WHAT CAR?

insight

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Electric car maker Lynk & Co was founded in 2016

INTERVIEW WITH

Alain Visser Lynk & Co

Alain Visser is CEO at Lynk&Co, having taken the helm of the disruptive, short-term subscription-only car maker after a glittering career at manufacturers including General Motors, Opel and Volvo.

Having been founded in 2016, Lynk&Co launched initially in China in 2018, and expanded into Europe in 2020, taking advantage of its Geely ownership to use the CMA platform also exploited by Volvo. Its first car, a compact SUV, is simply titled the 01, with the 02 and 03 SUV and saloon following respectively. A hatchback was also under development, but its future is uncertain, the 04 name now tipped to be given to an e-scooter.

The 01 is sold in Europe as a hybrid and plug-in hybrid, with prices starting from €39,000 (£34,000). It is also available on a monthly subscription – with a one-month cancellation period at any time – for around €550 (£472) a month, and so-called members can recoup some of those costs by sub-letting their cars. Here, Visser details the firm's unique selling points, extraordinary success to date and talks about changes he expects in the future.

What makes Lynk&Co different?

"We have three key differentiators. One is that if you choose not to buy, it's only one month you have to sign up for. The other is that during that month you can share the car. So when it's idle you can sub-let it, and reduce your fees. The third one is that we don't have dealerships, but we do offer membership – and part of that community is that you get perks beyond the mobility from the car itself, such as concert tickets. That side has only just kicked off, because of Covid, but it's ramping up.

"Beyond that, there is also another key point of the concept; its simplicity. Our specifications are straightforward – there are no options, and you can have the car in blue or black, that's it. It's super-simple, so you don't drive away with any regrets except maybe that you chose the wrong colour. And if you feel that way and join as a member, then yes, you can swap each month."

How is it going in Europe?

"The truth is we've got more customers than cars at the moment, which is something of a luxury problem to have.

"To give you an idea, we launched the brand in Europe a around a year ago ▼

with the goal of having 9000 members, as we call them. We ended last year with 90,000 members, and today we're at about 120,000. "We're in seven markets in Europe, and have done almost no marketing. Our research suggests we have an awareness level of about 5% – so 95% have never even heard of Lynk & Co. To have 120,000 customers open to us despite that is way better than we could ever have hoped for."

Which markets are your biggest?
"The Netherlands is the biggest market, which makes sense because we started in Amsterdam. Interestingly, Italy is second – and we opened there only two months ago. And I know it's a strange answer, but we don't yet know why – the people in both countries just seem very open to change.

"We've not done any marketing – well, almost none – but the customers keep coming in. Of course, we ask them their motivations, and we can see many themes; but if I was to sum it up I would say that we hear that more and more customers are tired of the traditional car buying system."

Whatcar.com polls its audience weekly, but only 1-2% say they would consider a car subscription. Is that simply a peculiarity of British car buyers?
"The latest statistic I was saw was that in the German market the figure is 40%.

"It might be that the people polled don't align with the demographic who might subscribe, or it might be that the term 'subscription' isn't perceived the same way.

"In truth, we don't see ourselves as a subscription company. Other car companies use it as a new term for what is effectively leasing, be it for three, six or 12 months. What we offer is akin to Netflix; the uniqueness of our business model is you only have to commit to one month. It's closer to renting than leasing."

Have you got that message across clearly enough?
"I have to admit that one of our biggest issues is communication. When we launched our subscription model, we assumed people would associate it with Netflix and Spotify and understand. That was back in 2016. But then the whole industry picked up the name and used it for something else – this short leasing model you see elsewhere.

"That's why we now refer to membership. It's a semantic debate, but for us it's so important that we make it clear to our customers and potential customers that it is for one month only. That's a key benefit of our model."

Even if they are going about it differently, all manufacturers see ownership models changing. Call it whatever you like, but is short-term ownership going to grow as fast as people think?
"Yes, but to go back to my previous point I think the concept of subscription is being abused. What a lot of manufacturers are offering is totally overrated. It's marketing talk for a short lease and that's very different to where I see the opportunity.

