

VW Starts Tenn. Passat Production, Unveils All-New Beetle

Bill Poovey, Associated Press

CHATTANOOGA, Tenn. (AP) — Workers starting production of a cheaper, larger Passat at Volkswagen Group of America's new plant in Chattanooga have a message for car shoppers: It's a winner.

But there are questions. The name is familiar but this Passat is different. Why risk buying an unproven car? Why trust workers who have no track record?

VW's Chattanooga Operations said in a statement Friday that the first 2012 Passats destined for the marketplace will roll off the line next week to be sold in the second half of this year.

"I know what we've had to do," said Auby Longley, a maintenance technician who works on robotic equipment in the \$1 billion plant.

This Passat, unlike its predecessor with the same name and a price of about \$28,000, will have a sticker price around \$20,000 when it hits showrooms.

Longley said the 1,600 employees are "committed to making a quality product." Longley, 50, said he has driven the new Passat and wants to buy one.

After training for months under the German automaker's designers and engineers, building hundreds of test vehicles and learning a new workplace culture that shouts attention to quality, Adrian Leslie's \$14.50-an-hour job is installing rear axles, springs and struts and O2 sensors.

Leslie said working for Volkswagen in Chattanooga carries a kind of celebrity status, because he is among just over 1,600 workers hired from more than 85,000 applicants.

"I feel a great accomplishment when I say that," said Leslie, 35.

"I can tell them we are building a real good quality car," he said. "I think it's what we need for the American market."

An auto industry analyst says consumers should be cautious.

Consumer Reports' senior auto test engineer and program manager Gabriel Shenhar said his publication hasn't yet driven the 2012 Passat.

"We have sat in it," Shenhar said.

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The larger Passat is 191.7 inches long and has a 110.4 inch wheelbase, which provides an increase in rear seating space. The added 3.7 inches is primarily in the back seat area.

"It is a very roomy sedan," he said.

Shenhar said the new Passat, compared to its predecessor, has a dashboard that is a "lot more substantial and solid," similar to the pricier VW Touareg SUV.

Volkswagen's decision to stick with the Passat name is not as risky as changing it, he said. VW stopped production of the Passat with the 2010 model.

"Changing a name is not always a wise thing," Shenhar said.

The timing of introducing a midsize model is not a surprise.

"The segment is full of competent other models but Volkswagen had a hole in their lineup since the departure of the previous Passat," Shenhar said. "It is going to fill a hole."

Passat competitors include the Toyota Camry, Honda Accord, Nissan Altima and Hyundai Sonata.

He said Consumer Reports is "going to hold judgment until we finally drive the car."

"It is going to be a leap of faith with this car, coming out of a brand new plant in Chattanooga," Shenhar said. "We usually advise that during the first year of production, a brand new car from a brand new plant, it would usually be wise to wait."

Chattanooga Mayor Ron Littlefield, who helped recruit the automaker, said the success of vehicles built at other assembly plants that have opened in the South shows there is no reason to doubt that Volkswagen's Passat will be a winner.

"We went through all the jokes when Mercedes started their plant" decades ago in Alabama, Littlefield said. "All the jokes about whether Southerners can build cars. We can and not just NASCARs and hot rods."

Ladies and gentlemen, the (new) Beetle

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In this product image provided by Volkswagen of America Inc., the redesigned Volkswagen Beetle is displayed. (AP Photo/Volkswagen of America Inc.)

by Dee-Ann Durbin, AP Auto Writer

In its 73-year history, the Beetle has evolved from the hippie ride of choice to a cute chick car. Now Volkswagen is reinventing it again.

The company introduced an edgy new design Monday for its signature model, giving it a flatter roof, a less bulbous shape, narrowed windows and a sharp crease along the side. Gone is the built-in flower vase on the dashboard.

It's the first overhaul since 1998, when Volkswagen came up with the New Beetle. VW, which wants to triple its U.S. sales of cars and trucks over the next decade, says the changes will appeal to more buyers, especially men.

But the changes could also anger fans, who love the little four-seater for its huggable curves and perky attitude.

"I hope they keep the fun in the car, and all the round angles," says Howie Lipton, who owns a computer repair business in Hamilton, Ontario, and helps organize an annual New Beetle show in Roswell, N.M.

