

Lancia – How a Brand from the Past could Thrive in the Future

By Wolfgang Philipp

Lancia is the sleeping beauty in Stellantis' extensive brand portfolio. A brand that shaped the automobile – with inventions like the self-supporting body and design icons such as the Aurelia B20 GT, the Aurelia B24 Spider, and the Stratos – is being awakened by a kiss in a new era of mobility.

In this article, we take a closer look at the fame and glory of Lancia and why its best days are possibly yet to come.

THE BEAUTY AND THE BEAST

Lancia is a complex brand, which makes it difficult to fully understand at first sight. Elegant Italian design and stylish luxury represent only one side of its impressive heritage – the other side is reflected in the relentless racing that highlighted Lancia's ingenuity but also constantly drained its resources. Lancia's Formula 1 team was sold to Ferrari in 1956 together with their unique D50 model – only to see it win the world championship one year later rebranded as a Ferrari. Financial hardship led to the involvement of the Italcementi Group, which would later sell its shares to Fiat.

Lancia's significantly more glorious endeavors in rally car racing started with the adorable Fulvia and would soon lead to the breathtaking Stratos – the first rally car predominantly built for racing rather than as a production model¹. This approach escalated competition and culminated in the golden and brutal era of Group B. Fiat's acquisition of Alfa Romeo in the mid 80s repositioned Lancia out of motorsport. The last successful decade was the 90s, with the most recent, albeit fruitless, design highlight being the Dialogos concept car of 1998, which was subsequently produced as the Thesis in 2001.

The 2010s began with a nightmare: Chrysler models were badged as Lancias in a desperate attempt to bring back the brand internationally. It did not work, and Lancia was put to sleep. Only the microcar Ypsilon was kept in production to be sold nationally in Italy.

IN THE MEANTIME, THE WORLD HAS CHANGED

While Lancia's glorious moments are starting to fade in low-res quality, other, wide-awake brands have occupied its domain for a long time. And even they have to continually pull out all the stops to assert their place in a new era of mobility. How can a sleeping petrol-head brand of the past be of any relevance in an emission-free future?

STELLANTIS – A NEW REALM FOR LANCIA

In the 14-brand universe of Stellantis, Lancia seems to have its back up against the wall, with nothing left except the ten-year old Ypsilon, but its true power lies in the brand itself. While the conglomerate's core brands are direct competitors with symmetrical product portfolios, the elegant, classy Lancia does not come into conflict with its modest stepsisters. In fact, its grandeur might open the door for Stellantis to enter a premium segment, in which neither Citroën nor Peugeot nor Opel could stir any desire for decades.

THE PERKS OF AN INFLUENTIAL FAMILY

Now that Lancia has a new, powerful home, and a 10-year commitment² to make the brand thrive again, the future looks promising. The brand's past weaknesses – limited scale of production, high costs, and low profitability –

¹ "With its thrilling lines and uncompromising design for rally use, the Stratos not only single-handedly rewrote the history of rallying, ...", www.new-stratos.com, July 2021

² "Stellantis Gives Its Alfa Romeo, Lancia And DS Brands One Last Chance," forbes.com, July 2021

will be taken care of by Stellantis, this being the main reason for the group's formation in the first place. Their financial power and technological platforms could enable Lancia to come back to full strength again.

The fans are waiting. Prices for classic cars indicate that the brand's highlights of the past are much sought-after. An Aurelia B24 Spider, built from 1954 to 1955, in mint condition, is estimated at EUR 900,000³, a flawless Flaminia Sport 3C, from 1961 to 1963, at EUR 422,000⁴, and a perfect Stratos, built from 1972 to 1974, is estimated at EUR 545,000⁵. Only the crown jewels of automotive royalty are traded at this level. These are the rare gems that brought us history's magic moments – never built purely for profit, but for triumph or glamour. Their high cost of the past created the priceless heritage of their brands today.

Will Stellantis foster the brand once again for the future or will Lancia have to pay off its expenditures right away? Will Lancia be allowed to stay true to itself and start with everything Stellantis has to offer and explore the grandeur and technical intricacies of a new era of mobility? Or will it have to stick with ready-made packages and increase their profitability with the Lancia brand name?