"The trend I see is the opposite almost; that people are ready to do something other than lease or own a car. We offer them that alternative."

Lynk&Co likens its subscription model to Netflix

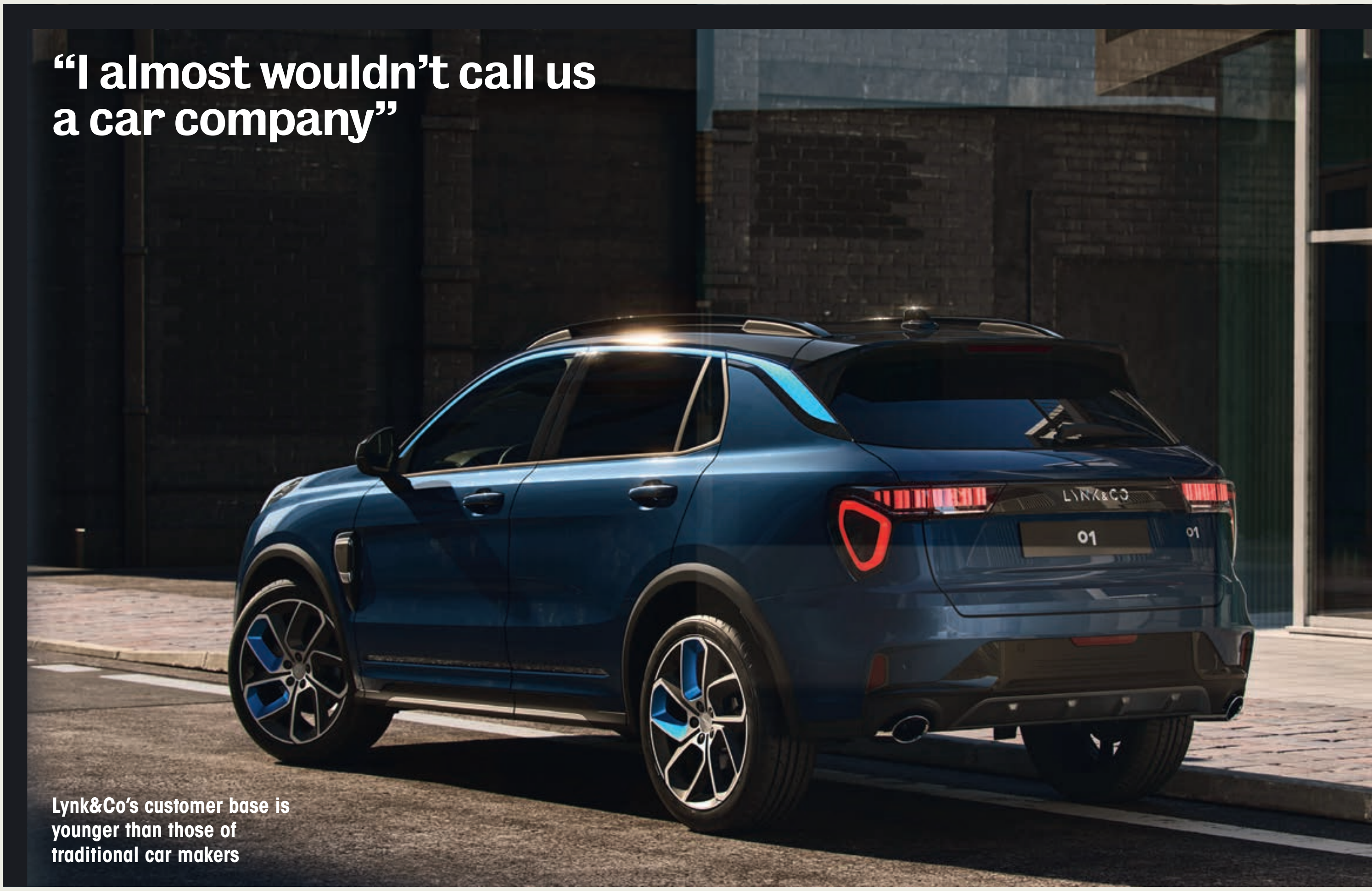
Ford's boss recently said that if you catch it advertising its electric cars during the Super Bowl something has gone wrong. Do you agree that the traditional approach to marketing cars has to shift?
"Well, first of all we don't have the difficulty of having to decide if we do or don't advertise at the Super Bowl – we can't afford it! I also find it strange to say that it is the shift to electrification that is driving the shift. Why would it being an electric car make you do something else? It's just another machine to do the same job, so why would you use that as the reason to switch and communicate differently?

