VW saw Rolls as best way to move up

By Graham Bowley

The plan for the People’s Car to acquire what has been the Car of Kings – and sheikhs and pop stars – may have been doomed from the start.

However, Ferdinand Piech, fiery Volkswagen chief, was adamant last week that acquiring Rolls-Royce Motor Cars was the best way for Europe’s biggest carmaker to move into the top end of the luxury car market.

Having turned round VW and its other brands, Audi, Skoda and Seat, the ambitious Mr Piech now wanted to move up.

“It took DM1.5bn (€490m) and 15 years to get Audi where it is now. We think this can be done (with luxury cars via Rolls-Royce) in a shorter amount of time but not with lower costs,” he said.

Robert Büchelhofer, Mr Piech’s lieutenant, added: “We believe that we will be able to make a more headway in the top segment by doing it this way.” So yesterday’s decision by Vickers is a blow to VW’s aspirations.

But Mr Piech was equally determined that VW would enter the top-class segment, even if the bid for Rolls-Royce was unsuccessful. “Independent from the Rolls-Royce bid, we might get two to three top of the range models,” he said.

VW was saying nothing yesterday, but the assumption is that this strategy still holds.

One idea Mr Piech raised was the resurrection of old, dormant brands as the basis for a novel luxury marque. VW officials were vague, but the possibilities could include Horch, the brand controlled by Audi, as well as an unspecified “Italian” marque.

The Rolls episode has at least cast in a better light VW’s controversial and mismanaged capital increase launched last autumn, and initially worth DM6bn but later scaled back.

Investors were unhappy that VW had given little reason for wanting to raise so much money, and its share price came under intense pressure.

When it first revealed its interest in Rolls-Royce in November, sceptics interpreted this as an ex post attempt to appease shareholders. But its decision to take part in the auction may have improved the situation.

And for Daimler-Benz, the Stuttgart-based company insists the strategy for its Mercedes-Benz car division remains unchanged by BMW’s victory.

Jürgen Schrempp, chief executive, has said he wants instead to develop his own luxury car model to take on Rolls-Royce. He has resurrected an old Mercedes brand, the Maybach, and will decide whether or not to go ahead with full production within the next three months.