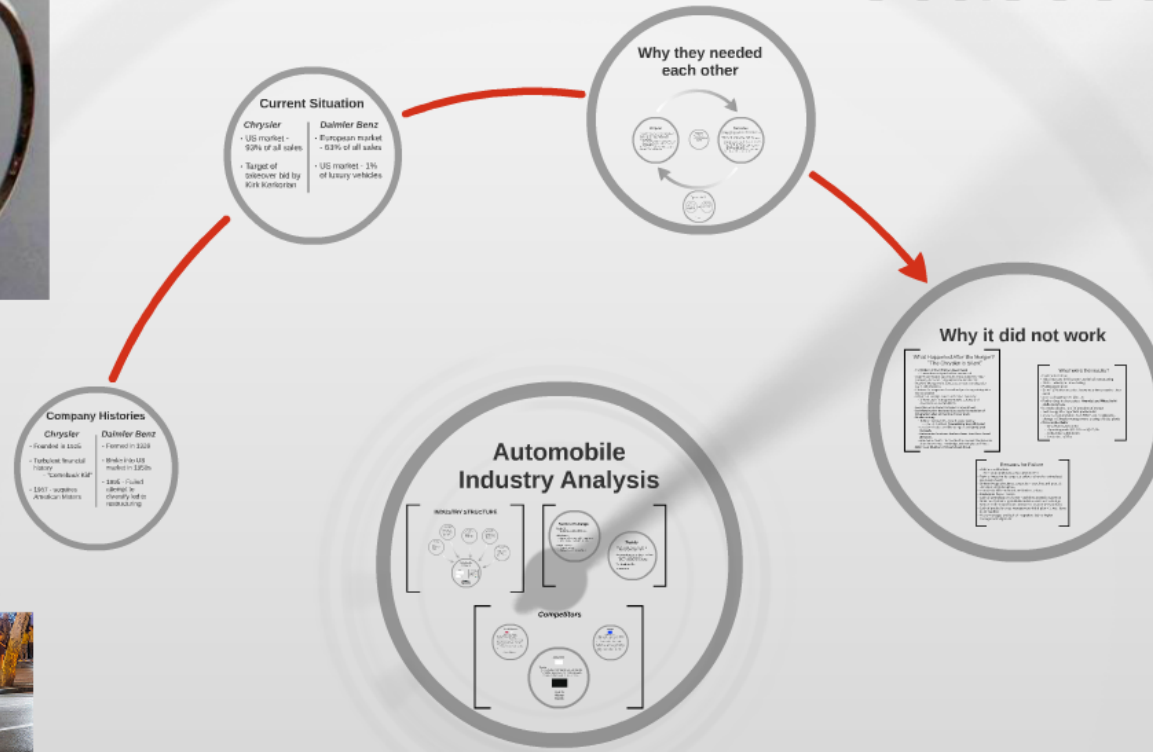


# DaimlerChrysler: Post-Merger News

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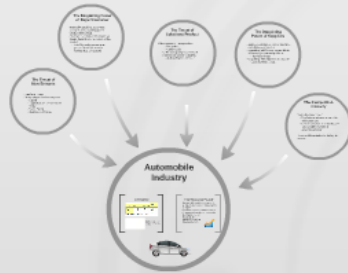


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# Automobile Industry Analysis

## INDUSTRY STRUCTURE



## Factors of Change

- Economic**
- Global recession early 1990s
- Globalization**
- Japanese becomes #1 in auto sales
  - India begins production of Tata.
- "Green" initiative**
- Prius introduced
  - Japanese compacts popular

## Trends

- Automotive industry consolidation**
- Four mergers in late 1990s.
- Japanese distribution and manufacturing**
- Lean process engineering
  - Effective Distribution Networks
- Technology evolution**
- Globalization

## Competitors

**North America**

**Ford Motor Group**

- Developing global production
- Expanding abroad for global
- Competed as US market with heavy
- Focus on R. and development for US
- Global expansion without sacrificing
- GM.

**General Motors**

**Europe**

**Volkswagen**

- Global expansion and market share leader
- Strongest automaker in production
- Investment in research and development
- Expansion and sales of new cars in billion
- Vehicle a year (average growth target)
- Total vehicle output in 2008
- 1.5 million

**Japanese**

**Toyota**

- ⇒ Customer First Spirit, Delivers Quality
- ⇒ Global expansion with mfg overseas.
- ⇒ Green initiative with intro of Prius.

**Honda**

**Nissan**

**Mazda**

# The Threat of New Entrants

- Low level threat
- Many entry factor for competitor
  - Capital
  - Legislation and Government Policy
  - Brand Equity
  - Distribution Channel

## The Bargaining Power of Buyer/Customer

- Generally speaking, customers always have bargaining power
- Medium level threat
- However, the degree of bargaining power depends on the culture of the market
  - In US/Canada, dealers give greater "deals" than other markets (e.g. Singapore)

# The Threat of Substitute Product

Other modes of transportation:

- Bike paths
- Public transit

=> Encouraged by Government incentive for "green" initiatives

- Medium/High level threat

# The Bargaining Power of Suppliers

- Refers to suppliers of car components and employees (unions)
- Bargaining with Unions (especially in US market) is extremely difficult
  - High level threat
- Bargaining with suppliers of car parts
  - Low-Med level threat

# The Competition Intensity

Very High level threat

- Competitive intense for small to mid-range cars
- Less intense for ultra-luxury cars have smaller number of substitute product

Product differentiation is the key to survive