"It's fine to have different opinions and approaches, but you have to think about why you did what you did – presumably it worked – and then see if there are different conclusions for now. It's also hard to say we're right and they're wrong. There's just different approaches."

What's the turnover of members like?
"Actually, it's extremely low. We have a turnover at the moment of about 3%. When we look at those cases and ask why those people step out it's also interesting: it's almost never because they are dissatisfied or changing to another car. It's because they are suddenly changing to another job. They move, so it doesn't work for them."

How many members actually sublet their cars?
"Today it's 20%, which we think is quite promising."

The British stand accused of being unusual in not wanting to share their cars. You plan to launch here in time, so do you have data that backs that up?
"A friend from another manufacturer used the phrase ▼



"I almost wouldn't call us a car company"

Lynk&Co's customer base is younger than those of traditional car makers

that the British look at the car the same way they look at their toothbrush – it's not for sharing!

"All I can say from our experience in other markets is that we're seeing the opposite happening. Everyone can change, and our experience suggests that there's a growing part of the population that doesn't have those ownership needs in the same way that many people do today. Why own something that sits and does nothing for the majority of its life? If it's standing there parked for five days, why not make money out of it?"

You appear to be hinting at a generational shift there?

"Yes, but while our customers are younger, they're not necessarily what many would call young. The average age of our members is 40-45, which is about 10 years younger than the industry average, but hardly a millennial-only customer base.

"I think the key lesson there is that it's not just a matter of age, but rather a mindset. People are fed up with car dealers. They are fed up with complexity. We have the answer."

Why are they willing to pay more than they would for a traditional, longer-term lease for this flexibility?

"All our surveys suggest the main reasons for choosing us are our simplicity and flexibility. But, yes, €550 a month for a car? It is a lot of money in some respects, but if you look at what you get for that money it's a very good price. Comparable with leasing a car, a lot cheaper than renting one. We offer good value, clearly."

Do you have any issues with wear and tear on your vehicles?

"Not yet. Of course, there are some edge cases – but as many good as bad. We had one customer who fitted a new exhaust, had the paint touched up and more – the car was like new. In general, there seems to be no issue of people not looking after the car because they don't own it. There's the odd exception, but they are very rare."

You seem energised by life at Lynk & Co. Is this a very different car company?

"I almost wouldn't call it a car company. This is the first time in my career that I am doing something as a passion. I spent 35 years doing the traditional car company thing. I enjoyed it. But this is so different. I see it as a revolution against my old life; 80% of our employees have never worked in the car industry, and that internal spirit of really rocking against the establishment is really energising

"Prior to this role I'd spent at least 10 years pondering why the industry just kept doing the same thing. I tried, but no matter how much the world changed we just kept going the same way. Why wouldn't it change? Well, if you got it right it was wildly profitable. It didn't make sense to change. But starting a new brand with Lynk&Co has given us the excuse to do it a different way. We're taking a different path – and treading that path is my passion."

Is Lynk&Co just about cars, or would e-scooters and the like also make sense?

"Yes, definitely. We're not just about cars. Beyond that, wait and see."

Is offering plug-in hybrids the right approach? Wouldn't full EVs be better for brand building?

"I am absolutely convinced that the future is pure BEV, and that the moment will arrive sooner than we think. You can see the acceleration happening now, with the cost of living crisis; the move from combustion to hybrid to BEV is happening fast.

