

VW's U.S. Chief Expects Sales To Keep Growing

Tom Krisher, AP Auto Writer

NEW YORK (AP) — Volkswagen Group of America expects U.S. sales to keep growing for the next five years, although its chief executive is tempering expectations a little.

The group has seen blistering growth in the U.S. since 2007, when it set lofty goals for sales of the Volkswagen, Audi and Bentley brands.

It's more than halfway toward sales targets of 800,000 for the VW brand and 1 million for the group by 2018. The VW brand's 90 percent sales increase over the past five years is among the largest of any major automaker. Last year there were more than 438,000 VWs sold in the U.S., up 35 percent over 2011.

But at the New York International Auto Show Wednesday, group chief Jonathan Browning said the primary reason for setting the goals was to alter the mindset in an organization that was underperforming in the region. He indicated that 1 million is not a hard sales target.

Browning talked with The Associated Press and other outlets at the start of the show's media days about sales, tailoring German engineered cars for American buyers, growth in sales of diesel-powered vehicles and the possible unionization of the company's U.S. factory in Tennessee. Here are four questions and his answers:

Q: Are those lofty sales goals for the U.S. still attainable?

A: "That was set as a goal to really shock our internal organization, to say that doing business as we have historically done for North America, for the U.S., will not achieve the goals we were looking to achieve. It was a very strong rallying cry, a wake-up call to the organization if you will, to say we need to do things differently," Browning said. "A million units and 800,000 is still our objective. But it really is defining the space we want to be playing in rather than a specific point forecast."

Q: Are you changing the new Golf compact (unveiled in the U.S. at the New York show) and other cars to better fit the tastes of American drivers?

A: "The small details that have not been to the U.S. customers' preference are now getting fixed. I think perfect example is on the Golf ... in Europe, because cruise control is not so frequently used, it's typically on the stalk behind the steering wheel. In the U.S., with much higher usage, customers much prefer the cruise control on the face of the steering wheel. We've got the whole of the global organization to switch to that setup, so you now see on the new Golf the cruise control on the face of the steering wheel."

Browning said the cruise control position, the placement of cup holders, air

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conditioning controls, seat adjustments and other items that annoy U.S. customers are being changed before cars are built. Those things hurt VW's initial quality scores with third-party ratings services such as J.D. Power and Associates and Consumer Reports magazine, he said. Now, global versions of the cars are more suited to U.S. tastes. "Those are caught at the time of development, not trying to fix after a vehicle is in the market. Obviously that takes time to work through," Browning said.

Q: BMW, Chevrolet and Jeep all are introducing new fuel-efficient diesel engines in the U.S. Will diesel sales go up and your share of the diesel market go down? (VW accounts for 70 percent of diesel sales in the U.S.)

A: "I see (our) share of the segment dropping. Seventy percent is a pretty dominant position, and that's unlikely to be maintained as the pond increases. What I do see is the market segment increasing and as I said, the underlying consumer interest in diesel continuing to increase," Browning said.

Q: There's been talk about a German-style employee advisory board and perhaps a union at your plant in Chattanooga, Tenn. What's going on there?

A: "We want our employees to have a strong voice in any operations that we run around the world, and that includes Chattanooga," Browning said. "The next step is to say the representation the employees will have will be determined by the employees through a vote. Any formal representation doesn't necessarily mean the UAW (United Auto Workers union). The management board in Germany has not taken a formal decision to my knowledge, haven't had formal discussions of this yet."

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