



OEM NEWS

Mercedes-Benz going full steam in China on vehicle connectivity

Page 4



COMMENTARY

Why is Fiat-Chrysler CEO obsessed with mergers?

Page 11



INTERVIEW

Failure in China means failure globally -- Interview with Phil Murtaugh, CEO of Qoros Auto

Page 7

China Automotive Review[®]

July 2015

www.chinaautoreview.com

Vol. 10, No. 7

Just in Time

China June NEV output reaches 25,000 units

BEIJING – China produced 25,000 new energy vehicles in June, up 3 folds from a year earlier, according to statistics released by the Ministry of Industry and Information Technology on July 7.

Output of battery electric passenger vehicles was 10,500 units, up 2 folds from the previous year, while that of

continued on page 4



Workers at the Chengdu plant, the busiest among FAW-VW's plants, would have up to 13 days off.

FAW-Volkswagen flagging sales trigger furloughs and pay cuts

– by Bao Zhiming

The worst fears of FAW-Volkswagen employees have become reality: pay cuts and being forced to take the “longest vacation in history” due to the joint venture’s sales slump for two consecutive months.

The furlough starts in July, the founding anniversary of FAW Group, 50-percent owner of

the joint venture. In the past years, FAW-Volkswagen’s busy schedules did not allow days off.

On payday June 15, many FAW-Volkswagen employees were disappointed to receive their May pay. A worker from the company’s Chengdu factory told *Caixin* that he only received a little

continued on page 9

Slowdown and new business models to reshape industry

– Highlights of 2015 Global Automotive Forum

PP12-18



HEAVY-DUTY

Heavy-duty truck market to rebound in second half

Page 22



EV & HYBRID

Behind the scene: Li Bin invests in electric F1

Page 19



– by Lei Xing, Jennifer Chen and Katrina Dong

The 6th Global Automotive Forum (GAF 2015), organized by the Automotive Committee of China Council for the Promotion of International Trade (CCPIT-Auto), was held on June 9-10 in Chongqing. With a theme of Mega Change: Reshaping an Industry, GAF 2015 discussed and debated how the industry is being transformed and reshaped as it confronts a slowdown and new business models and technologies. Following are highlights from the event. – Editor

Land Rover: the curse in localized production of luxury brand

– by He Lun, CBU/CAR Guest Columnist

Jaguar Land Rover (JLR) suffered a 20 percent decline in sales in the first quarter this year in China, while other luxury brands sustained various levels of growth.

The Evoque, JLR’s most popular model and the first one made in China, has failed to live up to expectations. Its price plunged and the JLR brand took a major hit.

JLR’s Evoque is not the first victim of the curse on luxury vehicles assembled in China. A similar situation happened before to BMW and Mercedes-Benz when they started building locally. Foreign luxury brands face two challenges when they enter China. The first is the complexity of a joint venture to manufacture luxury cars. If the new company is not carefully structured and the



continued on page 10

China driving design from the back seat

– by Mark Andrews

Shanghai now holds the world’s largest auto show thanks to the new National Exhibition and Convention Center used for the first time at the April’s event. This is fitting for a nation which since 2009 has been the largest new vehicle market in the world.

While there were less noteworthy world premieres at Auto Shanghai this year than in previous years, the importance of China in driving the luxury and premium



continued on page 6

Hop in the CAR and Drive to Your Success[®]!

本期精选中文目录

增速放缓和新商业模式重构产业体系	1
一汽-大众迎“史上最长假期”	
员工收入大幅下滑	1
路虎缘何中了“豪华车国产化魔咒”?	1
中国的汽车设计从后排开始	1
奔驰在中国汽车智能互联领域全速前进	4
中国市场失败了, 其他市场很难成功	
——程远对话观致CEO墨菲	7
世事有起有落	8
电动车新政的“鲑鱼效应”	8
行业重组, 不可避免	8
诊断奇瑞捷豹路虎:	
股东双方应充分授权合资企业	10
装在套子里的高管:	
马尔乔内为何着魔全球“相亲”	11
李斌造车内幕: 直接砸钱到电动版F1	19
重卡销量下半年或由低转高	22
高效是商用车工业4.0的关键	22
李尔的重点是在保证盈利的同时发展业务	27
麦格纳高管: 用新产品新技术	
扩大我们的市场份额	28

FEATURE

China driving design from the back seat

continued from page 1

markets was still evident.

