

Let's Hear It For Audi

Audi has driven along rocky roads but the German manufacturer has emerged stronger and plans to overtake BMW.

BY DEREK WATTS

If history wasn't your strongest subject at school, don't try to analyze Audi's journey through the automotive world. As a crib note, all you need to know is that a fellow by the name of August Horch founded a string of companies using his surname in the early 1900s.

The problem was Horch fell out with his fellow directors and started yet another company under his name. In an ironic twist, he was sued for trademark infringement and the German Reichsgericht (Supreme Court) in Leipzig found that the Horch brand belonged to his former group.

The all-new Audi Q7 3.9 TDI, powered by a 3.0-liter supercharged engine, which produces 333hp of power



So, he set up a meeting with a few business associates to find a new name.

The old timers were getting nowhere until one of their sons piped up with a logical suggestion. Because "horch" means hark or hear in German, why not call the new outfit Audi – the singular imperative form of audire, to listen, in Latin.

Thus, on April 25, 1910, the Audi Automobilwerke GmbH Zwickau was born. But there have been around a dozen name and organizational changes along the way.

Twenty years later, the rift with August was forgotten. Horch and Audi merged, along with two other German manufacturers, DKW and Wanderer. And the new Auto Union was represented by the now famous four rings.

Yes it is close to the Olympic logo and don't think the legal beagles of the IOC didn't notice. They sued Audi in 1995 for copying their trademark... and got counted out in that fight.

So we've got a name and a logo – time to talk cars and money.

To say that there have been some rocky roads on Audi's journey would be like saying that Stephen Hawking overcame a few challenges.

When World War II broke out, the Auto Union plants were switched to military production. As a distinct target for Allied bombing, they were badly damaged. The entire assets of the company, down to the last spanner, were appropriated without compensation and the name of Auto Union was deleted from the commercial register.

A slight setback to be sure. The flickering flame was kept alight by the former Audi factory in Zwickau starting production of pre-war models in 1949 and a new Auto Union was launched in Ingolstadt with hefty loans from the Bavarian state government.

Today, a new war has broken out. Audi, BMW and Mercedes Benz are battling over sales. But it seems that logic may be flying out of the electric window, with profits being the casualty.

The clash for clients is on three fronts. Develop enviable technology, build a string of new factories and put as many new models on showroom floors.

Audi's armory for this all-out war may surprise you. Going by last year's production figures, BMW led the way with 1.81 million cars and Audi were only 70,000 behind, with Mercedes only managing the bronze medal. In fact, Audi led the way in worldwide sales for the first two months of this year and have already sold in excess of 1.3 million vehicles up to September.

Even a motoring hack can tell the difference between sales and profits. Audi has earmarked 26 billion euros for expansion, including new factories in Mexico and Brazil, and is preparing to extend its range to 60 models by 2020.

Audi's chief bean counter, Axel Strotbek, put a delicate spin on it at a news conference.

"The profit development will continue to reflect our company's extensive expenditure for the future. We are shouldering massive upfront investments."

In the heat of battle, the Teutonic trio are boosting sales volumes by building smaller, more affordable cars. But some analysts say that it doesn't boost the bottom line with Audi's pre-tax profit running at about \$500 per car less than Mercedes Benz.

Yet this is all small potatoes compared to the rise of Audi over the past two decades.

The early eighties brought some catastrophic setbacks, like the raft of reported incidents of so-called sudden unintended

KNOWING YOUR WEALTH 'IQ' MEANS MORE EFFICIENT FINANCIAL PLANNING

A successful wealth strategy is built on a planned approach to accumulating and preserving the assets that support lifestyles and provide a firm foundation for future generations.

Giving focus to your wealth priorities requires an understanding of your unique 'Wealth Quotient' (WQ), says Standard Bank Wealth and Investment.

"Like one's Intelligence Quotient (IQ), your WQ is designed to identify your individual life goals and ambitions and provide a disciplined financial plan and investment strategy to achieve those goals," says Philip Faure, Global Head of Wealth Planning and Philanthropy at Standard Bank Wealth and Investment.

The four key wealth priorities that define the WQ are:

Building Wealth:

"Opportunities for entrepreneurs exist across all sectors in Africa," says Faure, adding that Africa's resurgence can be measured through 'first generation' wealth, rather than second and third generation inherited wealth, as seen in developed countries.

Lifestyle Wealth:

As wealth is built, so lifestyles change. "A current trend amongst Africa's wealthy is offshore property investments in the UK, USA and Europe which is considered by many as prudent diversification within their property portfolios," says Faure. Wealth is also used globally to acquire luxury goods that add to quality of life.

Preservation Wealth:

"Wealth preservation requires a longterm approach to investment management and global diversification of assets. To Africa's wealthy, this involves transferring wealth offshore and investing in global markets. Offshore jurisdictions like Jersey, the Isle of Man, Guernsey and Mauritius are sought after destinations from which investments are made via company and trust structures," says Faure.

