polytechnic State University*.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1), 99–120.

Barreto, I. (2010). Dynamic capabilities: A review of past research and an agenda for the future. *Journal of Management*, 36(1), 256–280.

Biller, S., Swann, J., Gilbert, S. M., & Simchi-Levi, D. (2005). Dynamic pricing and the direct-to-customer model in the automotive industry. *Electronic Commerce Research*, 5(2), 309–334. <https://doi.org/10.1007/s10660-005-6161-4>

Donna, J. D., Pereira, P., Trindade, A., & Yoshida, R. C. (2024). Direct sales and bargaining. *Rand Journal of Economics*, 55(4), 499–814. <https://doi.org/10.1111/1756-2171.12480>

Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10–11), 1105–1121.

Golara, S., Dooley, K. J., & Mousavi, N. (2021). Are dealers still relevant? How dealer service quality impacts manufacturer success. *Production and Operations Management*, 30(1), 24–44. <https://doi.org/10.1111/poms.13450>

Leonard-Barton, D. (1992). Core capabilities and core rigidities: A paradox in managing new product development. *Strategic Management Journal*, 13(S1), 111–125.

Madhani, P. M. (2010). Resource-based view (RBV) of competitive advantage: An overview. In P. Madhani (Ed.), *Resource based view: Concepts and practices* (pp. 3–22). Icfai University Press. Available at SSRN: <https://ssrn.com/abstract=1578704>

Riordan, M. H. (2007). Vertical integration. In S. N. Durlauf & L. E. Blume (Eds.), *The new Palgrave dictionary of economics* (2nd ed.). Palgrave Macmillan. <https://business.columbia.edu/sites/default/files/efsf/pubfiles/2469/vertical%20integration-Palgrave-2007.pdf>

Sammur-Bonnicci, T. (2015). Dynamic capabilities. In E. Kessler (Ed.), *Encyclopedia of management theory* (pp. 227–230). Sage Publications.

Teece, D. J. (2007). Explicating dynamic capabilities: The nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28(13), 1319–1350.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509–533.

Yavorsky, D., Honka, E., & Chen, K. (2020). Consumer search in the U.S. auto industry: The role of dealership visits. *Quantitative Marketing and Economics*, 18(4), 407–453. <https://doi.org/10.1007/s11129-020-09236-5>

Industry reports / policy papers

Augustine, A., & Nava, M. (2016, February 24). *Auto dealerships: Destined for disruption*. BBVA Research. https://www.bbva.com/wp-content/uploads/2016/02/160224_US_AutoDisruption.pdf

ANACOM. (n.d.). [Telecommunications statistics content]. <https://www.anacom.pt/render.jsp?contentId=1804096>

Associação Automóvel de Portugal (ACAP). (2025, February 18). *Produção e montagem de viaturas automóveis em Portugal – Janeiro de 2025* (Press Release No. 12). <https://www.acap.pt>

Capgemini. (2020). Agency sales model: Accelerating the future of automotive sales. https://www.capgemini.com/wp-content/uploads/2020/11/Automotive-Agency-Sales-Model_POV_Capgemini-Invent.pdf

Cox Automotive. (2022). Consumer preferences in automotive retail: A 2022 overview. <https://www.coxautoinc.com/insights/consumer-preferences-2022/>

Deloitte. (2021, October 21). New trends in the sales model of the automobile industry: A global overview. Deloitte. <https://www.deloitte.com/global/en/services/legal/perspectives/sales-model-of-automobile-industry.html>

European Automobile Manufacturers Association (ACEA). (2024, September 5). The Automobile Industry Pocket Guide 2024/2025. <https://www.acea.auto/publication/the-automobile-industry-pocket-guide-2024-2025/>

European Commission. (n.d.). E-commerce statistics for individuals. Eurostat. https://ec.europa.eu/eurostat/statistics-explained/index.php?title=E-commerce_statistics_for_individuals

