

Autolatina: ford and volkswagen's joint venture in brazil



**ASSIGN
BUSTER**

Of German origin, Volkswagen was originally founded in 1937, with the goal of offering the “popular cars” that anyone could afford. This was best reflected by the Volkswagen Beetle which, at one time, was the world's best selling car. Early on, the Beetle became a mascot of Brazil's economic miracle, accounting for nearly half of Brazilian car sales.

Volkswagen launched VW Gold in 1980 please substitute the VW Beetle. It was assembled at Volkswagen do Brasil, which employed more than 45, 000 people and was the largest industrial corporation in Latin America.

VW Gold has been the best- selling car or in Brazil since VW Beetle. Ford was the first automotive company to assemble in Brazil, and prior to 1939, it dominated passenger car sales. In the 1960s, Ford resisted Brazilian government plans to establish complete automotive operations, including assembly and full manufacturing. Reluctant to share the same vision with the Brazilian government, Ford allowed Volkswagen to capture the Brazilian market.

Ford reentered the market in the 1970s and became the second largest automobile producer after VW.

Brazil's car industry, coddled by years of high tariff barriers and other forms of protectionism, has been scrambling to modernize. For decades, imported cars were banned or made prohibitively expensive and foreign parts were not allowed to be fitted to locally made cars. A symbol of the “Brazilian miracle” of the 1970s, the auto industry became emblematic of Latin America's “lost decade” of the 1980s. A ban on imports meant that the auto

industry did not keep up with technological innovations, and consumers had no choice but to accept the manufacturers' complacency.

Brazil was, at the time, a new potential market for u S.

Subcompacts. Titillation: A Perfect Marriage Ford and Vows strategy to combine operations reflected the partners' will overcome obstacles in the Brazilian market. By the asses, Ford and Volkswagen had a total of 15 vehicle, engine, and parts plants in Brazil AR Argentina, employing 75, 000 people. Their combined annual production capacity was 900, 000 cars and trucks, distributed through 1, 500 dealers Their automotive and credit operations reported sales totaling LIST\$ 4 bill In a market protected from external competition, Titillation became high successful.

It offered inexpensive models, including the Escort CAR, Sierra Vows Gold, Beetle, and aging midsize Ford Falcons. Titillation spent \$35 million refitting a plant to build Beetles.

The growth in this market seem relied exclusively on tax incentives from the Brazilian government. The products were adapted for a smaller engine. The goal was to manufacture models at lowest possible cost. Plant operations were organized by size Of vehicles. Ford had been relying VI to build small cars while Ford was supplying the larger Escort and a lie cup trucks.

The two partners even produced shared products. For instance, Volkswagen was prod icing Ford Versailles (derived from Santa), and for those producing VI Logos (derived from Ford Escort). Marketing and sales staff were unified.

Specialists and consultants were hired to accommodate the two different company cultures.

Production of Autolatina cars rose substantially over time. In 1994, it was seen that both companies had succeeded in identifying the key factors contributing to Autolatina's success: inexpensive, non-competing models, a growing market, and sharing of manufacturing and profits.