"The only reason we didn't go BEV today is that the charging infrastructure isn't good enough. I have 100% confidence that in a short period of time it will be 100% – but today that's not the case. Today, we can offer customers 70km (43 miles) of electric range and then the engine if they need to go further, rather than waiting for two hours at a charging station to top up. The majority of our mileage is done on electricity.

"But, absolutely, we want the transition. I really do think within two years we might have reached the point where that's possible on full EV power."

Making headlines this month

Hire firm Hiyacar has provided Renault Zoes for a wireless charging trial

■ Customer-service issues at the point of sale, and problems with electrical and software systems, were the main reasons why new and used EV buyers complained to the authorities in the first half of 2022, according to The Motor Ombudsman.

■ Electric car drivers in Buckinghamshire can sign up to be part of a trial of new wireless chargers. The new trial is aimed at drivers with no off-street parking, so they can charge their electric cars without the need to plug them in.

■ A new renewable-energy smart charger is under development by Energy Web and Volkswagen, where drivers can choose factors such as the charge timings, the quantity, and the source of the renewable energy.

■ An electric car-charging trial has revealed that electricity networks can cope with charging more electric vehicles if new technologies, such as vehicle-to-grid devices which can return excess energy back to the grid, are used.

■ Panasonic says that new technology could increase the range of its batteries by 20%, allowing for roomier and lighter EVs. The firm plans to achieve this by making its batteries denser, meaning individual cells can run at a higher voltage.


EV charging could become more sustainable thanks to a new smart charger

■ The number of ultra-rapid chargers has increased by 40% in the first half of 2022, according to charging app ZapMap. That growth has been fuelled by the introduction of more public rapid-charging stations, plus more electric cars being capable of accepting higher rates of charge.

The best and worst discounts around right now

TOP 5 HIGHEST % DISCOUNTS PER MONTH

These are the largest discounts revealed by What Car?'s mystery shoppers over the past month. They typically highlight slow-selling and run-out models or, occasionally, models in which there is a fierce manufacturer-driven battle for market share.

1	**Volkswagen Arteon** 1.5 TSI R Line	17.9%
2	**Volkswagen Passat Estate** 1.5 TSI SEL	16.9%
3	**Nissan Micra** 1.0 IG-T 92 Tekna	13.2%
4	**Volkswagen Golf Estate** 1.5 TSI Life	12.8%
5	**Peugeot 508** petrol and diesel models	11.8%

Savvy buyers can save almost 18% on some Arteon variants

TOP 5 TARGET PRICE DROPS THIS MONTH

These are the discounts that have been reduced by the greatest amount in the past month, as found by What Car?'s mystery shoppers. Often they show a cut in incentives on a heavily discounted model, but they can also signal increased demand for that car.

1	**Suzuki Swift** 1.2 Dualjet 83 12V Hybrid SZ5	-11%
2	**Suzuki Ignis** 1.2 Dualjet 83 12V Hybrid SZ5	-6%
3	**Kia Xceed** petrol models:	-1.8%
4	**Hyundai Santa Fe** Plug-in hybrid models	-1.5%
5	**MG ZS** EV	-1.5%

Suzuki's Swift has by far the biggest discount reduction this month

This month's Target Price report

Smart dealers are currently offering the most generous savings

While the average cash Target Price discount has spent much of the past year in a declining trend pattern, things have stabilised over the past quarter, with typically achievable savings of around 3.5%.

Consumers can expect to haggle an average 3.5%, or £1582 per car, cash saving when buying a new car. After allowing for dealer contributions towards manufacturer-backed finance offers, this figure drops to £1345 per car. With an average £817 available as a finance deposit allowance (based on 6% APR PCP), the total average Target Price discount is £2162 per car. Although buyers shouldn't expect discounts to start rising any time soon, there are signs that the market is beginning to recover. Where segments are reporting increases in discounts, we have noted higher highs, of up to 53% month-on-month, and lower lows, with most of this month's reductions in average cash discounts capped at less than 5%.