Lipton says he was hoping VW would update the spare interior, and his wish has been granted. VW's lead Beetle project manager for the U.S., Andres Valbuena, says the 2012 model will have a navigation system, a significantly larger trunk, more luxurious materials and ambient lighting.

"It ties in more with our other products. It's more upscale," Valbuena says. The 2012 Beetle goes on sale this fall. VW won't yet say how much it costs.

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The design is based not on the New Beetle but on the original Beetle, which was created in Nazi Germany in the 1930s, came to the U.S. after World War II and became a counterculture favorite because of its low cost and unusual look.

It was the antithesis of the land yachts being churned out in Detroit, and Baby Boomers loved it. In 1968, a Beetle with a mind of its own, Herbie, starred opposite Dean Jones in the hit Disney movie "The Love Bug."

But sales slowed as VW faced tough competition in the small-car segment from Japanese and U.S. automakers and money problems back in Germany. U.S. sales of the original Beetle peaked at 200,000 in 1962. VW stopped selling the car in the U.S. in 1979.

In 1998, the company introduced the New Beetle, an overhaul of the original that became a huge hit. Buyers swooned over its cute, rounded styling. For a time, the Beetle was outselling such stalwarts as the Ford Focus and Chevrolet Impala. When a convertible version was released in 2003, U.S. sales rose to almost 93,000.

Larry Erickson, who led a lauded redesign of the Ford Mustang six years ago along with New Beetle designer J Mays, says people are unusually attached to the original Beetle and New Beetle because of their friendly shapes and the confident but unaggressive way they sit on the road.

It will be difficult for VW designers to capture that emotion and still make the car look current, he says, especially because it hasn't been that long since the 1998 redesign.

"Every car manufacturer faces this when they do a facelift, but in the case of the Beetle, you've got something people feel fairly strongly about," says Erickson, who now teaches at the College for Creative Studies in Detroit. "It has a certain personality to it, an endearing quality."

Valbuena says VW believes the new design stays true to the name but will broaden the car's appeal beyond the 1998 version, which appealed heavily to women in their 50s and 60s. In focus groups, men liked the more aggressive design.

In addition to an upgraded, 170-horsepower, 2.5-liter gas engine, VW will offer a sportier, 200-horsepower, turbocharged gas engine — Volkswagen hopes it will appeal to guys — and a fuel-efficient diesel. VW estimates that the new basic engine will be slightly more efficient than the current one, which gets 29 mpg on the highway. The diesel will get up to 40 mpg.

Even if it satisfies its fans, the third incarnation of the Beetle will have to compete in a U.S. small-car market that is bigger and much more competitive than it was in 1998.

When the New Beetle was introduced, European cars like the Mini Cooper, Smart Fortwo and Fiat 500 weren't sold in the United States. By last year, the Mini Cooper

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was outselling the Beetle almost three-to-one.

And buyers who want a funky design have new options like the Kia Soul, Nissan Cube and the Scion xB. VW sold about 16,500 New Beetles in the United States last year, down 82 percent from the 2003 peak.

Working to Volkswagen's advantage are higher gas prices and fuel-economy standards, which make small cars a smarter choice, along with a population boom of young buyers. Their parents, the Baby Boomers who fell in love with the Beetle 50 years ago, are also looking to trade down in size.

Rebecca Lindland, director of strategic review at the consulting firm IHS Automotive, says U.S. sales of small specialty cars like the Beetle dropped during the recession as buyers went for bigger, cheaper options like the Toyota Corolla. The Corolla costs almost \$3,000 less than the Beetle, which starts at \$18,690.

But Lindland says U.S. specialty car sales are expected to more than double to 350,000 cars per year by 2013.

VW will depend on high-volume sellers like the Jetta and Passat sedans to meet its ambitious sales goals, which call for selling 1 million vehicles in the U.S. and 10 million worldwide by 2018.

But it still sees the Beetle as a key part of the brand, as it showed Monday with simultaneous unveilings of the car in New York, Berlin and Shanghai. To many people, VW is synonymous with the Beetle.

"It is an iconic vehicle," Lindland says. "It represents, for most Americans, a very positive image."

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