

LUXURY MEMO SPECIAL REPORTS

Inside McLaren's global push for its sports cars Luxury Memo special report

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The McLaren 570GT: Fast car, fast growth. Image courtesy of McLaren Automotive

By MICKEY ALAM KHAN

At eight years old, McLaren Automotive is one of the youngest British luxury brands. In that time span, the brand part of the McLaren Group which also comprises racing and applied tech businesses has quickly won accolades for delivering punchy sports cars that aim to increase market share worldwide, especially in the auto-obsessed United States.

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In a recent sit-down interview, Wayne Bruce, head of global communications and PR at McLaren Automotive, explains the Woking, Surrey, England-based McLaren's strategy for different markets worldwide, the portfolio of cars, factors motivating customers by geography to own a McLaren, partnerships and potential alliances, and opportunities and challenges. Buckle up for an insightful read:

What is McLaren's goal for this year? What's the focus? Is it more market penetration, is it better design, is it production? What's the overall focus?

Two things. Firstly, production. So we introduced a second shift at the factory last year to capacitize ourselves to get to 20, if not 22, cars a day and that's what we're currently focusing on because we have the 720S, which is the core model in the range.

We have a waiting list of seven to eight months for that car, which on one side is great, but we think six months is where you want to be, so we try to increase production to meet demands. So that's one focus.

The other focus is starting production of the Senna, which is the Ultimate Series product, which we have revealed at the end of last year. And then we have another new model coming out later this year, too.

How many models do you have now for sale?

For sale we have from the Sports Series in the U.S. 570S, 570GT, 570S Spider and the Super Series, we have the 720S.

You say available for sale, so we also, of course, have the other products that we have yet to produce, but they're not available to produce because they're already sold out.

How do you position McLaren compared to your competition?

So we have this design ethos that everything is there for a reason. But our tagline is to position ourselves as the iconic [British] luxury sports car company.

We have the brand pillars that we talk about. One is technology. There are certain things all McLarens have to have like, for example, a carbon fiber tub.

We also put the driver at the center of the action in all cars, because our CEO, Mike Flewitt, is on record saying, "No one needs a McLaren. You buy a McLaren for you have to want it. It's for the feel of the experience you get when you're driving the car.

The other thing that's different for us is that no matter whether you're buying a humble 570S or you're buying a Senna to add to your collection of 15 McLarens, you've still come into the McLaren family. There are only 15,000 McLarens currently all over the world, so we're quite intimate with our customers and as far as driving the car, they also enjoy the social side that comes with being part of the brand.

So you buy McLaren, you can come and see us at the factory. We're not Disney, we're not open to the public. But as a customer you can come and see your car being built in the line. We welcome you back again if you want to come back again in the future.

If you're buying McLaren, you can also come back to the factory where you can specify the car. We then on top of that organize a program of track events where you can take your own McLaren to understand the extent of its capabilities or you can borrow one of ours. And, uniquely, you can discover the extent of your capabilities as a driver.

Then there are more social-led events we organize like, for example, the Goodwood Festival of Speed. We receive customers who fly in from all over the world to enjoy our hospitality, which is done, I think, in a very unique and personal way.

And, as another example, every year we organize an epic drive over many days. We've done so far in New Zealand. We've done in Canada and we're planning one event later this year a convoy for McLarens across South Africa.

What's the price range for McLarens from the lowest to the highest? Obviously, bespoke's going to be more expensive.

So the 570S retails for in the U.S., if memory serves me right, for about \$180,000. But with the Sports Series, many people in the U.S. buy on a lease. And, as I was explaining, when you're leasing a car, what you're paying for is the depreciation.

Now we're quite lucky in that the McLaren brand is perceived as luxury. We make less than 2,500 Sports Series [cars] a year, so these numbers globally are tiny compared with the German brands that we compete with at that price point. Which means a two- or three-year-old McLaren is worth more money than the equivalent Audi or Porsche, so therefore, if you had \$5,000 to spare, you can then drive McLaren for \$2,500 a month.