While the demand-and-supply imbalance that has allowed dealers to gain complete control of negotiations is starting to show signs of a return to its pre-Covid balance, its residual effects are still allowing salespeople to robustly defend their trading margins. The upcoming September plate change is expected to provide sufficient impetus to maintain low discounting, but if that does not happen, we expect discounts and manufacturer offers to increase quite quickly.

Smart dealers are currently the most generous when offering an average cash Target Price discount across a model range at 8.5%, followed by Nissan at 7% and Peugeot at 6.7%.

Lexus has the biggest increase in the typically achievable cash **Target Price** discount, with a 0.6% increase across the range, up from 4.3%to 4.9%.

Target Price market watch

Estate cars

Estate car discounts are relatively stable

While the average cash Target Price discount among estate cars is down month on month, from 5.7% to 5.2%, it is broadly at the same level it was six months ago. This reveals a break in the continuing downward trend previously seen across many car segments and suggests that an upside trend in transaction price savings could break out as demand continues to weaken and supply continues to improve.

Although the segment average is weighted lower by very low cash discount averages on newer models (note the new BMW 3 Series Touring at 0%), those that have low network pressure to boost sales (Mercedes-Benz C-Class Estate at 2.5%) or have very low retail sales expectations (Suzuki Swace at 1.3%) are offering double-digit percentage savings for savvy buyers.

Volkswagen dominates the top three positions here, with a typical 13.8% discount on Passat Estate models, 13.3% on Arteon Shooting Brake versions and a 12.1% discount when selling Golf Estate variants.

After allowing for dealer contributions towards manufacturer-backed finance offers, the total average cash Target Price discount is adjusted from £2174 to £1740 per car. These offers are linked to an average PCP APR that has remained unchanged over the previous month at 6% and includes an additional £1089-per-car in finance deposit contributions. That means the combined average Target Price saving across estate cars is £2829.

Toyota offers the best overall Target Price finance offer on Corolla Touring Sport models, at an average 1.9% APR PCP with an average £1250-per-car finance deposit contribution.

FAMILY SUVS

The average cash Target Price discount among family SUVs is up 11.3%, in relative terms, compared with last month, and is currently 3.7% or £1316 per car.

Low-demand models such as the **Dacia Duster, Subaru Forester** and **Volvo XC40** continue to drag down the segment average with sub-2% transaction price savings. However, increasing competition and supply availability at the other end of the segment means consumers can haggle savings of 10% (£2691 per car) on **Renault Kadjar** versions, 7.8% (£2542 per car) on **Nissan Qashqai** models and 7.4% (£2879 per car) on **Peugeot 3008** variants.

This total average Target Price saving increases to £1758 per car when dealer contributions towards manufacturer's finance-based offers are accounted for.

Buyers can save up to 10% on family SUVs

The most popular used cars

MOST POPULAR USED CAR REVIEWS ON WHATCAR.COM

	February	March	April	May	June	July
BMW i3 13-22						9
Audi A3 '13-'20		10				
Mercedes C-Class '07-'14	10		10	10		
BMW X1 '09-'15	7				10	7
Jaguar XF '07-'15	9	8	7	9	9	8
BMW 3 Series '12-'19	6	7	8	8	8	
Hyundai Tucson '15-'20	6	9	4	5	7	4
Volkswagen Polo '09-'17	5	6	5	7	6	6
Mercedes C-Class '14-'21		4	6	6	5	3
Range Rover Evoque '11-'19	2	3	3	4	4	10
Nissan Juke '10-'19	5	5	9	3	3	5
BMW 1 Series '11-'19	1	1	2	2	2	1
Nissan Qashqai '14-'21	3	2	1	1	1	2

There were four new entries into the top 20 over the past month, with the highest being for the BMW i3.

This is the only all-electric car review in the chart at the moment, and its popularity might be down to the promotion of the review on social media and in our newsletter after a recent refresh.