European Parliament. (2024, October). The crisis facing the EU's automotive industry (At a Glance, EPRS_ATA(2024)762419). European Parliamentary Research Service. https://www.europarl.europa.eu/RegData/etudes/ATAG/2024/762419/EPRS_ATA%282024%29762419_EN.pdf

EY. (2024, January). One in four are buying cars online, but dealerships will remain vital for move to EVs – EY Mobility Consumer Index. https://www.ey.com/en_gl/newsroom/2024/01/one-in-four-are-buying-cars-online-but-dealerships-will-remain-vital-for-move-to-evs-ey-mobility-consumer-index

Forbes Technology Council. (2022). Vertical integration: What it is and why it matters for your business. Forbes. <https://www.forbes.com/sites/forbestechcouncil/2022/XX/XX/vertical-integration-what-it-is-and-why-it-matters-for-your-business/>

Grupo Salvador Caetano. (n.d.). Visão, missão e valores. <https://salvadorcaetano.pt/quem-somos/visao-missao-valores/>

Heuser, C., Bert, J., Levin, A., Wiederer, A., & Farsky, M. (2023, February 16). Shifting to an automotive direct-sales model. Boston Consulting Group. <https://www.bcg.com/publications/2023/shifting-to-automotive-direct-sales-model>

Inampudi, S., Kramer, N., Maurer, I., & Simmons, V. (2019, January). *As dramatic disruption comes to automotive showrooms, proactive dealers can benefit greatly*. McKinsey & Company.

Julien. (2025, 23 de março). *La France enregistre une baisse de 10 % de sa production automobile en 2024*. Inoindustry. <https://inoindustry.com/en/la-france-enregistre-une-baisse-de-10-de-sa-production-automobile-en-2024-2/>

Kalus Kenny Intelx. (2024, August 26). Why car manufacturers are shifting to the agency model and what this means for your dealership. <https://kkilawyers.com.au/why-car-manufacturers-are-shifting-to-the-agency-model-and-what-this-means-for-your-dealership/>

Palmas, F. (2024, November 27). *The slow agony of Germany's auto industry*. Capital Economics. <https://www.capitaleconomics.com>

Taqauto. (2022, October 18). The car dealership business model: Then versus now. <https://www.taqauto.com/2022/10/the-car-dealership-business-model-then-versus-now/>

Toyota Caetano. (n.d.). Fábrica de Ovar. <https://toyotacaetano.pt/sector-industrial/fabrica-de-ovar/>

Appendix

Appendix A: Interview Questions

1. Strategy

BMW Group (Traditional Model + MINI Agency Model)

- How does Grupo Salvador Caetano's role differ between BMW's traditional dealership model and MINI's Agency Model?

- What strategic shifts were necessary or will be, to accommodate MINI's direct-to-consumer transition?
- How does Grupo Salvador Caetano maintain its relevance and profitability despite MINI taking over pricing and sales margins?
- How do you see customer behavior evolving with the Agency Model?
- Which business model provides more stability and security for Grupo Salvador Caetano?
- Which business model holds greater long-term potential for growth in your perspective?
- Do you believe MINI sales will improve under the Agency Model?
- How did Grupo Salvador Caetano navigate the transition process?
- Has this change/influenced how you allocate resources between BMW and MINI?
- What impact does this have on long-term partnerships with the brand?

Hyundai (Verticalized Sales Model)

- What are the strategic advantages of Hyundai's verticalized sales model for Grupo Salvador Caetano?
- How did the idea for this model originate? Organic due to proximity?
- How does this model enhance efficiency compared to traditional dealership structures?
- What has been the biggest challenge in integrating all under one system?
- How do you see the future of this model in Portugal's automotive market?
- Is there potential to expand this model to other brands within Grupo Salvador Caetano?
- What happens if Hyundai decides to adopt a direct-to-consumer (DTC) model?
- Are there any risks associated with verticalized sales compared to traditional dealership approaches?
- How does Grupo Salvador Caetano differentiate itself within this model compared to competitors?
- Are there changes for the end consumer? Is it perceptible?
- Is this model also beneficial for the brands?
- Do you see it as an incentive to keep or deepen the relationship between dealerships and manufacturers?

