

Did you ever think, What the hell am I doing in a car like this? Did you? Right now in Australia is one of the best examples of what is happening to cars and why . . .

THE NAME'S VOLVO

By Peter Burden

VOLVO COULD BE one of the great oversold names on this market. Every time it's mentioned a good many of us cringe and mentally run for cover.

On the basis of new cars sold here it represents a mere 0.6 percent of the total market.

On the basis of funds employed its \$20 million commitment in Australia, while a largish figure in itself, is about a fifth of that of Leyland Australia and very small beer indeed in comparison with GMH and Ford which account for around \$800 million between them.

Volvo is notable for its trendy

"WHICH?" SURVEY OF CAR RELIABILITY

	Days off road	% with no loss of use	% with no major faults	% who would buy again
Volvo 144	1	70	79	78
Saab 99	1	62	75	84
Volvo 164	3	48	80	73
Rover 2000	2	53	66	62
Rover 3500	3	44	64	62
Triumph 2000	3	44	54	59
Jaguar XJ6	6	36	52	76
NSU Ro80	6	30	60	57
Triumph 2.5 PI Mk II	6	26	46	48

advertising, among the best local automotive advertising, its firm stand on safety, and a very high reputation for vehicle longevity. We all nod. The Volvo 140 series of cars are nice, albeit in a somewhat heavy and Teutonic way, and we all accept this. Even the pricy Volvo 164 is effective.

But is any of this important? After all we are talking about 3000 Volvos sold last year in a vehicle market of 500,000.

The brief answer is that it is important.

The acceptability of Volvo on this

market, the influence that it has had on vehicle design that is out of all proportion to the numbers sold, and the way in which the company's aims have come to reinforce social concern with the environment and conservation of resources is an astonishing performance.

It is possible to name several exceptions, but by and large vehicle manufacturers the world over have crashed headlong against a stony wall of consumer revolt. The shape of the car as we know it is changing and its very role is being questioned.

(Continued on page 92)

What was social behavior in a vehicle yesterday is anti-social today as speed limits and restrictions on vehicle usage close in.

All people put a high store on the personal mobility a motor vehicle confers. But even this mobility is being eroded and most people would agree that given a continuation of present circumstances future vehicle mobility will be an empty phrase within not too many years.

At a time when most of the world's vehicle manufacturers are struggling for credibility and many of their products are being crucified (the on-going struggles in the US about safety and pollution make good examples), Volvo in an international sense is moving the other way and is apparently more in step with the times.

In microcosm its Australian experience is intensely interesting. It is small enough to observe, almost a battle setpiece in miniature. The battle is about the car as a way of life, although all the forces opposing it have not quite been defined. At this moment Volvo, and therefore the car, appears to have scored a significant victory. We don't know for sure, but it appears to be this way.

How this has come about is terribly important to understand. Obviously it has to be linked with commercial success — which Volvo has certainly achieved — and this is what is so disturbing about the declining profitability of a number of our local vehicle manufacturers. For it could well be that the forces working against the car as we know it may ultimately win through economic problems arising within the industry — the result being an expensive and inappropriate product that is another step down the hill to the extinction of the car.

To Volvo's credit, it came on this market at a dismal time with an expensive and unusual car and sold it — the projection for this year is 4500 units and next year's projection is 6000 units. That this could be done gives us hope that others can follow and that we are not doomed on the one hand to reactionary manufacturers and on the other to rising anti-car forces. How it was done is an interesting story.

It is a commonplace that Volvo pioneered the seat belt as the fact that we accept its compulsory use today largely because of Volvo research. It is a strong thing for any company new to a market to have going for it. But Volvo is a pioneer of other things. Long before consumers realised they had a legitimate say in the quality of the products they were

buying, Volvo was committed to making its cars more reliable and longer lasting.

Volvo with an annual production of 300,000 cars uses more galvanised steel in them than the whole of the British motor industry does in a year.

Galvanised steel has been pooh-poohed by a number of vehicle manufacturers as not being a satisfactory answer to rust and corrosion and maybe it's true. But the average life of a Volvo works out at about 13 years, a figure that currently leads all the world's manufacturers.

No one would call any Volvo an exciting car. All express the old-fashioned virtues of conservatism and solidity. Most would suppose that selling this sort of car would be no easy task, not with the lowest priced example at \$4650 and the highest at a heady \$8990. Safety, conservatism and solidity are splendid sounding words, but how do they sell cars and who buys them?

"Selling cars on this market," says Graeme Adam who heads up Volvo's Australia's sales section, "is like fitting together all the pieces of a jig-saw puzzle." And he adds: "Some people have all the parts but can never do it. There are always holes in their pictures."

There is more to it than this, of course. It is very strongly held Volvo lore in the Australian operation that time is on the company's side. It is genuinely believed in the company that social pressures for safer cars will continue to grow locally rather than diminish, that vehicle-caused pollution will become an even more contentious issue than it is at present, and that there will be a rising appreciation that cars of the compact Volvo type result in fewer wasted resources than larger vehicles.

All this becomes very clear when talking to anyone at the company. And they also believe that fuel economy is important, not so much because an economical car is less costly to operate, but in the longer view that economical cars will be demanded because of the growing strains on the world's energy resources.

It is difficult to judge the strength of these beliefs because after all Volvo Australia is in the business of selling cars; but certainly at Volvo there appears to be more concern on these lines than there are in most Australian vehicle operations.

So in fitting the pieces of the jig-saw puzzle together it becomes apparent that part of the picture at least defines a fairly precise market. Volvo has zeroes in to the professional

and semi-professional sector where salary levels are high and where with safety and environmental-associated subjects there is some empathy. Here the Volvo package makes a great deal of sense and it is wrapped and presented with sophistication.