BMW i3 soared to 9th place in our July ranking

If it strikes you as odd that there is only one electric car review in the used chart, remember that although the used electric car market has doubled in the past year, it still accounts for only about 2% of the total market.

SUVs generally did well last month, with perennial favourites such as the Nissan Juke and Range Rover Evoque doing well and new entries for the Kia Sportage and Audi Q7 joining our top 20. There were also big climbs for the BMW X1, Ford Kuga and Hyundai Tucson.

Cost-of-living crisis driving more buyers to choose used cars

The cost-of-living crisis is causing buyers to delay car purchases, reduce their budgets and consider different makes and models from the ones they planned to get, What Car?'s latest in-market research has found.

Rising costs are pushing more buyers to choose used cars over new

"34% of buyers told us they were in the market for a used car, while 20% had increased their budget"

The study of 1232 buyers who said they were in the market for a car found that 36.61% had decided to delay their purchases due to the cost-of-living crisis. Of those, 48.45% had pushed them back more than three months, and 24.11% were delaying a vehicle purchase until 2023.

The research also found that 39.68% of buyers had changed the make or model of car they were considering because of the cost-of-living crisis.

They included 71.74% who were considering a different car brand altogether, and 12.80% who were looking at a different model from the same manufacturer.

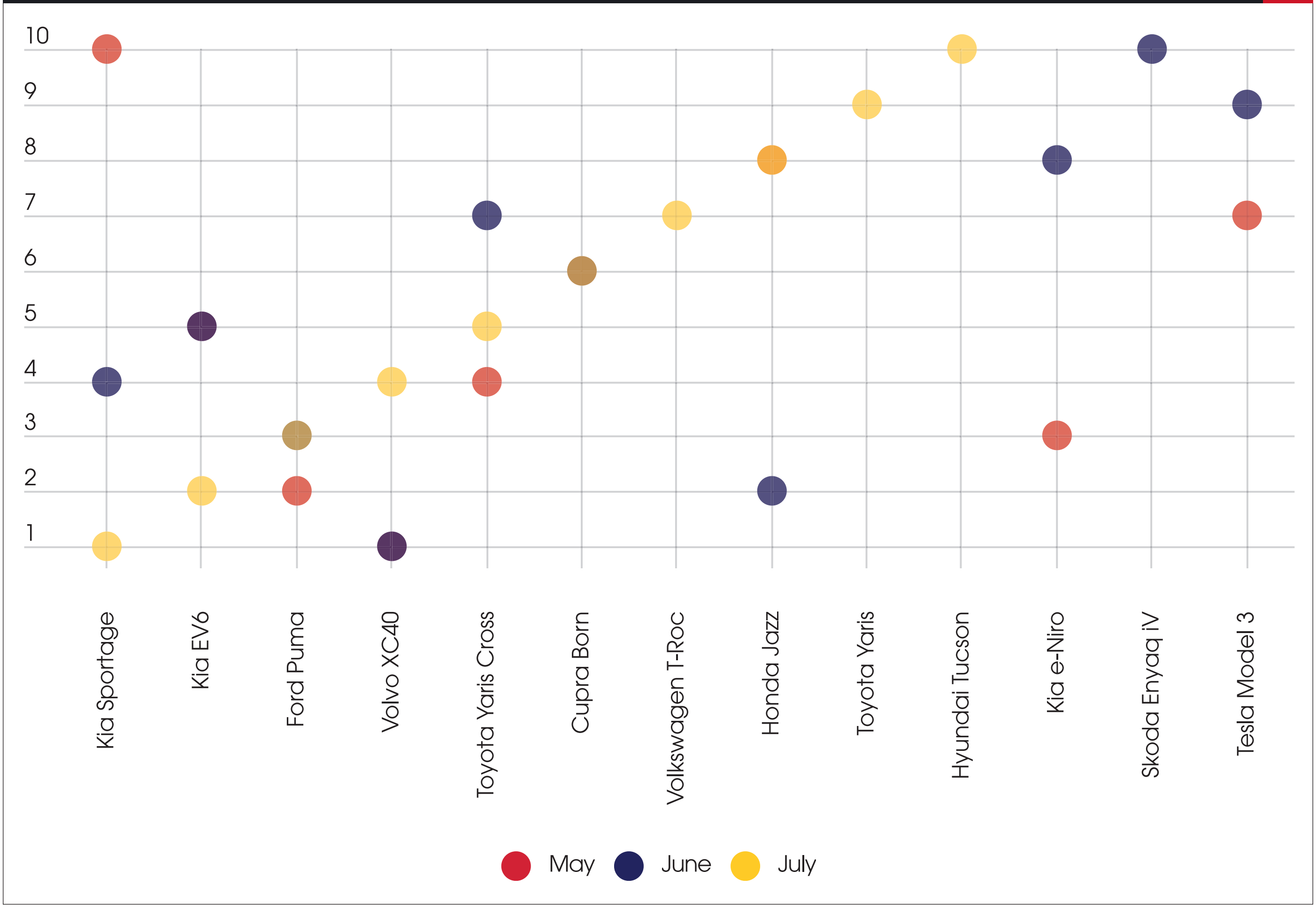
The crisis is also affecting budgets, with 35.05% of buyers telling What Car? they were reducing the amount they will spend on their next car. When asked how much they will cut their spending, 25.37% of buyers estimated 10-15%, 23.58% looked to cut their spending by 5-10%, and 22.99% said 20% or more.