2. Operational

BMW Group (Traditional Model + MINI Agency Model)

- How do daily operations differ between BMW and MINI?

- What operational adjustments were necessary for MINI's transition to the Agency Model?
- How has the new model affected dealership interactions with customers?
- What challenges have emerged in managing BMW and MINI under different sales structures?
- How has inventory management, pricing, and commission structures evolved with MINI's shift?
- Which model presents greater complexity in operations?
- From an operational standpoint, which model is more promising for Grupo Salvador Caetano?
- How do training and staffing requirements differ between these models?
- Has the shift impacted or will impact after-sales services and customer support?
- Do you see a possibility to have a world only working with agency model?
- Which model do you predict that will result in better results and efficiency?

Hyundai (Verticalized Sales Model)

- How has the verticalized model transformed logistics and dealership operations?
- What systems or tools ensure seamless integration of distribution, reporting, and sales?
- How does this model affect communication between dealerships, suppliers, and customers?
- Are there operational bottlenecks?
- Have there been measurable improvements in sales efficiency since implementing the model?
- How does this model impact dealer profitability and incentives?
- Is this model of proximity more beneficial for dealerships than a direct-to-consumer (DTC) approach?
- What lessons have been learned from its implementation that could benefit other brands?
- Do you believe on the expansion of this model?
- Is the goal of Grupo Salvador Caetano to expand to other brands?
- Do you think that this business model will benefit the brands? Can it compete with the DTC trend?
- Can the end consumer feel the difference?

3. Customer Experience/Marketing

BMW Group (Traditional Model + MINI Agency Model)

- How has customer interaction changed with MINI's transition to the Agency Model?
- Are customers aware of the difference between the traditional dealership and the Agency Model?
- How do BMW and MINI customers perceive and react to the different purchasing experiences?
- What are the biggest customer concerns or complaints regarding the MINI Agency Model?
- Has the shift influenced brand perception or customer loyalty?
- How does Grupo Salvador Caetano plan to maintain engagement with MINI customers compared to BMW customers?
- Has the shift required new marketing strategies or customer engagement tactics?
- Do you think it would work with luxury models?
- Do you think that the role of the dealerships is threatened by the DTC?
- Do consumers still prefer the on site purchase?
- How are you adapting to keep up with the trends and technological developments?
- Which methodologies do you plan to introduce on the different brands (BMW and MINI) to improve consumer expectation and reinforce the dealership importance?

Hyundai (Verticalized Sales Model)

- How does Hyundai's verticalized approach enhance the customer buying experience?
- Have customers noticed a difference in service quality compared to traditional dealerships?
- Are Hyundai customers more engaged with the brand due to this model?
- What has been the impact of this model on customer satisfaction and retention?
- How does Hyundai's approach compare to competitors in Portugal?
- What differentiates this approach for the customer?
- Is improved efficiency enough to outperform a direct-to-consumer model?
- How does the model influence digital and in-person customer interactions?

4. Future of Automotive Dealerships

All Roles

- What do you see as the biggest challenge and opportunity in the future of automotive dealerships?
- Do you think these models will remain viable long-term, or do you foresee further changes?
- Which sales model do you believe will dominate the industry in the next 5 to 10 years?
- Do you foresee all brands eventually adopting direct-to-consumer models?
- Can you imagine a future where all of Grupo Salvador Caetano operates solely under the Agency Model?
- How do regulatory changes and market trends influence the evolution of these sales models?
- What role do emerging technologies (AI, automation, digital retail) play in shaping the future of automotive sales?
- How can dealerships continue to provide value in an increasingly digital and manufacturer-controlled landscape?

Note: Full interview transcript can be provided upon request.