At the opposite end of the range, you've got the Ultimate Series product, which are our rarest cars, very focused in what their mission in life is supposed to be and they have a higher price point. You can't buy any right now because they're all presold, but a car codenamed BP23, a bespoke project with three seats, production starts at the end of next year. At 106 units we'd produce, it's already three times oversubscribed at the price of 1.6 million [British] pounds.

If someone had to buy outright, you don't have a problem with that? Pushing leasing versus outright buying, what's McLaren's strategy for the U.S.?

It varies by product line.

So perhaps, ironically, the Ultimate Series products there are not financed. These are just bought outright.

The Sports Series customer is a different type. They may have a 570S as an SUV and 90 percent of the buyers of the 570S are new to the McLaren, so it's very exciting for us. It's bringing new people into the brand.

So talking about customers, who is the typical McLaren customer? Is there one?

No. I guess they are united by, perhaps, two characteristics. They are successful because they've got to a position in their life where they can buy a McLaren. That's one shared characteristic.

But the other one, I think, is that they have interesting cars. And when you come to one of our events, you've got

people from all different ages, different backgrounds, cultures. But what unites them is a conversation about cars, it's where it always starts.

And it's the same in Europe and Asia?

Absolutely, yes.

China, we often get asked about China. We launched in China in 2013, so compared to other luxury arrivals, we're relatively new. We will be doubling our sales this year compared to the last, if all goes to plan.

But the customers are very different. Chinese customers are our youngest customers globally. They average between the ages of 20 and 30. A good third of them, anecdotally, are women who are buying the car. We have a lot of women who buy, but also drive our cars elsewhere. But in China, it's a third [who] are buying it. And it's often their very first car.

Amazing their very first car?

Their very first car.

So, sticking to China, how do you market to the Chinese customer? What is it that piques their interest?

The Chinese customer is concerned with heritage. So we obviously are born on the racetrack, so in our Chinese communications you'll see more mentions of Formula 1 than you would in the U.S., where Formula 1 doesn't resonate at all.

The [Chinese] culture is that they like to see what they're going to buy.

So the more traditional European customer would be very happy to see a 570S, but, in fact, they want a 570GT. The 570S is in white, they want a 570GT in red. They can go online with the retailer and, with our digital configurator, commission the car. They might want to talk to our MSO division for some bespoke options and they're then happy to sit back and wait for six months while their car is being created.

The Chinese customer, by contrast, wants to walk in and they want the 570S, they'd like to see the white 570S and they'd like to drive it away that afternoon.

So when we do auto shows in China, as we did in Beijing [a few months ago], we had the cars on the stand knowing that they'd be bought off the stand and if we have a conversation with the customer, saying, "You can't take it today. We need to wait for the show to finish and you'll have it in two weeks' time.

What about India?

So our story's only eight years old and so far we've got to launching in 32 markets. We're very interested in India. There are already some privately imported McLarens in India. We have customers from India who buy their McLarens but choose to keep their McLarens elsewhere.

Currently, there are, what shall we say, logistical complications in India with the road surfaces, the fuel. But all this we're looking at and who knows, the 33rd market one day could be India.

What about the United States? What are the opportunities you see here?

So the U.S. was our second market to launch after the U.K. The Americans have been exceptionally receptive to McLaren and, in contrast to the rest of the world, it's not through the racetrack heritage. I think some American customers might remember CANAM, but that was too long ago and they may not be interested.

But they come to the brand because they believe we produce the best super car and they read about us in the American press.

The social side of the brand is also very important to the customer. I've been to a few American customer events and they're always the most lively conversations, always the loudest.

It is our biggest market in terms of sales, so this year we should do a good third of our volume just in the Americas. We have 82 retailers across the world, a quarter of them are in America.

We see some further scope in increasing sales here. But not by too much because our plan globally is to start leveling off to around 5,000 cars a year around the world.