Of the buyers surveyed, 38.46% said they were looking to buy a new car, while 34.01% were in the market for a used model. The rest were undecided about whether to buy new or used.

Of those buying a used car, 20.62% told What Car? they were initially in the market for a new model, but the crisis had made them consider a used model instead.

The cars generating the most leads

CARS GENERATING THE MOST LEADS FROM BUYERS AT WHATCAR.COM



For the first time, Kia has locked out the first and second spots in our table of models generating the most leads. This comes as little surprise, given how popular the new car reviews are of both the Sportage large SUV and the EV6 electric SUV – the latter also being our reigning Car of the Year.

The popularity of both cars is especially impressive given that there were no Target Price discounts available on the EV6 at the time of writing, and minimal savings on the Sportage.

Elsewhere, the Volkswagen T-Roc continues its march up our rankings, having moved from 16th position in March to 12th in June, and 7th so far in July. The success of this small SUV is partly down to tempting PCP finance offers, which at the time of writing started from just £274 per month – lower than some rivals.

Kia EV6 is our reigning Car of the Year

Briefing notes

Facts, stats and quotes from a month in motoring

32 million

Volkswagen Group vehicles have used the brand's MQB underpinnings since they arrived in 2012.

11.9%

The percentage by which the UK's new car market was down in the first six months of 2022, compared with the previous year.

INDUSTRY VOICE

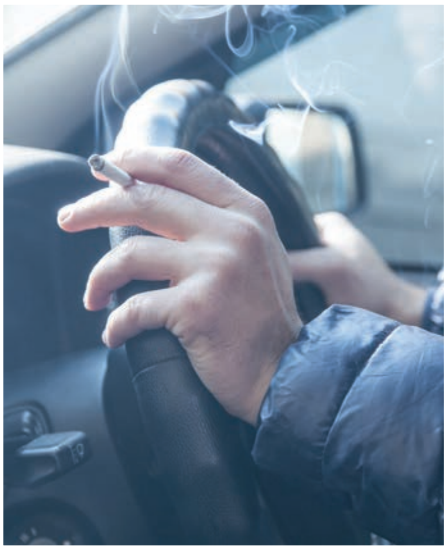
"We plan to add a new luxury, all-electric SUV model to our attractive portfolio."
Oliver Blume, Porsche CEO

12,000

The number of vans expected to be stolen in 2022, according to insurance broker Compare The Market.

INDUSTRY VOICE

"It's a brand that deserves to be more well-known, particularly for Gen Z. The products are amazing."
Julie David, Peugeot



86%

The percentage of used car buyers who said they would be less likely to consider a vehicle that has been smoked in.