



a closer look at

Nissan

Official name: Nissan Motor Company, Ltd.

Owned by: Mostly Renault (44.3%).

Owens: 15% of Renault, Nissan Marine & others.

Current situation: Nissan claims 6.2% of the world's total vehicle sales and is currently profitable.

Nissan went broke late last century, but was rescued by French car giant Renault. Since then, Nissan's finances have improved but its quality has dropped. Nissan is now the least reliable Japanese make sold in Britain.

On paper, Nissan is doing well, but a large hunk of its sales came from China and the US. However, Chinese sales are in decline, while US sales were promoted by heavy discounting.

Any significant depression in either country will see Nissan's fortunes nosedive.

Nissan's fortunes are also closely tied to those of Renault, which is struggling in many markets, including Europe. Renault has minimal presence in either the US or China, but has relied instead on sales in Russia, Argentina and Brazil, all of which are in serious decline.

Chances of survival: uncertain. The global car industry favours larger players, so Nissan's marriage to Renault makes sense. However, Nissan & Renault aren't doing anything that rivals can't do just as well •

A brief history of Nissan

The company that would eventually become Nissan was founded in 1911 with the catchy name of *Kwaishinsha Jidosha Kojo* (Kwaishinsha Motor Car Works, Co.).

Their first car, produced in 1914, was called the *DAT*.



DAT was an abbreviation of the initials of the three investors in the company. As a plus, *DAT*, in Japanese, sounded similar to the word ‘rapid’, as in the case of a hare or fleeing rabbit.

In 1930, after being absorbed by the Tobata Imono Co, a new small car was produced. Being the conceptual child of the *DAT*, the new car was given the English name of the *Datson* – son of *DAT*.



However, in Japanese, the new name sounded too much like the word for ‘ruin’, so the name was altered to *Datsun*.



The trademark *Nissan* was added in 1937 for a new range of Datsun cars, such as the 70 model below.



During World War II, Datsun, along with all the other Japanese car companies, switched to military vehicle production. As with most of Datsun's models, the 1941 truck below was a copy of a foreign vehicle, in this case a 1937 American Chevrolet truck.





After World War II, Japan was shattered; its industry in ruins. As with most Japanese car companies, Datsun continued to struggle. Japan's infrastructure was a mess and many raw materials were unobtainable. For example, most of Datsun's own models at the end of the war had no chrome decorations, because chrome was unobtainable.

Despite the war, Great Britain still had enough raw materials to resume car production. However, the British government, facing crippling war debts, insisted that British car companies export most of their cars. That's why, despite producing a few models of its own, Datsun also began assembling British Austin A40s (that's one in the picture below) in November 1953.





Assembling British models under license kept Datsun afloat, but only just. Datsun's salvation came from an unexpected source.



After World War II, America's military stayed behind in Japan to assist with reconstruction. Many US servicemen drove around Japan in American army Jeeps.



The Jeep's revolutionary design did not go unnoticed in Japan. Nissan's deadly rival – Toyota – had already tried copying an early model of the Jeep in 1941, but Toyota's 1941 version never made it into production.

However, the outbreak of the Korean War in 1950 created a sudden demand for offroad vehicles. The US car factories (which had built army Jeeps during World War II) had long since switched back to civilian car production. There were also transportation delays between America and Korea. Thus, the US military contracted Toyota to build 500 later model American Jeeps under licence.

Although the US order was small, the struggling Toyota Motor Company saw the commercial opportunity. Even before the original order of Jeeps was completed, Toyota's engineers were frantically developing their own version: the vehicle that would later be called the Toyota *Land Cruiser*.

The rest, as they say, is history. But, while the Land Cruiser was winning friends around the world, a second Japanese Jeep clone was also gaining attention; the first generation Datsun *Patrol*.



The early Datsun Patrols were crude and clumsy, but Datsun gained a crucial order from the Japanese military, which enabled both Datsun and the Patrol to survive.