Crowds in New York's Brooklyn borough admiring the McLaren 570S Spider model. Image courtesy of McLaren Automotive

Obviously, you're privately held, so that's not a factor where you've got to show constant growth. So you can be selective about your production volume.

We've established this model that has to be successful. It's working for us.

So we have three product families: Sports Series, Super Series, Ultimate Series. They're all sports or super cars. They're a mix of models that are limited only by the amount of time we choose to make them.

There are others that are limited upfront by a number that's dictated by our need to make a profit on each car that we then reinvest into the next car.

What about Canada? Do you have any customers in Toronto, Vancouver? They're big markets along with Calgary.

Toronto is one of our current leading retailers. They do a great job, thanks to the team up there.

In the United States, which cities do you see most interested?

West Coast. Beverly Hills [in California] is our current leading U.S. retailers right now and in the world.

What about New York, the East Coast market?

In New York, we've got three retailers, which, I think, is more than any other city.

What about Latin America, Brazil?

Yes, so Brazil we actually opened [in mid-May] in Sao Paulo. And we've named a car after Ayrton Senna, with the agreement of the Senna family because they don't want their name stuck on anything. They had to come see the car. Bruno Senna, Ayrton's nephew, he's one of our test drivers. So he now works with McLaren and they're very excited to be part of us.

And we've auctioned off the 500th McLaren Senna at our Christmas Ball. An American customer paid 2 million that's being donated to the Ayrton Senna Foundation, which looks after under-privileged children in Brazil.

Europe, obviously it's a big market. So how is the British customer different from, say, a French or Italian? Or can we say there is a European customer?

I think it's fair to say there is a European customer. So clearly they have the means to purchase a McLaren. They are passionate about cars. And they tend to be entrepreneurial in mindset.

I guess perhaps the difference in Europe to the rest of the world is also there's a greater interest in Formula 1.

Obviously, the customer base is affluent. Which other cars do they have in their garage? Do you ask that question?

Yes, we do literally. Because as I said, the conversation at our events is mainly about cars, so you often find out what is in their garage. And we have customers [when] we launch a new McLaren, they buy it. So they collect new McLarens.

But we've become quite famous for not making an SUV and having no intention to have an SUV, so our customer will often have an SUV. But they often have classic cars too, and racing cars and track cars. And, of course, we also make track cars now.

So you have customers who have McLaren road cars, but they'll also have a Senna GTR or P1 GTR. We have a car called the 570S Sprint, which is only for the track but is not homologated for any race series. This is for the gentleman or lady racer to take on private racetracks.

Do they mention any brands when you do a peer analysis? Do they mention any brands that are pretty much like a recurring theme?

No, they're quite eclectic in their taste.

Let's talk about the marketing. What is your marketing strategy?

So, we do not advertise very widely. So a lot of it is event based.

We use media and influencers to help us tell our stories and we're very humbled and grateful in how interested they are in us.

We have, of late, been engaging more and more in licensing arrangements. LEGO, I think, the LEGO P1, there's just one there, 15. That's the best-selling LEGO in that series.

It's also about bringing young people into the brand. I had an Audi Quattro on my wall because there weren't any McLarens to put on my wall. Whereas children today do get excited about P1 and that's what, when they grow up, they want to afford one.

We're also quite essentially into gaming, so video gaming and P1 was the cover car for a big game that was launched four years ago that's done very well for our visibility and our awareness.

And then a lot of what we do is event marketing. The Goodwood Festival of Speed in the U.K., for example. Twenty thousand people come there over the weekend. And a good proportion of our annual budget goes into that.

Pebble Beach [Concours d'Elegance in Pebble Beach on California's Monterey Peninsula] in the U.S. is the equivalent event.

I was reading an interview with the new Duke of Richmond and Gordon. He succeeded his dad recently. He really is very big into this and looks to improve it. A thing like Goodwood obviously, it gets a lot of aficionados there. Do you see a sales uplift?

