

Chinese Automaker Builds Credibility

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GENEVA (AP) -- Chinese carmaker Qoros brought its campaign to gain global credibility to the Geneva Motor Show, where it showed off on Wednesday its second production car at a stand in prime real estate — between Maserati and Rolls Royce.

Qoros Auto is trying to leverage its European executives' management and design expertise and its competitive Chinese manufacturing footprint. It got a boost in recognition last fall, when it scored a five-star rating in a key European crash test.

Now, it needs to get the global consumers' attention.

Led by former VW executive Volker Steinwascher, Qoros not only aims to compete against Europe's premium brands in China, but also on their home turf, in Europe. At the moment it is focusing on marketing and dealership openings as it brings a new sedan to market.

Sales chief Stefano Valenti said the market response has been positive in China, where it went on sale late last year, but that it was too early to give numbers. Qoros also tested the Czech Republic's market last year, selling less than 100 vehicles, as the first step in a plan to expand through Europe.

"Our real priority this year is quality," said Valenti. "We are deliberately going slowly."

The Qoros stand at the Geneva Motor Show, which opens to the public on Thursday, buzzed with interest from the media. Executives lined up back-to-back interviews and photographers snapped pictures of the production cars and concepts.

"It is important to develop a new car brand, making sure it is competitive in the

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most competitive market — that way you make sure it is the highest quality," Valenti said.

The challenge in China will be to convince premium customers that the car is not a mere knock-off of European luxury models, said EY analyst Anil Valsan. In Europe, the company will be facing a flat market, "so it will be tough coming in."

The high marks Qoros' sedan received in the crash test by the German automobile club ADAC gives it credibility, said IHS Automotive analyst Tim Urquhart. Results by other Chinese carmakers in the same tests have been "lamentable," he said.

Still, Qoros "faces enormous challenges in terms of gaining meaningful traction and share in the European market," Urquhart said. IHS forecasts brand sales of 30,000 in Europe and 100,000 in China by 2017.

The brand founded seven years ago by Chinese carmaker Chery and Israeli investment firm Israel Corp., built its own factory in Shanghai. It has big ambitions: the factory's annual capacity is of 150,000 vehicles a year, and can be ramped up to 300,000.

Following the sedan, Qoros will roll out a hatchback later this year, and plans to add a crossover, station wagon and SUV. It currently has 22 dealerships in China and plans another 40 there. Valenti said the European launch will move country by country from eastern to northern Europe, with the southern Mediterranean countries last.

The sedan is priced at about 20,000 euros, a fraction of the cost of premium European brands.

The lack of an existing brand identity has given designer Geert Hildebrand, whose has worked on the Mini and Golf 3, a free hand. Hildebrand said Qoros' design is similar to that of cars from his native Germany. That aims to attract premium customers in China: "The Chinese love BMW, Audi, VW and Porsche."

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