



Global Growth

Why a Global Strategy Matters

As a company that is always looking ahead and planning for the future, Ford knows the auto industry is becoming increasingly global. Currently, we sell more cars in North America than in any other part of the world, but that might not always be the case. The world is changing – fast. Ford must change with it in order to stay competitive.

The globalization of the auto industry has brought challenges. For one thing, we compete against foreign and transplant automakers whose labor costs often are lower than ours. These competitors are constantly reducing fixed costs and squeezing more productivity out of their plants. With this kind of competition, labels like “The Big Three” are no longer relevant.

We are up to the challenge. We are showing – and will continue to show – that we can leverage our global scale to build world-class vehicles on a global platform, like the new global Focus built in Michigan for the North American market. Global models like the Focus and the Fiesta will allow us to have better geographic sales distribution in the future, with the added advantage of lowered development and sourcing costs.

Ford must pursue a global growth strategy because of the historic demographic shift that is currently happening in the world’s population. Most highly-developed countries are losing population. (The United States’ is more or less holding constant.) But countries such as China and India are seeing strong population growth. The auto industry will follow those trends.

We estimate that 70 percent of future growth in the world’s auto market will be in Asia. Just look at the last decade. In 2001, 22 percent of the world’s auto sales were in Asia. Last year, more than 40 percent were in that market. In 2007, Asia passed North America and Europe as the continent where most cars are sold (*IHS Global Insight, 2011*).

The simple fact is that North America and Europe are mature markets, while countries like Brazil, Russia, India and China (the so-called “BRIC” countries) have enormous growth potential. Growing our market share there is critical if we’re going to be a successful global company in the future – and is important to offsetting market volatility in any particular region.

Future profits in these regions will help fund investment in the U.S. and other regions. Our goal of creating profitable growth for all stakeholders will truly be dependent upon our ability to have a global perspective. It will be just as important for us to have a strong, competitive business outside of North America as it will to be a market leader at home.