Oh yes. So for every event we do, we of course need to demonstrate a return. And we look at cars that are purchased there at the event and also new friends we've made.

People come to Goodwood and see us and then come talking to us. But often, events like that, sales may not be months, sometimes years, later.

So we use Goodwood, I'm told, in a very unique way. We have a site just next to the Duke of Richmond's home. It's split into a public area and a private area.

For some years now, we've been trying to democratize McLaren. So the public, wherever they are, and it's not just the cars fans who come to Goodwood for this or the manner of people or also from all over the world. They can sit and spill their coffee over our furniture. They can sit in a McLaren, have their photographs taken.

We bring some of our rare heritage cars there. We put media in the car to drive up the hill. But then just behind that there's an area of trees and a path into what we call the secret garden. And this is an area that we reserve just for our customers.

And we organize programs where customers fly [in] from all over the world. The American customers flying to Goodwood and then we look after them while they're there. But also other VIPs.

In the U.S., how does that work?

Monterey is similar.

So ever since the brand first came to America, we've been present at the Monterey Car Week. And we have a brand center, basically, right by the lawn, where the Concours takes place. So you could not have a more visible site. And, again, it's mainly customers or prospect customers that we look after.

The relationship you have with Richard Mille. Can you give us an idea about that and how did that come about? That came about socially.

So our CEO, Mike Flewitt, met Mr. Mille at a McLaren's customer event. Because Mr. Mille is a McLaren customer. They got chatting. We have very similar mindsets in terms of our interest in technology, in terms of our craftsmanship.

If you look at a Richard Mille watch, everything is there for a reason. You can see the intricacies of the way it works. You look at a McLaren and everything is there for a similar customer's interest in both brands. So it was a match made in heaven.

Are you looking to do similar deals or partnerships?

We are tentatively looking into this and we have discussions ongoing with other luxury brands dealing in different industries. So you'll see some more news on that front quite soon.

If you had to partner, what are the categories you're looking at you feel are in your league and carry the same gravitas as your brand?

We have technology partnerships already. So Pirelli Tires, for example, we have a big relationship with them where they can use McLaren cars in their promotions and they work directly with us in terms of development of tires. We do the same with a paints supplier. We do the same for a lubricants supplier.

Then there are more lifestyle labels like watches. Watches are obvious. Many people interest in cars are also interested in watches.

Fashion you'll see some news there soon. But there are other things that are ongoing. I can't talk about them now. And it's lovely that as McLaren develops awareness as a car company and also as a luxury British brand, people are increasingly coming to us to open the discussions.

Although the current company is young, [late race car driver] Mr. McLaren founded his company

In 1963

You could be considered almost as a startup you're only eight years old.

Oh, we are.

So what do you think got you so far so quick?

So knowing what we wanted to do, so knowing what we wanted our product to be, and being very focused on that and not getting very distracted.

We also have a business model where everything that is important to what makes a McLaren we do ourselves. Things that aren't and things which we don't need to be expert in, are outsourced.

So, for example, we do not stitch the leather on our seats in-house. That's done by an outside leather craftsmanship company that do it for us.

However, the way the engine software works, the way you feel [when] you get through the throttle peddle, some other companies might outsource. But no, we do that ourselves.

We have our own in-house engineers. Because how a car feels is ultimately what makes a McLaren.

So the painting is done in-house?

Painting is actually done in-house by humans.

I think we're one of the few car companies left that produce in any volume where it's still a man or a woman who paints the car and it's not a robot. And that's because the robots don't get the right finish we need for some of our paints.

And what about the engine is it assembled, made in-house? Is it British?

The engine is assembled by a company based in the south of England. But it's to our design and it's been a partnership right from the start.

We've announced that we'll get the keys [late May] to our second factory, which is in the north of England and this will be making the fiber tubs, which are the heart of every McLaren, and another huge differentiator for us from other luxury sports cars. And up to now, they've been supplied by a company in Austria, but if you don't have a carbon fiber tub, we don't have a McLaren.

