

TECHNOLOGY & DESIGN

GEARED FOR CHINA

Foreign manufacturers race to deliver exclusive-to-country cars at Shanghai show, driving home the message that this is the new make-or-break frontier, writes Mark Andrews



From top: the Denza prototype by Daimler-BYD was a sorry sight; the hybrid-system Buick Riviera; the five-door BMW concept X4; and Porsche Panamera S E-Hybrid. Photos: Xinhua, AP

While it may be a cliché to describe this year's Shanghai Motor Show as the biggest and best ever, it's true that it has grown more important than ever on the world stage.

Since 2009, the mainland has been the largest car market in the world, with sales last year exceeding 13 million units – a year-on-year rise of 7.6 per cent. And with domestic brands' market share falling from 46 per cent in 2010 to 42 per cent last year, it's no surprise that foreign brands struggling to make headway in Europe and North America are looking to China.

But luxury manufacturers now realise that, to appeal to the Chinese market, they need to do more than produce dragon-themed special editions.

Maserati chose this year's show, which ends on Monday, for the world premiere of its new Ghibli, along with a 330-horsepower, three-litre V6 version of the Quattroporte that is exclusive to the Chinese market. Four-door saloons such as these are crucial to create sales volume in the country.

Porsche's Panamera was originally launched in Shanghai in 2009. This year the carmaker is back, debuting the Panamera Executive, which has been stretched by 15cm for the Chinese market.

"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," says Porsche chairman Matthias Müller, adding that one

in every three units is now sold in China.

Both BMW and Mercedes-Benz premiered concepts of SUVs for future production. With Chinese sales of SUVs increasing by over 25 per cent last year, the Germans are obviously not missing a trick.

Both firms seem to be playing it safe, with BMW introducing a scaled-down version of its successful X6, while Mercedes has chosen a radical departure from its more mainstream offerings with the GLA.

"The attractive package will appeal to customers who may not have a Mercedes on their shopping list. It has the look of a tough leisure companion, but at the same time it is young, dynamic and stylish," says Professor Thomas Weber, a board member of Mercedes-Benz's parent firm, Daimler.

With Mercedes trailing Audi and BMW in the local market, cars like the GLA are crucial.

Staying with the SUV theme, Volkswagen chose Shanghai to unveil its CrossBlue Coupe. We will likely have to wait until 2015 to see how much of the hybrid petrol-electric drivetrain and hi-

tech interior get carried over to a production model aimed at US and Chinese markets. The concept, though, promises a far more striking SUV than Volkswagen's current offerings and more in the vein of the X6 and Range Rover Evoque.

Buick might be an American marque, but China is rapidly becoming its home market, accounting for sales of three out of every four cars produced by the brand. Were it not for this, Buick would likely have gone the way of Pontiac.

The Panamera [debuted] in Shanghai ... as it was clear [it] would be the right model for this market

MATTHIAS MÜLLER, PORSCHE CHAIRMAN, ON THE NEW EXECUTIVE MODEL



The Buick's Riviera concept, which had its world premiere, was also designed in Shanghai. While features like the wirelessly recharged hybrid system are unlikely to make it to a production model anytime soon, it offers a glimpse of the firm's design direction, with elements such as a new grille and daytime running lights.

The big news of the show back in 2011 was the emergence of sub-brands for the Chinese market. This theme continues this year with Toyota launching the Ranz brand with joint venture partner FAW (a Chinese state-owned company), and Kia offering the Horki brand with Dongfeng.

Pushed by the government, they have been used as a way for manufacturers to keep selling older models while transferring as little technology as possible to the Chinese partner. So far only the Baojun brand – produced by General Motors and state-owned SAIC Motor – has met with any real degree of success, which is largely thanks to the car having been designed for the Chinese market.

Kia's Horki-1 concept, based

on Kia's new Cerato platform, certainly looks the part and if the South Korean manufacturer decides to follow this down the production route, rather than recycling old technology, Horki may be an exception to the sub-brand failures.

Noticeably absent from the motor show is BMW Brilliance's recently announced Zinoro sub-brand. Striking an even sorer sight is Denza, the joint venture between Daimler and BYD Auto intended to produce electric cars. When Daimler partnered with the Shenzhen-based carmaker in 2010, eyebrows were raised. Internet rumours indicate all is not well between the partners and the sad showing of a peculiar prototype does little to quell them.

Another major trend of this year's show is the introduction of China-only models. While Volkswagen and Buick have been doing this for years, other manufacturers are now well and truly jumping on the bandwagon – none more so than Honda.