Here, too, is where Volvo has scored its victory. And while selling to this sector of the market could be considered by some as winning the converted, there has been an exceptional rub-off — it is in this sector that many of the styles of the society are made and passed outwards. Clearly, Volvo itself expects to pick up sales on the fringe.

The company is now looking outwards from the suburbs that reflect high personal income levels to the brash sprawling areas where selling through car supermarkets is king. It doesn't expect to cause a sensation overnight, but it does expect to pick up the marginal buyer who wants to break free from the Statesman-Fairlane-Chrysler triumvirate that presently dominates ideas of luxury and style hereabouts.

It has on its side the goodwill of a very large number of people who respect the Volvo way with things. Victory here may be harder, but it is impossible to believe the car won't enjoy a reasonable success.

Volvo was got off the ground by Max Winkless, now managing director of Volvo Australia Pty Ltd, in a round about way that still seems surprising even in the free-wheeling car business. Winkless started out in the 1950s as an interstate transport driver for the then Antill-Ranger trucking company and rose rapidly in its management structure. One of Antill-Ranger's sidelines was a dabble in Volvo cars and Mack trucks, and, when the transport giant Mayne Nickless Ltd bought out the organisation, Winkless raised the capital to buy back the tiny car and truck subsidiary. From such small beginnings empires are made.

Volvo came in during 1965 to use the small group headed by Winkless as a nucleus for its future Australian operation. Volvo's experience with overseas subsidiaries was that when you came into a country, you came in. You don't display a product, tell people how marvellous it is, and fend off crazed buyers. You come in, set up an organisation, and sell. In Australia, certainly, Volvo has worked very hard. At the start it calculated its objectives, committed the capital necessary to achieve them, and got on with the job.

At the beginning the company drew on management expertise from its Swedish parent, but today the Swedish component in its management structure is negligible. Noticeable in the Australian operation has been a change-over to local assembly (although the future of this is in doubt because of changed government regulations on vehicle assembly and manufacture), a modification of vehicles to Australian standards, and on-going development to make the cars more acceptable in local conditions — quite marked in the new range of Volvos which was released early this year.

As befits an international company, the Australian subsidiary has the benefit of and calls upon overseas experience in advertising, publicity and marketing. It also has a ready reckoner in what will work and what won't.

It knows, for example, why its cars sell — a Volvo dealer commits \$200,000 in plant and equipment in a suitable location and targets for 200 cars a year. That way the dealer makes money and is happy and Volvo is happy too.

Experience has shown Volvo that a lesser effort results in an unprofitable, poor servicing of the cars, and annoyed customers — three things it has tried to avoid in its Australian experience and mostly has managed to do.

The parent's arm reaches out a long way from Sweden and is ready to tap anyone on the shoulder. It takes its cars and their marketing very seriously. On a lesser level it reached out last year and gently tapped Winkless, an enthusiastic and experienced rally driver. Volvo managing directors, he was told, don't usually tear around the countryside on rallies.

In spite of Big Brother, the Australian operation runs with impressive slickness and in an impressive manner. All the executives are young, the average age would be around 35, and they have enjoyed the success of building and seeing game plans work. Adam's reference to jig-saw puzzles is a revealing insight here.

The car helps. While there are signs that the heavy emphasis in advertising on Volvo reliability is now proving counter-productive (not even Volvos can be this good!), the car is still none-the-less impressively reliable when compared with other cars.

Volvos as a group certainly do suffer from faults, and some of these are major ones. Yet the Volvo 144 topped a list of similar cars in last year's survey into reliability by the British consumer magazine "Which?"

The magazine found that the average Volvo 144 in British use was liable to spend one day off the road for mechanical repairs. However, the general profile was that 70 percent of Volvo 144s would complete a year with no loss of use from mechanical repairs, and that 79 percent of them would suffer no major fault. So the myth of 100 percent Volvo reliability is plainly a . . . myth.

But at the bottom of the "Which?" list, the Triumph 2.5 Mk II PI showed an appalling state of affairs. The average example, according to "Which?", spent six days a year off the road for mechanical repairs and that only 26 percent of them were likely to complete a year with no loss of use. Only 46 percent were likely to be free from major faults. There is truth in the supposition that none of today's cars are particularly reliable, just that some of them are less reliable than others. But the Volvo comes out on top.

Locally at least, where care reliability is a sore point with new car buyers, Volvo enjoys an impressive reputation in spite of occasional grumbles. A large part of this is due to simplicity — in design a Volvo is about on par with a HQ Holden and as simple to service. Combined with the car's undoubted safety and quality, the total result is almost irresistible to the thinking buyer. Or so it has proved on the relatively small scale of the Australian operation.

In a few short years Volvo has moved from a virtually unknown name on the Australian market to being one of the major selling luxury cars.

We said it was a significant victory. It is. While it is nice to look at the designs of the top specialist manufacturers such as Ferrari, Lamborghini and Maserati and imagine them filtering down to a financially less stratospheric level, the mass-produced car is in fact shaped by more stringent and far less exotic forces. Recently these forces were largely economic and allowed a considerable variety in sizes and shapes; today other forces dominate that are pushing the car towards a uniformity of design and function that looks arbitrary and repellent.

In spite of all this Volvo has shown that it is possible for a car to attract buyers without resorting to hoopla or frenzy, and that at the same time a sound case can be made out for the car's continued existence in a reasonable and relatively low-cost form.

If the final evolution of the car is a Volvo, none of us will have cause to be desperately unhappy; if it is an American-based ESV design it is hard to see the car surviving as a means of economical and handy mobility.

A battle has been fought and a victory won. The result of the next battle may depend upon us understanding what is going on and whether we think the victory is worth striving for. *

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