So we're now taking control of that and this also means that, by value, nearly 60 percent of the McLaren will have originated from the U.K.

I know that you've alluded to EVs in the past. How do you handle questions from potential customers about going electric?

Actually, we're not getting many questions from customers about going electric. It's more, in fact, like the SUV topic. They're very happy we're not making an SUV and there's no immediate need for us to do an EV.

However, we appreciate that the world is beyond our control and is increasingly favoring the pure electric car.

We have already stated very publicly that, by 2022, at least half of our cars will be petrol-electric hybrids. And we've already done it, some say quite successfully, with the P1.

But pure electric is more challenging for us right now because battery technology of which we're not experts, we get that from someone else is not giving us what we and our customers need.

You've mentioned a third of your customers in China turn out to be women. What about the United States and Europe? We don't unfortunately have an accurate figure, because it's also clouded by the fact that in Europe and in the United States, it might not be the women who signed the check, but it's a woman who drives the car. We don't know. Anecdotally, maybe a quarter?

But, anecdotally, often [women are] the decision-makers, because you've got to justify the purchase to the whole family.

If you had to pinpoint a challenge for you in terms of awareness, market growth in the U.S. or Europe or China, what is it for this year?

I guess the key challenge for us is raising awareness amongst, let's call it, the lifestyle purchasers. So they're not necessarily mad keen on cars. But they're interested in beautiful things, they have the income to spend on a McLaren. And to those people we have two challenges: one being you need to be a race driver to handle one of these cars and absolutely you don't. Because the ride is good. You can see out of it. It's not scary driving around town.

So that's one challenge.

The second one is to explain to these individuals if you Mr. or Mrs. Lifestyle Purchaser currently drive an Audi R8, you can afford a McLaren. In fact, more than you can afford a McLaren. Because cars like the P1, cars like the F1, have done great to generate our awareness. But it's partly through their price tag. So there's a perception that McLarens cost a lot of money. But, relatively, they don't.

Do you have any anecdotes of a very unorthodox purchase of a McLaren?

We have some interesting demands from our customers.

One of the obvious ways to personalize the car is color and one customer wanted a white, the white that he saw when he opened the windows of his Swiss chalet when the sun was on the snow. So how do you capture that accurately well? You fly one of our designers out to the Swiss chalet, spend the night and wake up there the following morning to see the sun on the snow outside the gentleman's window.

Another customer, another Swiss customer, by coincidence, has come over to the factory quite recently to specify his McLaren Senna. And one of the options you have when you have a Senna, the car is made of carbon fiber and then is painted and if you were to strip the paint off, the carbon fiber weave is, shall we say, quite erratic.

So a very popular option is to have a visual carbon fiber body so you see the weave and you have it lacquered in a gloss or satin finish. It takes many hours' work because the carbon fiber weave needs to line up across all the different panels of the car. So that, in itself, is a mid-hundred-thousand-dollar option.

This customer was intent on having a visual carbon fiber stripe running around the car and the only way to do this was to have a visual carbon fiber complete body and then paint it apart from the stripe. So he's spending almost half the cost of a Senna on top of his Senna just to have a visual carbon fiber stripe.

Is there a resale market for McLarens? Does the price hold up?

On the limited-production cars, they appreciate. This customer who's spent 2 million plus tax on his Senna has almost established the resale value of Sennas.

If you had to describe McLaren's personality in two or three words
We love cars. And it's not just the customers. It's the employees.

One of the fun things I do is when people come to see us at the factory. Journalists come. Before they leave, they've been wowed by the building, they've been wowed by the factory and then I show them the staff car park. So you might be surprised to hear very few McLaren employees drive a McLaren.

You don't work at McLaren for the money. You work there because you love cars. And I show them the staff car park because it's full of all sorts of interesting cars and that's what we as employees drive to work and that just shows cars run through us all.

Wayne, thank you so much.

OK.

The new McLaren 600LT - The edge is calling

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