

Can The 308 Hatchback Save Peugeot?

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FRANKFURT, Germany (AP) — European carmakers can live and die by their mid-sized hatchbacks. And that category has long been the realm of the Volkswagen Golf. French carmaker Peugeot is hoping to change that with its redesigned 308.

Every bit of this car shows the company is gunning for Golf customers: a sleek design, a minimalist interior and the promise of a low-emissions version that would rival VW's.

Part of Peugeot's problem — and that of other French carmakers — is that they have ceded the luxury end of the market to German manufacturers while also facing high production costs. With the 308, Peugeot may be trying to solve this problem from both ends: It is trying to make it look and feel more upscale, while building it on a shared platform that will hopefully allow the company to reduce production costs.

Here's a look:

OUTSIDE: The sleek redesign is a big change from the clunky older model. With a graceful dip in the hood and clean lines throughout, the new 308 recalls an Audi A3. The company says it's the most compact and the lightest in its class, more than 10 percent lighter than the previous model, which helps improve mileage and performance.

INSIDE: Peugeot is also trying to telegraph upscale with its interior, where the dashboard and control panel have been pared down to create what the company calls the "i-cockpit." There are few dials; instead, a large screen dominates.

UNDER THE HOOD: The basic model comes with a 1.2 liter, 82 horsepower engine with a 5-speed manual transmission. It does 0 to 62 mph in 13.3 seconds. Buyers can also choose a 1.6 liter, 95 horsepower diesel engine on the basic model. Upgrades offer 6-speed transmissions and engines with more horsepower.

CHEERS: "Peugeot is communicating a lot on 'quality' with this car. Of course they wouldn't say the contrary, but it does seem they've put some money in the car: fit and finish seems good," says Carlos Da Silva, an analyst with IHS Automotive.

OPEN QUESTIONS: So much is riding on the 308's success. It's unclear whether a nice redesign will turn round the fortunes of Peugeot parent company, PSA Peugeot Citroen, which reported a first-half loss of 426 million euros (\$568.2 million) and has been struggling for years.

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