

CONFIDENTIAL

Ford Motor Company

CENTRAL PRODUCT PLANNING OFFICE

Intra-Company Communication

STYLING CENTER

February 11, 1964

To: Members of the Product Planning Committee

Messrs. L. A. Iacocca
Ben D. Mills

Subject: Product Planning Committee Meeting --
February 12, 1964 — Advance Copies of
Program Write-Ups

As you were advised recently, a meeting of the Product Planning Committee will be held on Wednesday, February 12, 1964, at 2:30 P.M. in the Conference Room at the Styling Center.

An advance copy of the following Ford Division presentation is attached for your review prior to the meeting:

PRODUCT PROGRAM ITEM FOR APPROVAL

- . 1966 Utility Vehicle (Bronco) Program

At the conclusion of the product portion of this meeting, the Committee will adjourn to the Styling Rotunda to inspect the Bronco models. Following this, the Lincoln-Mercury Division will present a number of styling items.

C. L. Goyert

C. L. Goyert, Secretary
Product Planning Committee

Attachment

on schedule

EXECUTIVE SUMMARY

1966 UTILITY VEHICLE (BRONCO) PROGRAM

The purpose of this communication is to request the concurrence of the Product Planning Committee in the 1966 Utility Vehicle (Bronco) Program.

Since the introduction of the Scout by International Harvester in 1961, the market for utility vehicles has trebled to about 35,000 units per year. It is expected that, if another major manufacturer were to enter this market, sales would increase to approximately 42,000 units annually.

Surveys and group interviews conducted with both Scout and Jeep owners have indicated that these vehicles are not considered to be either cars or trucks, rather these units are felt to be especially designed vehicles that can carry nominal loads over all types of terrain. Almost all Scout and Jeep owners interviewed indicated that a conventional four-wheel drive truck was not suitable for their needs and that they would be interested in a new and improved utility vehicle.

As discussed with the Committee on October 23, the Ford Division has developed a utility vehicle proposal, code-named Bronco, to meet these needs. The Bronco will provide a vehicle that combines the best features of both the Scout and Jeep plus requested major improvements in performance, ride, handling, noise, vibration, harshness, and styling.

It is expected that the Bronco, priced at the Scout level, will outsell Scout and Jeep and result in approximately 18,000 annual sales. At an estimated investment of \$10.0 million to introduce the Bronco and 50 per cent or 9,000 incremental sales per year, which the Division believes is conservative, Company profits would be increased \$1.8 million per year. At a financial planning volume of 9,000 units (assuming 100 per cent substitution), this program would result in an average annual 1966-70 Company profit reduction of \$2.6 million. The breakeven point for this program is approximately 5,300 incremental units per year.

The proposed Bronco program will provide Ford with a superior entry in the utility vehicle market and an opportunity to increase market penetration and Company profits through incremental sales.

The concurrence of the Product Planning Committee in this program is requested.

PRODUCT PLANNING COMMITTEE MEETING
FEBRUARY 12, 1964