Mercedes-Benz unveiled its near production-ready Concept GLC Coupe – a sporty SUV designed to compete with BMW's X4. With an insatiable appetite for all things German among China's newly rich the Shanghai debut is hardly surprising. What counts, though, is that it's an SUV in a market which favors such vehicles.

China is now influencing the design of premium and luxury vehicles from inception. At one time manufacturers thought catering for the Chinese market meant just stretching an existing design. These days, as evidenced by the current BMW 3-Series and forthcoming new Jaguar XF, long wheel-based variants are an integral part of the model family design process. With China now one of the top three markets for most manufacturers and models, to ignore Chinese tastes is a sure way to lose to the competition. Jaguar discovered this to its cost with the current XF. As an import up against locally produced stretched A6, 5 series and E-Class competitors, sales suffered due to

the perceived lack of rear space.

Pandering for the Chinese market also used to mean a special edition with some Chinese elements like dragon motifs. Manufacturers failed to realize that often the reason for purchasing the car was that it was foreign, and if the owner wanted a Chinese luxury car they could have bought a Hongqi (Red Flag). "Global OEMs did not want to risk much money for designing a specific car only for the Chinese market. They only put some Chinese elements on their car, such as a dragon theme," says Zhou Jingzhe director for China and Korea at IHS Automotive Advisory. "The cheaper way doesn't make a car look better; it only makes the buyer of such a car look like a 'parvenu,'" he adds.

The launch of the Porsche Panamera from the dizzying heights of the 94th floor of the Shanghai World Financial Center in 2009 marked a new dawn. No longer would dragon motifs and afterthought stretches cut it. "We introduced the first Panamera to a world audience here in Shanghai – and very intentionally here. Because it was clear to us that our Gran Turismo would be precisely the right model for this future market," said Porsche chairman Matthias Mueller in 2013 at the Shanghai unveiling of the facelifted and stretched Panamera.



Bentley new Flying Spur was designed from the outset with Chinese tastes in mind. One of the results is that there is an emphasis on rear comfort to the detriment of the driving experience.



Audi A6L



In comparison with Audi A6L, Mercedes-Benz E-Class and BMW 5-Series, Jaguar XF sales suffered due to the lack of rear space.



Mercedes-Benz E-Class



Jaguar XF



BMW 5-Series

Traditional sports car manufacturers have found to their cost that there is not a ready market for such vehicles in China. The Cayenne and Panamera far out sell the 911 and Boxster. Buyers favor SUVs or sedans. Part of the reason is that many rich Chinese prefer to be driven by a chauffeur – this with the rising number of young wealthy individuals is now changing though. The other big reason is that a car is seen as a family purchase and is far more likely to have adult passengers in the back than in the U.S. or Europe. There is simply no room for grandma in the back of most sports cars.

Porsche may have been an early mover but it is not alone. Around a quarter of the 200 limited-edition Aston Martin Lagonda Taraf look set to come to China. The British marque recently received a government grant to develop new models to appeal to the Chinese market. The first is likely to be a production version of the SUV style DBX concept.

"We believe this type of product will be particularly appealing to customers in China," said Aston Martin CEO Dr. Andy Palmer. While the likes of the Aston Martin Lagonda and Lamborghini LM002 dabbled before in these waters it seems that thanks to China this trend is here to stay.

Bentley chose Beijing as the location for the media launch of the new Flying Spur in 2013 for good reason. Around 55 percent of the first generation cars were sold in the Chinese market and the new model was designed from the outset with Chinese tastes in mind. One of the results is that there is an emphasis on rear comfort to the detriment of the driving experience. While SUVs are generally popular in most markets, again it is China that is a leading consideration with Bentley's forthcoming Bentayga.

In China many potential buyers first sit in the back of the car rather than the driver's seat. The trend for increasing the comfort for rear passengers with items like media screens, massage seats and air conditioner controls is a direct response by producers to this need. Volvo showed off its new XC90 Excellence at the Shanghai event indicating that the Swedish firm's new Chinese master knows a thing or two about the local market. Eschewing the usual seven seat setup for a four seater configuration with rear passengers getting captain style thrones, it is the most luxurious Volvo ever.

Technology also seems to be a key area where China is beginning to influence design trends. MINI unveiled its Augmented Vision concept at the Shanghai show to a market which often wants the

The most important influence of the Chinese consumers in the future might be in terms of connectivity.

latest in connectivity. "The most important influence of the Chinese consumers in the future might be in terms of connectivity," believes Jochen Siebert, managing director of JSC Automotive.

Regardless of future trends when Chinese buyers of luxury vehicles speak, and often it is from the back seat, the manufacturers will have to listen. 