

Daimler chief says company can't be a 'behemoth'

October 2 2018, by Joseph Schmid



Maybe smaller is beautiful

Daimler chief executive Dieter Zetsche hinted Tuesday that the German carmaker must downsize under its new boss if it is to stay competitive in

an industry that is shifting gears fast.

"We are a 160 billion euro company... and we are in an industry which is going through at least a transformation, some people even talk about a disruption," Zetsche told journalists at the Paris Motor Show.

"In this situation, we think a behemoth of this size is just not responsible," said Zetsche, who is preparing to hand over the reins in May to fellow board member Ola Kallenius.

Daimler employs around 290,000 people, nearly 60 percent of them in Germany.

But like its rivals, it expects future growth to come from new urban demand in emerging markets, where it is cheaper for Western carmakers to set up factories.

At the same time, the challenge of plateauing demand in Western markets is compounded by growing demand for zero-emission electric cars, which require far fewer workers to build.

Without directly addressing a potential downsizing in Europe, Zetsche said Daimler needed improved flexibility to pursue new technologies and partnerships.

He said this goal was shared with Kallenius, a Swede who will be the German group's first foreign CEO in over five decades.

"Our strategy we developed together, so I think things will be consistent throughout this change."

Daimler has been investing heavily in foreign expansions while facing challenges on its home turf, not least the "dieselgate" scandal over

emissions.

This year the carmaker had to recall hundreds of thousands of diesel vehicles equipped with illegal devices designed to conceal high levels of emissions from regulators' tests.

Facing tough new EU limits on CO2 emissions starting in 2020, Daimler has finally embraced electric vehicles in earnest, presenting in Paris its first SUV to be released late next year.

But for now electric cars remain too expensive for most buyers, and an expensive prospect for carmakers.

"Overall the cost structure is improving, but we are not there yet," Zetsche said.

He declined to be drawn on a deal expected Tuesday on removing millions of older diesel cars from German roads, following crunch talks with Chancellor Angela Merkel's government on Monday.

At stake are potentially billions of euros in trade-in bonuses for buyers of new cars and costs to refit older vehicles, as well as the future of Germany's auto sector and its 800,000 jobs.

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