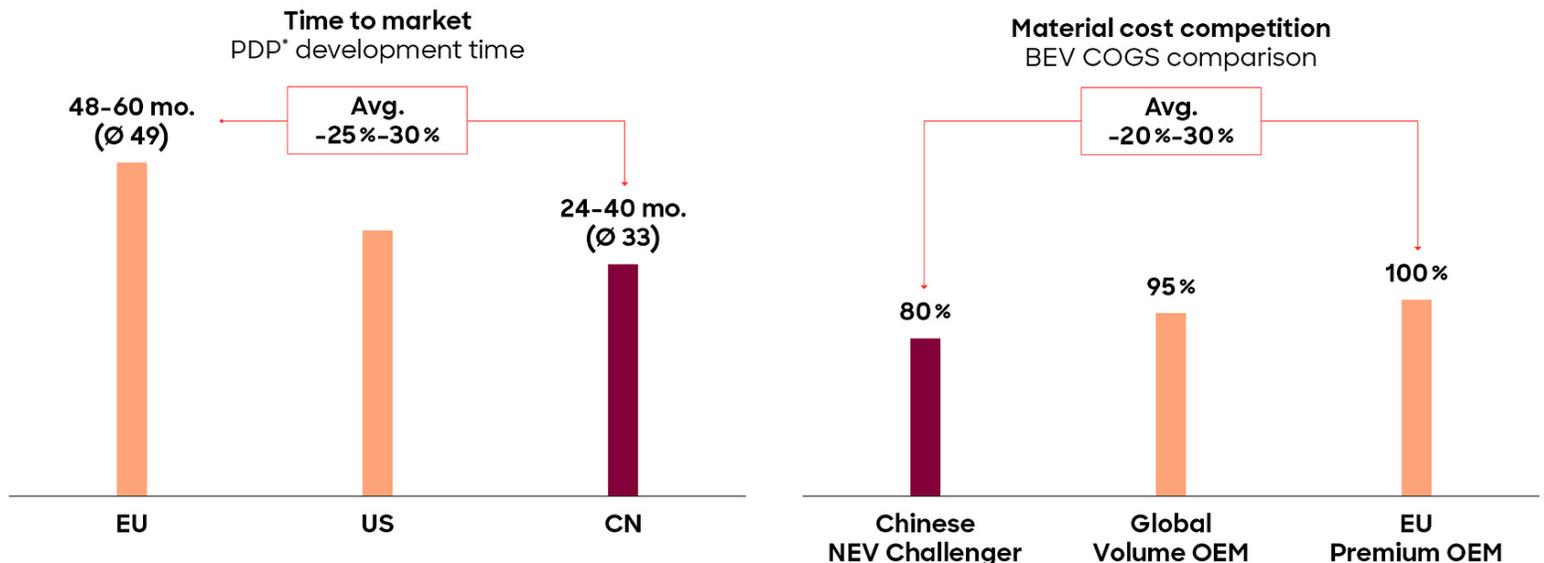


Engineered products & automotive companies face a time to market and cost gap of 20%-30%

Key question: How to achieve "Chinese speed & cost"?



* PDP: Product development process

Source Capital IQ, company information, Roland Berger

Mar 13, 2026 08:38 CET

“China Speed Light” Possible in Europe: Production Advantage Is Not Driven by Labor Costs Alone

[Study Download](#)

- Chinese companies develop vehicles 25–30% faster and at 20–30% lower cost – with a large share of this advantage transferable to Europe.
- Roland Berger analyses show that labor costs are not the key factor: around 60% of the cost gap stems from design and system decisions.

- A significant portion of the advantage can also be realized in Europe.

Munich, March 2026: Chinese industrial companies are setting global benchmarks for development speed and cost efficiency. In the automotive sector, Chinese manufacturers develop new vehicles 25–30% faster than their European competitors while maintaining a cost advantage of 20–30%. In other industries, the gaps are in some cases even wider. This is the result of the latest Roland Berger analysis, “China Speed”.

What is particularly critical for European companies: even when Chinese manufacturers relocate parts of their value chain – especially research and development – to Europe, more than 50% of their efficiency advantage remains, and in some cases as much as 80%, according to Roland Berger experts. At the same time, an increasing number of Chinese competitors are actively entering Western home markets.

Cost Advantage Is Driven by Design – Not Just Wages

Contrary to widespread belief, China’s cost advantage is only partly due to lower labor costs. Roland Berger’s analysis shows that around 60% of the cost advantage results from design and system decisions, such as consistent standardization, reduced product complexity, and “fit-for-purpose” engineering – focusing strictly on market-relevant performance. Additional drivers include competitive supplier structures and operational efficiency, rather than personnel costs alone.

“China Speed is not a cultural phenomenon, but the result of clear decisions regarding product design, portfolio complexity, and the supplier base. And that is precisely why parts of it can also be implemented in Europe,” says Oliver Knapp, Senior Partner at Roland Berger.

Roland Berger identifies development speed in China as the outcome of a consistently integrated development approach. Chinese manufacturers shorten development cycles primarily through:

- Significantly shorter strategy and decision-making phases
- A high share of virtual testing, of up to 80%
- Parallel development of software and hardware
- Early and systematic integration of suppliers

A concrete case study from the automotive industry shows that a Chinese passenger car OEM was able to reduce its development time by 14 months compared with the global benchmark – mainly through organizational and process adjustments, without compromising market readiness or product maturity.

Europe Has the Opportunity for “China Speed Light”

The analysis shows that China Speed is also achievable in Europe, albeit in a scaled-down version. European companies still possess important strengths, including deep customer insight, regulatory expertise, strong brands, and a high reputation for quality. However, these strengths lose impact if cost gaps and long development cycles are not significantly reduced.

European companies can, however, selectively adopt elements of the Chinese approach and adapt them to their own systems.

About the Study

The findings are based on detailed cost and development-time comparisons between Chinese, European, and international manufacturers, as well as extensive project and benchmarking experience from Roland Berger in the automotive and industrial goods sectors.

Roland Berger is one of the world's leading strategy consultancies with a wide-ranging service portfolio for all relevant industries and business functions. Founded in 1967, Roland Berger is headquartered in Munich. Renowned for its expertise in transformation, innovation across all industries and performance improvement, the consultancy has set itself the goal of embedding sustainability in all its projects. Roland Berger generated revenues of around 1 billion euros in 2024.

Contacts



Julia Frank

Press Contact

Corporate Communications & PR

julia.frank@rolandberger.com

+49 30 39927 3507