Slowly, Datsun rebuilt its industrial strength. Aside from the Jeep, most Datsuns were still copied of British vehicles, but, crucially, Datsun often made significant improvements to the original designs.



The Bluebird, a British Austin clone produced in 1959, was the beginning of a boom for Datsun that continued for many years.



Outside of Japan, Datsun cars were widely seen as bland and tinny, but, over time, they earned themselves an enviable reputation for both durability and value for money. Sure, they weren't pretty, and wouldn't win many races, but Datsun cars were cheap to run and many times more reliable than their British, European and American competitors. And they were affordable by just about anyone.

Not all Datsuns were tinny. A Datsun Patrol was reputedly the first vehicle to cross Australia's notorious Simpson Desert.





Datsun was also consistently one of two top-selling Japanese brands in the USA.

Which makes us wonder why, after spending so many billions building up this brand's reputation, Datsun changed the name on all its cars to Nissan.

It was part of a lunatic global strategy to strengthen the company name.

Suddenly, people didn't really know the brand any more. Sales, especially in the critical American market, dropped sharply. Sales took years to recover, and never really got back to their pre-Nissan levels.

After a lot of years and a lot of money, the public eventually swapped the name Datsun for the name Nissan, but a lot of goodwill – and a lot of customers – were lost in the meantime.

It should therefore come as no shock that Nissan went broke just before the end of the last century. When a company loses its way this badly, you know that there's some deep-seated rot at the core of the business.



Nissan had lost its way. It had too many factories, too many employees, too many models, no central focus and no longterm plan.

In 1999, weeks away from bankruptcy, Nissan went into desperate negotiations with the German Daimler company, owners of the Mercedes empire.

Daimler, showing characteristically poor judgement, invested billions in Mitsubishi instead (and subsequently lost most of it).

Nissan's unlikely saviour was that great French lemonmaker *Renault*, itself hovering close to bankruptcy. Renault's bosses knew that Renault was too small to survive alone in the 12th century. So, they invested \$5 billion into Nissan. This one-third stake effectively gave Renault control of Nissan.



Renault's henchman was Carlos Ghosn, a Brazilian-Lebanese-French businessman. Ghosn cut 21,000 jobs, closed four plants and broke up traditional trading arrangements.



This made Ghosn a hero among the slash-and-burn philosophers of the global business community. But Ghosn's scorched-earth campaign actually made only a small difference. Nissan still had around 115,000 employees and dozens of plants worldwide. Aside from putting the fear of God into Nissan's global workforce, Ghosn's main contribution was in giving Nissan some real direction; a master plan.



At the time of Renault's takeover, Nissan's board of directors was full of old men who had grown up in the prosperous years of the 1960s and '70s. They had made easy money during Japan's boom years following the 1970s fuel crisis and had been left behind during the turmoil of the 1980s.

By 1999, Nissan's board of directors had little sense of how to operate a global car company, and no clear idea of what Western carbuyers wanted.

By comparison, Renault and Ghosn knew exactly what Western carbuyers wanted. Renault and Ghosn knew how to make cars look and feel modern and attractive. They knew how to focus on key models, how to design and build cars cheaply. This knowledge turned Nissan's fortunes around.



But Nissan paid a high price for this knowledge. Nissan, like Toyota, had built its reputation by largely ignoring fashion and instead concentrating on quality.

By comparison, Renault was consistently at the bottom of quality and reliability surveys. To Renault's bosses, the only thing that mattered was that cars looked and felt good, and hopefully lasted long enough to make it through the warranty period.

Once Renault took over, this philosophy was transferred to Nissan.



Ghosn cheapened the Nissan brand to the point where Nissan, which used to be one of the *most* reliable Japanese makes, is now among the *least* reliable Japanese makes.

It's not that Nissans suddenly blow up the moment they leave the showroom (although sometimes they do). It's just that Nissans, like Renaults, are now designed to be passably stylish, affordable and hopefully make it through the guarantee period without causing too many problems. That's it. •

