

# "ELECTRIC CARS NOT REALISTIC FOR THE REGION"

BY CONNOR SEARS

**Thomas Milz**, Managing Director for Volkswagen Middle East, talks about eco-friendly cars that will work in the Middle East, while he recounts the success story of the brand in the region.



**T**homas Milz has worked for Volkswagen for more than 20 years, and he has done so all over the world. After years spent in various manager and director positions in North America and northern Europe, Milz made the move to the warmer climate of Dubai in late 2012 when he became Managing Director for Volkswagen Middle East.

Selling cars in the Middle East comes with its own challenges and quirks. Fortunately for Milz, his experience selling Volkswagens in many different regions has him used to figuring out how a new market ticks. For instance, Milz recognises that the Middle Eastern automotive market is noticeably different from the European market, in which smaller hatchbacks are the preferred

cars. He can tell you right off the bat that the Middle East region has many similarities to the American car market, both areas tending to focus on two distinct types of cars, the sedan and the SUV.

Some issues, however, are unique to the Middle East. The recent movement toward electric cars in Europe and other markets, made even more public by the German government's resolve to put 1 million electric cars on the road by 2020, is unlikely to find any traction in this area, Milz says.

"The move to electric cars in this region would especially be in the summer months very, very challenging," he says. "An electric car needs to have the power for driving from the batteries. If those batteries are also used for air conditioning, that would drain the batteries dramatically."



Milz notes that other forms of "eco-friendly" cars could make their way to the Middle East. Technologies like compressed natural gas engines and hybrid cars, which use a combination of fuel and electricity to run, are both viable options for greener driving in the region.

"There are huge natural gas resources here in the Middle East," he says, "and that may be an opportunity in the future if we find the right compromise between customers, governments and manufacturers."

Purely electric cars, however, just might not be feasible for this area. The Middle East's special combination of high temperatures and low petrol prices significantly decrease the benefits of switching to an electric car.

"The situation still in this region is that with fuel prices that low, the customer advantage is very, very little, and all of those technologies – electric mobility or the hybrid technology – are definitely more expensive than a regular petrol engine," Milz says. "A premium has to be paid by somebody. In Europe, you have tax advantages, so pretty much the government is paying for the additional cost of such technologies, which is not the case here in the Middle East."

#### Passat drives growth

Volkswagen is coming off a very successful year in the region. The German car company reported year-on-year growth of 30% across the Middle East and 58% in Qatar alone. This growth can be attributed to many different factors, but a huge part of the equation is the Passat, Volkswagen's spacious sedan that made impressive sales numbers in Middle Eastern markets last year.

The Passat's success wasn't just a lucky break for Volkswagen, though. Rather, it was the result of careful research and planning, according to Milz.

"We launched it at the end of 2012. What we have done is we had done really in-depth customer analysis in the Middle East, and so as a result we decided to bring the Passat, which is actually the US version of the Passat, to the Middle East," he says. "We have done the research, and the customer demand in the Middle East is about space, affordability and reliability. And this is where we were then able, within the entire Volkswagen product portfolio, to look for the right car, and the Passat did a great job."

#### Service after sales

Once growth is achieved, the next step is

to sustain it. One of Volkswagen's global values is "service after sales", the idea that quality customer service doesn't stop once a customer drives the car off the lot. Volkswagen is investing heavily in this concept here in the Middle East by bringing trained service and salespeople into the area.

They're also investing in facilities as well as people. Doha will see a new Volkswagen showroom and a new workshop within the first few months of this year.

"I think we are in the beginning of a success story," Milz says. "We've invested over the last couple of years a lot into the infrastructure, into people, into training facilities and technicians, and we are now harvesting the fruits."

So what is on Volkswagen's docket for 2014? Customers can look forward to the regional launch of the all-wheel-drive Golf R, which will make an appearance at the Qatar Motor Show. The end of the year will see updates to the Jetta and Touareg. Milz also teased another launch for "something more emotional and sporty" for midyear, though he wouldn't give away too many details.

Most of all, though, 2014 will be spent investing in people and making sure customer service comes first.

"It's quite simple, and every one of us has experienced it," Milz says. "Once you understand the customer and once you treat the customer right, the customer satisfaction will basically help you to become successful as a brand." ■

#### FACT FILE:

**30%**

The year-on-year growth from 2012 to 2013 for Volkswagen deliveries in the GCC.

**415%**

The year-on-year increase for Passat deliveries from July 2012 to July 2013.

**14,000**

The approximate number of 2013 Volkswagen deliveries across the Middle East.

**58%**

The year-on-year growth from 2012 to 2013 for Volkswagen in Qatar.



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THOMAS MILZ  
Managing Director,  
Volkswagen Middle East