

IMPROVEMENTS AHEAD AS LTI GOES GLOBAL

by Sandie Goodwin and Bob Fisher

John Russell, Group Chief Executive at Manganese Bronze, parent company of LTI Vehicles, told a taxi trade press conference held at M&O Brewery Road that there are exciting times ahead for LTI Vehicles as the joint venture in China is set to transform the Coventry-based firm into a global brand.



The first London Taxis built in Shanghai have been shown to both drivers and passengers in Saudi Arabia. Ordered by LTI's Distributor in the Kingdom, Ujra Holdings, the TX4s will be operated as the London Taxi Service from the Four Seasons hotel, where ten of the famous black cabs will be carrying guests to the airport, major tourist attractions and conference venues. Further orders have also been received for twenty eight more taxis for Saudi Arabia.

John Russell said: "We are delighted with the relationship with Geely. The vehicles now coming off the line are good and the improvements that have been made to the vehicle will find their way to the vehicles being made in the UK." This is because the new production line in Shanghai has been set up with new tooling, allowing changes to the TX4 which will benefit the vehicle. Some of these changes are as a result of the customer experience in the UK since the launch of the TX4. Others are to suit the environment and work cycle of the taxi according to where it will be working. For example, for Saudi the taxi has been specially adapted to cope with the hotter climate, with a higher specification of air conditioning, tinted windows and parts that allow for expansion in the heat as well as able to cope with the desert dust.

MORE INVESTMENT FOR THE FUTURE

News of the international development followed closely behind the news that LTI Vehicles is to end its contracts with all independent main dealers across the UK and concentrate on developing a direct sales operation, with an improved aftersales network. Back in June 2009, Manganese Bronze made a Placing Announcement which has seen £9.4million raised for investment in the company. Proceeds will be used to develop new markets internationally for the London Taxi and work to develop a new Euro V compliant engine London Taxi. It will also be used to develop technological and environmental updates for the London Taxi and

support business rationalisation. Matthew Cheyne, International Market Development Director for LTI Vehicles, commented: "Our TX4 model is generating a lot of interest from international businesses, passengers and operators. Enquiries are increasing and drivers and passengers are telling us that the London Taxi is providing them with a first class ride and experience.

"Shanghai LTI, our Chinese joint venture with Geely, is quickly transforming us into a global brand as we expand our operation and take our iconic product into countries such as Bahrain, Poland and Dubai."

As part of the joint venture, Geely has established a new factory unit at its Shanghai site where Chinese employees have been trained by their Coventry counterparts. Matthew believes both parties have much to gain from the joint venture as commercial production gets underway. "Geely is a very fast moving, highly entrepreneurial business with proven product development and production capabilities. The venture will also bring benefits to our UK operation by allowing us to take advantage of more cost-effective components for our current range. This will help us to maintain

our price competitiveness and generate profits to invest in the business."

One of the questions put to the team from LTI was that of costs. It has been reported in some newspapers and on websites that the taxi in China is selling for a lot less than the cost in the UK. John Russell said that this is not the case and that allowing for fluctuations in converting the local currency to sterling, the taxis are approximately the same cost. It is however hoped that the benefits of the new tooling in Shanghai will mean that some of the parts will be available for the factory in Coventry and this will result in a more competitive price for the company. How much of this will be passed on purchasers of taxis is not certain, but LTI are determined to make it possible for taxi owners to continue to benefit from substantial discounts such as those currently available at dealerships.

FRANCHISE CHANGES

John Russell said that the decision to end contracts with the independent dealerships had not been an easy one, nor had it been taken lightly. He said: "LTI has taken the decision because the current franchise model cannot be financially sustained. This is a business decision taken to secure the financial viability of LTI nationally and not a political one focused on London alone." LTI knows that profitability is the key to their survival and that in the current tough market conditions some changes are necessary. It is accepted by LTI that the level of service given to owners and drivers are not always good enough and so it is their intention to make changes to improve levels of customer satisfaction. An After Sales division will be created and John Russell intends to have a hands-on approach with this in order to make improvements.