At last year's Beijing show, Honda showed the Concept C, and following on from this is the

13m

Number of vehicle units sold in China last year, making it the world's largest market

production-model Crider, which is due to be launched in

June by Guangqi Honda to compete with cars such as the

VW Sagitar (previously known as the Jetta) and the Fiat Viaggio.

Also introduced is the Jade, due in September from Dongfeng Honda. Based on the Concept S, it looks likely to create a stylish niche for itself. Honda is showcasing Concept M, which is likely to spawn a multipurpose vehicle for the Chinese market next year.

Ford has resurrected a great name from its past – the Escort – for its new concept for a China-only car. With a design evoking the European Mark 1 Escort, the concept certainly strikes a pose in brown. It remains to be seen how much the name Escort will mean to Chinese consumers – as Ford never sold any of the original versions in the country.

Hyundai introduced the Mistra concept, showcasing its new China-only model that slips in between the Elantra and Sonata but seems to lack the design flair of either.

Citroën DS showed off its Wild Rubis concept, which previews a China-only SUV flagship for the range.

Finally, hot on the heels of its Geneva launch, Qoros – an Israeli joint venture with Chery – has unveiled its range to China, where it will initially go on sale before tackling Europe. What is overwhelmingly clear is that for the major brands, the Chinese market is key for their future success or failure. life@scmp.com

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START-UPS

Where there's a wheel ...

Mark Sharp
mark.sharp@scmp.com

Christopher Yeung and his team said last Friday that they needed investment of HK\$620,000 to help get their start-up, Carshare.hk, off the ground. On Saturday, they made a small dent in that when they were handed a cheque for HK\$20,000. Their sales pitch was voted the best of three by guests at a start-ups conference in Tin Hau organised by CoCoon.

Yeung came across the car-sharing concept while studying in Britain. After returning to Hong Kong two years ago, he worked briefly at a bank, but he wanted to do something more challenging. So he decided to set up his own car-sharing service here. After toiling alone on the project and realising his limitations, he joined CoCoon.

The social enterprise provides a space where budding entrepreneurs can meet potential start-up co-founders with a range of technology-related skills. It also organises activities for members to meet investors and learn from seasoned entrepreneurs.

Yeung acknowledges that car-sharing might be a radical concept in Hong Kong, but says: "We believe sharing is the future. We think lifestyles should be more affordable and flexible." Seventy-nine per cent of

potential renters surveyed by the team wanted a car to go out with family and friends, he says; 42 per cent wanted to take a trip out of the city. The average owner surveyed would be happy to earn about HK\$2,000 a month by renting their car, while the average renter would consider paying about HK\$1,300 for a full day. Hourly and half-day rentals are also an option.

"How it works is simple. A renter checks out the details and availability of cars on the website, makes a request and, minutes later, gets an approval," Yeung says. "Renters can get a car instantly from their neighbours; owners can earn thousands of dollars a month by sharing their cars."

The business will take a management fee and commissions. "As a platform, we take care of insurance and all of the hassle," Yeung says. A former school friend who studied law, Alfred Lau, is a co-founder and looks after the legal aspects of the business.

Yeung says the plan is to initially target a few housing estates and expand gradually. He cites Lohas Park, with 12,000 households but only about 2,000 cars, as an example of the potential demand for Carshare.hk. Some would-be car buyers are put off because there are not enough parking spaces. "We are targeting around 600 housing estates with around 250



Carshare.hk members (from left) Joyce Kan, Thomas Wong, Alfred Lau and Christopher Yeung with their cheque at the CoCoon exchange.

cars in each. If we can confirm 1 per cent in each of the housing estates, it's 1,500 shared cars," Yeung says.

"Within two months [of putting the word out], we have now got 10 potential car owners and 42 potential car renters. So it's a good indicator, and it's encouraging." Yeung says to create hype for the service, they have partnered with a carmaker to offer an electric vehicle free of charge for a month at a time. "All you have to do is share it with your neighbour and talk about it."

He admits it's a business built on trust. So renters' and owners' profiles are on the website so users can check reputations that

can be verified by social media and other means.

"The idea is to create a community where trust exists between strangers," Yeung says, adding that he has plans to expand the idea to a broader peer-to-peer marketplace where other assets can be rented. "If we can somehow translate reputation from one platform onto a unified platform so that reputation becomes like a currency ... that's one thing we want to do as the next step."

The website will go open beta in July, and the team is seeking help in front-end development and digital marketing – as well as acquiring that other HK\$600,000.