Analyst: Success For Chrysler-Fiat Would Be 'A Herculean Feat'

Tom Krisher, AP Auto Writer

DETROIT (AP) — Chrysler thinks its future may be in a new lineup of smaller cars based on models from Italian partner Fiat. The question is how to make them for Americans put off by stiff suspensions, firm seats and — perish the thought — not enough cupholders.

The problem is further complicated because Americans generally are plumper and taller than Western Europeans, and they're used to driving fatter and longer cars on wider roads.

It's a dilemma faced by nearly all automakers as they try to hold down development costs by tailoring cars to sell around the globe. But at no company is the problem more acute than Chrysler, where a wholesale lineup change is needed quickly to boost sagging sales.

On Friday, Chrysler's board was to consider a new model lineup that would consist of reworked Chrysler products on the larger end and everything from mid-sized cars to minis built on smaller Fiat frames, a person briefed on the agenda said.

Through August, Chrysler's sales were down 39 percent compared with the same period last year, the largest decline of any major automaker. In the critical midsize segment, which often is top-seller in the U.S. market, the company this year has sold only 34,700 of its two entries, the Chrysler Sebring and Dodge Avenger. That's only 15 percent of the 238,000 Camrys told by Toyota, the perennial leader.

"They need better entries and they need them yesterday," said Michael Robinet, vice president of CSM Worldwide, a Detroit-area auto industry consulting firm. "They really are uncompetitive in that segment now."

Chrysler is banking on Fiat's smart designs and fuel efficiency to win over U.S. buyers.

The Sebring-Avenger replacement, the person said, would be based on Fiat's compact C-EVO frame and suspension, which is now being developed. Because of Americans propensity for larger cars, the frame would have to be stretched, said the person, who asked not to be identified because the plans won't be made public until November.

"The big advantage of this platform is that it can be stretched in terms of length, but also in terms of width," the person said.

Just how much stretching is unknown. Dimensions have not been publicly revealed.

The person said Fiat's product development process could bring the new car to the U.S. market as quickly as 18 months, something CSM's Robinet said would be unprecedented in the auto industry.

"That would be a Herculean feat," he said. "I'm not saying they can't do that. But frankly, it's never really been done before."

Chrysler can't just start importing Fiat models or crank up a factory to start building them here. Importing from Europe would cost too much because of shipping and high labor costs, and it could take months or even years to set up Chrysler factories to make the Italian products.

Plus, it takes time to re-engineer the cars so they comply with U.S. safety and emissions standards as well as standards for lighting and signals, said Aaron Bragman, an auto industry analyst for the consulting firm IHS Global Insight.

The issue is further complicated because engineers and designers at Chrysler's Auburn Hills headquarters likely would be assigned to Americanizing the exterior and interior of cars, even though the new midsize would have a Fiat frame, suspension, engine and transmission. But Chrysler's 25 percent cut in salaried employees last year has left it with too few engineers and designers to get the work done on multiple models, said a person with knowledge of the company's plans who requested anonymity because the strategy hasn't been made public.

Chrysler managers have spoken with union officials about bringing back laid-off designers, and the person said there is discussion of contracting to hire engineers and other professionals who took buyout or early retirement offers.

Finding the right formula to make European cars appeal to Americans is an undefined art, IHS's Bragman said. Most automakers, even Germany's BMW AG, make small changes to European models before selling them in the U.S., he said.

Ford Motor Co., which next year will begin selling around the world several models based on the European Focus compact car, will make minor changes to meet government regulations but will keep the interiors and driving dynamics largely the same.

The Sebring and Avenger flopped almost immediately from their introduction in the middle part of the decade. Widely followed quality and satisfaction ratings by J.D. Power and Associates and Consumer Reports magazine found them vastly inferior to the Camry and other top midsize cars.

The Chryslers have a harsh ride and are noisy, and the interiors are full of hard plastic with ill-fitting materials, said David Champion, senior director of Consumer Reports' auto testing department, which ranked the Avenger with a V-6 engine 38th out of 39 family sedans. The four-cylinder Sebring was dead last.

Both cars showed big improvements this year in the J.D. Power and Associates

quality survey after manufacturing was simplified to increase quality. But Champion said it will be difficult for Chrysler to make its midsize cars competitive without redoing them completely.

"You're stuck with the fundamentals that you can try to gloss over, but in the end, you're still going to have some areas that you can't get to," he said.

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