THE DOWNSIDES OF AN INFLUENTIAL FAMILY

In a rational, numbers-driven family, the emotional stepchild might become the black sheep if it does not match up to the prevailing standards. If profit is the main focus, a brand is merely an asset to deliver a premium. While profit is essential in the long term, it makes a difference whether it is the main purpose or the result of a greater ambition. The fate of Lancia's sister, Alfa Romeo, demonstrates the downsides of a strong rational influence – in this case that of former owner FCA – on an emotional brand. In the first half of 2019, it sold even fewer cars in Europe than Lancia did of the aforementioned Ypsilon in its sole remaining market of Italy⁶. And the upcoming SUV models, the compact Tonale and the sub-compact Brennero⁷, might also be the wrong response to the fervent expectations of the long-suffering Alfisti.

Alfa Romeo is hot-blooded, Italian passion, not value-for-money-driven rationality. And that's the family problem here: the blueprint that works for Peugeot or Opel does not work for Alfa Romeo or Lancia. Alfa Romeo's DNA is in highly emotional products like the Spider, not emotionalized products like the Tonale or Brennero. People who are waiting for a new Alfa Romeo are not waiting for an SUV – and they would probably even prefer other brands in this segment.

Will Lancia be given the freedom to thrive in segments other than the booming SUV and small electrified vehicle categories? The Ypsilon is already living off the fading remains of the brand's heritage, which desperately needs replenishment – a new proud chapter, a new halo that brings the brand back to life and that can shine on more rational, highly profitable models later on. This requires a holistic approach that favors long-term brand value and customer experience over short-term success in unrelated segments.

THE POTENTIAL OF AN INFLUENTIAL FAMILY

Stellantis has just begun, and the new constellation represents the greatest chance for Lancia for decades, as well as for the other brands. The group has combined its efforts to face their challenges, and there are plenty of them.

Apart from its crown jewel, Jeep, none of its brands are really international. The globally most promising names, Alfa Romeo and Lancia, need true devotion to shine again. The group's powerhouses, Peugeot, Citroën, Fiat, and Opel, are only strong in their local markets and would be direct competitors on an international level. The premium offer DS Automobiles has the least heritage of all brands, in a segment where it makes all the difference. Dodge's and Chrysler's US market demands are largely incompatible to the European brands' models. And French and Italian national pride could keep the family from growing together or even hold back each of the brands, as sooner or later the question will arise of whether Peugeot and Citroën are the right entrants in racing from a family that could also continue motorsport's brightest legacy.

³ HISCOX, Classic Cars Pocket Price Guide 2021, powered by classic-analytics, P. 35

⁴ HISCOX, Classic Cars Pocket Price Guide 2021, powered by classic-analytics, P. 35

⁵ HISCOX, Classic Cars Pocket Price Guide 2021, powered by classic-analytics, P. 36

⁶ "Lancia übertrumpft Alfa Romeo völlig," www.auto-motor-und-sport.de, July 2021

⁷ "Alfa Romeo Tonale Coming To US, But Smaller Brennero Might Not", www.motor1.com, July 2021

with Alfa Romeo, Maserati or with iconic partnerships like Martini Lancia.

The potential of Stellantis is promising. The rather rationally driven brands of the PSA group and the more emotionally driven brands of FCA could perfectly complement each other in a powerful, international family that lets each brand contribute its strengths and accommodates its weaknesses – a clearly differentiated portfolio with distinctive brands and brand-exclusive products that create true excitement and original customer experiences. It requires Stellantis to take on the role of a caring parent that provides all the financial and technological support necessary but also trusts in its children's true potential rather than dictating this potential to them. Shared technological platforms across all segments should remove the pressure of scale manufacturing and allow for more heterogeneous variants and design. This would finally restore the glorious names once again instead of exploiting them – and pay for itself many times over in the long term with thriving brands, loyal customers, and sustainable profits.

LANCIA AND STELLANTIS – A FAIRY TALE WITH AN OPEN END

The sleeping beauty Lancia is being awakened with a kiss from a French prince who is raising all his financial and technological power to renovate the derelict fairy-tale castle. He is also bringing with him the detailed blueprint of the great residential complex he recently rebuilt in Rüsselsheim. Unfortunately, this blueprint will not work without demolishing the fairy-tale castle. A holistic approach is required to preserve the priceless historic foundation walls and to tap Lancia's unique potential. Will he find the time, the strategy, and the dedication to do this, so they can all live happily ever after?

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