Naturally enough, equities and properties score high in wealth preservation stakes. "However, the consequences of ill-considered decisions at this level can be serious for those who do not seek professional advice."

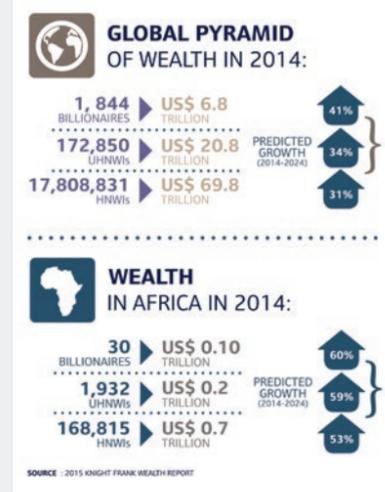
Legacy Wealth:

For many of Africa's wealthy surplus wealth is used to indulge passions. They invest in art, wine collections, stamps, coins, antiques, rare cars, jewellery – tangible assets, often perceived to preserve wealth through scarcity.

"Legacy planning, where the future is assured for the second and future generations, is also where an interest in philanthropy begins in earnest," says Faure.

"Families are united around a common cause to use their wealth for the greater good. The reasons vary, but the outcome is projects that aid humanity and help the less-privileged to lead more fulfilled lives."

According to the 2015 Knight Frank Wealth Report, the leading wealth concern of high net worth individuals globally is related to family/business succession issues. The Standard Bank Wealth and Investment Leadership Academies, are focussed on ensuring the successful transfer of wealth to the next generation.



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DRIVING AMBITION

acceleration linked to the Audi 5000 models in the United States.

Although the distinction between a manufacturing fault and driver error was never definitively proven, sales fell dramatically to a pathetic 12,283 units amid the recalls and modifications.

Resale values plummeted, reliability and service levels were ridiculed and the future of Audi looked bleak.

Audi, however, reinvented itself. New technologies and features, along with engine upgrades and aluminum construction, helped turn the tide. Extended warranties and service plans brushed the cobwebs from the order books.

Worldwide sales almost doubled in the first decade of the new millennium. Africa, along with the Middle East, Eastern Europe and China, spearheaded the revolution. Audi was on its way to becoming the profit engine of Europe's biggest carmaker – Volkswagen.

Now the aim is to overtake BMW as the top seller in the German luxury car market.

Going small may be the focus of the crusade for sales, but the latest offering is at the other end of the scale! Enter the all new Audi Q7, which was first launched at the Frankfurt Motor Show a decade ago.

I tested the Audi Q7 3.0 TDI Quattro Tiptronic – a hefty description of a hefty seven-seater SUV – although it has slimmed down by 300 kilograms thanks to the aluminum suspension and weight-saving in almost every department.

Stylish may be an extravagant term in the brutish SUV market, but that massive Audi grille makes a statement and the interior is elegant and contemporary in its simplicity. It's all about functionality and every control seems to be right at your fingertips.

What is impressive is how smoothly and quietly the new Q7 rolls over South African terrain, which seems to be laced with more potholes and speed humps by the day. You will struggle to find a more comfortable SUV.

The rumbling power belies the quoted 0-100km/h acceleration of 6.9 seconds and this is not a vehicle that wants to take on all-comers at the lights. But then you wouldn't be buying a SUV of this size if you were still a boy racer.



12.3-inch virtual cockpit digital dashboard with navigation map on display



What you are getting is the very latest technology – from the much less thirsty and more efficient diesel engine to refined driving aids and safety features.

The list of safety aids is endless. Emergency braking for cars, bikes or pedestrians you may not have seen, warnings if you open a door and there is an oncoming vehicle, and even self-steering when reversing with a trailer.

This Q7 could make you feel overconfident as it keeps in the correct lane and plays follow the leader with the car in front.

“Audi is currently the leader in autonomous driving research on a global scale,” says Audi South Africa's PR Manager, Sameerah Bhabha.

“Matrix LED headlights is another highlight unique to the market,” says Bhabha. They shine around oncoming cars.

While some Audi models are in the late stages of their lifecycle, 2016 promises to be a bumper year with the launch of the all-new Audi A4 in February followed by the exhilarating R8 Coupe and a facelifted A3 range towards the end of the year.

Audi Q7 3.9 TDI Quattro tiptronic

Price: \$66,756
 Acceleration: 0-100km/h in 6.9 seconds
 Top speed: 225km/h
 Fuel consumption (urban/extra-urban/combined): 7.3l/5.7l/6.3 l/100km
 CO₂ (combined cycle): 164g/km

And it's not all about South Africa. “We view the sub-Saharan market as a major growth opportunity and intend increasing the Audi footprint to key areas where we are currently not represented.”

The gloves are certainly off for the pretenders to the luxury car market throne. In the process, this trio will probably bring about the biggest changes in the most dangerous thing we do every day... open the car door.

August Horch would be proud. 🇿🇦



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